

# Home ownership

Many more people want to own their own home than currently do so. Generation Rent tells us they want more opportunity to buy, but feel crowded out of the market by high prices and scarcity of homes.

I agree with the majority view that home ownership is usually the best answer for people. It is good to have control of our property, so you can decide how to decorate it, how to arrange the internal space, and how to organise the services. Above all home ownership is a good lifestyle choice as you get older. Once the mortgage is repaid it is much cheaper living in a home you own than living in rented accommodation. Those who rent all their lives end up paying most for their property once retired, on a lower income than they had when working. If you pay rent for 60 years rather than a mortgage for 25 years, you pay so much more. If you rent a property for £1000 a month that would be £720,000 over a lifetime, but of course it will be so much more as the rent is likely to go up a lot over the next 70 years. If you buy the home instead for £250,000 on a mortgage you might end up paying £400,000 of interest and capital repayments over your lifetime.

None of these numbers requires house prices to go, though in the past they have done so. If they do then of course the home owner is better off again. In old age they can sell the property and move to a smaller place, releasing capital to spend if they wish. The person living in their own home also can pass it on to their heirs or to a charity of their choice, whilst the person in rented accommodation just leaves the termination costs of the tenancy to their estate.

Many Conservative MPs and advisers think there is an urgent issue of how we can help more people to own. We want to empower a new generation of home owners. The last government put in place schemes to help purchasers. There is the Help to buy scheme to assist with raising the money for the deposit. There are various affordable homes for sale projects. The question is what more needs to be done.

Reducing the numbers of new migrants arriving and needing homes would help. This is something the government can do with its new border control scheme for when we leave the EU. Increasing the supply of new homes would help, which the government is working on. Looking at ways to help finance homes and to make them more affordable is moving to the top of the agenda.

There can be more sales of public sector owned homes at a discount to tenants. There could be a rent to mortgages scheme, where good public sector tenants get credit for regular rent payments and build a stake in their home. There can be more shared ownership schemes, with easy ways of a person buying a bigger share as they can afford it.

We need to make the case again for ownership. Doubtless we will be told that selling existing public sector homes reduces the supply and adds to the problem. This is the most absurd criticism of them all. If a tenant buys the

home they are living in the supply of homes is totally unaffected, as the same family are living in the same home after the transaction. The advantage is twofold. That family have something they want, and the state has money from the sale that it can spend on building an additional home, thereby expanding the supply of property.

Yours thoughts on what we could do would be appreciated. I will return to this topic with more specific proposals in due course.

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## The economy one year on from the referendum

The Remain campaign told us it would be bad short term news for the economy if we voted to leave.

They told us interest rates would go up. One year on the base rate is down from 0.5% to 0.25%, and the government 10 year borrowing rate is down from 1.4% to 1.02%.

They told us the economy would dive and there would be a winter recession. Instead the economy has grown by 2% over the last year, more than the Eurozone.

They told us the stock market would fall. Instead the FTSE 100 Index of leading shares is up by a massive 25%

After the vote with the FTSE 100 rising, they said they meant the FTSE 250, the Index of domestic companies, would fall. That is up by 20%

They said housebuilding would be hit and there would be a housing collapse. Starts of new homes are up 15%.

They said the car industry would be damaged. It has instead achieved record output and record exports for this century.

I said none of the above would happen, and forecast continuing growth. I was told I must be wrong because the IMF, the World Bank, the President of the USA, the UK Treasury and the leading US Investment banks all knew voting leave would do short term economic damage.

They got one thing right. The pound did go down more – it was falling well before the vote. I always ducked that question, as I thought it might go down.

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## Adjusting the Manifesto

The lack of a majority has confirmed a rethink on some of the Conservative party's Manifesto policies. That would have happened anyway, as many Conservative candidates in the election disliked the policies themselves, or came to dislike them when they heard the public reaction. I did not want to remove the triple lock or leave many pensioners fearing the loss of the winter fuel allowance. I certainly did not welcome the social care proposals. That was why I did not include any of these in my personal election address, and did treat these policies as consultations, encouraging people to write in with their views.

There is no mention of legislating for changes to social care or winter fuel payments or the triple lock on pensions in the Queen's speech. The Conservative party in Parliament assumes these have been dropped and is happier for their disappearance. It was strange during the election that our cries for more information and for sensible changes to these policies went unheeded. Many of us said if they insisted on removing the winter fuel allowance from some, would they please tell us what the income cut off would be to put the minds at rest of the many who would presumably still receive it. Some thought it should be removed from higher rate taxpayers, others thought it should be made taxable. I was in favour of no change. We also urged them to tell us what the cap on social care costs would be, an important part of their draft policy. Again there was no figure given, leaving many worried about how much they would have to pay.

I spent considerable time during the election explaining by email and in conversation to electors in Wokingham what the current social care system entails. Many did not know that if an elderly person has to move into a care home then the home they are leaving is taken into account in their assets. If they have money then they have to pay themselves for the care home. There was also some confusion over the need to pay social care costs if you carry on living in your own home. The boundary between healthcare, delivered free, and social care that you pay for is a difficult one to define. The public tends to the view that social care is healthcare.

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## Mr Redwood's response to the debate on the Address, 21 June

**John Redwood (Wokingham) (Con):** This Parliament has been given a mighty task by the electorate. A year ago, the voters decided that they wanted to take

back control of our laws, our borders and our money. They charged us with that duty, and they recommissioned us collectively in the election just held. Eighty-two per cent. of them voted for the two main parties, which both said that they would deliver Brexit as the referendum requested.

I agree with my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke). This Parliament has a duty to have its debates, its disagreements and its arguments, but to do things in the right way. It would ill become this Parliament if it precipitated an early party-based crisis and went back to the electors to seek a new mandate. The electors had criticisms of all our parties. They did not give any party the result it wanted. They knew what they were doing, and it is the duty of this Parliament to do some governing, and some criticism of governing, as are our mutual roles. There is nothing to stop us doing that.

On that central issue that dominates the Queen's Speech, it is clear that the British public have resolved again—they resolved in the referendum and in the election. Had they changed their minds since the referendum, they would have voted for the Liberal Democrats, who gave them a very clear option to say in effect: "Change your mind. Here is the way to do it." The Liberal Democrats were very honest about this in the election: they said not only that they wanted a second referendum, but that they would want us to rejoin the European Union. They could not see circumstances in which they would change their mind on that. The electorate said that that was not the way they wished to go.

Those who say that the Queen's Speech is thin clearly have not understood it. This is perhaps the most important Queen's Speech I have seen in my time as a Member of Parliament. There is fundamental legislation to give this Parliament back, on behalf of the people, powers over all our lawmaking. Parliament will then be invited to go on to make substantial amendments to how we run agriculture and fishing, how we conduct international trade, and how we carry out many of our arrangements. The purpose of the legislation will be to amend and improve on European schemes that we are currently unable to amend, or able to amend only with the agreement of all 28 member states, which is very unlikely.

I campaigned in the election on a different slogan from the one recommended by Conservative Front Benchers. My slogan was "prosperity not austerity". I did that deliberately, because I believe we have had enough austerity, and I want to see the promotion of higher living standards and better family incomes as our main purpose. I am conscious that schools and social care in my area need more public money support. That is true of many of my hon. Friends in English constituencies. The good news is that the Government are coming to the same conclusion, and I look forward to the public spending statements and Budget statements that will make more money available for our priorities. We will clearly need more money for the health service—the Government have promised substantial new sums—and we will need to commit to substantial sums for our healthcare over the years ahead.

The Brexit issue is relevant. It was not misleading in the Brexit referendum for the leave side to say that there will be money to spend when we cancel

our contributions. I look forward to our negotiators making it very clear to our friends in the European Union that we will pay our contributions up to the point when we leave, but that we do not owe them any great bill, and we certainly will not be paying contributions once we have left. That money is then available for this Parliament, on the advice of the Government, to decide how to spend. I would be happy if we began to spend a bit of it even before March 2019 when we come to the end of our contributions, because there is a need now and our borrowing is under very good control. As we have heard, borrowing is down by three quarters since the programme began after the big crash—the programme was initiated by the Labour Government, then continued by the coalition and the Conservative Government. We need to be prudent and sensible—there is no magic money tree, and we cannot spend all the money we would like to spend, or all the money envisaged in the Labour party manifesto—but to relax in those areas where the public services clearly need it. I believe that that is possible, given the Brexit context.

I was conscious in the election that young people were critical of the Conservative party. They were often very attracted to the Labour party's offers. The Labour manifesto offered attractive financial changes for current students and those who have accumulated student debt that they have not yet got rid of. I would like Conservatives to take on board the fact that we need to provide a better offer to students and young people, so that next time we can engage rather better with the younger person vote than we do today.

There is one ambition on which younger people above all would like the Conservatives to do better. We are uniquely well placed to help more of them to become homeowners. It is a worrying social change in our country that many people in the 25-to-40 age range feel that they cannot afford to buy a property. We have good schemes to help with deposits and mortgage affordability, and we have schemes to help with the affordability of homes, but it is not enough and we need to do so much more. We need to redouble our efforts to show that we understand that ambition, and that we wish to empower young people.

In practice, the Government are working hard in a number of important ways to help young people. The phenomenal job-generation powers of the economy since 2010 have been extremely helpful, because the first thing a young person graduating or leaving school needs is a job. The training and qualifications support that we are putting in place is very important, because we do not want them to have any old job. We want them to go into jobs that allow them to grow into more responsible and better qualified roles, which can lead to much better pay.

We in this House are in practice—although we like to pretend that we are not—completely united in wanting people to have good employment and better paid jobs. The issue is how quickly people get there, what Government can do and what people and private institutions have to do for themselves to bring that about. I am pleased that the Government have a number of schemes—on technical qualifications and on student support—but we need to do far more, because we need to show young people that we are on their side when it comes to launching them on a path to better paid and better qualified employment.

**Sir Peter Bottomley (Worthing) (Con):** Does my right hon. Friend also agree that employment taxation is far too high? If we take the total cost to an employer of employing somebody and see what the employee is left afterwards, the gap is enormous—there is not even a single word to cover it, although some would call it a wedge. The gap is enormous and we ought to bring it down.

**John Redwood:** I quite agree. I have always believed that lower tax rates are the answer, and I think there are areas where we could lower the tax rates and get in more revenue, which is exactly what we need to do. We need more money for the public services, but we need more incentives, we need people to be able to retain more of what they earn and we need employers to be able to afford the extra employees, so that is very important.

**Ian Paisley (North Antrim) (DUP):** Will the right hon. Gentleman give way?

**John Redwood:** I am not allowed very long and I wish others to join in the debate.

My last point is that when we look at our massive balance of payments deficit—£70 billion on trade account with the EU last year—we see how much scope there is when we are allowed to run, for example, our own fishing and farming policy, to substitute home production and home supply for imported supply. That will create jobs, reduce food miles and make a much better contribution to our economy, because a big part of the £70 billion trade deficit last year was in food and drink and fishing. It is almost unbelievable that the country with far and away the richest fishing ground in the whole EU, and which used to be a major exporter of fish before we joined the European Economic Community, is now a net importer of fish and has so few active fishing boats. I am quite sure that this House, on a multi-party basis, can sit down and design a much better fishing policy than the one we have struggled under for 40 years or more in the EEC and the EU, one that will create more jobs, more capacity, more investment and more home fishing. As I put it, we can have a policy that is kinder to the fish and kinder to the fishermen and women, and it is our task to design it.

Of course we are going to have lots of political disagreements, and I am never shy of political argument, as colleagues will know, but we also have a unique opportunity to show that where it matters—on jobs, prosperity, home ownership and promoting better opportunities for our young people—there are huge opportunities in Brexit. Let us, for example, start with a fishing policy and an agricultural policy that are better for Britain and better for all of them.

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**[The DUP : No deal is better than a bad](#)**

## deal

It is proving difficult to explain to some politicians how negotiations work. If you want to buy someone's house you do not say you want to buy it whatever the price, and then pay up when they take advantage of your folly. If they ask double the market value you refuse.

So it has to be with political deals. A Supply and confidence agreement with the DUP would be helpful. People would know in advance that the government has a majority to get through spending plans and to see off any No Confidence motion. If we do not have a formal agreement it is still very likely the DUP will vote with the Conservatives, given their views on Brexit and Mr Corbyn. There is a lot of common ground on the EU, the Union and the economy.

The main issue that has held up an Agreement seems to be money. How much extra can we afford for Northern Ireland, and what will be the reaction of the rest of us representing English or Welsh or Scottish constituencies?

I am relaxed with or without a deal. I think the government will have a majority to pilot the main legislation through, even allowing for the likelihood that Labour will be difficult and seek to undermine the very Brexit they proposed in their Manifesto.