

Treasury austerity

The Treasury tell us that imposing a windfall tax and raising taxes to tackle a budget deficit is exactly what Mrs Thatcher did, so they should do the same again. What they do not go on tell you is Mrs Thatcher only followed that Treasury advice for the first two years. It is true she inherited inflation that was far too high and very weak state finances from a spendthrift Labour government. When she took the Treasury measures it helped put the UK into recession, took the Conservatives to 23% in the polls and needed a change of policy to sort the economy out.

She and the Chancellor shifted policy to relax the squeeze and then embarked on a series of cuts to Income tax, taking it down from 30% to 25%. Various smaller taxes were abolished. The economy started to grow again, which was much needed both to bring the deficit down as revenues picked up, and to cut unemployment which had been far too high in the 1970s.

The latest figures show that Treasury austerity has badly slowed the economy this year compared to the world leading growth of last. Just as last year faster growth meant the borrowing kept on undershooting Treasury/OBR forecasts by a large margin, so now we see borrowing in excess of their forecasts. Let me try and explain again. The amount of borrowing, the gap between spending and tax revenue, is very sensitive to the growth rate. If you grow faster you get more tax revenue in and have less money going out on benefits to the unemployed and low paid. If you sandbag growth there will be less tax revenue coming in and more people need financial support.

So Treasury, give us a growth strategy, not more austerity.

Inflation and recession

We have the inflation. It is important to avoid the recession. It looks as if we will see peak inflation this autumn as the official forecasts now concede. The delayed increases in domestic heating bills will adversely affect the inflation numbers then and hit people's budgets again at the next increase.

Next year inflation should come down. It is difficult to believe the prices of the basics could go up again by the magnitudes of the increases this year. Money policy this year is a lot tighter, whereas it was too loose last year. The economy is being slowed by the Bank's policy and their higher interest rates, and by the big hit to real incomes caused by soaring fuel and food prices. Many people are responding by having to cut back on some discretionary spending to afford the basics. The reduction in demand from these measures will help cool prices.

It does not need a wide range of tax rises on top of the forces slowing the economy. VAT cuts on energy would be helpful, both by cutting the prices of some of the dearest items in budgets, and by returning a bit of cash to people who otherwise have to pass the money to the fuel companies, suppliers and government energy taxes.

[My intervention to the Transport Secretary about taxpayer subsidies to the Railways and how Managers could try to keep services running on a strike day](#)

Rt Hon Sir John Redwood MP (Wokingham) (Con): What has been the monthly rate of taxpayer subsidy to the railways so far this year? What additional flexibilities could managers use to try to get a bigger proportion of services running even on a strike day?

Grant Shapps, Secretary of State for Transport: My right hon. Friend is right to discuss the subsidy, which has been £16 billion as a whole through covid—or £16 billion committed, which means that we do not have the exact number yet for the amount of that which is still going towards the operations this year. One thing I can say to him is that without that support the railways simply would not have been able to operate. It is the equivalent of £160,000 per individual rail worker. To turn around and call these strikes is a heck of a way to thank taxpayers. We have lost around a fifth of the income from rail. I hear Mick Lynch, the leader of the RMT, claim that the Government are cutting the money that is going to the railways, but that is a fundamental misunderstanding on his part. The money that is missing is the £2 billion of passenger fares that are not being paid because people are not travelling.

[My letter to Wokingham Borough Council about A1 Car Spares](#)

Please find below my letter to the Chief Executive at Wokingham Borough Council regarding A1 Car Spares:

Dear Susan

I am aware that my constituents have met with Wokingham Borough Council to discuss the noise levels arising from A1 Car Spares.

This is a long running situation in which the residents have had to live with the noise generated by A1 on a daily basis. My constituents tell me that A1 have failed to comply with conditions placed on them regarding hours of operation, noise and vibration levels and they have failed to adhere to their own Noise Management Plan. The effect on the quality of life of my constituents cannot be stressed too strongly.

I am told there is relentless grinding noise, with reversing alarms from trucks sound continuously throughout the day.

Since 2019 I have worked with my constituents, Wokingham Borough Council and the Environment Agency in order to bring about a resolution which all parties can live with. Any respite achieved has been temporary and my constituents are understandably frustrated as am I.

The residents have also raised concerns about A1 cutting down protected trees and water pollution as a result of their operations.

I strongly support my constituents and I ask the Council to deal decisively with the problem and bring about a permanent solution which is long overdue.

Yours sincerely

Rt Hon Sir John Redwood

[Resolving the rail disputes](#)

Management and Unions need a plan to modernise the railway. Only they can hammer out the detail of services, safety, investment in automation and pay that can help the railway adapt. A business which has lost so much revenue needs convincing ways of wooing back customers and restoring turnover, otherwise it needs to adjust its cost base to the reduced usage of its service.

The best way to resolve the disputes would be an agreement to the joint purpose of restoring revenues. It would be a plan to put more training and automation to work so pay can go up backed by substantial productivity gains. Only an expanding passenger base allied to new ways of delivering good service can bring forward the cash for higher pay than is already on offer.

It is going to be easier expanding rail freight from here with environmental benefit of taking trucks off the road. Wooing back five day a week commuters is going to be more difficult as many like some working at home. Many have

been put off five day a week rail travel by high season ticket prices and unreliable services. The railway is not going to sustain its current cost base by just relying on expanding the leisure railway with plenty of off peak discount fares, especially given the difficulties getting enough weekend rail capacity for special events. The railway should be able to slim its cost base without compulsory redundancies if there is a shared wish by the Union to modernise.