

## Mr Redwood's response to the debate on the Address, 21 June

**John Redwood (Wokingham) (Con):** This Parliament has been given a mighty task by the electorate. A year ago, the voters decided that they wanted to take back control of our laws, our borders and our money. They charged us with that duty, and they recommissioned us collectively in the election just held. Eighty-two per cent. of them voted for the two main parties, which both said that they would deliver Brexit as the referendum requested.

I agree with my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke). This Parliament has a duty to have its debates, its disagreements and its arguments, but to do things in the right way. It would ill become this Parliament if it precipitated an early party-based crisis and went back to the electors to seek a new mandate. The electors had criticisms of all our parties. They did not give any party the result it wanted. They knew what they were doing, and it is the duty of this Parliament to do some governing, and some criticism of governing, as are our mutual roles. There is nothing to stop us doing that.

On that central issue that dominates the Queen's Speech, it is clear that the British public have resolved again—they resolved in the referendum and in the election. Had they changed their minds since the referendum, they would have voted for the Liberal Democrats, who gave them a very clear option to say in effect: "Change your mind. Here is the way to do it." The Liberal Democrats were very honest about this in the election: they said not only that they wanted a second referendum, but that they would want us to rejoin the European Union. They could not see circumstances in which they would change their mind on that. The electorate said that that was not the way they wished to go.

Those who say that the Queen's Speech is thin clearly have not understood it. This is perhaps the most important Queen's Speech I have seen in my time as a Member of Parliament. There is fundamental legislation to give this Parliament back, on behalf of the people, powers over all our lawmaking. Parliament will then be invited to go on to make substantial amendments to how we run agriculture and fishing, how we conduct international trade, and how we carry out many of our arrangements. The purpose of the legislation will be to amend and improve on European schemes that we are currently unable to amend, or able to amend only with the agreement of all 28 member states, which is very unlikely.

I campaigned in the election on a different slogan from the one recommended by Conservative Front Benchers. My slogan was "prosperity not austerity". I did that deliberately, because I believe we have had enough austerity, and I want to see the promotion of higher living standards and better family incomes as our main purpose. I am conscious that schools and social care in my area need more public money support. That is true of many of my hon. Friends in English constituencies. The good news is that the Government are

coming to the same conclusion, and I look forward to the public spending statements and Budget statements that will make more money available for our priorities. We will clearly need more money for the health service—the Government have promised substantial new sums—and we will need to commit to substantial sums for our healthcare over the years ahead.

The Brexit issue is relevant. It was not misleading in the Brexit referendum for the leave side to say that there will be money to spend when we cancel our contributions. I look forward to our negotiators making it very clear to our friends in the European Union that we will pay our contributions up to the point when we leave, but that we do not owe them any great bill, and we certainly will not be paying contributions once we have left. That money is then available for this Parliament, on the advice of the Government, to decide how to spend. I would be happy if we began to spend a bit of it even before March 2019 when we come to the end of our contributions, because there is a need now and our borrowing is under very good control. As we have heard, borrowing is down by three quarters since the programme began after the big crash—the programme was initiated by the Labour Government, then continued by the coalition and the Conservative Government. We need to be prudent and sensible—there is no magic money tree, and we cannot spend all the money we would like to spend, or all the money envisaged in the Labour party manifesto—but to relax in those areas where the public services clearly need it. I believe that that is possible, given the Brexit context.

I was conscious in the election that young people were critical of the Conservative party. They were often very attracted to the Labour party's offers. The Labour manifesto offered attractive financial changes for current students and those who have accumulated student debt that they have not yet got rid of. I would like Conservatives to take on board the fact that we need to provide a better offer to students and young people, so that next time we can engage rather better with the younger person vote than we do today.

There is one ambition on which younger people above all would like the Conservatives to do better. We are uniquely well placed to help more of them to become homeowners. It is a worrying social change in our country that many people in the 25-to-40 age range feel that they cannot afford to buy a property. We have good schemes to help with deposits and mortgage affordability, and we have schemes to help with the affordability of homes, but it is not enough and we need to do so much more. We need to redouble our efforts to show that we understand that ambition, and that we wish to empower young people.

In practice, the Government are working hard in a number of important ways to help young people. The phenomenal job-generation powers of the economy since 2010 have been extremely helpful, because the first thing a young person graduating or leaving school needs is a job. The training and qualifications support that we are putting in place is very important, because we do not want them to have any old job. We want them to go into jobs that allow them to grow into more responsible and better qualified roles, which can lead to much better pay.

We in this House are in practice—although we like to pretend that we are

not-completely united in wanting people to have good employment and better paid jobs. The issue is how quickly people get there, what Government can do and what people and private institutions have to do for themselves to bring that about. I am pleased that the Government have a number of schemes—on technical qualifications and on student support—but we need to do far more, because we need to show young people that we are on their side when it comes to launching them on a path to better paid and better qualified employment.

**Sir Peter Bottomley (Worthing) (Con):** Does my right hon. Friend also agree that employment taxation is far too high? If we take the total cost to an employer of employing somebody and see what the employee is left afterwards, the gap is enormous—there is not even a single word to cover it, although some would call it a wedge. The gap is enormous and we ought to bring it down.

**John Redwood:** I quite agree. I have always believed that lower tax rates are the answer, and I think there are areas where we could lower the tax rates and get in more revenue, which is exactly what we need to do. We need more money for the public services, but we need more incentives, we need people to be able to retain more of what they earn and we need employers to be able to afford the extra employees, so that is very important.

**Ian Paisley (North Antrim) (DUP):** Will the right hon. Gentleman give way?

**John Redwood:** I am not allowed very long and I wish others to join in the debate.

My last point is that when we look at our massive balance of payments deficit—£70 billion on trade account with the EU last year—we see how much scope there is when we are allowed to run, for example, our own fishing and farming policy, to substitute home production and home supply for imported supply. That will create jobs, reduce food miles and make a much better contribution to our economy, because a big part of the £70 billion trade deficit last year was in food and drink and fishing. It is almost unbelievable that the country with far and away the richest fishing ground in the whole EU, and which used to be a major exporter of fish before we joined the European Economic Community, is now a net importer of fish and has so few active fishing boats. I am quite sure that this House, on a multi-party basis, can sit down and design a much better fishing policy than the one we have struggled under for 40 years or more in the EEC and the EU, one that will create more jobs, more capacity, more investment and more home fishing. As I put it, we can have a policy that is kinder to the fish and kinder to the fishermen and women, and it is our task to design it.

Of course we are going to have lots of political disagreements, and I am never shy of political argument, as colleagues will know, but we also have a unique opportunity to show that where it matters—on jobs, prosperity, home ownership and promoting better opportunities for our young people—there are huge opportunities in Brexit. Let us, for example, start with a fishing policy and an agricultural policy that are better for Britain and better for all of them.

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## **The DUP : No deal is better than a bad deal**

It is proving difficult to explain to some politicians how negotiations work. If you want to buy someone's house you do not say you want to buy it whatever the price, and then pay up when they take advantage of your folly. If they ask double the market value you refuse.

So it has to be with political deals. A Supply and confidence agreement with the DUP would be helpful. People would know in advance that the government has a majority to get through spending plans and to see off any No Confidence motion. If we do not have a formal agreement it is still very likely the DUP will vote with the Conservatives, given their views on Brexit and Mr Corbyn. There is a lot of common ground on the EU, the Union and the economy.

The main issue that has held up an Agreement seems to be money. How much extra can we afford for Northern Ireland, and what will be the reaction of the rest of us representing English or Welsh or Scottish constituencies?

I am relaxed with or without a deal. I think the government will have a majority to pilot the main legislation through, even allowing for the likelihood that Labour will be difficult and seek to undermine the very Brexit they proposed in their Manifesto.

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## **The rich and their responsibilities.**

To Labour anyone earning more than £70,000 a year is rich. Many people on such an income do not see themselves as rich. It seems as if having savings and assets is also a crime to some in Labour. Yet many people save hard for their retirement pension, and struggle to repay the mortgage on their homes. They do not see themselves as rich either. They also like it if something remains to pass on to their children. Today we are witness to a big debate about who is rich, and what contribution should they be expected to make to the wider society. In the recent UK election Mr Corbyn claimed that the rich as he defined them should pay more tax to help those on lower pay and pensions.

There is no agreed definition of who is rich. People's idea of what rich

looks like is heavily influenced by how much wealth and income they have. If you have nothing someone on £40,000 a year is well off. If you own no assets someone with a £200,000 house is well heeled. Someone living in a £200,000 house with a large mortgage, family commitments and an income of £40,000 may not have anything over at the end of the month and may feel a bit squeezed. They do not think they are rich.

A better description of rich is probably one based on lifestyle than on any particular figure for assets or income. Let's consider two widows, as I have done before on this site. One lives on her own on a State Pension and top up benefits in her one bedroom flat in prime London. It is worth £1.2m but she has no other assets and finds it difficult to afford the living costs. All the time she lives there she is hard up. Another lives in a £200,000 larger property 200 miles from London and has £1 million in financial assets to augment her State Pension. She can afford a decent lifestyle. Are either of these millionaires rich? Or does a rich person need to be someone with a £1 million plus home of their own, and several millions in investments so they do not need to work but can live on their investment income? Or is true rich a senior Director or executive of a large corporation, or a footballer, with a telephone number salary and plenty of assets from past earnings? How much more of these people's earnings should the state take?

In the end these are political judgements which have to be translated into tax law. All parties in UK government believe in income redistribution, taxing the better off more highly to provide support for others. Governments also impose some taxes on capital, usually when assets are bought and sold. These questions are also attitudes of mind which affect how people live together in society. If you try to tax at too high a rate rich people leave the country or find legal ways to arrange their affairs that thwarts the aim of the tax rise.

Many people with savings have thought it a good idea to buy an extra property or two and let it out. They like the rental income, and have usually benefited from rising capital values as well. It does mean the rich individual has a special relationship with his or her tenants. The wealth is on show, and there can be difficult relationships if the landlord is thought to be too hard or unreasonable. Modern tenancy law has tried to move the balance a bit in favour of the tenant. In a world where the leader of the Opposition says the homes of the rich if they are not being properly used should be requisitioned for those in need, the landlord has to be sensitive to the mood. The individual who has bought a holiday home or spare property which they do not live in may be unpopular in the community where the property usually stands empty.

In this climate of opinion those with higher incomes and assets have to be well on the right side of tax law. Tax evasion is a crime and some see clever tax avoidance as equally unacceptable even though it is legal. Portfolio investments in bonds and limited liability companies have advantages over direct ownership of property or companies for the better off, as the investor is shielded from much of the responsibility of ownership by the professional managers employed. If a multinational treats its employees badly or causes deaths by lax safety management it will be the well paid Directors and executives, not the shareholders, in the dock. If you are the landlord and the tenant is put at risk, or if you own the company and the employee is badly treated, you will be in the dock.

Limited liability companies were a great breakthrough for everyone because they allowed people to put up money without putting the rest of their wealth at risk. It also now means the investor lays off the risk for misconduct on those who run the company for them, which in the current climate is also important in keeping people investing. It should not be an excuse however for no-one being to blame.

Who do you think is rich, and what more should we expect of them?

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## [Why won't so many in the media ask questions of the EU?](#)

For a year many in the media have recycled old tired materials from the referendum. They have invented something called soft and hard Brexit and have gone on and on trying to find weaknesses in the UK government position, and trying to shift the negotiating aims. They have failed to show impartiality by doing the same to the EU. Why aren't they ringing round their contacts in other member states governments and business and finding out their differences on what the EU wants? Why don't they analyse all the different claims and protests the EU Commission has made, and set them against the views of individual countries? You could make a programme about all the varied claims for large sums of money which seem to have no legal basis whatsoever.

So far what has been fascinating about the rest of the EU debate is how unlike the UK media and Commission briefings it has been. I have not heard the Irish government say they think high tariffs on Irish agricultural products into the UK is a price worth paying to teach us a lesson. The Dutch government do not say they want their farmers to pay tariffs or stop supplying us with all that market garden produce and all those flowers. The German government has been noisier about how the UK must not gain from leaving, but has fallen short of saying a 10% tariff on cars is a good idea.

Why don't the media do more interviews to establish what are the economic and business interests of the rest of the EU? And why don't they say the UK offer meets their needs far better than the Commission's general idea of punishment for the UK which would mean more punishment for the rest of the EU given the balance of trade. In a world where the UK was forced by the EU to accept high tariffs on agricultural trade, the UK would gain the option of buying cheaper product elsewhere by cutting tariffs or growing more at home where we are able to, which the EU under their own rules would not be able to do.

The UK right from the beginning said we wanted to reassure all EU citizens living in the UK they are welcome to stay. In turn we would need the same reassurance for UK citizens living in the rest of the EU. Why didn't the media put more pressure on the EU to agree to just this decent and sensible approach? Why did the EU want to delay, and want to propose changes to a sensible arrangement? I have never thought the EU would end up forcing UK pensioners out of their homes on the Costa Brava, so why not say so immediately? I am glad that the EU now agrees this issue should be one of the first to be tackled. I hope they will not continue to make pawns of people living abroad, and look forward to the media directing their questions to the EU over this.

The UK also made clear in its Article 50 letter of withdrawal that it accepted the EU view that you cannot stay in the single market and Customs Union when you leave the EU. This letter and supporting policy was backed overwhelmingly by the Commons when it was debated and voted. It was also placed in the Manifestos of the Conservatives and Labour who went on to get 82% of the vote in the election. Maybe the media should recognise this.

In summary the people decided to leave the EU. The last Parliament voted overwhelmingly to leave the EU and sent the letter which means we are leaving the EU. The aims for the future relationship are straightforward and cross party. We seek continuing tariff free trade on a similar basis to today, and many collaborations, joint investments, student exchanges, tourism and the rest as close neighbours should. This is not the UK begging favours. It is commonsense, in their interests as much as ours. What's stopping them sorting out the detail to back this up?

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## [Money for local schools](#)

Last week I reminded the Secretary of State for Education of the need for more cash for Wokingham and West Berkshire schools, and argued again the case for more money overall for English education, and for a fairer split of the funding. This was an informal exchange, so I am also pressing for a further meeting to repeat my message from before the election going into more detail again of the needs of our local schools.