

John McDonnell speech to Labour New Economics Conference in Newcastle

*** CHECK AGAINST DELIVERY***

John McDonnell – speech to Labour New Economics Conference, Newcastle – Saturday 18 March 2017

It's a great pleasure to be back in Newcastle again.

We've been up and down the country with our economic conferences.

The attendance has been incredible – there's a huge thirst for ideas and alternatives out there.

So it is fitting that we are here in a city which the world has looked to as a guiding light for economic development.

At the heart of a region that helped lead the industrial revolution.

But a region being robbed of its greatness by Conservative economic failure. We've just seen the most stunning display of rank, thoughtless incompetence by any Chancellor during my twenty years in Parliament.

Philip Hammond's authority is now shredded after just one Budget, and he tore up a manifesto commitment to do it.

Labour opposed the increase in National Insurance Contributions for the self-employed from the second he sat down.

Jeremy Corbyn made our opposition to an unfair tax rise loud and clear in his immediate Budget response.

Labour MPs and Shadow Cabinet members hammered the same message home over the next few days.

Opposition came from all sides of the House, and from business organisations like the Federation of Small Businesses, leaving the Tory leadership completely isolated.

Perhaps if the Chancellor had spent less time thinking up stale jokes, and a little more time thinking through the consequences of what he was proposing, he wouldn't have ended up in this mess.

This is a government that never deserved its reputation for economic competence.

Their economic policies have caused real and lasting damage to this country.

Their political choice to impose austerity spending cuts on a scale not seen for generations have created untold misery.

It has meant public services cut to the bone and in some cases beyond.

It has meant a million people using food banks in the sixth richest economy in the world.

And it has meant that investment has fallen, dragging down productivity.

Our economy has become far too dependent on low-paid, insecure work as a result.

Worse yet, spending cuts have hit the places least able to cope with them.

Councils in the 10% of most deprived local authorities have cut their spending by £228 per person since 2010.

Councils in the 10% of least deprived local authorities have cut their spending only £44.

After the referendum, there was some brave talk from both the Prime Minister and the Chancellor –

Back when they were still speaking to each other –

About pressing the “reset” on fiscal policy.

And about bringing in a real industrial policy.

We’d welcome both – we need a fiscal policy that supports working people’s living standards, instead of tearing up public services.

And we need a real industrial policy to deliver the decent, secure jobs of the future, across the whole country.

Instead we’ve seen nothing but more of the same failures.

It should be very clear that they have no sense of direction, and no real vision for the future.

Brexit

That’s very clear on Brexit.

Closing your eyes and charging at a brick wall is no way to deal with complex negotiations.

Labour respects the result of the referendum, which was a clear vote to Leave – not least here in the North-East.

But I don’t think anyone voted for a Brexit deal that would trash jobs and living standards.

Or lead to the UK becoming a bargain basement corporate tax haven somewhere off the shores of Europe.

Yet that's what the Tories have now lined up.

They don't have a clue about where to go next.

They're pretending no deal at all would be better than a bad deal.

They don't seem to grasp that no deal at all would be the worst possible deal.

We'll fight for a deal that protects jobs and livelihoods right here in the UK.

That means keeping our full, tariff-free access to the Single Market. It's critical for the North-East.

The Tories won't fight for that.

They're too busy fantasising about creating "Empire 2.0".

The reality of all this bluster is very simple.

This government is about the steady management of decline.

Of keeping those in charge today still in charge tomorrow.

And to hell with the rest.

Labour stands for something very different.

Our vision is simple: of an economy and a society that is radically fairer and more democratic, where prosperity and opportunity is shared by all, and where our wealth is sustainably secured.

It is a vision of an economy not run for the benefit of the elite, but for the people.

Government of the rich

Because the situation we're in demands action now.

We can't wait for those in Westminster to sort themselves out.

As we've seen in just the last few weeks, this is a deeply dysfunctional government.

Basic tasks like assessing the economic costs of the government's own approach to Brexit haven't been completed.

Tax increases that should never have made it out of the Treasury wish-list end up in the Budget –

And then get reversed less than a week later.

Above all else, this is a government that thinks about the interests of a

tiny metropolitan elite before it thinks of anyone else.

The former Chancellor is heading off to edit a London newspaper.

At the same time, he's going to be advising the world's biggest asset manager.

Working four days a month for £650,000 a year.

All whilst still being paid for his job as an MP.

How can he properly represent his constituents in Cheshire when he's editing a newspaper for London?

Or take the current Chancellor, Philip Hammond.

It's little wonder he and the Cabinet seemingly didn't realise that hiking up National Insurance Contributions would hammer the self-employed.

He's a millionaire and part of the out-of-touch Tory elite.

They don't live in the same world as the rest of us.

Dysfunctional system, wrong ideology

But it's about more than just this government, rotten as it is.

It's a whole rotten system.

There's an establishment revolving door – just look at George Osborne's career to date.

It's a system where too many decisions are taken too far away from the people who have to suffer them.

It means that for decades those in Whitehall have made decisions that prioritise the metropolitan elite before they think about anyone or anywhere else.

And a deep commitment to an ideology that believes public action is always wrong – but markets are always right.

We can see where that approach has got us.

The old rules for the economy have failed.

Every claim made by the people who supported those rules has turned out to be exactly wrong.

The belief that freedom for financial markets would deliver stability led to the crash of 2008.

The belief that wealth would trickle down from the richest to the rest has led to massive inequality.

The belief that free markets alone would deliver efficiency means that workers in deregulated Britain take five days to produce what workers in Germany or France produce in four.

The old rules have given us an economy in which too much wealth is held in too few hands.

The rules have meant the economy was permanently rigged to the benefit of the elite, and against the rest of us.

The old rules have failed working people and that failure is now unavoidable.

It was this failure, I believe, that helped drive the vote to Leave.

The world is changing, and Brexit is part of that.

The old idea that states could no longer play any role in the economy is breaking down.

We've seen this with the steel crisis last year, where steel dumping by China has been met by concerted state action, from tariff barriers in the US to nationalisation in Italy.

Eventually the government was dragged into action, and I want to pay tribute to the campaign led by trade unions alongside Labour that forced them to act.

But it was too late for the North-East.

More than a century of investment and expertise and wealth has been almost squandered.

Labour will make different choices, and take a different approach.

CCS and metals

Labour will commit to putting in place a real industrial strategy, focused on getting government to deliver for local areas where the potential is being wasted.

That's not about looking back to past successes – although we'll build on them.

It's about looking to the future.

It means supporting initiatives like the Teesside Collective, which will build on the natural advantages and expertise in the area to create a clean-technology industrial hub.

It'll put this region at the cutting edge of Carbon Capture and Storage technology.

It'll be a new, clean industrial renaissance.

A pilot project would cost £110m up-front, but have the potential to deliver £31m every year in savings for government.

And on the back of the pilot, the potential for expansion is huge. The UK

would become a world-leader for viable carbon capture and storage.

Alongside local leaders here, Labour will be pushing for this government to unlock that funding.

And in government we'll back it up with a real commitment to deliver research and development spending on the clean technologies of the future.

That means committing the £50m needed to get the Metals Catapult Centre up and running.

This will build on the expertise that is already here in the region to accelerate new metal technologies towards full, commercial use.

It would mean supporting a sustainable steel industry for the future, securing jobs.

UK Steel, the Federation of Small Businesses and CBI have all written to the Chancellor and the Business Secretary to support the scheme.

The government could fund it immediately – the plans are there, it just needs the funding.

But like so much else, when it comes to the North-East, that potential is squandered by dithering and delay in Whitehall.

Stale Whitehall thinking is holding you back. Labour will crack through it.

We'll commit to securing funding for the Metals Catapult.

Together we'll unlock the potential of the North.

Potential everywhere

We can see where our future prosperity will come from.

The North-East is an exports success story.

It is the only English region to run a trade surplus with the rest of the world.

There are world-leading universities and research centres.

The Northern Powerhouse Independent Economic Review identified specific strengths in advanced manufacturing, the life sciences and the digital economy.

Its ports are expanding. New industries are growing up.

You can stand here and see, in ten years' time, how we could build on these foundations to create an outward-looking, productive and fairer economy.

But that means doing much more than making the marginal changes of the past, and hoping for the best.

Or thinking first and only about those places that are already successful.

The real untapped potential of our country is not in those places where there is already growth and prosperity –

It's the places that have been overlooked.

It's the smaller towns and the smaller cities.

The places that for twenty or thirty years have seen other parts of the country do so much better.

It means that when we talk about rebuilding this country, we need to start with those places.

There is so much potential here currently squandered by under investment, delays and a lack of real commitment from Whitehall.

So with our mayoral candidates in Manchester and Liverpool, and councils across the north, Labour will be pushing for this government to deliver.

Sue Jeffery, our Metro Mayor candidate for Tees Valley has put forward a comprehensive plan to deliver jobs and prosperity.

We'll be backing them every step of the way as they take on not only this government but a system that has failed the people of the North for too long.

Investment commitment

Because right now the potential of the North East is being wasted by this Conservative government.

Whilst London receives half of all transport investment made by the government, the North East receives just 1.8% of the total.

That's almost £2,000 a head in London, but just £220 in the North East.

That funding gap has real consequences.

It means that communities can't prosper when they could.

It means that decent jobs can't be created that could be.

Decades of under investment by distant governments and their corporate allies turn into real failures right here, in local communities.

But after Brexit, the status quo is no longer an option.

We need a new vision for the North-East.

One that builds on its historic strengths, but looks to the future.

That recognises the potential for the North-East as a great manufacturing and trading hub in a global world.

Based on investment right here, in its people and its places, and facing the world with confidence.

Egalitarian, outward-looking, and open to the world.

The next Labour government will hand the power that Whitehall and the City have taken away back to local communities across the country.

And we'll back this up with real commitments to invest.

Here in the North-East, where the first commercial steam railway was opened, we'll build on its immense legacy of engineering and manufacturing success.

We'll invest in new local rail so that every part of every county here can share in the prosperity.

Improving rolling stock. Overhauling and expanding stations.

Electrifying lines that should have been electrified years ago.

This is a £1.4bn commitment to transform the transport infrastructure of the whole region.

It can be part of unlocking an extra £20bn economic potential for the North, helping create 60,000 extra jobs.

Not my figures, but the careful estimates of Transport for the North. The economic potential here is huge.

Conclusion

But to reach that potential we need a break with the past.

As I've said before, Labour will oversee the greatest transfer of power to the north of England since the industrial revolution.

We'll tear up the old rules, and break up the vested interests in Westminster and the City that stand in your way.

Where their promises have failed you, Labour will not.

We'll help you build a new economy that works for the people, not the elites.

This new economy in the north can be somewhere that faces the rest of the world with confidence.

Where pride has been restored to every town and community.

The challenges ahead of us are immense, from Brexit to Trump to climate change.

But I believe that with confidence and clarity of purpose we can meet them.

And not just meet them: build, together, a fair and democratic society and

economy.

That transformation starts here.

Ends

[Endless winter for the NHS as Tory cuts cause chaos for patients – Jonathan Ashworth](#)

The latest NHS situation reports for A&E performance have been published today and show Theresa May's winter crisis stretching into spring.

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Emergency

admissions in the week ending 12 March were the highest they have been so far this winter and A&E attendances in the week ending 12 March were the highest since December.

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In the week ending 12 March, there were

19 temporary diverts from one A&E to another to provide temporary respite. Overall, there have been around 84 per cent more diverts this winter than last winter.

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In the week ending 12 March, 34 different trusts reported serious operational pressures at some point. On average, 20 trusts each day reported serious operational pressures.

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Last week, 13 trusts had average bed occupancy over 99 per cent – up from 12 in the previous week.

Jonathan Ashworth MP, Labour's Shadow Health Secretary, said:

“Standards

for NHS patients have collapsed this winter because Theresa May just hasn't given the health service the resources and the priority it needs.

“It

beggars belief that such pressure is still being seen on A&E after months of crisis – it is a sign of a wider system creaking under the strain of Tory neglect.

“The Prime Minister needs to get a grip and make clear what action she’s going to take so that patients and their families never have to suffer a winter like this ever again.”

[It is shocking that over 70 per cent of young people have never experienced political education in school, college or university – Cat Smith](#)

Cat Smith MP, Labour’s Shadow Minister for Voter Engagement and Youth Affairs, commenting on 45forthe45th Legacy report published today, said:

“It is shocking that over 70 per cent of young people have never experienced political education in school, college or university.

“As the Tories take the country down a path of Brexit chaos, it is essential that young people are educated about the civic and public institutions which frame our laws. Not only will this increase voter engagement and turnout, but it will make government more accountable for its actions.”

[Response to Theresa May’s speech to the Conservative Party Spring Conference – Andrew Gwynne](#)

Andrew Gwynne MP, Labour’s Campaigns and Elections Chair, responding to Theresa

May's speech

to the Conservative Party Spring Conference, said:

"The PM

claims she has a plan for a fairer, more 'united Britain' but she's pursuing an agenda which will do the opposite.

"As their

shambolic Budget has shown, the Tories have no plan to stand up for ordinary people and their promises aren't worth the paper they're written on – they break them whenever it suits them. Under them those at the top get tax breaks, while middle and low earners are worse off, targeted for cuts and tax increases. Far from building a stronger Britain, the Tories are undermining what makes our country great, running the NHS down, squeezing our schools and crushing aspiration. And their shambolic approach to Brexit risks a bad deal for Britain, meaning we'll all be worse off.

"Britain

is worse off under the Tories."

[Julie Cooper reponds to 20p increase in prescription charges](#)

Julie Cooper MP, Labour's Shadow Health Minister for Care in the Community, commenting on the 20p increase in prescription charges, said:

"It

is disappointing to see the Government increasing prescription charges. While 20p may not seem a lot it will impact on those people who are already struggling with the rising cost of living. At the same time the Government is also increasing patient charges for NHS dental care, as well as raising charges for wigs and fabric supports.

"The

rise in prescription charges is a reflection of this Government's financial mismanagement of the National Health Service. At a time when the cost of living continues to rise the Government ought to be doing much more to help people with the cost of healthcare."