



For Britain Economic Policy

Foreword by Godfrey Bloom

Tax is a burden primarily placed upon the least well able to bear it: ordinary people struggling to get by. For thousands of years it was a levy raised by despots, emperors and kings, usually for wars. Income tax was a concept designed to fight the Napoleonic wars. Needless to say it was *'temporary'*!

Post 1945 the industrial democracies have pushed the idea that tax is for the citizen's benefit. The State's remit is now so extensive that taxation alone cannot meet the cost. The modern State resorts to borrowing on a scale beyond human comprehension. As even borrowing options become impossible, the State prints money: quantitative easing.

The great lie is that somehow government can produce a fiscal policy which would bankrupt the citizen or businessman. For Britain is offering something new for the first time in post-war politics. For Britain's economic strategy will permanently eliminate the budget deficit and start to reduce the national debt which costs £54bn¹ per year to service. It can be done without sacking a single nurse, doctor, soldier or police officer: none of those who deliver front line services.

Guiding Principles

- Eliminate the budget deficit by stopping wasting money
- Leave the EU forthwith. No divorce payments. Trade on WTO terms initially
- Get the State out of the way of businesses creating jobs
- Radical tax simplification

Where Will the Money Come From?

Before you spend the money you have to earn it. That's why we have put this section first, unlike other parties who leave it to last or ignore it completely.

- Efficiency savings in national and local government and the NHS. Everyone who works in them knows there is endemic, horrendous waste. We will give managers the power and incentives (including a small percentage of the money saved) to cut the waste. Saving 10% of government expenditure is a very conservative estimate². **Saving £80bn³** p.a.
- Leave the EU ASAP paying only what we are legally obliged to pay. Trade with them under WTO rules until they agree a bilateral trade treaty. **Savings:** net cash contributions of **£11bn⁴**; net tariff income from trading with the EU on WTO tariffs **£8bn⁵**. Higher growth will follow as we agree trade deals with e.g. the US and China.
- No more subsidies to foreign countries and international NGOs except for genuine emergency aid. Close down DFID. **Saving £13bn⁶** p.a.
- Cancel HS2. **Saving £7bn⁷** p.a.
- Limit Child Benefit to two children per couple. Saving **£2bn** p.a.⁸
- For the first five years in the UK immigrants will not have access to the welfare system. They should be able to show they can support themselves, pay medical insurance etc. to enter the country as is the case in Australia.
- Strictly enforce the existing law that the NHS must secure the ability to pay for services provided for foreigners BEFORE treatment, except in emergency cases. There must be a mechanism to bill the person, or if necessary collect the money from their Embassy or the airline that brought them here.

Total annual savings: £121bn p.a.

Revenue Neutral Measures

- Levy personal tax (replacing income tax and NI) at a flat rate of 25% above the personal allowance with no exemptions. This will save the economy many millions in tax simplification.
- Lower Corporation Tax to be the lowest amongst our competitor countries, to attract companies to locate in the UK and create jobs. Companies having more money to pay out as dividends and salaries will increase the total tax take due to the 25% flat rate
- Remove those on the minimum wage from the income tax and NI nets. We will combine income tax and NI into the new personal tax and harmonise the personal allowance and minimum wage.
- Scrap all climate change taxes, eliminating subsidies to windmills and solar panels and the taxes that have been imposed on all energy users to pay for them. Climate change taxes cost us all £7.4bn in 2016-17⁹.
- Scrap the TV licence, saving every household £150.50 a year. Fund the BBC by a voluntary subscription instead. Saving to taxpayers £4bn p.a.¹⁰
- Completely separate investment and retail banking so that investment banking cannot rely on the capital balances of retail banking
- Set up a Peoples' Bank to help facilitate access to banking services for all citizens. Use it to allow individual citizens to have access to affordable interest rates on potential new Quantitative Easing money directly, rather than relying on the drip down effect of QE through introducing it via the City of London.

New Expenditure / Tax Reductions

- Substantially reduce VAT, which at 20% loads a crushing deadweight on to many transactions that become uneconomic. Immediately reduce VAT to 17.5% and eliminate VAT on home power and heating. Cost: **£18bn**¹¹
- Increase defence expenditure to properly fund our Armed Forces. We have two aircraft carriers with no planes on them and the smallest Navy since Henry VIII. An increase in defence expenditure from 2% to 3% of GDP, as

recently recommended by the Defence Select Committee¹², will cost **£18bn** p.a.¹³

- Help small businesses by reducing Business Rates by 50% on properties under £50,000 rateable value. Cost **£6bn**¹⁴
- Abolish Inheritance Tax. This is a regressive tax because only people of moderate means pay it. The wealthy can afford estate planning¹⁵. Cost **£5bn**¹⁶
- Increase spending by **£5bn** on schools¹⁷, the NHS¹⁸ and adult social care¹⁹.
- Reduce Stamp Duty Land Tax across the board by 1% to get the stagnant housing market moving. Cost **£3bn**²⁰
- Triple numbers in the Border Force to properly enforce immigration policy. Cost **£1bn**²¹
- Scrap NHS England car parking charges where they are not needed for parking management. Cost **£200m**.²²

Total cost: £56bn. This leaves £65bn to eliminate the annual deficit within five years and then start reducing the national debt.

Conclusion

For Britain wants a return to old fashioned common sense, instead of neo-Keynesian political spivs damaging the interests of working people today and their children and grandchildren tomorrow.

Projected annual net savings are £65bn. This balances the budget and zeroes the £40bn deficit²³. The surplus will go to relieve the income tax burden on workers now, plus reduce the national debt and relieve the debt burden on their children and grandchildren.

There will be no sacked nurses, doctors, police officers or soldiers.

¹2017-18 central government debt interest of £54.4bn:

<http://obr.uk/efo/economic-fiscal-outlook-march-2018/>

² Leslie Chapman demonstrated that savings of at least 20% are possible without affecting front-line services:

<https://www.amazon.co.uk/Your-Disobedient-Servant-Penguin-special/dp/0140523316/>

<https://www.amazon.co.uk/Waste-Away-Leslie-Chapman/dp/0701126299/>

³ Based on UK Total Managed Expenditure of £802bn 2017-18

<https://www.gov.uk/government/publications/spring-budget-2017-documents/spring-budget-2017>

⁴<https://www.statista.com/statistics/316964/net-contributions-to-eu-budget-by-united-kingdom-uk-to-eu-european-union/>

⁵ Assuming no UK-EU trade deal initially, £12.9bn UK tariffs less £5.2bn EU tariffs = £7.7bn net tax income

<https://www.statista.com/statistics/316964/net-contributions-to-eu-budget-by-united-kingdom-uk-to-eu-european-union/>

⁶ Based on replacing Overseas Development Aid of £14bn in 2017-18 with ongoing emergency aid of £1bn:

<http://www.dailymail.co.uk/news/article-5583729/Britains-foreign-aid-budget-soars-14billion.html>

⁷ HS2 is estimated to cost £111bn over 15 years. £111bn divided by 15 = £7.4bn.

<https://www.independent.co.uk/news/uk/home-news/hs2-high-speed-railway-most-expensive-world-403-million-mile-michael-byng-a7843481.html>

⁸ Savings of £2.2bn, based on 2016-17 Child Benefit expenditure of £11.7bn reducing by 18.7% since Child Benefit will only be payable for two children. Note this will only take full effect after 16 years.

<https://www.nao.org.uk/wp-content/uploads/2017/12/A-Short-Guide-to-HM-Revenue-Customs-2017.pdf>

⁹ Climate Change Levy £1.9bn, Renewable Energy Obligations £4.5bn, EU Emissions Trading Scheme and Carbon Reduction Commitment £500m each:

<https://www.ons.gov.uk/economy/environmentalaccounts/datasets/ukenvironmentalaccountsenvironmentaltaxes>

¹⁰<http://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/bbc-licence-fee-receipts-expenditure/>

¹¹ £130.4bn income tax receipts for 2018-19. Cost £16.1bn VAT reduction to 17.5% plus £1.9bn to reduce the lower rate to zero.

<http://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/vat/>

¹²<https://www.parliament.uk/business/committees/committees-a-z/commons-select/defence-committee/news-parliament-2017/uk-us-nato-indispensable-allies-report-published-17-19/>

¹³ Based on defence expenditure of £35.9bn in 2016-17:

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8175>

¹⁴ Assumed 20% of tax raised from business rates of £28.4bn in 2016-17:

<https://www.ifs.org.uk/bns/bn09.pdf>

¹⁵ For example, the new Duke of Westminster's £9bn inheritance remained largely intact:

<https://www.theguardian.com/money/2016/aug/11/inheritance-tax-why-the-new-duke-of-westminster-will-not-pay-billions>

¹⁶<http://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/inheritance-tax/>

¹⁷<https://www.tes.com/news/school-funding-cut-year-more-half-local-authorities-say-lib-dems>

¹⁸<https://nhsfunding.info/underfunded/is-the-nhs-underfunded/>

¹⁹<https://www.express.co.uk/news/uk/956890/adult-social-care-crisis-underfunded-public-accounts-committee>

²⁰ Assume 25% of SDLT 2016-17 revenue of £12.9bn:

<https://www.ifs.org.uk/bns/bn09.pdf>

²¹ Based on annual expenditure of £0.6bn:

<https://www.telegraph.co.uk/news/2016/04/20/border-security-budget-to-fall-by-2-million-theresa-may-confirms/>

²² NHS England hospital car parking charges of £174m in 2016-17:

<https://www.bbc.com/news/health-42503230>

²³ 2017-18 public sector net borrowing was £40.5bn:

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/april2018>