

# The Tories have chosen to put ideological red lines above jobs and the economy – Paul Blomfield

**Paul Blomfield MP, Labour's Shadow Brexit Minister**, responding to the Government's decision to vote against Labour's amendment to the EU Withdrawal Bill seeking effective transitional arrangements, said:

"The Tories have chosen to put ideological red lines above jobs and the economy.

"The Government's decision to close down the opportunity for sensible transitional arrangements is deeply self-harming. It is not in the national interest and increases the risk that we will crash out of the European Union without an agreement. As the former Conservative Attorney General Dominic Grieve said during the debate, serious questions must now be raised about this Government's competence.

"If Ministers had any sense then they would rethink their decision and work with Labour to rewrite this flawed Bill."

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## John McDonnell speech to IPPR conference

**\*\*\*Check against delivery\*\*\***

Thank you for the invite to speak here today.

The title set by the organisers is "The economy after Brexit".

The immediate challenges of Brexit have been magnified a hundredfold by this decaying government.

Labour respects the decision of referendum last year.

But we cannot support the toxic combination of incompetence and ideology that this government have brought to the process.

We face the biggest political challenge in this country's recent peacetime history with a government barely capable of agreeing amongst itself on any given day, let alone in negotiating properly with the European Union and its member states.

We are, as a result, rushing headlong into the worst-case scenario of a no-deal Brexit in which a sudden and catastrophic change to our regulatory and legal environment is imposed on us – with no real preparation or plan for how to deal with it.

To delay or even refuse a transitional deal until a final deal is agreed is an appalling dereliction of duty by this government.

Labour will fight every step of the way for a Brexit that puts jobs and living standards first.

And we have insisted that the rights of EU nationals currently resident are agreed immediately.

Not only is this the right thing to do.

It will immediately drain the bad blood that the Conservative's cack-handed belligerence has built up in the negotiations.

But we need to also look beyond the immediate crisis that this government is creating.

If we are to steer our way through the fog, we need a clear direction on where we want to get to.

But we also need to understand where we are starting from.

The truth is that the British economy's woes run much deeper than merely an incompetent government.

The IPPR have posed the question today, is the economy "Working for all?"

It should be clear that the economy, as it stands, is working for almost no-one

Real wages are lower today than they were in 2010.

We are living through the longest sustained decline in living standards on record.

And the younger you are, the worse that decline becomes.

Insecure work is up one-third since 2010. There are now three million jobs in the UK where there is no guarantee of hours or employment rights.

Britain has the dubious privilege of being the only major developed economy where the economy has grown, but wages have fallen.

This is an extraordinarily poor record. The current government, after seven years in power, has to learn to take responsibility for it.

We have said it before, and I will say it again: if the current government is not prepared to radically change course on the failures of the last seven years –

Ending austerity,

Delivering investment across the country

working with, not against, our European partners to secure a proper Brexit deal

Then Labour stands ready to take over.

But the rot runs deeper than the Tories' mismanagement and incompetence.

The IPPR's Commission on Economic Justice has already done excellent work in highlighting the deep, longstanding, structural flaws of the British economy

Flaws that are, as the Chancellor scrabbles around to try and patch together a Budget, now becoming unavoidable

the collapse in productivity growth

the shrinking of investment, and the feeble amounts we spend on research in particular

the creaking infrastructure

the gross regional inequalities, by some distance the worst in Europe

the huge concentration of riches at the top, with the top 5% now owing 40% of the nation's wealth

sets of institutions, from the Treasury to the City, that are simply not geared up to delivering the economic policy and strategies that a modern economy needs

When we go into government, we will have an extraordinarily difficult job on our hands: not just in addressing the social, even humanitarian crisis of austerity –

Not my description, but that of the Red Cross –

And not only in turning round the economy so that it delivers for the many, not the few.

But in addressing those gross inequalities and longstanding structural failings.

In some cases, these are failings that have been allowed to build over decades.

An entirely new approach to economic policymaking will be needed –

One that places the needs of the many, ahead of the profits of the few.

One that seeks to transform the old institutions and build new where they are needed.

And it is to this deeper question that I want to now turn.

Because the failings of this economy, like economies across the world, stem directly from an approach to economics and economic policy that fixates on short-term returns, and misses the long-term damage.

I believe that neoliberal approach has now exhausted whatever potential it once had.

The countries and governments that cling to it, like this one, are tired and incapable of setting a new direction.

They cannot hope to meet the challenges of the next century.

It is the challenge of reconciling the extraordinary potential riches of our economy, and all of our people, with the constraints imposed on us by the planet we share.

The United Nations Framework Convention on Climate Change conference continues this week in Bonn.

We all welcome the international effort to reign in global carbon emissions.

International action is urgently needed, and Labour is completely committed to work with others to meet this country's obligations.

The expert consensus on climate change and our impact on the environment is absolutely clear.

Unlike our current Environment Secretary we take these international obligations seriously.

This is an Environment Secretary who tried to remove climate change from the school curriculum when he was Education Secretary,

An Environment Secretary who is notoriously suspicious of experts

And who has been part of a government that has overseen fracking across our communities, including in National Parks, and now illegal levels of air pollution that have escalated into what a Select Committee has called a 'public health emergency'.

Labour are calling for the entire body of environmental EU law and treaty principles to be transferred to UK law.

But the truth is that meeting these fundamental obligations will be a challenge.

We can't rely on a marginal adjustments, or tinkering around the edges.

It will require a transformation of our institutions and how our economies are run.

At the most abstract, the problem we face can be stated very simply.

Every 1% added to global GDP over the last century has meant, on average, adding 0.5% to carbon dioxide emissions.

As the size of the world economy has grown, so too has the pressure it places on our ecosystems.

The consequences of that pressure are now becoming all too apparent.

2017 is likely to be in the top three of the warmest years on record.

The other two are 2016 and 2015.

On current trends we are heading for a 3.5 degree celsius increase in global temperatures this century; a rise that would wreck everyone's economy.

This isn't only about climate change.

Other fundamental natural systems are at risk.

One-third of the world's soil has already been degraded.

In the UK, the Committee on Climate Change estimate that 84% of our topsoil has been lost since 1850.

At this rate of decay, the United Nations Food and Agriculture Organisation estimates that globe has only 60 years of farming left.

What biologists call the "sixth mass extinction event" in the Earth's history is underway.

Half the world's species of wild animals have been lost in the last forty years.

And this pressure is growing rapidly. Of the total volume of carbon dioxide and methane emitted since 1751, half has been emitted since 1984.

The impact of humanity on planet, accelerating since 1950, is now so pronounced that it is claimed we have entered new geological age of the Earth, the Anthropocene.

Rapidly rising concentrations of carbon and other greenhouse gases in the atmosphere, deforestation and other habitat loss, and mass extinction are combining to put an end to the relatively mild climatic conditions humanity has spent most of its existence under.

Planetary change requires more than small-scale, marginal adjustments.

It requires concerted, public action on a scale that meets the challenge.

As the IPPR's Commission on Economic Justice have argued, market-led approaches like carbon trading have failed to deliver.

What we need instead is to take a radically different approach – repurposing old institutions, building new.

We need to think we rethink the very purpose of economics.

Growth for the sake of growth alone no longer works.

The usual claim for growth in Growth Domestic Product, GDP, is that it means, over time, a steady increase in living standards.

It is close to unarguable that the standard of life for most people, particularly in the developed countries, has improved beyond recognition in the last two hundred years.

This improvement has never been the product of markets alone.

From the early years of industrialization, it is regulation and public action that have restrained the pure profit motive.

It was the Factory Acts in Britain that first started to restrain the sheer brutality of early industrial capitalism.

Child labour was barred. Working hours reduced. Some measure of safety and control steadily imposed on workplaces.

These are the historic achievements of the early labour movement.

And it was farsighted local authorities who built modern sewage systems, and controls on pollution.

It was a Labour government who massively expanded the provision of healthcare through the NHS, and decent quality housing through its housebuilding programme.

At every step, the invisible hand of the market has been restrained by the visible hand of public, democratic action.

If we have a more humane society today, it is because of that public action, not despite it.

The expansion of production, the sheer increase in the volume and quality and variety of products that capitalism has produced has lifted living standards.

It took public action to ensure those products were more fairly distributed, and the environmental impacts of their production restrained.

But today, the engine of growth appears to be malfunctioning.

The transmission mechanism from increasing GDP to rising living standards appears to have broken down.

This break has been most spectacular in those developed countries that turned most sharply against the enlightened belief that the engine of growth worked most effectively when it was steered and managed.

So whilst GDP per person in the US doubled between 1970 and 2008, average wages hardly moved.

And in the UK, since the crash, GDP has risen but wages are, today, lower than they were in 2010.

Government policy since that date has been utterly ineffective. For all the rhetoric, most people today are worse off than they were when a Tory Chancellor first arrived in 2010.

And not only do they know they are worse off today. The numbers of people expecting their situation to get worse in the future is the highest ever recorded.

The machine is broken, and everyone knows it.

We've campaigned up and down the country the last two years.

Away from the few bright spots, clustered overwhelmingly in London and the South-East, you find the same story everywhere.

It is one of potential wasted in dead-end, insecure jobs, in parts of the country starved of investment.

We have seen an improvement in GDP but a decay in the quality of life

We have allowed, for a very few, extraordinary riches, but let the institutions that allow genuinely civilised society to function to wither away.

The NHS is in a state of crisis, again.

Or schools face funding cuts for the first time in decades.

Cuts to our welfare system creating appalling destitution.

400,000 more children will end up in poverty over the next few years.

And 40m people in Britain live with illegal levels of air pollution.

We are living in what the great American economist JK Galbraith once described as "private affluence, public squalor".

It is a dereliction of the duty of government to claim – as this one attempts to claim – that growth, feeble as it is, justifies their claim to office and their economic policies.

Or for them to claim our people should be grateful for whatever miserable, poorly paid, insecure drudgery masquerading as work they can get.

We have to lift our sights. We need an economics and an economic policy with a moral purpose.

We cannot continue in the old way – climate change alone guarantees that.

We have to now lay out a different path.

To be clear, a belief that GDP cannot be the sole metric does not mean a rejection of technology or material progress.

This is not about throwing out the advances of the last two hundred years or more.

Quite the opposite.

It is only by applying the products of science and technology that we can hope to meet the challenge of climate change.

A planet of seven billion people, and a country of 60 million, must find new and better ways of working and living – not hanker after a mythical past.

And it is the accelerating pace of technological change that is placing in our hands the possibility of making this change.

We need a government that understand this point, and is prepared to act on it.

That means a government with the sense of moral purpose and strategic clarity that is built into its economic approach.

So our industrial strategy has identified two national missions, closely following the approach suggested by the work of Marianna Mazzucato and her researchers.

The first is to radically decarbonize our economy, setting a strict target of 60% of energy from low carbon and renewable sources by 2030.

The second is to transform Britain into a leading high-technology country, with the greatest proportion of high-skilled jobs in the OECD and 3% of our GDP spent on research and development by 2030.

This approach, establishing broad but clearly-defined national goals, means moving industrial strategy beyond what historically gets dismissed as picking winners.

It is a tribute to how far the rot of neoliberal thinking has set in that only in Britain is picking a winner considered a bad idea.

Everyone else just gets on with it, whether it is Japan's new Robotics Strategy, or the huge support given by the German government to promote the "industrial internet".

By continuing to pretend that the market, and only the market, can make major strategic decisions about our economy, we are not only an outlier amongst the developed nations.

We are falling further and further behind.

So the next Labour government will establish these two missions at the centre of our economic policy.

They are different goals, but in reality they are inseparable.

Information technology already accounts for 7% of global energy use.

As the volume of data online increases exponentially, and as we move in the next few years from a world of 3 billion online citizens to 4 or more, that share will only increase.

But research from the OECD shows that countries with the highest use of information technology are also now gradually decreasing their emissions.

The steady move away from fixed information technology and into smaller, lighter and less energy-intensive mobile devices is already helping reduce carbon footprints.

Greenpeace have shown how major tech companies are taking steps to reduce the colossal energy requirements of their data centres.

As vast volumes of data move out from personal and company servers and onto the cloud, the efficiency savings here could be immense.

But beyond simply greening what we have technological advances offer a way to radically overhaul how we produce and consume.

The spread of mobile technology, artificial intelligence and advanced sensors mean that resources can be used as efficiently and as effectively as possible.

This is the "Internet of Things" – putting computing intelligence into the objects that surrounded us, and connecting them to the global network.

The number of connected devices is growing at an extraordinary rate, from 15 billion devices globally today to a forecast of 75 billion by the middle of the next decade.

The consumer impacts of this are most obvious, and sometimes, so far, perhaps a little superficial.

But the Internet of Things holds out the prospect of a far more profound shift in how we organize our economy.

This is about much more than having fridges that can tell you when to buy more milk.

It's about the possibility of building a sensitivity to the environment in how we produce and consume.

It's about meeting the challenge of climate change and environmental degradation head-on.

So in agriculture, sensors in the ground already allow the precise monitoring of soil moisture and acidity.

Drones allow the monitoring of crops, 24 hours a day.

More precise monitoring means more data, which means that water and fertiliser use can be optimised.

Early studies show that energy costs for US farms using the technology fall by almost a third per hectare, and water use for irrigation drops by 8%.

Smart, interconnected devices offer the prospect of helping to transform our entire energy system, radically decarbonizing our economy.

There is today the prospect of creating, for the first time, a responsive energy system.

Historically, electricity must be consumed when it is generated. If demand rises, more supply must be found from producers.

For renewables, essential if we are to decarbonize energy systems, this creates an immediate problem.

The wind doesn't always blow, and the sun doesn't always shine.

There is a need for significant back-up power, only some part of which can come from renewable sources like tidal power.

But with a responsive grid, this relationship need no longer apply.

Smart metering already enables a more efficient use of electricity resources in homes and offices.

But as sources of electricity become more distributed, and as the ability to monitor demand becomes more fine-grained, new possibilities open up.

So the battery in your electric car, when standing idle and plugged in, could be used to also supply the additional demand needed elsewhere in the system, as well as radically improving the air quality our children have to breathe.

Or home solar, generating a surplus for the household, can transmit back into the grid to meet demand elsewhere.

One study by Ericsson estimates that by 2030, global emissions of carbon dioxide could be cut by 63.5 gigatonnes of carbon dioxide through interconnected devices.

That's equivalent to a huge 18% reduction in existing use, from this technological shift alone.

For manufacturers, the efficiency savings in smart production have the potential to reduce global carbon dioxide outputs by 2.5 gigatons, annually, by 2030.

Manufacturing is already transforming itself.

3D printing and industrial sensors are making production more responsive to consumer demand – and shrinking its economic scale.

I was at the Advanced Engineering Show in Birmingham last week.

It's a fantastic event, showcasing advanced manufacturing from across the country.

The potential from so many smaller companies is enormous – you can see the applications of new technology in augmented reality headsets, robotics, and artificial intelligence.

These are smaller manufacturers, here in the UK, building some of the most advanced technologies in the world.

The geography of production is shifting once more.

One in six UK manufacturers report moving some production back to the UK.

There are huge advantages in locating where the skills and the markets are.

But making this technological shift happen and taking advantage of all this will require a huge, collective, public action.

We will need dramatically increase our national investment in research and development.

We will need a sharp focus on those areas where the UK has clear advantage.

The Committee on Climate Change has identified a number of areas in which the UK has a significant competitive advantage, like electric vehicles, energy storage, and low carbon chemical processes.

This shift cannot happen in institutions that, however well they worked once, are no longer quite fit for purpose.

Labour has always been the party that created new institutions, from the NHS to the Open University to Sure Start centres.

We have been the party in the past with the vision needed to see how the challenges of a new age can be met.

So today we have committed to establishing a Strategic Investment Board, at the top of government.

This Board will bring together the Chancellor, the Secretary of State for Business, and the Governor of the Bank of England plus representatives from the National Investment Bank and business.

It will be charged with delivering a major increase in productive investment across the whole country, focused on technology.

It will be served by a Secretariat with a focus on using the best available data and metrics to inform decisions in line with the next Labour government's overall industrial strategy.

And we will provide support for worker-owned and co-operative enterprises –

faster, smaller, and more nimble than the industrial giants of the past.

We want to see a flourishing of co-operative enterprise across the whole country, making use of the new technologies and restoring prosperity.

We'll create a "Right to Own" for employees where a change in ownership is made, giving them first refusal on putting forward a plan for worker ownership.

But alongside building new institutions, we'll work to give those that we already have a new sense of moral purpose.

Lord Kerslake prepared a report for us on the Treasury, our central economic institution, and we will be looking, as a priority to implement his suggested reforms.

But over the last few years the Office for Budget Responsibility has established itself as an independent, authoritative voice on economic analysis.

The next Labour government will guarantee and reinforce that independence by making the OBR report not to the Treasury but to Parliament.

We want thorough and genuine oversight of our own fiscal plans.

We want the public, whether businesses or voters, to be absolutely confident that the public finances are properly scrutinised and managed.

But more than this, we want to make sure our plans reflect our values.

We want a moral purpose to be brought into the centre of economic policy making

We want to ensure that the overwhelming challenge of climate change is addressed from the very centre of government.

The next Labour government will therefore ask the OBR to include the impact of climate change and environmental damage in its long-term forecasts.

The Bank of England has already begun stress testing financial institutions for the ability to cope with climate change.

We need to take the same far-sighted view of the public finances.

The public deserve to know what impacts we might expect on the national purse from the degradation of our environment.

Sound, responsible economic management should already be accounting for this.

We'll make sure the OBR has the resources needed to produce the best available modelling of the economic impacts of the environment.

And we will make sure not just the next Labour government, but future governments, will be absolutely committed to addressing our greatest single

challenge.

We face, as a nation, the huge political challenge of Brexit.

But beyond that point we face, as a species, the potentially devastating challenge of the Anthropocene.

Our old economics – fixated on crudely increasing GDP, regardless of how it is done – can no longer apply.

Our old economic policy – fixated on letting markets rip, regardless of their consequences – can no longer hold.

Our old institutions must change. New institutions must be built.

Labour understands and will rise to the challenge.

We will build a new economy: radically fairer, more democratic; sustainable and egalitarian; where alienated and insecure work has given way to free and creative labour.

The challenges are immense, but so, too are the possibilities.

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## [PM should stop pandering to the ‘no deal’ enthusiasts in her own party – Starmer](#)

**Keir Starmer MP, Labour’s Shadow Brexit Secretary**, speaking ahead of today’s debate on the Government’s amendments to the EU Withdrawal Bill about exit day, said:

“This is a desperate gimmick from the Prime Minister. It’s about party management not the national interest.

“There’s no dispute that Britain will leave the European Union in March 2019. Labour voted to trigger Article 50 and we did so knowing that we would leave the EU within two years. That means Britain leaving the European Council and no longer having Members of the European Parliament.

“As our election manifesto made clear, Labour accepts and respects the referendum result and we will fight for a Brexit deal that puts jobs and the economy first, and maintains rights and protections.

“That’s why we want to see time-limited transitional arrangements on the same basic terms as we have now after we leave the EU to avoid a cliff-edge Brexit, including the single market and a customs union during that period.

“The Government’s amendments to their own Bill would stand in the way of an orderly transition and increase the chance of Britain crashing out of Europe without an agreement.

“Theresa May should stop pandering to the ‘no deal’ enthusiasts in her own party and withdraw these amendments. If not, Labour will vote against them to support our own amendments and guarantee a transition that protects jobs and living standards.”

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## [The Government must listen to head teachers about investing in the next generation – Angela Rayner](#)

**Angela Rayner MP, Labour’s Shadow Secretary of State for Education**, commenting on the letter from head teachers representing over 5,000 schools across England to the Chancellor about the Government’s inadequate funding for schools, said:

“Justine Greening needs to start listening to the head teachers and concerned parents who are facing the real consequences of her Government’s decision to put tax breaks for the super-rich ahead of investment in the next generation.

“Despite Tory spin, the new funding formula does nothing to reverse the cuts to budgets and every penny they have found just comes from cutting other education provision – it isn’t fair, and it isn’t funded.

“The next Labour Government will give our schools the resources they need, reversing Tory cuts and protecting per pupil funding in real terms, as we build a National Education Service for the many, and not just the few.”

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## [New house price statistics show Tories have failed to help younger people get](#)

# [a good start in life – John Healey](#)

**John Healey MP, Labour's Shadow  
Secretary of State for Housing,**

commenting on new house price statistics, said:

“The number of home-owners under 45 has fallen by over 900,000 since the Conservatives came to power in 2010.

“The Tories have spent seven years talking about home-ownership but they have failed to help younger people on ordinary incomes get a good start in life and failed to build the new homes our country needs. The number of new low-cost homes to buy has halved since 2010.

“Labour will give young working people fresh hope of owning their own home by building more affordable housing for first-time buyers, cutting stamp duty, and giving local people first-dibs on new homes built in their area.”