

# Finance Secretary urges Treasury to abandon austerity and boost investment for vital public services and the economy

In a letter to the Chief Secretary to the Treasury, Finance Secretary Mark Drakeford set out Wales' priorities ahead of the Spring Budget on 8 March.

The Cabinet Secretary outlined his concerns about the UK Government's intention to press ahead with £3.5bn of cuts to public spending in 2019-20 – cuts which could result in a further £175m reduction to the Welsh budget.

And he called on the UK Government to use the Spring Budget to announce extra funding for health and social care services.

Professor Drakeford said:

“I remain very concerned about the impact of further cuts to public spending and the UK Government's intention to press ahead with £3.5bn of cuts in 2019-20.

“Our budget is already substantially lower in real terms than it was in 2010 as a result of the UK Government's years of austerity – additional cuts on top of those we are already facing could mean a further £175m reduction to our budget.

“These cuts are unnecessary and counter-productive – now is the time for the UK Government to end its damaging policy of austerity and provide a much-needed fiscal stimulus to boost economic confidence and support vital public services.

“Over the winter, we have seen significant pressures in health and social care services across the UK. It was disappointing that the UK Government did not take the opportunity to provide extra funding for these services in the Autumn Statement.

“I urge the UK Government to take action in this Budget to increase funding for health and social care in recognition of the very real pressures these services are facing.”

In his letter to the Chief Secretary for the Treasury, the Cabinet Secretary reiterated the Welsh Government's commitment to the Swansea Bay City Deal proposal and called on the UK Government to act to ensure the wider ambitions for the Swansea region are realised, including:

- Using the Spring Budget as an opportunity to sign the Swansea Bay City Deal;
- Taking forward the Hendry Report on Tidal Energy and calling for detailed discussions between the Welsh and UK governments to maximise the opportunities for the Welsh and UK economies;
- Confirming the electrification of the Great Western mainline to Swansea will be delivered immediately after electrification to Cardiff is completed in 2018.

Professor Drakeford added:

“Good progress has been made with the Swansea Bay City Deal proposal and it has been my – and the Welsh Government’s view that the deal is ready to be signed.

“The Budget is an ideal opportunity for the UK Government to bring this deal to a conclusion and I welcome the positive comments by the Chancellor in the House of Commons recently, which provided a strong signal this is achievable.”

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## **Beijing police detain suspect for verbally abusing women**

Police have detained a suspect who appeared in an online video verbally abusing two women on a metro train in Beijing after the post went viral online on Saturday.

The video clip showed the suspect making abusive comments to the two women, grabbing a cell phone from one of them as the woman called a police hotline, and eventually pushing the woman out the train door at a station on Line 10.

Police said the 17-year-old suspect has been put under detention for interrogation.

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## **CPPCC member: Carrie Lam is the best for HK chief**



Tai Hay Lap, a member of the Chinese People's Political Consultative Conference (CPPCC) from Hong Kong, speaking to a China.org.cn reporter in Beijing, March 4, 2017. [Photo/ China.org.cn]

Tai Hay Lap, a Hong Kong political advisor, said on Saturday in Beijing that he thought Carrie Lam was the best candidate for Hong Kong's top job.

Tai, vice chairman of the Tin Ka Ping Foundation and a member of the Chinese People's Political Consultative Conference (CPPCC), said he knew all three candidates seeking to become the Chief Executive of Hong Kong, "but, after comparing them, I would endorse Ms. Lam."

On March 1, the election committee selected retired judge Woo Kwok-hing, former chief secretary Carrie Lam, and ex-financial secretary John Tsang to run for the Chief Executive's post. The 59-year-old Lam secured 572 of the committee's 1,200 votes – just 29 votes shy of the 601 needed to win the job. Meanwhile, Tsang and Woo got 160 and 179 votes, respectively.

Tai observed: "The Director of the Hong Kong and Macao Affairs Office, Wang Guangya, has proposed four qualities for the next Chief Executive: [That person] must love the country and love Hong Kong; must have ability to rule; must win the trust of the central government; and must win the support of the Hong Kong public. In regard to each of the four aspects, Ms. Lam is the best."

Lee Tak-lun, another CPPCC member and vice-president and CEO of Grand Finance Group, said he believed Hong Kong people and members of election committee would show wisdom in selecting the right person as Chief Executive.

Both persons believed that, on the verge of the 20th anniversary of Hong Kong's return to China, there were still many jobs yet to be completed by the region's chief.

One is to do more to improve the recognition and identification of Chinese roots and culture among young Hong Kong people through education.

The two representatives are in Beijing to attend annual meeting of China's top political advisory body, which will run through March 13.

"'One country, two systems' is an innovation," Tai said of the constitutional principle formulated by the late Deng Xiaoping that Hong Kong and Macao could maintain for 50 years the capitalist economic and political systems, while the rest of China followed socialism; however it had not been "easy for us to make it thus far with the 'One country, two systems'.

"Some young people never experienced what we went through before in Hong Kong, and never knew how the mainland helped us and always shows generosity towards us."

He expressed cautious optimism for Hong Kong's future, "Some young people in Hong Kong fear the challenges from the mainland and cannot see how the growth of the whole country is benefitting Hong Kong. The bad influence of some Western countries is here, too, so there are some negative voices. However, there's only one China, and Hong Kong is the most diversified city in China in terms of development.

"Its development, whether [we talk] about the past or the future, is never about protectionism, but about breakthroughs and making the cake bigger."

The Hong Kong Chief Executive election will be held on March 26, 2017 when the 1,200-members election committee will cast their votes.

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## [China collects over 400 bln yuan in taxes from major FTZs](#)

China collected 409 billion yuan (59.3 billion U.S. dollars) in taxes in four major free trade zones (FTZs) last year, data from the State Administration of Taxation (SAT) showed.

The tax revenue growth was driven by fast development, reasonable industrial structure and strong innovation in the Shanghai, Tianjin, Fujian and Guangdong FTZs.

Nearly 90 percent of the tax revenue came from the modern services sector, while high-end manufacturing witnessed strong growth in tax revenue, SAT data

showed.

SAT data showed tax receipts from car manufacturing had annual growth of 44 percent last year, 34 percentage points higher than the national average.

Internet, software and information technology services posted stellar growth in tax revenues. The Guangdong FTZ, supported by tech-hub Shenzhen, saw tax revenues from the two sectors increase 470 percent and 390 percent respectively year on year.

FTZs are part of government efforts to test reform policies, including interest rate liberalization and fewer investment restrictions to better integrate the economy with international practice.

China launched its first FTZ in Shanghai in 2013. In late 2014, Tianjin, Fujian and Guangdong were allowed to set up a second group of FTZs. Another seven were approved in August 2016 in a bid to replicate the success of previous trials.

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## [Let's have a budget for prosperity](#)

We need to move on from austerity. The Treasury needs to write back some of the tax revenue it will collect over the next couple of years, that it took out of the forecasts in the Autumn Statement. It was too gloomy then. It needs to spend enough on social care, schools and the NHS to provide a good service. It can make spending reductions elsewhere, starting with the EU contributions and other items I have highlighted on this website.

It also needs to unleash more infrastructure investment. Much of this in energy, broadband and some in transport can be privately financed. The government may need to assist with loan guarantees, permissions, licences and co investment. It needs to do more to promote enterprise through tax cuts. It has a programme to raise the 20% and 40% tax thresholds for Income Tax. It would also be wise to cut Stamp Duty rates to help homebuyers. It could offer entrepreneurs and small businesses additional tax relief.

Mr Trump's plans to increase infrastructure spending, cut personal and company income tax rates, and relax banking controls to allow bit more lending all make sense. The UK is already well ahead of the US in lowering corporation tax rates for large companies, but needs to sharpen its competitiveness for start ups and smaller companies. We should tax work, effort and enterprise less, as we want more of it.