

The mantle of Margaret Thatcher

The Chancellor was seeking the mantle of Thatcher in his joint article with the PM yesterday in the Sunday Times. He claimed to be a low tax Conservative, but also a supporter of sound money which he attributed to her. He also says he wants "lighter, better, simpler regulation". So what does the track record show?

So far the Chancellor has hiked taxes on entrepreneurs and the self employed through IR35. He has raised National Insurance, frozen Income tax allowances and put in a huge future increase in Corporation tax. He seems keen to ensure we collect less in tax than he would by setting competitive rates. Margaret Thatcher and her Chancellors cut Income tax rates substantially, cut Corporation tax, made it easier for the self employed and for entrepreneurs. As a result revenues surged, the rich paid more tax and paid a bigger share of the tax, and substantial increases were made in the NHS budgets from the extra revenue.

So far the Chancellor has approved huge increases in money printing proposed by the Bank of England but needing his consent, which have now brought on a sharp rise in inflation. I strongly supported the early pandemic related money boost, but called for it to end last year when the Bank carried it on well into recovery. Margaret Thatcher battled for honest money and brought inflation down from the high levels under Labour. Towards the end she was forced by her Chancellor and Foreign Secretary to take the UK into the European Exchange Rate Mechanism, against her instincts and my advice. That led to a surge in money and credit creation by the commercial banks and to a nasty bout of inflation. This was followed by the inevitable bust under John Major who took her job and the then unhelpful economic inheritance he had created. This ended the Conservative reputation for economic competence for a good few years.

I look forward to the plan to have better and lighter regulation. More than a year into Brexit there has still been no Bill to change the main huge body of EU regulatory law which we rolled over as a temporary measure. The Chancellor would say he has streamlined alcohol duties a bit. The ones that have gone up are not popular, but it is a minor set of adjustments so far. We await the promised Freeports and trust they will have some good freedoms in them. Why not one for Northern Ireland?

The Opposition still regards the Thatcherite label as a term of abuse. The Chancellor seems to regard it as a plus, but has misunderstood the nature of Margaret's policies compared to his own. His approach to tax is the opposite of hers.