

Lower taxes are popular

Many politicians think the way to win elections is to offer more and more public service and public spending. They seek to build a coalition of people who will benefit from the enlarged and new programmes they offer. If you look, however, at winning campaigns it is often the tax cut that proves more popular. More people want to take responsibility for their own lives, and wish to look after themselves and their families out of their own incomes.

The Conservative governments of the 1980s drove income tax rates down and abolished whole taxes in successive budgets. This was one of the main props to their election winning run.

Labour discovered this in the 1990s, and won office in 1997 on the firm pledge to keep the lower tax rates that the Conservatives had introduced. They kept their word on Income tax rates until the financial crash. They put the rates up at the end which went alongside the other problems they had created to lead to their defeat.

George Osborne promised a tax cut prior to the 2010 election, which proved popular. In office the Coalition was only able to agree on cutting the Income Tax threshold. This was sufficiently popular for both coalition parties to want to claim credit for it.

In the 2017 election Mr Corbyn seemed to offer to repay all the debts of former students who took out student loans. This appeared to be an offer of a £40,000-£50,000 gift for some people. It proved very popular and drove a surge in the younger vote for Labour. We subsequently learned from Mr Corbyn that he did not mean to offer to repay all these debts, though he only clarified this after the vote.

Mr Hammond began the 2017 election by appearing to hint that higher taxes might be needed. The rest of the Conservative leadership had to deny this. Fears of tax hits to the self employed damaged Conservative popularity though these plans were rightly dropped. These followed the tax attacks on Buy to Let Investment and on home ownership through higher Stamp Duties which were also unpopular.

One of the main reasons Mr Trump did well in the US election was the promise of major tax cuts for individuals and businesses.

I look forward to Conservatives offering and delivering tax cuts in the future. The sooner the we stop sending large sums to the EU the better, as that will increase our budget flexibility on both spending and taxation. In the meantime we should be cutting the tax rates where to do so will increase the revenue.