

Better off out

I have always believed and argued that we can be better off economically once we leave the EU. As long as we have the right budget and follow pro growth policies on exit, the UK economy can speed up a bit from its current levels.

Whenever I argue this case the Remain establishment point to past official forecasts saying we will grow more slowly when we leave and ask who am I to gainsay such work. Let me remind you that I have disagreed with official forecasts on three main occasions in the past, and in each case have been right.

The first was the UK joining the European Exchange Rate Mechanism. The official forecasts said it would deliver lower inflation and steady growth. They dared call it a "golden scenario"! I said it would be destabilising, causing boom and bust. So it proved, bringing about a nasty recession.

The second was the banking crash. I with many others including the Opposition parties in Parliament warned against the excessive debts built up in both the private and public sectors in the UK under Labour from 2005-7. I went on to warn against the actions of government and Central Bank to tighten conditions too drastically in 2008-9 which were bound to undermine the banks and cause a recession. The official forecasts denied there would be a recession until its onset and said the banks had to be taught a lesson. We ended up with a big recession.

The third was during the UK referendum when the government issued official short term forecasts for the impact of a vote to leave. These said that in the two years after a Leave vote there would be a recession. unemployment would go up sharply and house prices would tumble. I said none of these things would happen. None of them did happen. Employment continued to grow, house prices showed small gains and the economy continued to grow.

Tomorrow I will examine why and how I think we can speed up our growth a bit once we leave the EU. We will have the policy flexibility to promote growth by monetary and fiscal action.

Doorsteps in Wokingham and Earley

In recent days when canvassing with teams in Earley and Wokingham I have been asked about a number of issues related to social care. Much of our local provision is excellent, but there are problems for some in getting access to all the care and support they need locally.

The Conservative Manifesto rightly acknowledges that more money needs to be

made available to improve and strengthen social care. I want to see Wokingham and West Berkshire get their fair share of the increases and spend the money well to deal with people who currently want more or better support.

The Manifesto also says a Conservative government would work to find a cross party consensus on reform of social care funding for the elderly, as any changes need to be agreed beyond party so they are likely to remain for several Parliaments. The big issue is what care should be made available free at the point of need under the NHS pledges, and what if any should continue to be paid for by the individual themselves as part of their living costs for food and shelter. All parties in government in the past three decades have kept the same policy toward care home costs. There is a sense of injustice about that policy over payments. If an elderly person goes into a care home their home or other assets have to be sold to pay the bills, whereas an elderly person who has no home to sell and no savings is rightly given a free care home place. All parties now say they wish to change the current policy, so it should be possible to work towards some improved consensus.

Brexit should boost growth

The Remain financial establishment led by Mr Hammond 2017-19 followed policies which have led to a slowdown in UK growth. It is true there has been a global slowdown led by manufacturing, but that easily forecastable fact should have made them change their policy even more in the direction of promoting growth.

Instead the Bank of England has refused to consider cutting rates or creating more liquidity to facilitate more jobs and activity, whilst practically every other major Central Bank in the world has eased policy in several ways. China, France, the USA, India and others have also cut taxes to promote growth.

The UK was right to rein in the excessive public deficits reached at the end of the last decade. A period of retrenchment was unfortunately necessary to avoid loss of confidence and enable a recovery to begin. In the last two years I have been pressing for some fiscal and monetary relaxation to prevent the slowdown we are now predictably experiencing. The government led by the new Prime Minister is now taking action to ease the fiscal squeeze, which should help growth in a year's time when the benefits of the next budget start to flow through.

Brexit allows us to change various policies to allow a faster expansion. Of course it is right to keep in place controls on the debts and deficits to avoid excessive debt build up and loss of confidence that can bring. It is also right to allow enough money to circulate to accommodate growth and to allow people to keep enough of the money they earn so their spending can fuel some growth.

Brexit also allows us to set out policies that improve the amount of food we grow and process at home, and to rebuild our fishing industry landing more of the catch for home processing and consumption. It allows us to take tariffs down on much needed raw materials, foods and components from non EU sources. Meanwhile according to the Political declaration we will be negotiating a Free Trade deal with the EU at the same as with other important economies around the world.

The Conservative Manifesto sets out £3.195 bn of tax cuts for 2020-21, with an increase in the National Insurance threshold giving a tax cut to 31 million workers at a cost to the revenue of £2.17 billion. Business rate cuts and an enhanced Employment Allowance make up most of the rest.

Mental health

There is a rare agreement amidst the noise of this election. All parties agree we need to spend more on mental health services and need to do more to help those with mental health problems.

So let me pose a couple of questions today. What initiatives nationally would make best use of additional money? And for those of you living in the Thames Valley, what additional local facilities and staff do we most need?

There are a range of therapies that are used for differing conditions, where experience and practice can refine the approaches to seek to improve the success rate. There are drug treatments for things like depression, where the medics need to be careful not to create a dependence on drugs which becomes a problem in its own right.

I find in many of the unsatisfactory debates about public service it is often nothing other than a bidding war where £1bn is good and £2bn is much better. Spending the money wisely should be a bigger part of the debate. Indeed we should start with what we need, and then cost it to see when and how we can afford it.

Tax, tax and tax again

The richest one percent already pay 29% of the total income tax. Parties of the left want people to believe they can expand spending massively by getting the rich to pay more. Evidence abounds that higher rates of tax would raise less money, with more rich people leaving the country to avoid the impositions. The Labour government of the 1970s was famous for presiding over

a brain drain, when UK as well as foreign born people left the UK to enjoy their earnings at a lower rate of tax.

The truth is Labour and the Lib Dems would need to increase tax on the many to pay for their programmes. It is now fashionable to say they would only borrow to invest, so all the extra money they want to spend on the running costs of public services and benefits would need to be matched by tax revenue.

The Lib Dems have said they would put a 1p in the £1 levy on income tax, a rate rise of 5%. They would also increase Capital Gains tax. There would be a frequent flyers tax for travellers. Corporation Tax would also go up. These measures are unlikely to raise enough to pay for their expensive programme. Labour decline to tell us how they would pay for the tens of billions extra they want to spend on investment, nationalisation and higher spending on public services. It would clearly take a large increase in Income Tax to pay for all they have in mind. Their proposals for higher Corporation Tax and higher wealth and higher Income taxes on the well off are unlikely to yield the extra they need.

The public is paying much more tax than ten years ago as the price of getting down the excessive deficit Labour ran up. Now the accounts are under better control it is time to relax a little. It would encourage more growth and more tax revenue to come if the government cut rates. I look forward to the Conservative Manifesto to see what tax cuts they will recommend for the first budget after the election. I will also continue to press for lower rates on income and savings . People should keep more of what they earn and have more to spend on their own priorities.