Starmer: Labour must work with business to create fairer society

Labour leader calls for 'moral crusade' in wake of Covid pandemic to deliver social justice and equality

▲ Keir Starmer called for 'a new partnership between an active government, enterprising business and the British people'. Photograph: James Veysey/Rex/Shutterstock

Keir Starmer has argued that Labour must build "a strong partnership with businesses" if it is to create a more just and equal post-Covid society, announcing plans for a public saving scheme to boost investment in the recovery.

Castigating the government for wanting to maintain existing inequalities after the pandemic, the Labour leader set out what he called a "moral crusade", borrowing Harold Wilson's phrase to set in place a national transformation equivalent to that seen after the second world war.

Starmer stressed that this involved working with the private sector, saying that for too long the party saw business as "something just to be tolerated or taxed".

"A fair society will lead to a more prosperous economy," Starmer said in the much-trailed speech, billed as his opportunity to spell out his personal vision for the future of Labour, and of his leadership.

“It’s not the choice of one or the other, as the Conservatives would have you believe. We either have both or we have neither. Harold Wilson once said that the Labour party is a moral crusade or it is nothing - he was right.”

Working with business, Starmer said, was “pivotal to my leadership, and to my vision of the future”, stressing that this also involved businesses taking a central role in dealing with social responsibilities and the climate emergency.

One key idea in the speech was a saving scheme intended to help people invest in the UK’s post-Covid future, based on Bank of England forecasts showing many households have accumulated savings during lockdown, which will not necessarily be spent.

Starmer proposed the idea of a “British recovery bond”, which would work like the long-standing bond schemes run by National Savings and Investments, but with the money going directly into Covid recovery schemes.

The plan is similar to the idea of a post-Covid “northern recovery bond” floated earlier this week by the Northern Research Group of Tory MPs and the Centre for Policy Studies, the thinktank co-founded by Margaret Thatcher.

Starmer also pledged to create 100,000 startups in the next five years, with a focus on pushing funds to help this nationally, beyond London and the south-east of England.

A significant section of the speech was devoted to an examination of inequalities, arguing that coronavirus had demonstrated “a deadly ability to find the most vulnerable and to expose deep inequalities and injustices”.

These must be addressed, he argued, likening current times to the postwar period, with a “determination that our collective sacrifice must lead to a better future”.

“The terrible damage caused by the virus to health and prosperity has been made all the worse because the foundations of our society have been weakened over a decade,” Starmer said, citing the work of the epidemiologist Prof Michael Marmot, which showed declining life expectancy in some poorer areas.

“What sort of legacy is that, for a party that’s been in government for a decade, that life itself has got cheaper, and shorter?” Starmer said.

Given this, next month’s budget amounted to “a fork in the road” for the UK, Starmer said, dismissing the idea that the government was able to address the scale of inequalities shown up by coronavirus.

“If you can’t decide whether to plunge hundreds of thousands of children into poverty by cutting universal credit, you have no chance of mending our broken system,” he said.

Saying he would end the public sector pay freeze, extend business rate and VAT relief, and boost the Covid furlough scheme, Starmer also stressed that under his leadership, “Labour’s priority will always be financial responsibility”.

Answering questions after the speech, Starmer insisted his plans were vastly different to the self-styled “levelling up” proposals put forward by Boris Johnson.

“It’s very important with this prime minister not to just listen to what he says, but to see what he does,” Starmer said, pointing to areas such as the public sector pay freeze and the possibility of the £20-a-week uplift in universal credit ending: “These are not the signs of a government that understands the future needs to be different.”