

If the Chancellor has no plans to cut top rate of tax to 40p he can simply put the record straight – John McDonnell

John

McDonnell MP, Labour's Shadow Chancellor, responding to Philip Hammond's refusal at Treasury Questions today to rule out cutting the top rate of tax from 45p to 40p in next week Budget, said:

"It

is alarming that the Chancellor is happy to admit he is prepared to continue with brutal cuts to disability payments next week, but he won't rule out further unfair tax giveaways to a wealthy few such as cutting the top rate of tax. When he is slashing public services in this parliament how can he not rule out another handout to the wealthy?

"Philip

Hammond has shown that he is prepared to follow on with George Osborne's failed austerity cuts, and it looks like he could go even further than his predecessor with the tax giveaways to a wealthy few – paid for on the backs of the disabled and the poor.

"It

is very simple, if the Chancellor has no plans to cut the top rate of tax to 40p in this parliament then he can simply put the record straight."

John McDonnell speech to the British Chamber of Commerce

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AGAINST DELIVERY*****

Thank
you very much for the invite to speak here today.

We're

meeting at a time of upheaval not only for British businesses, but for our whole society.

The vote to Leave the EU has created fundamental and unexpected challenges for us all.

It is forcing all of us to think more deeply than in the past about what kind of society and country we want to be.

Businesses are a critical part of that national conversation.

Particularly as the Brexit negotiations get underway, it is essential their voice is heard loud and clear – and listened to by government.

Action is needed now on business rates, and I'll come on to Labour's own plans and demands shortly.

But more fundamentally, there needs to be a change of direction on the economy.

Too often, governments have focused on the short-term gains, when they should have been thinking about the future.

This has meant cuts in government investment over the last six years, when the economy has been crying out for essential investment spending.

It meant that research spending by government fell by £1bn in real terms, at a time when the gains from the application of science are so obvious.

Decisions like these do not happen in isolation.

They are the product of a Westminster political system with a short-term culture and an excessive focus on what just a few economic hotspots can deliver.

And the belief that government can do nothing for businesses and the economy has damaged businesses and the economy.

Fundamental mistakes in policy have helped lead us to a situation in which the productivity

of our economy now lags far behind similar countries.

It now takes a typical British worker five days to produce what a typical German or French worker produces in five.

Without productivity growth, consistent improvements in most people's standard of living will be difficult to achieve.

That failure on productivity means that we have lived through what Mark Carney has called a "lost decade" for earnings as wage growth stagnates.

And the forecasts currently indicate another lost decade ahead.

If we are to turn this situation round, it will require government to take a lead.

But too often on Brexit, Ministers have given the impression of placing their narrow political positioning above the good of the whole country.

The vote was to Leave and Labour respects that decision.

But that vote to Leave is not the same as an excuse to damage the whole economy.

It is simply not true that no deal with the EU is preferable to a bad deal.

No deal is a bad deal – it's the worst possible deal, with all the dangers of WTO-only trading rules.

Labour has always called for full, tariff-free access to the Single Market.

Nor do we think that the Government should be using EU migrants as a bargaining chip.

EU migrants have made and will continue to make a huge contribution to this country, whether in our businesses or in keeping our public services running.

But those 3m migrants have been subject to a terrible uncertainty as this government has failed to guarantee their rights.

It is simply not acceptable to place people under that sort of pressure.

It's not even a convincing bargaining position to take, since there are 1.5m UK citizens resident in other EU countries whose rights can also be placed on hold.

Our European partners know this, and won't be swayed by attempts at tough talk from London.

The sooner the situation is resolved with a clear and unambiguous statement that EU migrants currently resident here will have their rights protected, the sooner the negotiation process can move on.

That's not only the principled position to take. It's also popular.

And it's economically the most sensible, since it guarantees those currently in work can remain in work, and plan for the future.

This years' Budget could be an opportunity for government to address the fundamental issues of low investment and a lack of industrial strategy.

Unfortunately, the signs are that this opportunity will be missed.

A small amount of additional funding was pledged for public investment by the Chancellor at the Autumn Statement.

With interest rates for government at close to all-time lows, the economic case for a major programme of government investment in infrastructure and research is overwhelming.

A consensus amongst business organisations, economists, and trade unions now exists on this point.

However, the increase in capital spend currently offered by this government does not properly address the pressing need to overhaul our infrastructure across the whole country, including new investments in road and rail.

Our broadband provision, meanwhile, remains inadequate for a modern, developed economy.

Labour has committed to the delivery of a fully-fibre optic broadband connectivity, across the whole country.

As part of our commitment to invest, we will in government deliver the funding needed to accelerate fibre to the premises, prioritising areas of clear business need.

Labour welcomed the publication of this government's industrial strategy green paper.

It's a first move towards correcting previous mistakes.

Labour want to see an industrial strategy with broad, cross-party support because this would ensure the long-term stability such a strategy needs.

The most successful economies now have governments that are prepared to act to support them and their businesses.

That doesn't just mean protecting essential industries, like steel or chemicals.

It also means moving to support new sectors and smaller businesses.

And it means moving beyond some of the mistakes of the past and putting place and regional development at the centre of our approach.

The Government has to address, first and foremost, the regional disparities in investment, and support for smaller businesses.

It can't be right that more than half the UK's transport investment is made in London.

Labour will put in place a legal mechanism for public investment that will allow Parliamentary oversight on regional capital spending per head.

We want to see not only London, but the whole country, raise their game and the

huge disparities closed.

So
Labour will commit the £10bn investment needed to build a “Crossrail for the North”, linking up the great northern from Liverpool right through to Newcastle and Hull.

We
need also to unblock our financial system and put in place the mechanisms needed to deliver loan capital to our businesses.

The
next Labour government is committed to establishing a National Investment Bank,
backed up by a network of regional development banks.

This
will be charged with delivering long-term capital to smaller and medium-sized businesses in particular.

The
inability of smaller firms to access the finance they need for growth has held
back their potential.

And
the concentration of lending by our existing financial system in London has meant the rest of the country has lagged behind.

Labour
will correct this bias.

We
want to see smaller firms succeed across the whole of the country.

But
there is essential action for businesses that can be taken right now, on business rate revaluation.

The
growth of online retail is of course welcome for consumers who have benefitted
from price competition. However, we cannot let our high streets become a wasteland of boarded up shop windows.

The
government risk letting our high street shops wither on the vine, and just so they can play politics with their business rates.

The
revaluation of business rates due on 1 April has quite rightly caused uproar.

Whilst

few would disagree that a revaluation is long overdue, it has been handled atrociously.

It

was delayed not for the best economic reasons, but for the best interests of the Tories ahead of a General Election. It cannot be allowed to continue this way.

And

it also cannot be right that whilst the average small shop will be hit by an extra £3,663 in their business rates over the next five years, some large retailers and online retailers will see a substantial fall.

The

revaluation doesn't reflect how our economy has changed since the last one.

And

nor does it take account of the particular cost pressures smaller businesses are now under.

Labour

have responded to fears about the impact of looming business rate hikes for some businesses by calling on the Government to set up an emergency transitional relief fund and take a series of measures to ease the business rate burden for business.

Yesterday,

we hosted an urgent meeting with leading business organisations, including representatives from the Chamber of Commerce, to discuss a radical shakeup of business rates in the longer term.

We

believe that government action now is vital to reduce the impact on smaller businesses, and move towards making the local business taxation system fairer and closer to the real economy.

We've

called for a £150m a year for three years transitional relief fund to be established, available to local authorities to distribute to businesses facing a "cliff edge" in their rates bills.

We

want the shift from RPI to CPI uprating in rates to be brought forward three years.

We

think, like yourselves, that this would soften the immediate blow to businesses.

But

looking ahead, we think it is essential that plant and machinery are removed

from the business rates system.

It cannot be right that companies seeking to do the right thing, and investing for the future, are then penalised for doing so.

This is the exact opposite of how the tax system is supposed to function, and clearly out of line with best practice elsewhere.

For a country facing the productivity slump that Britain is now experiencing, additional taxation on investment like this cannot be justified.

Alongside more regular revaluations, removing periodic and unmanageable hikes, Labour is calling for a fundamental overhaul of the business rates system.

I am calling on the Chancellor today to provide real and genuine support for those business struggling next week.

We cannot go ahead in the way we are if it could mean many businesses go to the wall, and the jobs destroyed.

Businesses in London have been particularly hard hit.

London's property values have been racing ahead of the rest of the country for years.

That means small businesses in London are being hit with particularly heavy rates hikes, and some no longer qualify for transitional relief.

Labour's emergency relief fund offers a lifeline to those businesses.

Labour wants to support these businesses that are a cornerstone of our economy.

And it's becoming clear day after day, that Labour is the only party that is truly on the side of small and medium sized business.

The years ahead could be challenging for this country, and for its businesses.

I

believe that what the Chambers of Commerce represent is an essential voice for businesses across the whole country.

By taking on and representing the views of businesses in every community, you can make a decisive contribution to how we address the challenges ahead.

That's not just about what's good for the economy.

It's about being genuinely civic businesses – able to act locally to support their communities.

But that can only happen when there is also a genuinely supportive government.

Action is needed immediately on business rates, ahead of the revaluation coming in to force.

The Chancellor must take the opportunity of bringing forward a programme, backed up with money, that will address the immediate problems caused by revaluation.

But over the longer term it means coming forward with a clear plan of action for our economy.

One that recognises the support businesses need and the essential role they play – and that will break with the mistakes of the past.

Tories' complacent attitude to relations with prison staff suggests they are still not serious about resolving the crisis – Burgon

Richard

Burgon MP, Labour's Shadow Justice Secretary, commenting on reports that the Government will take legal action over "unlawful" industrial action by prison staff, said:

"The Tories' complacent attitude to relations with prison staff suggests they are still not serious about resolving the crisis they have created in our prisons.

"Violence is at record levels and more people are leaving the service than joining.

"After having their last pay offer rejected, ministers have followed it up with one which attempts to divide prison staff across the country and is condemned by governors as well as by frontline officers.

"To turn around this mess, we need a Justice Secretary who is serious about working with prison officers and we need a Prisons Bill which will deliver serious reform. Sadly, at the moment we have neither."

Ends

[Ofcom's proposal to cut landline prices by at least £5 is a step in the right direction – Watson](#)

Tom Watson, Labour's Shadow Secretary of State for Culture, Media and Sport, commenting on Ofcom's review of standalone landline costs, said

"It's a scandal that service providers have increased landline prices year on year despite benefiting from significant decreases in wholesale costs so Ofcom's proposal to cut landline prices by at least £5 is a step in the right direction.

"Landlines are important to households across the country, and the elderly and vulnerable in particular. We need to see a fairer deal for consumers and the Government must act to put safeguards in place to prevent future increases above inflation.

"This landline rip-off can't go on any longer."

Chancellor must commit to 'triple lock' at Budget

In a speech today on intergenerational fairness Labour's Shadow Work and Pensions Secretary will demand that the Chancellor 'commit' in the Budget to 'guarantee the triple lock on state pensions beyond 2020'.

The Government hinted that they may cut the triple lock in order to "tackle the challenge of rising longevity." This led to accusations that the Tories were 'abandoning older people'.

Labour has made a commitment to maintaining the triple lock under the next Labour government, alongside other pensioner benefits.

Debbie

Abrahams MP, Labour's Shadow Work and Pensions Secretary commenting on concerns that the Government has refused to commit to the triple lock said:

"It was shocking to hear the Chancellor suggest that he would expose older people to the flawed austerity agenda – further proof that the Tories are abandoning older people.

"The last Labour government were responsible for a historic reduction in pensioner poverty levels. A record that we remain hugely proud of.

"The Chancellor must use this Budget to provide clarity on the issue of the triple lock, and follow Labour's lead by committing to the policy beyond 2020."