Centre for Policy Studies

Pointmaker

GO FOR GROWTH

CUT TAXES NOW TO CUT DEBT

MICHAEL FORSYTH AND CORIN TAYLOR

SUMMARY

- The UK economy is in dire straits. We have lost our tax competitiveness. We have no growth. We must manage a budget deficit of around £200 billion this year and next.

- This deficit is the biggest problem facing the country. The cure for the deficit will be positive growth. This paper describes the targeted investments in a programme of tax cuts which can quickly stimulate growth.

- The following four proposals should all be implemented in full and without delay:

  – The main rate of corporation tax should be reduced to 20%. The UK would once again be a world leader on setting a low rate of corporation tax.

  – The 50p tax rate for high earners and the phase-out of the personal allowance for earnings above £100,000 should not be introduced.

  – Capital gains tax rates should be increased to 20% and 40%; and a ten-year taper rule introduced so that no CGT is payable on longer-term gains.

  – Stamp duty on share transactions should be abolished.

- The cost of implementing the above reforms – using cautious assumptions and assuming only limited dynamic effects – is estimated to be under £5 billion. This is a modest sum. The German Government in contrast is planning tax cuts of €24 billion.

- These tax reforms should be combined with public spending restraint, which evidence shows is by far the best way to cut the deficit.

- But public spending cuts are not enough. The aim must be to boost the private sector. The sustainability of the public finances depends on a rapid, and *sustained* pick-up in growth. Without strong growth, the deficit will not be eliminated. That needs tax cuts.

1. INTRODUCTION

> ***"If Gordon really wants to find a dividing line with the Tories here's one – cut taxes."***
> ***Greg Pope, Labour MP for Hyndburn, 17 November 2009***

The UK economy is in dire straits. Growth is falling, government borrowing is breaking all records, two of our four major banks are being bailed out by the taxpayer, and an increasing number of companies and individuals are considering leaving these shores.

For too long, the UK has been eating the seed corn, without paying enough attention to the planting of seed for the future. Public expenditure is now close to half of national income, while tax revenue barely exceeds a third.

This is not sustainable. The UK needs to rebalance its economy towards exports and productive investment, while consuming and borrowing less. The government deficit has to come down if we are to avoid a vicious cycle of higher gilt yields and inexorably rising debt servicing costs.

The real prize is economic growth. The challenge is to ensure that it returns. As monetary and fiscal stimulus draws to a close, and as the current boost to disposable incomes from lower mortgage rates dissipates, it will be businesses of all sizes which must provide the growth and jobs that the country needs. In particular we need to nurture the small and medium sized businesses that are vital for our country's future. This can best be done through carefully targeted tax cuts.

The evidence is clear. Countries that restrain public expenditure enjoy more successful recoveries and deficit reductions, while countries which try to repair their finances mostly with tax rises tend to fail.

Therefore, as well as public expenditure cuts, the UK needs a tax reform programme which is designed with single-minded determination: to boost growth. Thanks to recent falls in corporation tax receipts, such a programme has never been cheaper. The potential gains could thus be substantial, the costs minimal.

2. LOSING TAX COMPETITIVENESS

The current recession has not changed some fundamental truths about the world economy. Tax competitiveness matters. There are huge sums of footloose international capital, and to take advantage the UK needs to be an attractive place to be.[1] The UK already has comparative advantages in its language, location and legal system. But it needs competitive tax rates as well.

Unfortunately, the UK no longer has an internationally competitive tax system. While there is no single measure, the evidence that exists paints a clear picture of decline:

- Rates of corporation tax are far less competitive than they were a decade or so ago. In 1996, the UK's corporation tax rate was joint fifth lowest in the OECD. Now it is the 17th lowest, and is the eighth highest in the EU27.[2]
- Globally, the same trend is occurring. Out of the 86 countries surveyed worldwide by KPMG, the UK had the joint 29th lowest corporation tax rate in 2000. In 2009, the UK's rate was the 68th lowest out of the 116 countries surveyed.[3]

---

1 A recent study by the Boston Consulting Group estimates that the private equity sector alone can currently draw on $500 billion in new investment capital. See H Meerkatt and H Liechtenstein, *Driving the shakeout in Private Equity*, BCG, June 2009.

2 KPMG, *Corporate and Indirect Tax Rate Survey,* 2009 (and previous years).

3 Ibid.

- Businesses of course pay far more than corporation tax. The World Bank has produced estimates of the total tax rate for 183 countries around the world. The UK currently ranks 67th on this measure.[4]

- Complexity and instability simply add to the problem of uncompetitive rates. The UK is now ranked 84th out of 133 countries on the "extent and effect of taxation" (which measures the impact of a country's tax system on incentives to work and invest) by the World Economic Forum. In 2004-05, by contrast, the UK ranked 18th out of 104 countries and in 2005-06, 23rd out of 117.[5]

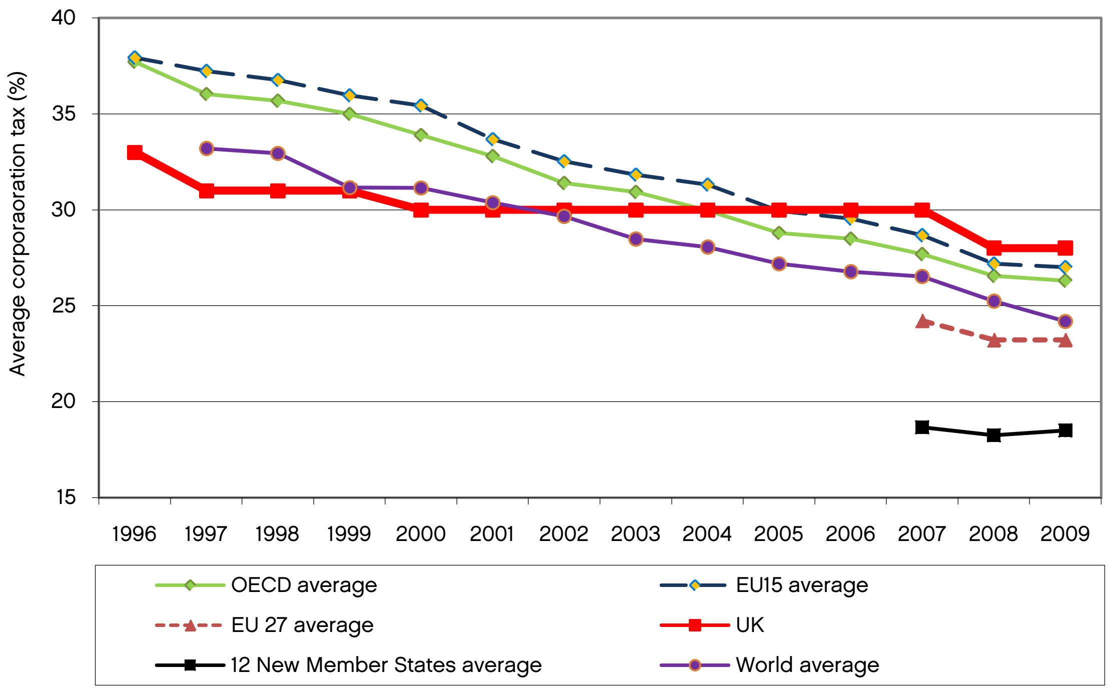
The complexity and uncompetitive state of the UK tax system have been factors in the decision of a number of large groups to move their holding companies overseas, while an increasing number of businesses are considering making the same move. KPMG's most recent annual survey on the UK's tax competitiveness found that the proportion of groups surveyed that were actively considering leaving the UK had more than doubled, from 6% the previous year to 14% – and that included four companies in the FTSE 100.[6]

4 World Bank and PricewaterhouseCoopers, *Paying Taxes 2010: The global picture*, 2009.

5 World Economic Forum, *Global Competitiveness Report*, 2004-05, 2005-06 and 2009-10.

6 KPMG, *UK Tax Competitiveness Survey*, 2008.

CHART 1: THE UK'S LOSS OF CORPORATION TAX COMPETITIVENESS



3. HOW TO CUT DEFICITS

The UK now has an uncompetitive tax system. It also has the challenge of reducing the largest deficit in its history:

- Estimates from the Treasury, the OECD, the IMF and the European Commission suggest that net borrowing will peak at between 12.4% and 14% of GDP – around £175 billion to £200 billion.[7]

- Estimates of the structural deficit from the Treasury, the IMF and the European Commission suggest that it will peak at between 9.8% and 11.6% of GDP – around £140 billion to £160 billion.[8]

There is a wealth of academic evidence on the effects of taxes and spending on economic growth and deficit reduction, which points to three conclusions:

Higher taxes reduce economic growth:

- Surveying OECD countries over the 1980-2000 period, the OECD concluded that a one percentage point increase in the tax/GDP ratio reduces output per capita by 0.3%, or 0.6% to 0.7% if the effect on investment is taken into account.[9]

- A study of EU15 and OECD countries from 1970 to 2004 by the European Central Bank found that a 1 percentage point increase in the tax/GDP ratio reduces output by 0.12 percentage points for the OECD countries and 0.13 percentage points for the EU countries.[10]

Lower government spending, especially government consumption spending, increases economic growth:

- The same study also found that a 1 percentage point increase in the spending/GDP ratio reduces output by 0.12 percentage points for the OECD countries and 0.13 percentage points for EU countries.[11]

- A recent paper published in *Fiscal Studies* found that a 1 percentage point increase in the share of government consumption in GDP reduces the equilibrium GDP growth rate by 0.216 percentage points, while the same increase in government investment raises the growth rate by 0.167 percentage points.[12]

Fiscal consolidations that are largely comprised of lower spending are more durable than those largely comprised of higher taxes:

- The IMF, in its latest Staff Report on the UK economy, stated that "evidence from OECD countries shows that although changes in revenue and expenditure contribute to closing the fiscal gap, expenditure restraint brings about longer lasting and larger adjustment episodes, which are more successful in achieving a debt stabilizing fiscal position. Expenditure reduction demonstrates a firmer commitment to

7 HM Treasury, *Budget 2009*, April 2009, Tables C4 and C5; European Commission, *Public Finances in EMU 2009*, European Economy 5, June 2009, Table V.27.1 International Monetary Fund, *United Kingdom: 2009 Article IV Consultation – Staff Report*, July 2009, Table 1; OECD, *Economic Survey of the United Kingdom 2009*, 29 June 2009.

8 HM Treasury, *Budget 2009*, April 2009, Table C3 ("cyclically-adjusted net borrowing"); International Monetary Fund, op. cit.; European Commission, op. cit.

9 For further details, see Tax Reform Commission, *Tax Matters: Reforming the Tax System*, October 2006, Table 2.1.

10 Antonio Afonso and Davide Furceri, *Government Size, Composition, Volatility and Economic Growth*, European Central Bank, Working Paper 849, January 2008.

11 Ibid.

12 Mo, 'Government Expenditure and Economic Growth: the supply and demand sides', *Fiscal Studies,* 2007.

feasible and substantial consolidation, and may trigger lower interest rates and boost private demand."[13]

- The EU Commission has also confirmed this view, stating in a 2008 paper that "as regards the composition of successful fiscal consolidation, the EU experience confirms that cuts in current primary expenditure are more likely to produce a lasting effect than higher revenues or large cuts in government investment." The EU paper also points out that other factors such as fiscal governance and structural reforms are also key to the success of fiscal consolidation efforts.[14]

- A recent Policy Exchange paper surveyed 12 episodes of fiscal consolidation both internationally and in the UK in previous decades. It stated that "provided that spending cuts dominate over tax rises, [fiscal] tightening appears to be more likely to promote recovery than impede it – particularly so when fiscal tightening supports a lower interest rate than would otherwise have been the case; and particularly when deficits are large and spending is high… Fiscal correction should be biased towards spending cuts. Successful consolidations have typically placed around 80% of the burden on spending cuts; 20% tax rises." [15]

The above evidence makes clear that the deficit reduction strategy for the UK must focus on cuts to public expenditure. A public sector that is consuming almost half of national income is unaffordable.

13 IMF, op. cit.

14 M Larch and A Turrini, *Received Wisdom and Beyond: Lessons from Fiscal Consolidation in the EU*, European Commission Economic Papers 320, April 2008.

15 A Lilico et al, *Controlling Spending and Government Deficits: Lessons from History and International Experience,* Policy Exchange, November 2009.

But cutting spending is not enough to stimulate growth. Spending restraint must be combined with serious tax reform in order to re-invigorate the private sector. The sustainability of the public finances depends on a rapid, and, importantly, *sustained* pick-up in growth. Without it, the hole will not be filled.

4. WHY CORPORATION TAX CUTS HAVE NEVER BEEN CHEAPER

There has been a growing debate in recent years about the effect of tax reductions on tax revenue. It is vitally important, as it defines the scope of the tax reform that is possible.

On the one hand, the more traditional "static" approach to the economy modelled no behavioural impact as a result of tax changes and no impact on economic growth of tax cuts. This is now a difficult position to defend. However, it still appears to be the underlying assumption of HM Treasury.[16]

On the other hand, Arthur Laffer famously argued for a more "dynamic" understanding of people's reaction to tax cuts and that tax reductions could be self-financing more often than had been supposed. The Laffer curve was intended to demonstrate that, in certain situations, a decrease in tax rates would result in an increase in tax revenues. This is what occurred in the 1980s in both the US and UK, where top rates of income tax were reduced, leading to both higher income tax receipts and a higher share of income tax paid by the richest.

Some economists are more circumspect. For example, Professor Gregory Mankiw, a prominent US macroeconomist, summarises the prevailing consensus, arguing that "most economists are sceptical of both polar cases.

16 HM Treasury and HMRC produce an annual *Tax ready reckoner*, which quantifies the revenue effects of changes in tax rates. It assumes that changing a tax rate by 1p will have an equal and opposite effect either way.

They believe that taxes influence national income but doubt that the growth effects are large enough to make tax cuts self-financing. In other words, tax cuts pay for themselves in part, and the open question is the magnitude of the effect."[17]

At this point in the economic cycle, the dynamic argument should be particularly powerful. As the global recovery continues, there will be increasing amounts of international capital available. The UK will attract a greater amount of this if its tax system is more competitive. This would boost growth, increase jobs and offset much, if not all, of the short-term static cost of a corporation tax cut.

A recent dynamic modelling exercise by the Centre for Economics and Business Research for the TaxPayers' Alliance found that a phased reduction in the main corporation tax rate to the 12.5% over nine years would boost GDP, employment and disposable income by 9% and fixed investment by 60% relative to the baseline scenario. Over time the tax reduction would more than pay for itself through higher income tax and VAT receipts.[18]

Even accepting the static argument, corporation tax cuts are now cheaper than for many years. Corporation tax revenue boomed from 2005, but is now falling rapidly, as the latest annual and monthly data show.[19]

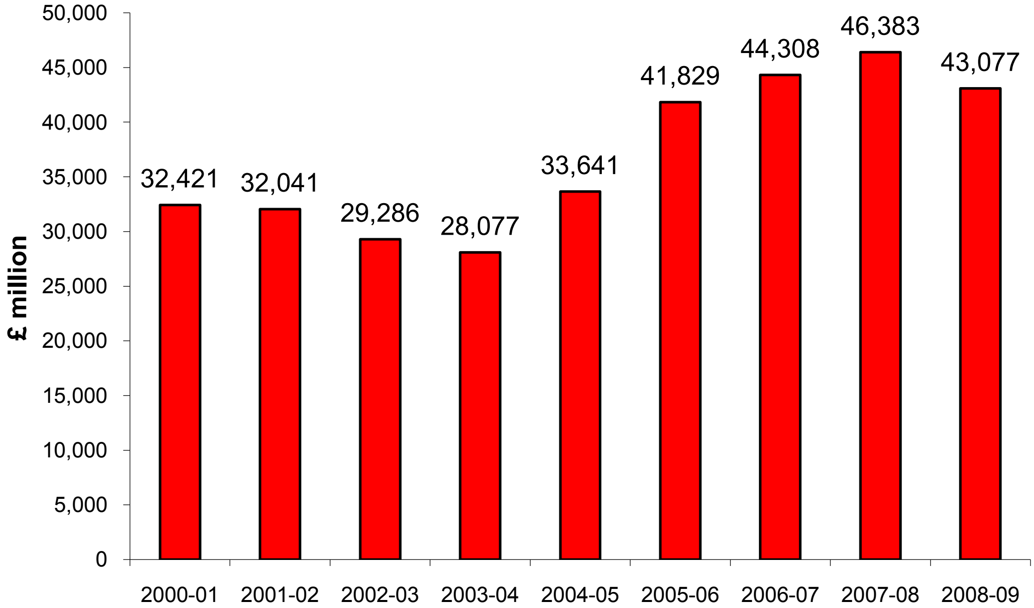
Unsurprisingly, the Government's estimates of the static cost of corporation tax cuts are now lower than for many years. As the table in the Appendix shows, the second year static cost of reducing the main rate by 1p has not been below £1 billion for over a decade.

17 N G Mankiw and M Weinzierl, *Dynamic Scoring: A Back of the Envelope Guide*, NBER, 2005.

18 Centre for Economics and Business Research, *The dynamic impact of the 2007 Budget and a comparison with the impact of gradually introducing an Irish level of corporation tax*, The TaxPayers' Alliance, April 2007.

19 Office for National Statistics, *Public Sector Finances October 2009,* 19 November 2009, Table PSF6.

CHART 2: CORPORATION TAX RECEIPTS



To the extent that corporation tax revenues recover after the current recession without a change in rates, the argument that it has never been cheaper to cut corporation tax does not apply. But to the extent that the fall in corporation tax receipts has a structural cause – the permanent loss of tax revenue from the City – there has never been a better moment to reduce the main corporation tax rate. Cutting corporation tax to stimulate growth now would thus be responsible.

If, as there is every reason to suspect, there is also a strong dynamic effect, cuts to corporation tax will be cheaper still.

5. A TAX REFORM PROGRAMME TO BOOST GROWTH

The Conservative Party has promised that, if elected, it would introduce an emergency Budget within 50 days of taking office. As David Cameron has said, this will be an essential measure both to restore confidence in the UK Government's capacity and will to bring the deficit down, and to help growth to recover.

The Shadow Chancellor has also made sensible proposals on tax, in particular:

- reducing the main rate of corporation tax to 25% in a revenue neutral way by reducing the generosity of capital allowances;
- reducing the small companies' rate of corporation tax to 20%;
- cancelling the planned increases in national insurance contribution rates;
- abolishing employer national insurance contributions for the first ten employees hired by new businesses in their first year.

But more is needed. In particular, a number of the Tax Reform Commission's proposals need to be enacted in order to improve the UK's competitiveness, encourage longer-term investment, persuade high earners not to emigrate, and provide a boost to savings.

The emergency Budget should therefore also contain the following four measures:

- ***Reducing the main rate of corporation tax from 25% to 20%.*** This would make the UK once again a world leader on corporation tax. The main rate and small companies' rate would be aligned with the basic rate of income tax, providing a great simplification.

TABLE 1: MONTHLY CORPORATION TAX RECEIPTS

	Corporation tax receipts, £ million		Corporation tax receipts, £ million	Year on year change
November 2007	1,185	November 2008	499	–57.9%
December 2007	2,234	December 2008	2,210	–1.1%
January 2008	10,134	January 2009	7,722	–23.8%
February 2008	1,148	February 2009	1,048	–8.7%
March 2008	1,664	March 2009	766	–54.0%
April2008	6,313	April 2009	4,608	–27.0%
May 2008	896	May 2009	636	–29.0%
June 2008	1,300	June 2009	1,094	–15.8%
July 2008	9,932	July 2009	6,169	–37.9%
August 2008	937	August2009	482	–48.6%
September 2008	1,873	September 2009	1,375	–26.6%
October 2008	9,581	October 2009	7,193	–24.9%
Average	**3,933**	**Average**	**2,817**	**–28.4%**

- ***Abolishing the 50% rate for earnings above £150,000 and abolishing the phase-out of the personal allowance for earnings above £100,000.*** The 50% rate, which comes into effect in April 2010, is unlikely to raise extra revenue, but will cause considerable economic damage as increasing numbers of people choose to leave the UK. It would also open up an even wider divide between the top rate of income tax and the 18% capital gains tax rate, further incentivising the creation of schemes to disguise income as capital gains. The phase-out of the personal allowance, which also comes into effect in April 2010, would add unnecessary complexity and distortion to the income tax system, with an effective marginal rate of 60% for income immediately above £100,000. Neither should go ahead.

- ***Increasing the capital gains tax rates to 20% and 40%, while applying a ten-year taper so that no capital gains tax would be payable on longer-term gains.*** This would align capital gains tax rates with income tax rates while discouraging short-term speculative investments and encouraging the longer-term investments that are crucial to improving the UK's productive capacity.

- ***Abolishing stamp duty on share transactions.*** The economic crisis has hit pension funds hard. The quantitative easing policy has reduced long-term gilt yields, increased pension fund deficits and reduced annuities. Abolishing stamp duty on share transactions could increase share prices and cut the cost of capital to UK companies by between 0.5% and 0.8%.[20]

Using cautious assumptions, these four reforms would reduce exchequer revenue by £4.69 billion annually:

- The cost in 2010-11 of a 1p reduction in the main rate of corporation tax is estimated by HMRC to be £860 million.[21] A 5p reduction (in addition to the revenue-neutral Conservative proposal to reduce the main rate to 25%) would therefore cost £4.3 billion initially, although dynamic effects would be likely to reduce this figure considerably over time.

- The Treasury has estimated that the 50% cent top rate of tax will raise £2.4 billion and the phase-out of the personal allowance will raise £1.5 billion.[22] It is highly unlikely, however, that the 50% rate will raise any revenue at all. The IFS has pointed out that, even if the Treasury's optimistic assumptions about the responsiveness of income are correct, the 50% rate alone could reduce indirect tax revenues by £1.5 billion, or 62.5% of the revenue gain. Apply more pessimistic income responses than the Treasury and, as the IFS has argued, the 50% rate could actually cost money.[23] We assume that the revenue effect of abolishing the 50% rate would be zero. For the phase-out of the personal allowance, we assume that 62.5% of the Treasury's revenue estimate is lost through lower VAT receipts, but, to be cautious, we make no assumption on income responses. The cost of abolishing the personal allowance phase-out is therefore estimated to be £550 million.

- The short-term capital gains tax (CGT) was proposed by the Tax Reform Commission. The Liberal Democrats also propose that

[20] Oxera, *The Impact of the Abolition of Stamp Duty on the Cost of Capital of UK Listed Companies*, October 2003; S Bond, M Hawkins and A Klemm, *Stamp duty on shares and its effect on share prices,* IFS, June 2004.

[21] HMRC ready reckoner, May 2009.

[22] HM Treasury, *Budget 2009,* Table A1.

[23] IFS, *Budget 2009 briefing*, 23 April 2009.

rates of CGT should be aligned with income tax rates, suggesting that this would raise £3.2 billion a year in extra revenue.[24] The Lib Dems, however, did not propose that gains should be tapered. In its first year of operation, the short term CGT would be likely to raise revenue approaching the estimate made by the Liberal Democrats, if the taper relief clock were to be started at the same time.[25] A degree of erosion would, however, be likely to occur due to some postponement of the realisations of capital gains to take advantage of paying tax on a lower proportion of the gain. It is difficult to estimate precisely to what extent this would occur, but assuming that 20% of the realisation of capital gains was delayed, the short-term CGT would raise £2.56 billion in its first year of operation. This figure would then decline over the following years, although this would be offset by the dynamic effects of the corporation tax reduction referred to above.

- In 2008-09 (the latest year available), revenue from stamp duty on shares (stamp duty reserve tax and other stamp taxes on shares) was £3.2 billion.[26] Abolishing stamp duty on shares would cost less, given that corporation tax and capital gains tax revenues would increase. The Tax Reform Commission calculated that these additional revenues would offset 25% of the cost of abolishing stamp duty on shares,[27] meaning that the net cost of the policy would be £2.4 billion.

24 Liberal Democrats, Liberal Democrat Tax Plans, Briefing, 30 November 2009.

25 In other words, assets would not be deemed to be held for CGT purposes for longer than the new short-term CGT had been in operation.

26 HMRC, Table T15.1.

27 Tax Reform Commission, *Tax Matters: Reforming the Tax System,* 2007.

6. WHY WE CAN'T AFFORD *NOT* TO CUT BUSINESS TAXES

It could be argued that taking anything out of tax revenues today would damage efforts at deficit reduction. But this would be mistaken.

£4.7 billion a year is a small fraction of the money that has been spent on supporting the banking system. It is less than the revenue loss from the temporary VAT reduction to 15% – indeed, it is equivalent to around 1p on the standard VAT rate. It is a third of the £14.2 billion that has been added to the national debt through the quantitative easing programme.[28] And it is far less than the €24 billion cost of the tax cuts planned in Germany.

In the UK, neither consumer consumption nor increased government expenditure nor financial services are likely to be the main drivers of growth in the future. It will be businesses of all sizes which must provide the growth and jobs that the country needs.

Cutting the deficit through reductions in public expenditure will reduce investment risk in the UK. But a more competitive tax system will prove to be the real boost to growth.

Failure to achieve both public spending cuts and improved growth would be truly irresponsible. For the deficit will only be eliminated if we can once again have sustained growth based on a competitive and healthy business environment.

28 Losses on QE arise, for instance, when the Bank of England pays more than the market price for gilts and corporate bonds. See G Trefgarne, *Quantitative Easing: Lessons from History,* CPS, November 2009.

7. CONCLUSION

The UK economy must rebalance. With public spending at almost half of national income and tax receipts barely above a third, public spending has to fall. In addition, consumer demand is unlikely to return to its previous high levels, and the financial services industry is likely to come out of the recession smaller than it once was. The engine of growth in the UK will have to come from businesses right across the country.

The proposed reforms are designed to have a disproportionately strong impact on boosting the UK's tax competitiveness, on encouraging longer-term business investment, on supporting savings, and ultimately on increasing the trend rate of growth.

We cannot afford to take resources out of the productive part of the economy through higher taxes any more. The opposite is required. A small investment in a programme of tax reform is what the UK needs today.

APPENDIX

TABLE 2: HM TREASURY ESTIMATE OF STATIC COSTS OF 1P REDUCTION IN MAIN RATE OF CORPORATION TAX (NATIONAL ACCOUNTS BASIS)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Nov 1999	450	1,150										
Nov 2000		690	1,280									
Nov 2001			840	1,200								
Nov 2002				600	1,150							
Dec 2003					650	1,300						
Dec 2004						700	1,350					
Dec 2005							800	1,500	1,650			
Dec 2006								850	1,450	1,550		
Oct 2007									950	1,750	1,900	
Nov 2008										600	1,000	1,150
May 2009										490	860	960

Source: HM Treasury and HMRC ready reckoners, November 1999 to May 2009.

SOME RECENT PUBLICATIONS

Quantitative Easing by George Trefgarne
"One of the most thorough and thoughtful investigations into the policy yet" – *The Daily Telegraph*

The hidden debt bombshell by Brooks Newmark MP
"Government debt nearly three times higher than official figure" – *The Times*

Too big to live: why we must stamp our State Monopoly Capitalism by Niall Ferguson
"In an important new CPS pamphlet, Ferguson warns of the danger of leaving the banking cartels in tact" – Iain Macwhirter, *The Glasgow Herald*

Re-empower the Bank of England by Sir Martin Jacomb
"The former Bank director argues the Tories are pulling their punches: the FSA should be transformed into a mere subsidiary of the Bank of England" – Lombard, *The Financial Times*

The Myth of Inflation Targeting: the worst policy mistake of our generation by Maurice Saatchi
"Blame this crisis on the myth of inflation" – headline in *The Times*

The Stock Market under Labour: the legacy of Gordon Brown by John Littlewood
"Labour's claim to be the best party for the City was called into question yesterday as research revealed that the FTSE 100 has underperformed every main stock market except Japan's since it came to power in 1997" – *The Times*

THE AUTHORS

Rt Hon Lord Forsyth of Drumlean is a Senior Adviser at Evercore Partners. He chaired the Tax Reform Commission and is a member of the House of Lords Select Committee on Economic Affairs. He was Secretary of State for Scotland from 1995 to 1997, having previously been Minister of State at the Home Office and the Department of Employment. He is a member of the Board of the Centre for Policy Studies.

Corin Taylor is a Senior Policy Adviser at the Institute of Directors (IoD), and was Political Secretary to the Tax Reform Commission. The views expressed in this paper are personal and do not necessarily reflect the views of the IoD.

THE CENTRE FOR POLICY STUDIES

The Centre for Policy Studies is one of Britain's best-known and most respected think tanks. Independent from all political parties and pressure groups, it consistently advocates a distinctive case for smaller, less intrusive government, with greater freedom and responsibility for individuals, families, business and the voluntary sector.

Through our Associate Membership scheme, we welcome supporters who take an interest in our work. Associate Membership is available for £100 a year (or £90 a year if paid by bankers' order). Becoming an Associate will entitle you to all CPS publications produced in a 12-month period; invitations to lectures and conferences; advance notice by e-mail of our publications, briefing papers and invitations to special events. Please contact the Secretary at the address below for more details.

The aim of the Centre for Policy Studies is to develop and promote policies that provide freedom and encouragement for individuals to pursue the aspirations they have for themselves and their families, within the security and obligations of a stable and law-abiding nation. The views expressed in our publications are, however, the sole responsibility of the authors. Contributions are chosen for their value in informing public debate and should not be taken as representing a corporate view of the CPS or of its Directors. The CPS values its independence and does not carry on activities with the intention of affecting public support for any registered political party or for candidates at election, or to influence voters in a referendum.

978-1-906996-16-1

57 TUFTON STREET, LONDON SW1P 3QL TEL:+44(0) 20 7222 4488 FAX:+44(0) 20 7222 4388 WWW.CPS.ORG.UK