

Labour demand inquiry into Libor rigging scandal – John McDonnell

John McDonnell MP, Labour's Shadow

Chancellor, has today written to the Chancellor, Philip Hammond MP, to demand the opening of a public inquiry into the scandal of Libor interest-rate rigging.

Interest rate rigging could have cost the public billions and public bodies affected are due compensation

New

evidence uncovered by the BBC Panorama programme points to collusion between senior figures at the Bank of England and major banks to rig the critical "Libor" interest rate that trillions of pounds of financial products depend on.

And

court transcripts, shown below, from the recent trial of bank staff accused of rigging Libor also show that the rigging of this crucial interest rate was known to regulators and Bank of England staff at least as far back as August 2005.

But

with small businesses and public bodies dependent on loans and more complex financial products linked to the value of Libor, efforts to rig the interest rate could have cost the public billions. Schools, NHS hospitals and local authorities are all amongst those likely to be affected, particularly where they had been sold more complex Libor-linked financial derivatives.

The

Shadow Chancellor is asking for an immediate public inquiry into the rigging to establish who took the decision to apply this pressure, who was involved in its implementation, who was aware that this was taking place, and whether any impact assessment was undertaken at any point.

This

is essential in establishing the scale of compensation due to public bodies from banks engaged in Libor rigging.

John

McDonnell MP, Labour's Shadow Chancellor, said:

"The

revelations this week of the possible pressure being applied by senior public officials on banks to rig one of the world's most important financial metrics

demand an immediate response from this government. Continuing official silence from the Chancellor is not acceptable when confronted with this scale of rigging.

“It is essential that we clarify who took the decisions to rig the Libor index, and when, so that the schools, NHS hospitals and local councils that lost out can be paid the compensation that is rightfully due and public confidence in our banking system and official institutions can be restored.”

[Have a happy and peaceful Easter – Jeremy Corbyn](#)

Jeremy Corbyn, speaking on Easter Sunday, said:

“I would like to wish everyone a happy Easter this weekend.

“As millions mark Easter around the world, it’s a time to reflect on the challenges we face both at home and internationally – and what our response should be.

“We hear painful stories every day, of homelessness, poverty or crisis in our health service – or across the world, of the devastating consequences of war and conflict, including millions forced to become refugees.

“It would be easy to retreat into our private lives because the challenges seem overwhelming, or allow ourselves to be divided and blame others.

“But we need to respond to these problems head on, through action and support for social justice, peace and reconciliation.

“Those principles are at the heart of Christianity. And Christians throughout the world will this weekend be remembering Jesus’s example of love and sacrifice, and the Easter message of redemption and peace.

“At a time of growing conflict, that message of peace could not have more urgency throughout the world.

“I meet Christians, and others of all faiths and none on a daily basis, who share and live those ideals: people who give their time for others, to run food banks, protect the vulnerable, look after the sick, the elderly and our young people.

“That spirit of respect for each other, peace and equality is one we can all share. So to all Christians and those of all faiths and none, have a happy

and peaceful Easter.”

Labour will make corporate tax returns public

LABOUR WILL MAKE CORPORATE TAX RETURNS PUBLIC

Nowhere to hide for tax dodgers as Labour will make giant corporations' tax returns public

The next Labour government will change company law to make sure the largest corporations publish their tax returns in full. Tax avoidance schemes rely on secrecy and complexity to enable tax dodgers to shirk their responsibilities.

By shining the spotlight on large company accounts, Labour will close the loopholes through which large corporations swindle the public.

The “tax gap” between the tax is collected and the tax expected is estimated by HMRC to stand at £36bn. Wealth hidden in tax havens worldwide is estimated at £13,000bn. Even a fraction of this amount paid as the fair taxes that are due would end austerity.

Labour will be tabling a series of amendments to the Finance Bill seeking to strengthen and widen the scope of anti-tax avoidance measures. The second reading of the Finance Bill will be Tuesday the 18th April 2017.

Shadow Chancellor John McDonnell MP today said:

“Tax avoidance is a scourge on society that company secrecy laws help facilitate, and the Tories have done nothing to tackle. Labour will pour the disinfectant of sunlight on large company accounts, helping close down the loopholes and the scams that the tax dodgers rely on.

“The Tories are running a rigged economy for the super-rich and giant corporate tax dodgers. Only Labour will stand up for workers and small businesses to make our tax system fair and our public services like education and the NHS are protected.”

Shadow Chief Secretary to the Treasury Peter Dowd MP today said:

“The measures in the Finance Bill claiming to close tax loopholes do not go far enough and have gaping omissions, another Tory conjuring trick to hide their inaction in making sure that everyone, including the rich, pays their fair share of society's upkeep.

“There is nothing in the government's proposals to address the chronic lack of enforcement in the context of the wider regulatory problems. As usual, the

Tories are playing rhetorically to the gallery.

“Labour are calling for a wide-ranging review of the UK tax gap and will be tabling a range of reform proposals to the Finance Bill, scope allowing. In particular, we will be seeking to strengthen the new penalty for any person who enables the use of abusive tax avoidance arrangements which has already been watered down since consultation with stakeholders.”

Labour will protect the high street by ending damaging bank closures

Labour will introduce major changes to bank law to prevent banks forcing through closures of vital high-street banks

As part of Labour’s plans to rejuvenate the high street and protect local communities, the next Labour Government will make major changes to the banking law that will prevent banks closing their vital high-street branches and damaging local communities and small businesses.

Despite the introduction of an “Access to Banking Protocol” to prevent closures by this

Conservative Government, the Consumers Association reports that 1,046 local bank branches closed in the UK between December 2015 and January 2017, with another 486 already scheduled for closure this year.

But

the Big four banks made over £11bn profits from their high street banks in 2015, and can afford to provide this vital customer service instead of prioritising cost-saving measures that damage communities and small businesses.

Over

two-thirds of small businesses claim that a local bank branch is important and lending to small businesses has been found to drop by 63 per cent in areas with a recent bank branch closure. For deprived communities and households, loss of a local bank branch significantly diminishes their abilities to access even basic financial services. Older people are significantly less likely to use internet or phone banking services.

Labour

believes tougher action is needed on our major banks to prevent them putting their profits first and making short-sighted and damaging decisions. We will

replace the toothless Access to Banking Protocol with the force of the law to bring banks into line.

Shadow

Chancellor John McDonnell, will say:

“High street bank closures have become an epidemic in the last few years, blighting our town centres, hurting particularly elderly and more vulnerable customers, and local small businesses whilst making healthy profits for themselves. It’s time our banks recognise instead that they are a utility providing an essential public service.

“Only Labour will put in place the legal obligations needed to bring banks into line and stand up for our high streets, communities and small businesses.”

Emeritus

Professor, Prem Sikka, University of Essex, who advised on the policy, said:

“Banks receive considerable financial support from the public and in return should be required to provide financial infrastructure that meets the needs of individuals and businesses.”

ENDS

Notes:

1. A future Labour government will broaden the duties of the Financial Conduct Authority (FCA) and amend relevant provisions of the Financial Services and Markets Act 2000 (FSMA), particularly Part 4A of the Act, which authorises banks to carry on the regulated activity (i.e. the ‘banking licence’). These amendments would require banks to accept the conditions laid down below:

a. Prior to the closure of any branch, banks must undertake a consultation with all customers of the branch which it proposes to close. It must also consult representatives of the relevant local council.

b. The bank must publish details of the reasons for closure, including financial calculations showing the revenues and costs of the relevant branch. The share of central costs (e.g. accounting systems, IT, cyber security, personnel function) allocated to the branch must be separately identified, especially many of these costs are relatively ‘fixed’ and are not proportionate to the number of branches.

c. The consultation process must be overseen by the FCA, and the FCA must ensure that the closure of the branch does not degrade the local financial infrastructure. The closure of the branch must not make the local community worse-off.

d. The FCA's approval will be needed for any branch closure.

e. Upon approval by FCA, customers and local communities must be given 3 months' notice to enable them to make appropriate arrangements.

2. Labour will amend the statutory objectives, as given at s.9B of the FSMA 2000, of the Financial Policy Committee should include a new objective, the "Consumer Protection Objective", which will oblige the FPC to oversee (i) the accessibility of financial services to geographic communities in the UK, and (ii) the availability of financial services to all sectors of the population.

3. The British Bankers Association found that 68 per cent of small businesses surveyed thought that having a bank branch on the high street was important. See Barty, J and Ricketts, T. (June 2014), *Promoting competition in the UK banking industry*

4. Move
Your Money research found that "Before a branch closure, lending for SME's within a given postcode grows from one quarter to the next by 2.13 per cent on average. But after a branch closure in that postcode, average Q-2-Q growth in SME lending drops to only 0.79 per cent – a staggering 63 per cent reduction."
Travers-Smith, F. (July 2016), *Abandoned Communities: the crisis of UK bank branch closures and their effects on local communities*

5. The Social Market Foundation found that 11% of the population (7m people) use no other banking service than their local high street branch, and that these are overwhelmingly older and/or poorer. See Evans, K. (January 2016), *Bricks and Clicks: Understanding How Consumers Manage Their Money*, London: Social Market Foundation

6.
Bank branch closure figures from Goodman, R. (December 2016), "Revealed: 1,000 bank branches shut in two years", *Which?*

7. Banking high street profits given in Travers-Smith, F. (July 2016), *Abandoned Communities: the crisis of UK bank branch closures and their effects on local communities*, p.13

Month after month the Conservatives are missing key targets for cancer, ambulance response times and A&E waiting times – Jonathan Ashworth

Jonathan

Ashworth MP, Labour's Shadow Secretary of State for Health, commenting on the latest Combined Performance Summary from NHS England, said:

“Yet

again, these shocking figures present stark evidence of the ongoing crisis facing our NHS. On almost every measurement, this February is the worst February on record which is a damning indictment of the Tories' record of failure on the NHS.

“Month

after month, the Conservatives are missing key targets for cancer, ambulance response times and A&E waiting times. Hospitals remain overstretched and understaffed, and morale amongst our hard working staff continues to be challenged by the unprecedented pressures they regularly face.

“This

Tory Government has failed to get a grip on the situation facing our NHS and it's patients and staff who are paying the price. Labour is urging the Government to take immediate action so that we never face a winter crisis like this again.”