Cutting taxes

My least favourite tax cut is a cut in Corporation tax. The best reason to cut Corporation Tax is to increase tax income by attracting more business to the UK to pay the tax. I prefer tax cuts that boost people's take home pay, and tax cuts that remove or reduce taxes on transactions to encourage more activity. That way more people can fulfil their dreams.

Some of you have written in to say the PM cancelled or postponed the Corporation Tax cut from 19% to 17% in order to comply with EU policy to avoid tax competition between member states. I do not believe this. We are leaving the EU and will be able to follow our own domestic policy wishes on tax once we do. There is no need for the PM to go along with guidance from the EU on Corporation Tax and I have never heard him say he thinks he needs to in his various well publicised statements on tax.

It is true the EU has considerable power over our tax policies, with detailed controls on VAT and substantial influence on Corporation Tax through various court cases and decisions. They do not have the power to set our rate, and have put up with the Republic of Ireland setting an aggressively low rate to bid business away from the UK to headquarter and pay tax in the Republic.

So the issue is why did the PM change his mind? He has been persuaded that Corporation Tax is now at a low enough level to maximise the take, and that any further cut in rate would lose revenue. The Treasury have clearly told him they think a 2% cut would cut revenue by £6bn, which is a large sum given current budget pressures to spend more on various public services.

So the issue to debate is are the Treasury right this time on their tax forecast? It may be that some in the Treasury have other views that underlie this forecast, but they are all rightly protected by the doctrines of civil service neutrality and anonymity. It is for Ministers to appraise and cross examine these forecasts to see if they are likely to be right. I would be interested in your views about whether corporation tax revenue would indeed fall were the rate to be cut a bit more?

Experiencing local problems

I was surprised by a voter yesterday complaining I did not experience the traffic jams he has sat in because "he did not see me around"! I explained I live in the Borough and sit in exactly the same jams as he does when I go to the shops or to the Conservative Wokingham office or to visit people with problems in the area.

I am walking or driving in the area most days, open to conversations and

seeing for myself. I have been working with the Council on plans to improve junctions and the road system to cut congestion and make it easier for all of us to get around. Busting congestion so people can get to work or the shops or drop their children off more easily is one of my highest priorities for the area.

I have lived in the Borough for 34 years. My children attended local state schools. I would use the local NHS if I became ill. I have been in constant dialogue with local Councils about their provision of local services, have visited every new development and personally investigated local problems raised with me. I am a great believer in seeing for myself when intervening on a local matter.

I have held regular surgeries where people want to meet to talk me through a problem. I respond daily seven days a week to many emails and letters which keep me informed of issues and worries. I also run this website with regular local updates.

Defence

There are too many wars. Wars happen when diplomacy fails. When wars end talking has to resume. A victor in war can lose the peace.

Wars are necessary when a bully state seeks to damage or occupy others. Such a rogue state has to be confronted and defeated if talking does not change their mind. Democracies do not usually covet the land and people of another. The great democracies of North America and Europe have no imperial ambitions to conquer territory or use force to take over the government of foreign lands.

The paradox is that if you want peace you do often have to arm for war. The West keeps up its military capability but rightly calls it Defence. NATO is a defensive alliance. Each member pledges to come to the aid of any member who is attacked, though each member state retains control over their individual contribution to any planned NATO action.

The West has fought in many regional and local wars since 1945. Some would say we have intervened too often. Toppling dictators in the Middle East who were a threat to some of their own citizens and to their neighbours was not always a good idea, as establishing a better government with local democratic consent afterwards proved difficult. Many of the conflicts followed from the dreadful attack on the USA called 9/11. The USA understandably wanted to retaliate,but got dragged into a series of wars where the forces on the ground were complex.

The UK needs to have sufficient military strength to offer protection to these islands. It does so through the power of our own independent armed

forces and through our membership of NATO which makes allied support likely in the event of a military threat. The UK also needs to be able to participate in NATO and UN approved actions with an expeditionary capability to project power anywhere in the world. Cutting defence spending or undermining the independent deterrent would reduce our capacity to see off a potential enemy, and could reduce our ability to help our allies and make our necessary contributions as a member of the UN Security Council. The UK is right to retain control over the use of our own armed forces, with a veto over whether to join or to decline any EU military activity. The UK also needs to ensure it has sufficient control over the technology and capability to produce weapons and fighting machines in the UK.

Competition means choice

Most of the big networks need not be monopolies. Some of you are writing in to say energy or telecoms or water rests on some natural monopoly so it is best held in the public sector. This is a double mistake.

It is quite possible to have competing supplies of water using a pipe network as a common carrier. It is quite possible for there to be competing ways to route data and phone calls to people without having a single monopoly network of cables. The oil and gas industries do not need monopoly suppliers because the competing businesses sometimes share pipes. The electricity industry can have competing generators and competing retail companies whilst having some regulated shared network of cables.

Nor is it true to say the state regulates a monopoly well if it owns it. It is easier for the state to be a tough and good regulator of any monopoly elements that remain if it does not own it. As soon as ownership and regulation are confused the danger is the need to preserve jobs or generate cash or cover up for mistakes takes precedence over the correct regulatory response to poor service or damage done.

When I advised the Thatcher government on industrial strategy I always placed introducing competition above change of ownership. In the case of telecoms in the first round of arguments prior to the initial share sale the PM argued for competition but the Treasury was reluctant. The compromise only allowed for competition for business use through a single challenger. I was able to revisit this decision with Peter Lilley when we were Business Ministers and introduced wider ranging competition at a later date.

Wherever competition was introduced as into electricity and telephones service quality improved and prices fell after the event. Nationalised monopolies usually serve both customer and taxpayer badly. Labour’s ruinously expensive proposals are unlikely to bring benefits after the initial shock of the costs.

More money for local schools

I see there is a website suggesting I do not back more money for local schools. As readers of this site will know I have successfully campaigned for more money and support Conservative plans to set new higher minimum levels of funding. I will continue to press the case for further increases.