

A budget to beat recession? (from Conservative Home)

The Autumn Statement will be one of the most crucial budgets ever delivered. Rishi and Jeremy have in their hands the opportunity to rescue the UK economy from poor performance and recession if they wish, or they can accept the depressing official advice and double down with austerity. Tax rises and the wrong spending cuts now will turn a downturn into a nasty and long recession. This will lead to job losses, struggling businesses and a bigger state deficit.

Their challenge should be to put forward a budget and plan for growth as Liz Truss proposed, but one with forecasts, numbers and sensible controls over spending and borrowing which in his haste Kwasi left out. This is important for the whole country, and for MPs' constituents. It is also important for the Conservative party whose reputation for economic competence hinges on it.

Over the last fifty years we have seen Labour lose badly on two occasions and Conservatives lose twice, once badly, thanks to presiding over recessions

Edward Heath presided over the 1973-4 recession. His 1970-2 policies of competition and credit control were inflationary leading to a borrowing binge. The inflation was worsened by the energy crisis when OPEC hiked the oil price. He tightened too much in response and lost the 1974 election.

Harold Wilson lost control of the economy in 1974-5, created a recession and left office. Labour lost the next election under his successor.

John Major on official advice put us into the Exchange rate Mechanism. As I warned it took us through a very predictable violent boom/bust cycle with a five quarter recession. This led to a huge defeat in 1997 which took the Conservatives 13 years to recover from.

Gordon Brown created his own disaster, leading and encouraging the wrong official advice. He put us through a banking and credit boom, only to collapse it too fast through severe policy. The five quarter recession took the economy down by more than 6%. Labour have still not won an election in the 12 years that followed, with their reputation for economics in tatters.

It was a pity Boris did not use the advice he was offered to cut out the money creation and bond buying and tighten money policy last year to keep inflation down. We have more inflation now than we needed. Japan and China remind us with their low inflation rates it was not all caused by oil and gas prices. It was a tragedy Liz did not present a rounded and costed Growth Plan within an economic framework that would have worked as some

proposed. These mistakes must not lead the new team to conclude they must impose more austerity. The prime task today is fighting recession. Inflation will come down rapidly next year thanks to the monetary stringency now being applied. The Bank itself sees inflation down to 2% in a couple of years time.

If government accepts all the OBR and Bank advice to tighten too much into a downturn it will be bad economics and worse politics. We will end up with a deeper and longer downturn than we need, and with a bigger deficit than if we had been more willing to offset some of the recessionary forces. You cannot tax your way into growth and recovery. A fractious and unhappy party is in no mood for tax rises nor for spending cuts that harm individual incomes and front line services in health, law and order and education.

Of course there is a need to rein in wasteful and less essential public spending. In recent years the purse strings have been loosened across a very wide field. The Chancellor should stop the Bank of England taking losses on bonds. There is no need to do this. This will produce an immediate saving of £1bn this year. This has always been a joint control policy where the Bank needs the Chancellor's approval.

The Department of Work and pensions should promote more employment for the many on benefits that could do some work. Remove the 16 hours rule for working whilst on benefit, and improve mentoring and assistance into employment as we need to fill many more job vacancies from people already settled here. There is an unfinished part to Iain Duncan Smith's excellent benefit reforms.

The government could suspend the Smart meter programme saving more than £1bn a year, as everyone who really wants a free smart meter now has one. The Treasury should stop Councils borrowing to buy up property. The Cabinet Office can impose a recruitment freeze on public sector jobs other than uniformed roles, teachers and medics. This will give more opportunities for promotion to those already working in the civil service, and assist in increasing productivity after a period of no progress. They can reduce the central London office estate to reflect more home working and transfers out of London. There should be a privatisation programme including the sale of Channel 4, the British Business Bank and more Nat West shares to the private sector.

The Transport department should cut rail subsidies which are funding far too many near empty train services following the collapse of commuting. The Business and Energy Department should trim the energy support package. They could limit cut price energy to a normal family amount so larger users pay full price for the extra they buy. We should not accept the need to provide more overseas aid for net zero or any other purpose other than a new disaster where we want to help generously and energetically.

We also need to boost tax revenues. Often the way to increase tax revenues from capital gains, profits, transactions and incomes is to lower the rate, not raise it. Every time we lowered Income tax and Corporation tax rates revenues rose. The government should accelerate licences for North Sea oil and gas fields. Every extra barrel we produce ourselves switches substantial tax from a foreign country to ourselves as home production

replaces imports. It also cuts the CO2. Government should allow the private sector to finance production of oil and gas from the large Falklands islands discovery which would also displace foreign imports and help with expenditures. It could use more of the Defra grant money to boost home food production backed by more mechanisation/glasshouses. This will boost taxable farm incomes.

Any amelioration of the downturn will be revenue rich. The UK figures are very sensitive to the growth rate. As we saw last year, a bit higher growth rate gave us a central government borrowing requirement £120bn below the budget OBR forecast. Let's have that budget for growth. It would help unite the party, it would help restore our economy and would cheer people up. It would be good economics and even better politics. It would also be quite a surprise.

To ask the Secretary of State for Levelling Up, Housing and Communities, what steps he taking to avoid concentrating new housing investment in areas already facing shortages of services and infrastructure from rapid development.

This answer fails to deal with the question's main point. If you are serious about levelling up you do need to use the planning system to funnel more of the new homes investment to places that want to level up.

The Department for Levelling Up, Housing and Communities has provided the following answer to your written parliamentary question (75745):

Question:

To ask the Secretary of State for Levelling Up, Housing and Communities, what steps he taking to avoid concentrating new housing investment in areas already facing shortages of services and infrastructure from rapid development. (75745)

Tabled on: 01 November 2022

Answer:

Lucy Frazer:

We are committed to enabling more homes to be built in the right places, and that is why we are taking steps in our Levelling Up and Regeneration Bill to

get more local plans in place to deliver infrastructure in co-ordination with new homes. To make sure these homes are supported by appropriate infrastructure and services, we are introducing a new Infrastructure Levy to replace Section 106 obligations and the Community Infrastructure Levy.

We will also require local authorities to prepare infrastructure delivery strategies to ensure the right balance between delivering homes and infrastructure. This will build on policies we have already enacted in the National Planning Policy Framework, which set an expectation that local plan policies should make sufficient provision for housing, commercial development, infrastructure and community facilities.

The answer was submitted on 09 Nov 2022 at 17:57.

To ask the Secretary of State for Levelling Up, Housing and Communities, what assessment he has made of the adequacy of top down national housing targets.

The answer referred to is far from helpful. I will be joining with other MPs to promote an amendment to the Levelling Up Bill to abolish these targets

The Department for Levelling Up, Housing and Communities has provided the following answer to your written parliamentary question (75747):

Question:

To ask the Secretary of State for Levelling Up, Housing and Communities, what assessment he has made of the adequacy of top down national housing targets. (75747)

Tabled on: 01 November 2022

Answer:

Lucy Frazer:

I refer my Rt. Hon. Friend to the answer to Question UIN [74588](#), answered on the 8th November 2022.

The answer was submitted on 09 Nov 2022 at 17:32.

We do not forget

Remembrance brings together so many families in a common grief. The two great wars of the last century touched most families with wounds and death. Eventually victorious against the enemies of freedom and self determination, the UK with her allies can be proud of all those who withstood the struggle.

Both my grandfathers fought in the trenches in France and Belgium as very young men. One was badly injured at Mons. They spoke little of the horrors that we have all seen through film and reconstruction. I used to think I was lucky that both my grandfathers survived. Then I realised most of our grandfathers and great grandfathers survived. Many of those who died were too young to have married and had children. My son was taken on a trip when at Reading School to be shown the short walk between the opposing trenches. He was very moved when told of the massacre in the great offensives across No Mans land by teenagers little older than he was at time of his visit.

My father left school at 16 and enrolled in the Royal Navy as soon as he could during the second world war. He sailed in the cruiser Royalist in Northern waters and in support of the Italian campaign. He described to me the fear of the U boats stalking the ship. He did meet my mother who served in the Wrens in Portsmouth when his ship put in for supplies. She told me of her time fire watching on the roof of Huntley and Palmers in Reading where she lived before joining the navy. One night of a raid she had to walk home knowing a bomb had hit her own street, only to discover it had missed her parents and her bedroom. I could understand that feeling more when I stepped out from the rubble of the Grand Hotel at Brighton after the IRA bombing. You are profoundly shocked by the impact of the senseless violence on those neighbours and friends who did die.

Today is time to remember the suffering and bravery of family members called upon to do extraordinary things owing to the times they lived in. They put with many dangers and restrictions on their lives. The vast scale of world war is difficult to grasp because it is so horrific. Recalling what we know of those close to us and to our grandparents and great grandparents is easier to understand. It is fitting that we do remember them.

To ask the Secretary of State for Business, Energy and Industrial

Strategy, what steps he is taking to help support energy-intensive industries with rising energy costs

This answer fails to spell out what targeted help is offered to our struggling energy intensive businesses like steel, ceramics, glass, petrochemicals. The UK is far from competitive in these areas and becoming ever more reliant on imports.

The Department for Business, Energy and Industrial Strategy has provided the following answer to your written parliamentary question (75743):

Question:

To ask the Secretary of State for Business, Energy and Industrial Strategy, what steps he is taking to help support energy-intensive industries with rising energy costs. (75743)

Tabled on: 01 November 2022

Answer:

Graham Stuart:

The Government is determined to secure a competitive future for its energy intensive industries (EIIs), providing them with extensive support, including over £2 billion to help with the costs of energy and to protect jobs.

The Energy Bill Relief Scheme was announced on 21 September 2022 to provide a discount on energy bills for all eligible non-domestic customers, including businesses, whose current gas and electricity prices have been significantly inflated in light of global energy prices. The scheme will initially run for 6 months covering energy use from 1 October 2022 to 31 March 2023.

The answer was submitted on 09 Nov 2022 at 17:02.