

This is not a Charter for Budget Responsibility, it's a 'Charter for Alternative Facts' – John McDonnell

John

McDonnell MP, Labour's Shadow Chancellor, speaking after the vote tonight on the revised Charter for Budget Responsibility, said:

"This is not a Charter for Budget Responsibility, it's a 'Charter for Alternative Facts', as the Chancellor has tonight abolished the OBR's ability to determine when a negative shock occurs. This represents a lack of confidence by the Chancellor in his ability to reach his own targets, as well as a rowing back of the welcome principles the OBR was created for – impartiality and credibility of fiscal policy.

"Instead of less scrutiny by the OBR, Labour would like to see more, such as our call for the Chancellor to give power to the OBR to assess short-medium term policy decisions on health spending. Given the last six years of Tory underfunding in our NHS alongside the Government's denials of the resulting crisis, we need to restore not diminish the public's faith in the Government's spending plans.

"Under this new charter the OBR will assume the role of bystander rather than arbiter of whether or not the economy is facing a negative shock. This is a huge power grab by the Chancellor, as it means he can decide when and what such a "shock" will be, and therefore he can suspend his rules when he likes, and make up his targets as he goes along.

"This Charter also continues with the practice of lumping infrastructure spending in with day-to-day spending, meaning that there will be insufficient scope for investment in our economy, which could hinder growth and therefore our ability to reduce the national debt.

"Despite all the rhetoric of "pressing the reset button", the Autumn Statement has shown that there would be a continuation of austerity

cuts

to public services. There is still no more money for the NHS and social care crisis, or for ESA and Universal Credit recipients facing cuts.

“Labour’s

Fiscal Credibility Rule would provide the adequate level of investment our economy needs, underpinned by independent oversight coming from both the MPC and a beefed up OBR, which would report to parliament and not the Treasury.”