

## Our View

The Coalition government managed to survive for a full five year term, contrary to the expectations of many, myself included. The popularity of both Coalition parties has diminished, with Conservative and Liberal Democrat supporters both apparently dissatisfied with the inevitable compromises required to hold the Coalition together.

It will be interesting to see how political historians in years to come view the Coalition. Will they see it as an unexpected, if unloved, success which took unpopular but necessary decisions and managed to stabilise the country in a time of economic crisis? Or will they view it as a rather weak, somewhat directionless, out of touch government which failed to eliminate the deficit and added more to the national debt than every other government before it put together?

When considering the Coalition's legacy, it should be remembered that it inherited a desperate economic situation, brought about by the financial crisis of 2008 and the fiscal incontinence, wastefulness and utter ineptitude of the Labour government that preceded it. Led by the wretched Gordon Brown, aided and abetted by his moronic puppets, the two Eds (Balls and Miliband), Labour left its usual toxic legacy of excessive spending, a bloated and unreformed public sector, a dysfunctional welfare system with a record number of people receiving state benefits, nationalised banks, uncontrolled immigration and an upsurge in home grown terrorism.

Gordon Brown had repeatedly told us that he had personally engineered the golden scenario of an economic boom which would never end in bust. In reality he engineered a Socialist debt trip: spend today and let the next generation pick up the tab tomorrow. Huge debts, massive unfunded pension liabilities, enormous PFI liabilities and the biggest structural deficit in modern history.

Liam Byrne, the outgoing Labour Chief Secretary to the Treasury left an infamous note for his successor confirming there was "no money left" and it is against this background that the Coalition government attempted to restore some semblance of order to the public finances and the economy.

Economies do not change direction overnight. Unsurprisingly, during the first years of government, the Coalition was accused repeatedly of "cutting too far, too fast" and of "not having a Plan B". As the three horsemen of the economic apocalypse circled, with increasing unemployment, rising inflation and zero growth, the hysterical anti-austerity, anti-cuts brigade became louder and louder, proclaiming that almost all government policy was part of some old Etonian inspired plan to punish the poor and the most vulnerable. The ill-advised "We're all in it together" slogan added to the feeling of resentment felt by many.

The keyboard warriors and online lynch mobs went into overdrive with their confused and incoherent arguments about the "bedroom tax", banker's bonuses and student tuition fees. These noisy, yet economically illiterate critics were unable to grasp that there was no money tree, no pot of gold at the end of the rainbow and no free lunch.

To the Coalition's credit, it largely continued down the same economic course and eventually an economic recovery of sorts took hold. With growth at 2.6%, one of the lowest rates of unemployment in Europe, record levels of private sector job creation, living standards that are finally rising, zero inflation and very low interest rates, many of the key economic indicators are showing positive signs.

However, critics point out that the recovery may not be sustainable and is far from perfect, with the perennial British problems of low productivity, excessive credit and an overpriced housing market. The economic upturn may have come too late to win over a sceptical public, but it does appear that the choice voters will face is between more of the same, or a rather frightening return to a Labour, or Labour/SNP administration intent on raising taxes, increasing regulation and punishing success.

"It's the economy, stupid" was the mantra successfully used by Bill Clinton's team in the 1992 US election. Whether a similar message will resonate with an increasingly disparate and cynical electorate in the UK remains to be seen.

### **The General Election**

With just under a month to go until the General Election, it would appear that we all need to brace ourselves for a largely inane campaign, with all the parties sidestepping or ignoring many genuine issues.

I thought it might be interesting to list out **TEN THINGS THAT SHOULD BE SAID DURING THE ELECTION CAMPAIGN**, but no doubt won't be. Maybe someone will surprise me, but I doubt it!

#### **1) "The NHS really isn't very good"**

For some bizarre reason it has become impossible for any politician to have a rational and objective discussion about the merits and failings of the NHS. So the seven politicians on the televised debate all jockeyed for position in a somewhat cringeworthy attempt to prove how they each loved it more than anyone else and how they would shower largesse on it in order to maintain this treasured British institution.

In reality, the NHS is a hugely complex, inefficient, wholly unmanageable centralised mess that should be drastically reformed. The NHS may do many things well (and at a projected cost of £112 billion in 2015/16, it really should), but it also causes unnecessary death through inadequate, inhumane and dangerously substandard care, causes people to wait inordinate lengths of time in A & E or for hospital appointments, hides behind the sentimental idea that **all** doctors, nurses and other frontline staff are noble, hardworking and dedicated and wallows in self-delusion that it is "the envy of the world".

2) **“There will NOT be enough energy”**

It’s a frightening prospect, but before too long the reality of Ed Miliband’s 2008 Climate Change Act will start to bite. This piece of legislation, which passed through Parliament with cross party support, will not only vastly increase the cost of the energy we produce as the coal and gas-fired power stations that supply more than 70% of our electricity are closed down, but it will also result in energy shortages which will damage our economy.

The first new generation nuclear power station may be ready by 2024 (with electricity produced at four times the cost of energy from a coal fired power station), but in the meantime it appears that our feeble minded politicians are hoping for a windy spell of weather.

3) **“Austerity is a myth”**

Coalition politicians have willingly painted themselves as a hair-shirted bunch who have made tough choices in order to balance the books. Except of course they haven’t got anywhere near to doing this. The forecast for public sector spending in 2015/16 is £743 billion against projected receipts of £667 billion. So a cool £76 billion will be added to the national debt this year, which has now risen to over £1.5 trillion. This is equivalent to £55,000 for every household in the UK.

Austerity? Who are they trying to kid?

4) **“The optimum population of the UK is .....”**

Although the question of immigration is now finally being discussed, I have not heard any of the major parties confirm what they consider to be the optimum population of the UK. Given that this issue is absolutely fundamental and impacts on virtually every area of government policy – health provision, schools, housing, care costs, pension provision, transport infrastructure, energy requirements, environmental issues, isn’t it amazing that none of our politicians seem to be able to offer any coherent opinion as to what population we should be aiming for and how we should adopt policies to realise this target. Seventy million, eighty million, ninety million?

5) **“Capitalism is great and the private sector is the fundamental source of wealth creation”**

Free-market economics has delivered undreamt of prosperity to countless millions both in the UK and across much of the Western world. Property ownership, security, health, education, consumer choice, law and order, liberty, social mobility and endless innovation are just a few of the many benefits.

Unfortunately, nobody seems to be making the argument that successful profitable businesses are the cornerstone of our entire economic system and that these businesses will flourish if regulations and taxes are minimised.

Ed Miliband, with his regressive and intellectually bankrupt narrative is deliberately trying to garner support for the idea that all bosses are predators, all bankers are evil, every zero-hours contract is contrary to natural justice and there is no problem that he can't tax or regulate away. It's gibberish of course, but it's dangerous gibberish.

You only have to look across the Channel to France to see how raising the tax burdens and regulations on businesses is a sure-fire way to stifle economic growth and to reduce tax revenues required to pay for public services. However, the Left never seem to learn this lesson and the prospect of the two Eds, in coalition with the SNP, fleecing businesses and wealth creators really is quite terrifying.

**6) "I finally understand percentages. Those who earn more pay loads more tax"**

It appears that most, if not all, of our politicians have no understanding of the fact that the same percentage tax rate applied to a larger income results in a higher tax take than the same percentage applied to a smaller income. In 2013/14, the top 1% of workers paid 29.8% of all income tax, an astonishing statistic.

The Labour party was in power for just over thirteen years from May 1997 to May 2010 and for 99.2% of this time the top rate of income tax was 40%. When the Labour party knew it was going to be removed from office, it introduced a 50% tax rate knowing it would be politically difficult for the incoming administration to reduce it.

The top rate is now 45%, a significantly higher rate than for all but 36 days when Labour was in power. Yet Ed Miliband and Ed Balls still bang on about tax cuts for millionaires. Dumb and dumber?

**7) "The world has become less stable. We have cut our Armed forces to the bone at just the wrong time and need to urgently rectify this"**

Unfortunately, none of our politicians appear to have learnt the lessons of history. The most fundamental requirement for any government is to ensure that the country has the necessary strength to defend itself if required. Vladimir Putin appears to have realised how weak our defences have become and recently sent long range bombers to fly just off the Cornish coast.

A former head of the RAF has questioned our ability to cope with any genuine aggression. The current crop of politicians has grown up during an extended period of security with no genuine threat to their existence or safety. It appears that a dangerously complacent attitude has taken hold, with the US expressing its concern at our defence cuts. Let's hope we don't pay a terrible price for this.

**8) "Tax avoidance and tax evasion are NOT the same thing"**

Tax evasion involves using illegal/fraudulent methods to avoid paying tax. Tax avoidance however is the practice of using legal means to pay the least amount of tax possible.

This important distinction, which used to be widely recognised, seems to have been long forgotten, with politicians regularly interchanging the terms avoidance and evasion. This is a dangerous road to go down. Given that government spending is usually ill-targeted, is often wasteful and rarely achieves its stated aim, why do politicians think we should voluntarily entrust even more of our money to them?

**9) "The tax system is horrifically over complicated and needs radical change"**

Every Chancellor claims they will simplify the tax system in the UK, one of the most complicated in the world. And every Chancellor does the opposite.

The Coalition set up the Office of Tax Simplification (OTS) in 2010. The OTS may well have tried its best, but with a staff of just six people, and a government largely unwilling to listen to it, no progress has been made.

Former Chancellor Geoffrey Howe likened the task of simplifying Britain's tax system to painting Brighton's pier while someone else is extending it to France. It would take a truly visionary politician to tackle this issue, but unfortunately the UK appears to be devoid of anyone who possesses these qualities.

**10) "I'm sorry; I don't know the answer to that question. I haven't got a clue and won't insult your intelligence by spouting some irrelevant soundbite."**

If by some miracle this does happen, please let me know!