

A BUDGET FOR NATIONAL RENEWAL

By Nick Yeomans (Former Independent Parliamentary Candidate for Brighton Pavilion 2015 & 2017) - 7th March 2020

The time for a bold Budget is now. We must seize the opportunity of a No Deal Brexit, and on 1st January 2021, withdraw from all EU institutions, to ensure Parliament makes our laws, levies our taxes, controls our borders, and ends the EU budget contribution. The UK taxpayer will pay NO EXIT FEE.

This Budget presents the most radical proposals for enterprise, trade, skills and infrastructure since the war.

Eliminate the need for a hard border in Ireland or the Irish sea by developing technology to eliminate paper customs checks, by strengthening pre electronic pre - checks, trusted trader schemes, to protect and enhance the complex network of supply chains that have evolved between the EU and UK.

Make all UK ports “free ports”, exempt from customs duties.

Global free trade presents huge opportunities for our entrepreneurs to access a global export market worth up to £16.8 trillion to create sustainable economic growth, and new jobs. We must immediately start trade talks. Already, 8 of the 10 fastest growing economies (including China, Brazil and USA) are queuing up to sign trade deals with the UK. These nations represent 2/3 of global GDP. Australia, Canada, New Zealand, India, South Korea and Ghana are also keen to forge free trade deals with the UK. In 2015, UK exports to the Gulf alone were £20 billion.

Unilaterally abolish tariffs of food and clothing that we do not produce ourselves, to provide an immediate boost to disposable incomes.

Under GATT Article 24, offer to the EU reciprocal free trade in goods and services, effective 1st January 2021. If the EU rejects this, impose reciprocal tariffs on EU goods. In such a scenario, the proceeds from tariffs imposed on EU would be used to finance tax cuts for companies to build components in the UK.

THE ECONOMIC FRAMEWORK

- 1. A consensus of complacency has emerged across the political spectrum, centred around the notion that a dwindling (albeit still large) budget deficit and low interest rates permit government borrowing.**
- 2. We must learn from the mistakes of the past – the Barber boom of 1972-3, the Lawson boom of 1988, and the fiscal incontinence of Labour in the late 2000s – all caused economic decline.**
- 3. All current expenditure commitments and tax cuts must be financed by savings elsewhere**
- 4. Prioritise savings in overseas aid, EU budget contributions, the Barnett Formula and welfare, and redirect these to tax cuts, deficit reduction, and defence, health and education.**
- 5. Infrastructure investment to be financed by abolition of HS2. Government borrowing to invest permissible with a budget surplus.**
- 6. Ensure a budget surplus to create a buffer against external economic shocks.**

ELIMINATING THE BUDGET DEFICIT

Aim to abolish the budget deficit by 2022.

The OBR forecasts that Budget Deficit is set to be £44 billion by March, 2020. The following actions will abolish the deficit.

The remaining state assets held in RBS (worth £25.8 billion) [Times 15th Feb 2020] will be sold to individual investors, and the proceeds will be used to finance the budget deficit.

Abolish child benefit and child tax credit effective from March 2021, saving £12 billion over the course of this Parliament. This will NOT affect existing claimants.

The combined savings from these measures equal £37.8 billion over the course of a Parliament, and will reduce the deficit to £6.2 billion by the end of the Parliament.

Further savings (which cannot be easily quantified) include revenue from economic growth, tackling tax evasion, reducing the number of Cabinet departments, and contracting out IT and HR systems in central government.

CREATING AN ENTERPRISE REVOLUTION

The increasing size and role of the state in the economy not only endangers enterprise; economic liberty is crucial to individual liberty. The individual knows best how to spend their money. We must smash the socialist consensus, and forge an enterprise revolution, where risk, hard work and initiative are rewarded.

Use the £39 billion "divorce fee" and the £26 billion Brexit fund to ensure the UK is the first choice for business investment.

Cut corporation tax to 12.5%.

A comprehensive one year tax holiday for all business start ups - zero corporation tax, business rates, income tax + NI (employer and employee) for all business start ups for the first year.

Tax breaks for firms to make components affected by breaks in the EU supply chains.

Support for farmers.

Ensure work always pays by increasing UC work allowance, financed by maintaining income tax threshold at £12,500.

Raise NI threshold for employees and self employed to £10,000. This will increase living standards for employees and self employed, in private and public sectors. Long term goal is to raise the NI threshold to £12,500, when NI + income tax will be merged.

New build housing is zero rated, yet VAT on building repairs is levied at 20%. Abolish VAT on building repairs, to convert empty buildings into homes, and create thousands of new small businesses.

Make the 1/3 cut in rates with rateable value below £51,000 permanent, not just for 2 years.

The Loan Charge will impose retrospectively taxes on freelancers going back 20 years for tax arrangements that are legal. Retrospective taxation goes against the values of fairness and democracy, and the Loan Charge will be scrapped.

IR 35 was introduced into the public sector in April 2017. Imposing this on the private sector means entrepreneurs will be unable determine their own employment status, and be forced onto a PAYE system. IR 35 must be scrapped.

A unilateral digital tax will damage the UK's competitive advantage, and stifle innovation. One man's tax rise is another man's price rise. Any tax measures must be international.

Abolish EU rules which limit how much venture capital trusts can invest, and their relationships with other enterprises.

Abolish quarterly tax returns.

TRANSFORMING UK PRODUCTIVITY

While low interest rates permit government investment in infrastructure, we must not be complacent with a budget deficit of £44 billion, and the need to maintain a balanced budget as a buffer against external economic shocks.

The wasteful HS2 project must be scrapped – this will save £106 billion which must be redirected to vital transport, housing and energy.

Establish a public enterprise company to co-ordinate infrastructure investment, and to manage the awarding of contracts. Ensure contracts are awarded to companies which recruit UK nationals and use UK sourced raw materials. This would avoid job losses, maintain and enhance the high skilled workforce, and ensure that the supply chain of small and medium sized businesses continues unhindered. There must be no more Carillions.

HOUSING:- £36 billion 600,000 social housing units by 2022-23. This will meet the needs of 400,000 families on the property list for social housing. Prioritise the rebuilding of 200,000+ empty homes, and supported “half way” housing for the homeless. Prioritise the release of land for property development for affordable homes.

TRANSPORT:- £50 billion in road, rail, and transport links, including One North, uniting the great cities of the North (Liverpool, Manchester, Newcastle, Sheffield and Leeds); create Free Ports, exempt from customs duties. Ports handle 96% of UK trade, and 35% are located in the North. Free ports would therefore disproportionately benefit the north.

ENERGY:- The UK must become self sufficient in energy, essential to our national security. It is a wanton act of negligence to place the UK at risk of ransom by relying on Russian gas, and relying on China for investment in crucial nuclear power capacity.

Invest £20 billion in solar, tidal, wind, geothermal hydroelectric, fracking, carbon capture sources for energy production. Establish CO2 scrubbers to reduce CO2 in the atmosphere, and invest in clean aviation and road vehicle fuel and engines to tackle air pollution. Develop technology to abolish nitrogen dioxide emissions from Diesel.

A variable energy tax, by raising tax on damaging fuels, to finance tax cuts for cleaner fuels. We must reward businesses and individuals who adopt green technology, and alternatives to plastic packaging, not penalise them.

INTERNET: Invest in high speed fibre optic broadband, for the benefit of all businesses and individuals.

SKILLS: The infrastructure revolution will be buttressed by a skills revolution – controlling immigration, and training our own people for the skilled jobs of the future through a tax break for firms who recruit UK nationals as apprentices.

RESETTING THE NATION'S PRIORITIES

We must reprioritise government expenditure to the needs of the country.

Tax cuts to stimulate enterprise instead of EU budget contributions

Scrap the Barnett Formula and reinvest the money into education and health and social care

Education:-

All schools to be liberated from LEA control.

An additional 195,000 school places by 2022.

A school to work programme for post 14 vocational education

Health and Social Care:-

£6 billion for mobility equipment, front line social care, and mental health as preventative measures, as part of a fully integrated health and social care system, with a single budget and IT system.

Give patients a health voucher, so they choose the treatment and GP. Establish a long term healthcare insurance scheme, to help with the cost of care in old age.

Defence and Security:-

The UK faces threats from Russia and North Korea, and our naval forces are in danger in the Gulf of Hormuz. The threat of terrorist attack, incursion into UK airspace and maritime territory by the Russians, and cyber attacks threaten to disrupt daily life in our country.

All defence equipment must be constructed in the UK, to maintain our national security, and to maintain and enhance our highly skilled workforce. Huawei must be excluded from all digital infrastructure in the UK.

Cut the overseas aid budget by 50% and invest in the following defence equipment, which must be constructed in the UK:-

- **Recruit an extra 30,000 troops.**
- **Cancel the F35 and build our own carrier based combat aircraft**
- **Strengthen our nuclear deterrent with a submarine based missile defence system, capable of intercepting a missile anywhere in the world.**
- **Accelerate the construction of naval destroyers.**
- **Maritime reconnaissance satellites and aircraft to detect and deter Russian incursion into UK territory.**
- **Invest in 85 patrol boats, and 10 reconnaissance aircraft**
- **Recruit more front line police, counter – terrorism, and prison officers.**

A FAIR FUNDING SETTLEMENT FOR THE WHOLE UNITED KINGDOM

A swift Brexit to invest the Brexit dividend in tax cuts for individuals and small firms, vocational education, and apprenticeships.

The devolution of business rate powers to local authorities exacerbates inequality, as poorer local authorities are unable to raise much revenue, and will receive less money redistributed from central government. Local authority funding should revert to the 50:50 ratio, where councils retain 50% of their business rate revenue, and return 50% to central government, which is then redistributed to those areas in greatest need. Transfer Social care and education to central government.

Create unitary authorities, more effectively able to borrow to invest in social housing, and deliver integration of health and social care.

The Barnett Formula means that Scotland receives £1200 per person more than the rest of the UK. Scrap the Barnett Formula, grant Scotland equivalent tax raising powers, and reinvest the money in NHS, social care, and education across the rest of the UK.