

Ed
Balls
Shadow
chancellor



BUDGET Day next week comes just 50 days before the General Election. But for this Chancellor, anything he tries to conjure up now will be too little, too late. Whatever he tries to pull out of the hat on Wednesday, he cannot magic away the record of the past five years – or the political problems he has created for himself.

The Conservatives came into office promising to protect our National Health Service, make people better off and balance the books. But all those promises have now been broken.

Our NHS is in crisis – here in London and across the country – as waiting lists grow and it gets harder to see a GP.

Most people are still not feeling the benefit of the recovery. Wages after inflation are down by £1,600 a year since the last election – and in London, where stagnant wages combine with high housing costs, the annual loss is nearly double that. And this cost-of-living crisis has led to tax revenues falling short, which is the key reason why George Osborne has broken his pledge to balance the books by this year.

The old Tory idea that cutting taxes for a few at the top means wealth will trickle down to everyone else hasn't worked. And once again, a Tory Chancellor is giving with one hand but taking away much more with the other.

No pre-election tax cut can mask the £1,127 a year which the Institute for Fiscal Studies (IFS) says families have lost because of tax and benefit changes since 2010 – from higher VAT to cuts to tax credits.



Critical condition: the Conservatives' economic shortcomings have put the health service under pressure

ALAMY

But a few changed figures here and there will not alter the fundamentals. Osborne is planning deeper spending cuts in the next four years than during the past five, which would be devastating for our public services. Our analysis shows that the cuts to our police, armed forces and social care these plans would mean would be so crushing that they would be close to impossible to achieve. That's why many fear the Tories will end up having to break their promises again – raising VAT and putting our NHS at risk.

So what would Labour do? Our better plan will put working families first and we will start in our first Budget.

First, we'll make work pay. We will raise the minimum wage faster than average earnings, so it reaches at least £8 an hour by 2020. Firms who start paying the living wage will get tax

But voters will judge the Chancellor not just on his record but on his plans for the future. And the more voters look at what's in store, the more worried they get. Because the Chancellor now says he wants to go way beyond simply balancing the books with a target of a £23 billion budget surplus in 2019/20. As the IFS says, Osborne simply cannot deliver this – let alone the £10 billion of unfunded tax cuts he has promised – without "colossal cuts" to our public services.

I am sure next week he will shuffle around the numbers to show that his spending cuts will no longer take us back to 1930s spending levels as a share of national income.

He's been rattled by the attacks on his risky and extreme spending cuts ever since he lashed out at the BBC for reporting the Office for Budget Responsibility's verdict on his Autumn Statement.

The NHS will pay the price for Osborne's sums not adding up

Whatever the Budget brings, the Tories' planned spending cuts will endanger public services. There is a better way

breaks and exploitative zero-hours contracts will be banned. We will expand free childcare for working parents of three- and four-year-olds to 25 hours a week. The energy regulator will be given tough powers to ensure that when wholesale energy costs come down, bills for families come down too. And we will cut taxes for 24 million working people through a lower 10p starting rate of tax.

Second, we'll back Britain's businesses to grow and create more good jobs. We'll cut business rates for small firms, promote competition in our banking sector and establish a British Investment Bank to boost lending to growing companies. We'll secure Britain's place in a reformed EU – not put jobs, trade and investment at risk by flirting with exit.

Third, we'll support long-term investment. Our plan will get 200,000 new homes built a year by 2020. Following the Davies review, we'll make a swift decision on expanding airport capacity, while taking into account the environmental impact. And we will devolve economic power and funding to city and county regions including London, so local areas can make decisions to drive investment and growth.

Fourth, we'll invest in the next generation. We'll reverse the decline in apprenticeships and guarantee an apprenticeship for every young person who gets the grades. Young people out

of work for more than 12 months will be given a paid starter job – which they will have to take up or lose benefits – funded by a one-off tax on bank bonuses. We'll also cut tuition fees to £6,000 a year to cut the burden of debt on graduates.

Fifth, we'll balance the books fairly and save our NHS. We'll reverse the Tories' £3 billion a year tax cut for earnings over £150,000 a year and stop paying the winter fuel allowance to the richest five per cent of pensioners.

And we'll say where the money is coming from for all our policies. That's why we've said that to save and transform our NHS we will have a mansion tax on properties worth more than £2 million. Alongside closing tax loopholes and a levy on tobacco companies, it will mean an extra 3,400 nurses here in London, and a guarantee of cancer tests in one week.

Osborne thinks he can pull the wool over people's eyes next week. But I don't think anyone will be fooled. Working people know they are worse off after the past five years. And they know that the NHS as we know it won't survive five more years of the Tories.

We need a better plan that puts working people first and saves our NHS. And it will take a Labour Budget to deliver it.

Osborne
thinks he
can pull the
wool over
people's
eyes next
week

To read more log on to:
standard.co.uk/comment

