

# John McDonnell response to the Government's u-turn on £2 billion NICs rise in the Budget

**John**

**McDonnell MP, Labour's Shadow Chancellor,**

responding to the Government's u-turn on its £2 billion NICs rise in the Budget

last week, said:

"This

is a humiliating reversal for the Chancellor forced upon him by Labour's opposition. His authority is now shredded after just one Budget, and he tore up

a manifesto commitment to do it.

"We

welcome the Government's decision to finally listen to Labour's calls made in Jeremy Corbyn's Budget response along with those of business groups like the Federation of Small Businesses to not go ahead with an unfair £2bn tax rise on

low and middle earners. But they should never have been placed in this position

to start with, and now we face yet another Tory Budget only a year on with a blackhole in the billions. In 2015, we had the tax credit shambles. In 2016, we

had Personal Independence Payments reversal. Now in 2017 we have the u-turn on

National Insurance Contributions.

"There will be millions of working people who are now breathing a sigh of relief, but it is the Chancellor who should be holding his breath as this episode throws up urgent questions that he and the Cabinet must now answer.

"Did the

Prime Minister or the rest of the Cabinet, who must have seen the Budget in advance and known this measure was to be implemented, raise their concerns with

the Chancellor before he announced it, worrying millions of families? It was in

the weekend papers before the Budget so they can't say they were unaware it was

to happen.

"This is also the second year we have had a Tory Budget with a black hole in it

worth billions. This is not acceptable. What will he do to fill the shortfall

in a Budget he delivered less than a week ago without pursuing unfair tax increases or further cuts to public services? As the Budget will still see working people £1,400 worse off under the Government.

"On the day the Brexit Secretary has admitted that he hasn't looked into the costs of the Prime Minister's negotiating strategy, this is yet more proof that there is disarray at the top of a government clearly making things up as they go along.

"We need answers from the Chancellor and accountability at the top of government. In no workplace would such practices be allowed to continue, and it

should not be allowed from those responsible for the public finances.

Labour's

new roundtable on self-employment will bring together business organisations, trade unions and self-employed groups to lay out a serious and realistic strategy to provide a fair deal for the self-employed at a time of major labour

market changes. We are proud to be the party of working people, small businesses, and the self-employed."

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## [The Government is recklessly talking up the idea of crashing out of the EU with no deal – Keir Starmer](#)

**Keir**

**Starmer MP, Labour's Shadow Brexit Secretary**, responding to David Davis' admission that the Government has not carried out an assessment of the economic impact of leaving the EU without a deal, said:

"The Government is recklessly talking up the idea of crashing out of the EU with no deal. They have repeated the mantra that 'no deal is better than a bad deal'.

"But we now know they have made no assessment of the economic impact of the Prime Minister failing to secure a deal.

"What's clear, from the CBI and others, is that there is no result that would be

worse

for the British economy than leaving with no deal; no deal would be the worst possible deal. The Government should rule out this dangerous and counter-productive threat before Article 50 is triggered.”

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## Ministers urgently need to come up with credible and comprehensive strategy to minimise prevalence of lung diseases – Sharon Hodgson

**Sharon**

**Hodgson MP, Labour’s Shadow Minister for Public Health**, reacting to the British Lung Foundation’s report into the economic cost of lung disease in the UK, said:

“Lung disease is a major health issue here in our country. The British Lung Foundation’s eye-opening report today is an important step in highlighting the staggering and rising cost of this illness. There is not only a financial toll for our society but for the NHS as well. It is so important that we do all we can to address the various lung-related illnesses and diseases that people face and make inroads into improving respiratory health.

“Ministers urgently need to come up with a credible and comprehensive strategy to minimise the prevalence of lung diseases in our country, and also to reduce the costs of this illness on our society and our already stretched NHS.

“The cost of lung disease in the UK is getting worse by the year and this enormous human and financial impact just can’t be allowed to continue. The Government must be much more proactive in raising awareness among the public and investing in preventative health measures which can head off the risks of lung disease in years to come.”

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## Peter Dowd speech at the close of tonight's Budget debates

**Peter Dowd MP, Labour's Shadow**

**Chief Secretary to the Treasury**, speaking at the close of the Budget debates tonight, said:

Mr Speaker, last week the Chancellor painted a rosy picture of the nation's finances.

He claimed the Conservative Party's stewardship had been nothing short of miraculous.

A relaxed Chancellor attempted jokes throughout his speech.

The Prime Minister shoulders shook with amusement.

Many members opposite chuckled away.

Some of the more experienced Members opposite were watching cautiously, as the nose dive gained velocity.

The Chancellor got it wrong – big time.

Within hours he was attacked by many of his own backbenchers.

He was left hung out to dry by the Prime Minister.

Unsurprisingly, he has faced universal criticism over his plans to raise national insurance to 11 per cent for millions of people who are self-employed.

As Sir Michael Caine, playing the character of Charlie Crooker in the iconic Italian Job movie said to his bumbling side kick.

"You're only supposed to blow the doors off!"

Well, the debris from the explosion is still in descending.

A manifesto pledge broken – pure and simple.

And since last Wednesday No.10 and No. 11 have been in a briefing war with each trying to blame the other for the fine mess.

Ostensibly, No.10 suggests the Chancellor sneaked the NI rise into the Budget.

Apparently, other shocked Cabinet colleagues have indicated that he failed to mention, that it would break their manifesto pledge.

It's worrying, Mr Speaker, that Cabinet Ministers don't know what manifesto commitments they made or perhaps they don't care?

Then again the Government has an insouciant attitude towards its manifesto commitments.

First, the Government committed to getting rid of the deficit by 2015 – a promise broken.

Second, they said it would be pushed back to 2019/20 – another broken promise.

Third, they vowed the debt would start to come down after 2015 – another broken promise.

The Government will have virtually doubled the debt and doubled the time they'll have taken to get it down.

And this is what they call success and fiscal credibility?

They seem to think that they can simply press the reset button when it comes to meeting their own fiscal rules and no one will notice.

The flip side of John Maynard Keynes' approach, namely when I change my mind the facts change with it.

When the Government's misses a deadline it's modus operandi is to set a new one and brazenly move on.

The immutable Tory law of economics – make it up as you go along.

What happened to the long term economic plan?

Well, it didn't last very long? Mr Speaker

The Prime Minister and the Chancellor have their finger prints all over every single financial decision that has been made during the last seven years.

It's no surprise that they have come under criticism from many in their own party including the former Member for Witney.

Or the former Chancellor, Lord Lamont, who called the NI debacle a "rookie error".

Otherwise known, in the real world, as gross incompetence.

But regrettably it's other people who will pay the price for that incompetence.

Mr Speaker, turning to Brexit, I'll mention it even if the Chancellor doesn't, it's the tenth anniversary since the production of

"Freeing Britain to Compete: Equipping the UK for Globalisation"

This publication was a wide ranging policy document authored by the right honourable Member for Wokingham and friends.

It was endorsed by the then Shadow Cabinet which included the current incumbents at numbers 10 and 11 Downing Street.

The publication was hard to track down as it has been removed from the Conservative Party website and for good reason.

But I found a copy.

Its contents were toxic and all the more so in the wake of the subsequent global financial crisis and remain so.

But in the light of Brexit, and the resurgence of the honourable member for Wokingham's influence, it will soon be getting a second run out.

Mr Speaker, it is worth appraising  
the House of a few of the nuggets contained in its pages.

It includes policies such as the  
abolition of inheritance tax.

Charging foreign lorries to use  
British roads.

The potential  
abolition of the BBC licence fee, which it refers to as a poll tax.

The watering down of money  
laundering regulations.

The deregulation of mortgage  
finance.

Because it's the:

"lending institutions rather than  
the client taking the risk."

Try  
telling that to someone whose house has been repossessed.

It  
goes on:

"we need to make it more difficult  
for ministers to regulate, and we need to give the critics of regulation more  
opportunity to make their case against specific new proposals."

Remember this document, dated  
August 2007, was rubber stamped by the current Prime Minister and  
Chancellor at the same time Northern Rock was about to go under.

It continues:

"the Government (the Labour  
Government) claims that this regulation is all necessary. They seem to  
believe  
that without it banks could steal our money."

That  
is not quite the case but the  
taxpayer, at its peak, had liabilities for the banking crisis of £1.2  
trillion.

But, Mr  
Speaker, many people did believe the banks were stealing their money.

It refers to wanting:

“reliably low inflation,  
taking no risks by turning fiscal rules into flexible friends.”

As for Europe, in search  
of jobs and prosperity, it says:

“An incoming Conservative  
Government should go to Brussels with proposals to deregulate the whole EU...”

No wonder they wanted to bury the  
evidence.

It’s the autobiography of the hard  
line Brexiteers.

It’s the Tory blue print for a  
post Brexit deregulated Britain.

It’s a race to the bottom.

These policies are a telling  
narrative of the views of the fundamentalist wing of the Conservative Party.

The Prime Minister is a hostage to  
the far right of the Tory Party.

She is on the hook.

The stage directions are coming  
from Wokingham, Haltemprice and Howden, North Somerset and Chingford and Wood  
Green with occasional guest appearances by the Foreign Secretary.

The forlorn, melancholic  
Chancellor is briefed against because he may just have a less hard-line  
outlook  
as far as Brexit is concerned.

These are the dusted off policies  
of the hard Brexiteers who will stop at  
nothing until Britain becomes a low wage, low tax, low regulation economy.

They want to turn our country into  
the bargain basement of the western world.

They have the Prime  
Minister in tow.

Parliamentary scrutiny is a  
hindrance.

Meanwhile, the Prime Minister has  
put Kamikaze pilots in the cockpit.

The Chancellor knows this too well and that is why

reportedly he is putting aside £60 billion, equivalent to a year's worth of borrowing on the national debt to cope with the trauma.

It's not Brexit proofing the economy but rather proofing the economy from the toxic ideology of the hard Brexiteers.

Mr Speaker, ultimately, it comes down to choices and values.

The Government's choices in this Budget are informed by their values and they are not the same as the vast majority of people in this country.

The Government propose to increase Insurance Premium Tax from 10 per cent to 12 per cent, a regressive measure which will be a further hit on household finances and act as a deterrent to families wanting to obtain proper insurance cover.

It was a surprise to see this measure in the Autumn Statement, coming as it did from a government which constantly uses the high cost of insurance premiums as an excuse for curbs on victims' right to claim compensation for their losses, with particularly damaging effects for those injured in accidents at work.

We will oppose this rise.

And while the Government drives up insurance price for millions of families, it has chosen to forego £73 billion of revenue to give corporations and the wealthy few tax handouts between now and 2021.

A choice we would not make.

Their choice is informed by the value they put on elites and corporations, many of whom readily avoid paying their fair share of tax.

They plan to loosen the rules on the Business Investment Relief, increasing the scope for non-doms to avoid tax when they bring funds into the UK.

This is straightforwardly a giveaway to non-doms, which we will oppose.

There is little evidence that this relief has had a significant impact on inward investment since it was first introduced in 2012.

And there is little genuine reason to believe that expanding the relief now will do anything but give non-doms even more advantages over millions of UK taxpayers.

These and other tax cuts for elites and corporations come off the backs of public sector employees who have foregone pay rises for years.

Or those in the private sector whose wages and salaries remain in the doldrums and will for another decade or more.

Or the self-employed who are increasingly driving our economy who will see an increase to 11 per cent in National Insurance contributions.

We would make a different choice. We reject the kick in the teeth to self-employed people.

Not only does it hit many on low to middle income but will it raise anywhere near the £2 billion the Treasury projects?

It may also deter many people from setting up their own businesses, from innovating and excelling.

It's a moratorium on aspiration.

We would choose not to give tax breaks to those who do not need them.

Mr Speaker, in this Budget the Government claims it's giving lower and middle earners, the NHS, social care agencies, the self-employed, schools, businesses, pubs, the strivers, the entrepreneurs the thumbs up.

Mr Speaker, in practice, this Budget is not giving a thumbs up to all those people.

On the contrary, it's two other digits being put up to those people.

That's another choice that Labour would not make.

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# The government must produce an International Trade White Paper and give urgent clarity what their plans are for our future international trade – Barry Gardiner

**Barry Gardiner MP,**  
**Shadow Secretary of State for International Trade,** commenting on this week's inaugural Commonwealth Trade Ministers meeting said:

“The Commonwealth Trade Ministers meeting further demonstrates that the government is actively holding discussions with potential trading partners on our future trading relations. Although the government has told us their plan for Brexit, they have not presented to Parliament and the British people what their plan is for international trade. We've been promised an 'independent trade policy' from the Secretary of State for International Trade, however, this has not been disclosed.

“The government must produce an International Trade White Paper and give urgent clarity what their plans are for our future international trade, outlining negotiating principles and trade policy objectives.

“To this end, I have written to the Secretary of State for International Trade calling for him to urgently publish an International Trade White Paper and to address key unanswered questions about the government's international trade policy.”