

# Labour aims for sustained fast growth

The Labour Manifesto is based on offering the best sustained growth in the G7. That means transforming our growth rate, which has been one of the better slow growth rates that characterise the main European countries, to surpass US growth which has been in the fast lane. I admire the ambition but do not think the policy proposals that accompany it will get anywhere near delivering.

If we want to start catching up with the USA we need to recognise how far we and the EU have fallen behind. EU GDP per head, lower than U.K., is just half the US level. US growth has been around 2% a year in recent years with Europe below 1%.

If we want to overtake the US growth rate we need to consider

1 Switching back to Common Law as we now can. EU Code law is too restrictive and anti innovation.

2. Expand our private equity, angel investing, self employment and small business sectors by a more positive regulatory regime

3 Cut taxes on incomes and enterprise. The US has no federal Inheritance tax and an estates tax on assets above \$13 million. 32% Income tax only comes in at \$191,000 a year on the marginal earnings, and the 37% top rate at \$609,000. Capital Gains is at 15%.

4. Halve the cost of energy. US energy is much cheaper owing to a willingness to find and extract their own domestic gas and oil.

5. Onshore more industry and investment as the US is doing

6. Government to promote and be a customer for an expanded tec and semi conductor industry,

The U.K. to generate this high growth rate could attract more business investment and raise more business revenue by putting Corporation tax down to 15%

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# Net zero needs to be a bigger issue

According to the polls once again the Green Party will poll badly. There is little appetite for their attacks on cars, gas boilers, industrial activities in the U.K. and the domestic oil and gas industry.

The Conservatives have been changing their policy, accepting that the public is not willing to buy heat pumps and electric cars on the scale Greens think

necessary. They have shifted back dates for transition though left in place taxes on car companies that sell too many petrol and diesel vehicles. Labour have backed an improbable idea of closing down all our gas fired power stations by 2030 but have cancelled the idea of ending gas boilers by 2035. Reform say they would stop the spending on net zero transition as they do not support this.

Lib Dem's are closer to the Greens but wish to talk about other things. They major on being against sewage discharges to rivers, offering fines on companies and regulation which we already have as their answer!

Many voters think the climate does change but are not ready or able to buy electric cars and heat pumps. They are concerned if the U.K. closes down its industries and oil and gas extraction only to rely on imports based on fossil fuels.

So the road to net zero is on the ballot paper. Will it impact the overall result?

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## What does a growth policy look like?

Labour, Conservative and Reform on 80% of the vote want a growth policy. Greens and Lib Dem's are not so sure.

So what do we think of the ideas for growth?

### Taxation

Countries grow faster that set lower tax rates. Ireland has shown how to hoover up overseas investment by setting a low rate of business tax. They collect so much more per head as a result. The U.K. had many more self employed before bringing in IR 35 tax. More self employed means a more responsive economy and a bigger nursery for growth businesses. High taxes on wealth, savings income and gains drives rich people away and assists a brain drain. The more you tax Non Dom's the fewer rich people stay to pay. If you introduce so called Windfall profits taxes and forget to take them off when the windfall dwindles you put companies off investing or even coming to your country.

If you want faster growth you need to be realistic about progress to net zero. Charge high carbon and emissions taxes and you close factories and power stations. Ban fossil fuel products too soon and they will be made somewhere else. Keep your own oil and gas in the ground and you will import your fossil fuels, losing well paid jobs and tax revenues at home.

If you want faster growth you need to keep regulations under control, leaving companies free to direct themselves more. Common law systems work better than code systems, allowing you to do anything you like that is not banned where Code systems only allow what the lay down.

There needs to be a sector by sector review of damaging taxes and over the top regulation. The government needs to get better at buying things, encouraging more U.K. supply by its purchasing. It needs to switch farm subsidies from wilding to food production. It needs to take back control of more of our fish and promote a bigger industry. The vast national forests need to grow and harvest more softwood. Steel policy needs to change to keep U.K. blast furnaces. We need to build a new fleet of medium sized nuclear power stations and urgently commission more gas generation back up. We need to get more of our own oil and gas out of the ground in place of imports. We need to expand our water and waste water capacity.

That is a few of the things that would speed faster growth.

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## Unpopular parties could get a bad result for the U.K.

The latest polls show around 41% wanting Labour, down on the start of the campaign. 38% want Conservative or Reform. So one fifth of the electorate wants something different, two fifths want Labour and the two fifths of a Conservative nature are having a row about policy and who should lead the right.

With numbers like that it will be an unhappy country if it sees an outsized Labour majority, a squeezed Conservative opposition and a handful of Reform MPs which is what pollsters are saying. The truth is the outcome rests on those millions of former Conservative voters who are currently undecided and excluded from regular poll results. If they stay at home or vote Reform then we get the outsized Labour majority. If in the end more of them vote Conservative we get a bigger Conservative party.

The most important takeaways are how 60% of the public do not want a Labour government and how half of past Conservative voters feel let down by the current government. If an election was just a verdict on a government then it is clear the Conservatives would fare badly. As it is primarily a choice of a new government it is more difficult for voters. You often have to vote for a government that is far from perfect to avoid one that will be far worse.

Some former Conservatives say they want their former party to do badly to force change. It is difficult to see how Nigel Farage could take over the leadership of the Conservative party as he hints if he did win a seat whilst many Conservatives lost. The ones who survived would not be feeling friendly to him and as a non member of the party he would be ineligible to lead it.

I find this election difficult to call. If the polls are right the U.K. will suffer from a Labour government a majority do not want and an Opposition too small to make much impact. Maybe voters will surprise. Do you want this out

turn or can you see a way to stop it? What do you think all those undecideds will do?

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## Great Brexit wins

8 years on from the Brexit vote let us celebrate the great Brexit wins.

By far and away the most important is we are now free to make our own decisions through elections and Parliament. The fact that so far governments have made little use of this cannot take away from the great liberation that comes from knowing we can now if we wish.

It is a great win that the EU is busily borrowing an extra Euro 800 billion and none of that now will add to our debt pile. Our share would have proved very costly.

It is a great win that thousands of new laws, regulations and decisions have been made since we left and none of those apply to us. The EU for example will not be able to receive the latest Apple technology on Apple devices owing to their regulations.

It is a great win that the UK has now become the world's second largest exporter of services, and services are the biggest part of our trade. The new and rolled over trade Agreements we are signing have chapters allowing greater freedom of trade in services which the EU used to ignore in its trade agreements for us.

It is a win that VAT has been taken off green products and off female hygiene products. We had to impose it on them under EU law.

We no longer have to have open borders with the continent. The government failure to control legal migration in recent years was an unwise UK choice, which is now being corrected with tighter restrictions on the issue of visas. We can now set a fairer policy that has the same conditions for people from the rest of the world and from the EU.

After a too generous deal on exit the UK is now saving its large annual contributions to the EU budget. As the EU budget continues to climb so our savings mount. The NHS is getting far more than an extra £350 m a week as set out on the side of the campaign bus.

We have removed tariffs from 20% of our imported product lines completely on top of the 27% that were EU tariff free, making things cheaper for customers.

We have joined the large and fast growing Trans Pacific Partnership which the EU has not joined.

We are planning new laws to improve animal welfare and limit the transport of

live animals which we could not do in the EU

We have increased our fish quotas for our domestic industry and need to restore more at the end of the transition period.

We have introduced more Freeports with more relaxations of trade rules than the EU would allow, with a more generous package to promote their growth.