



## Budget Resolutions and Economic Situation

House of Commons, March 20, 2023

Speech by James Murray MP (Ealing North) (Lab/Co-op)

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Thank you, Mr Deputy Speaker, for the chance to close today's Budget debate on behalf of the Opposition. We have heard powerful speeches from many of my hon. Friends about the Government's Budget and economic record. The impact on our constituents of the Tories' failure on the economy and public services was laid bare by many Members, including my hon. Friends the Members for Birmingham, Ladywood (Shabana Mahmood), for Caerphilly (Wayne David), for Liverpool, Walton (Dan Carden), for Enfield, Southgate (Bambos Charalambous), for Newport West (Ruth Jones), for Weaver Vale (Mike Amesbury), for Sheffield Central (Paul Blomfield), for Streatham (Bell Ribeiro-Addy), for Salford and Eccles (Rebecca Long Bailey) and for Swansea West (Geraint Davies).

Critical questions were raised about the delivery of the Government's announcement on childcare, including by my hon. Friends the Members for North Tyneside (Mary Glendon), for Wythenshawe and Sale East (Mike Kane) and for Lancaster and Fleetwood (Cat Smith). The total lack of an effective and ambitious plan for growth from the Government was underlined by many Members, including my hon. Friends the Members for Newcastle upon Tyne Central (Chi Onwurah), for Llanelli (Dame Nia Griffith), for Kingston upon Hull West and Hessle (Emma Hardy), for Portsmouth South (Stephen Morgan), for Cambridge (Daniel Zeichner), for Newport East (Jessica Morden), for Dulwich and West Norwood (Helen Hayes) and for Ellesmere Port and Neston (Justin Madders).

All my hon. Friends have been clear that last week our country needed a Budget with a plan to end 13 years of economic failure. Families, businesses and our public services needed a plan to grow the economy, but instead what is the reality we face? Ours is the only G7 economy forecast to shrink this year; our long-term growth forecasts have been downgraded; and we are suffering the worst falls in household incomes in a century. The shocking impact of the Conservatives' economic failure is laid bare by the fact that wages are not expected to return to their 2008 level in real terms until 2026. Across the UK, people and businesses rightly want better. They want to get on with making our country better off, but they are being held back by a Government who are out of energy and out of ideas.

The only good ideas in the Budget were the ones that Labour has been calling for for months. We were glad that in the Budget the Chancellor followed our lead by committing to extending the energy price cap, ending the unfair premium for people on prepayment meters, cancelling the planned fuel duty increase, helping the over-50s back into work and improving childcare for working people. All those announcements are ideas that Labour has been calling for and the Conservatives have finally caught up with. The Tories did not adopt all our ideas, though. The Prime Minister and Chancellor are still stubbornly refusing to close loopholes in the windfall tax to pay for the extension of the energy price cap. Billions of pounds of oil and gas giants' windfall profits are being left on the table, as working people are once again made to foot the bill.

Again, we have another fiscal event where the Prime Minister and Chancellor decide to turn a blind eye to the non-dom tax status, which lives to see another day. We know that some residents of Downing Street are very familiar with non-dom status and may be keen to see it continue, but Labour believes that those who make Britain their home should pay their taxes here. The non-dom rules are costing us more than £3 billion every year, and it is wrong to let an outdated, unfair loophole continue when ending it could fund the biggest expansion of the NHS workforce in a generation.

I have so far spoken about Labour ideas, some of which the Government copied and others of which they chose not to. To be fair, the Budget did include at least one idea that was not ours and that, to be honest, surprised us all. That idea was the Budget's one permanent tax cut: a £1 billion bung to the richest 1% and their pension pots. In the middle of a cost of living crisis, and just weeks before stealth tax rises hit working people across the country, it is astonishing that the Conservatives could possibly see this as the right way to spend public money. This handout, given through changes to tax-free pension allowances, is the wrong priority, at the wrong time, for the wrong people. What we needed was a fair fix for doctors' pensions, to get them back in work. What we got was a tax giveaway for tens of thousands of the very top earners. Why on earth did the Government not design a targeted scheme to encourage doctors to work overtime and

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not to retire early? That could be done at a fraction of the cost, as the British Medical Association has made clear.

Furthermore, we know that reforming NHS doctors' pensions is not a new idea. It was identified in a report by the Health and Social Care Committee in July last year, which said:

“The Government must act swiftly to reform the NHS pension scheme to prevent senior staff from reducing their hours and retiring early from the NHS.”

I would not assume that every member of the Government had read the Committee's report, but I would assume that the Chair of the Committee certainly did, and he is of course now the Chancellor. In his Budget, the Chancellor is happy to take good ideas from Labour—it is just a shame he did not take a good idea on doctors' pensions from himself.

A sure indication of a policy's weak foundations is when Ministers are not even able to get the facts straight. We saw that yesterday in reported comments by the Chancellor of the Duchy of Lancaster, who claimed that:

“it tends to be a lot of public sector workers who are hit by this cap”.

However, the reality seems rather different. The post-Budget report published by the Resolution Foundation made it clear that:

“more than half of those with the largest pension pots” are “actually in the private sector.”

Pensions expert John Ralfe went further, saying that:

“this is not about supporting a hard-pressed NHS, it is really a tax giveaway for tens of thousands of the very highest earners”.

Ahead of the vote that we will be pushing on this measure tomorrow, I therefore urge the Minister to come clean over its impact on the NHS. How many NHS doctors will benefit from this policy, and what proportion of its total beneficiaries do they comprise? How many NHS doctors are expected to return to work as a result of this policy? If the Minister and her colleagues are asking fellow Conservatives to follow them down the path the Government have chosen, they should at the very least not let them do so in the dark.

Today we have debated many of the individual

measures in last week's Budget, but when we take a step back from individual measures, it is clear that perhaps the most serious failure of this Budget is to leave us on the Conservatives' path of managed decline. As the Resolution Foundation pithily summed it up in its report the day after the Budget, “the UK's underlying challenges remain largely unaddressed. We are investing too little and growing too slowly; our citizens' living standards are stagnant; and we are asking them to pay higher taxes while cutting public services.”

The only way to get us out of this Conservative doom loop is to support businesses and get the economy growing, and that is what Labour's green prosperity plan is all about. It is a plan that sees the challenge of climate change as an opportunity to grow our economy. It is a plan to make sure that British businesses and workers benefit from the jobs and industries of the future.

The world economy is changing, and we need to make sure Britain is ahead of the game in terms of not just our transition to zero-carbon energy and the green industries of the future but, as my hon. Friend the Member for Manchester Central (Lucy Powell) set out earlier, the global race on technology. As the shadow Secretary of State said, the Conservatives are divorced from the reality of what it will take to win that global race, and they are leaving us lagging behind in the race for the industries of the future. Ministers are letting businesses down by missing the chance to make the UK a leader in regulations for new technologies, and they are letting people down by failing to put in place the training that will allow everyone to benefit from the opportunities of the future.

When I meet businesses across the country, they are clear that they need a Government who will support them through the headwinds we face and who will work with them to succeed in the economy of the future. They want stability and certainty above all else, but instead we have seen corporation tax change almost every year since 2010, and this Budget delivers the fifth major change in capital expensing in just two years. As Paul Johnson of the Institute for Fiscal Studies said in response to the latest temporary tweak to the tax regime for businesses:

“There's no stability, no certainty, and no sense of a wider plan.”

The truth is that the Conservatives cannot provide stability or certainty. They have grown so riven by division, so used to looking inward and so ready to put party before country that they are incapable of providing the stability and certainty that people and

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businesses across the UK need. The Conservatives may know that we need to grow the economy—even the last Prime Minister seemed to realise that—but they are incapable of coming up with or delivering the plan we need to make it happen.

We need to grow the economy, yet ours is the only one in the G7 forecast to shrink this year. We need strong growth in the future, yet the UK's forecasts have been downgraded. We need fairer taxes for working people, yet stealth tax rises are going

ahead next month. We need investment in the NHS, yet the Government are protecting non-doms instead. And we need support for British businesses to grow, yet all we see is the US and Europe pulling ahead. The Conservatives have had 13 years and they have failed. Now they need to stop failing the British people. It is time for a general election and time for a new Government to put our country back on the right track.

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