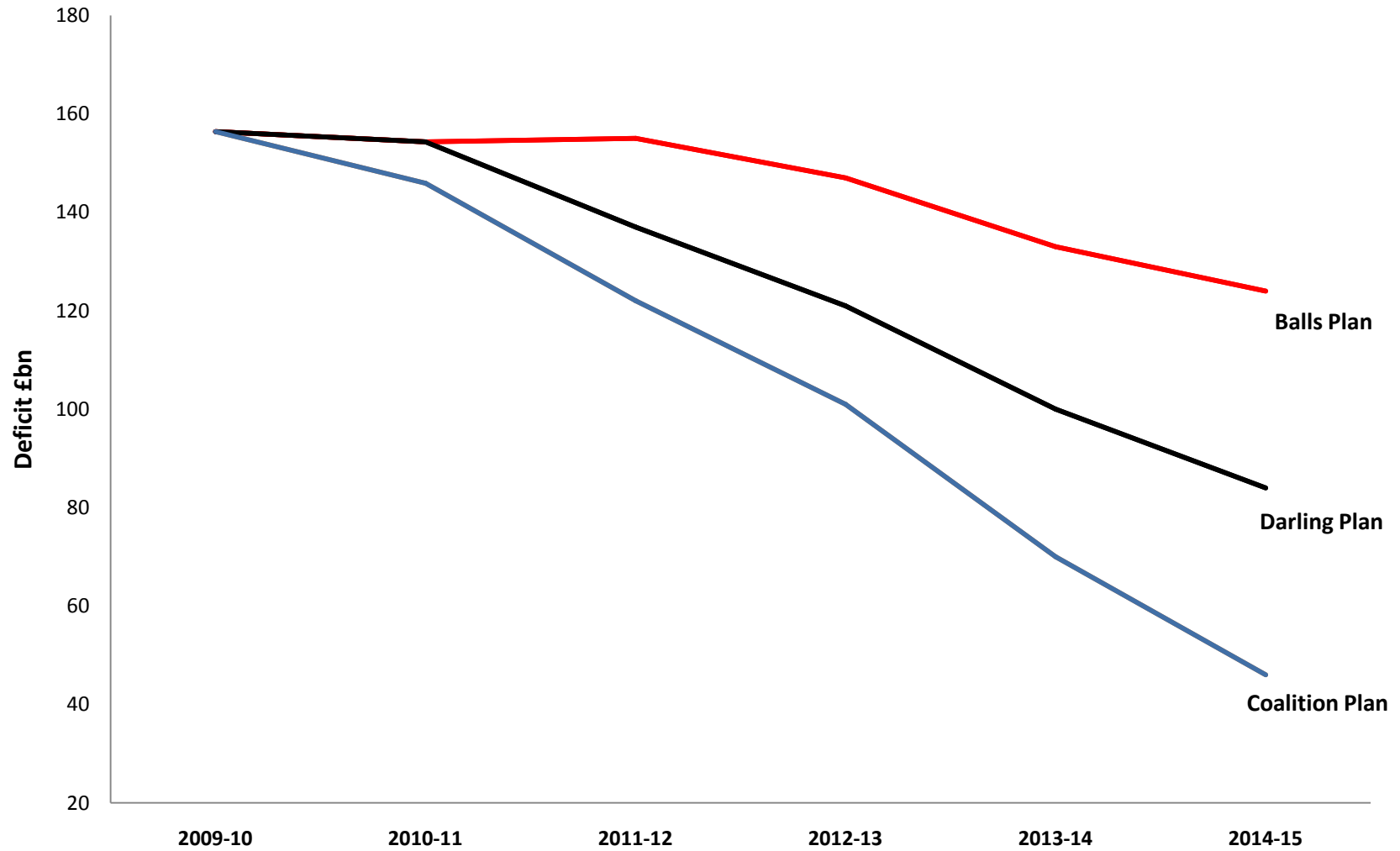


Plan B for
Bankruptcy



The Balls Plan

Deficit Reduction - The Balls Plan B vs Darling and Coalition plans



The Balls Plan –

Labour’s Plan B for Bankruptcy

Ed Balls has repeatedly called for a ‘Plan B’ to clear up Labour’s mess. But he has not set out what it is. This document does.

Ed Balls promised Ed Miliband that he would stick to the Darling Plan of halving the deficit over four years.

But he has allowed Labour spokespeople to call for a total of **£87 billion** of extra borrowing per year by 2015 compared to the Government’s plans.

This means he’s gone back on his promise as his **Plan B only reduces the deficit by a third over four years**. So Ed Balls has taken Labour even further away from economic credibility.

Ed Balls would increase the National Debt by **£5,000** for every man, woman and child in Britain, adding **£16 billion** each year to debt interest payments – or **£500** for every taxpayer.

This would wreck Britain’s hard-won credibility in the financial markets, causing interest rates to rocket, plunging the economy into recession and increasing the deficit even more.

The Balls Plan is a Plan B for bankruptcy, higher taxes and economic disaster. As Alistair Darling says:

‘If you don’t have a credible economic policy, you are simply not at the races’¹

¹ *The Andrew Marr Show*, 4 September 2011

Summary

- Since Ed Balls and Ed Miliband set out their spending rules for the Labour Shadow frontbench in February 2011 ([link](#)), frontbenchers have made many statements opposing Government deficit reduction measures or issuing new spending commitments for the current parliament without suggesting alternative savings to pay for them.
- This document is the first attempt to set out the combined effect of these statements on the budget deficit. Every proposed change to the Government's current fiscal baseline is scored as a commitment for the purpose of this analysis.
- If the Government listened to this advice, then the markets would lose confidence in Britain, interest rates would rocket, the economy would be plunged into recession and the deficit would spiral even higher. This is Ed Balls' Plan B:

	2011-12	2012-13	2013-14	2014-15	2015-16
Total Additional Borrowing Per Year under Ed Balls' Plan B	<u>£33bn</u>	<u>£46bn</u>	<u>£63bn</u>	<u>£78bn</u>	<u>£87bn</u>

- Ed Balls said he would stick to Alistair Darling's plan to halve the deficit over four years by 2013-14 (HMT, *March Budget 2010*, p. 21). But, based on Labour frontbenchers' statements, the deficit would only be reduced by a third over four years.
- And the National Debt would increase by £308 billion between 2011-12 and 2015-16 compared to the Government's current plans – or £5,000 for every man, woman and child in Britain (ONS, *Population Estimates*, [link](#)).

Methodology

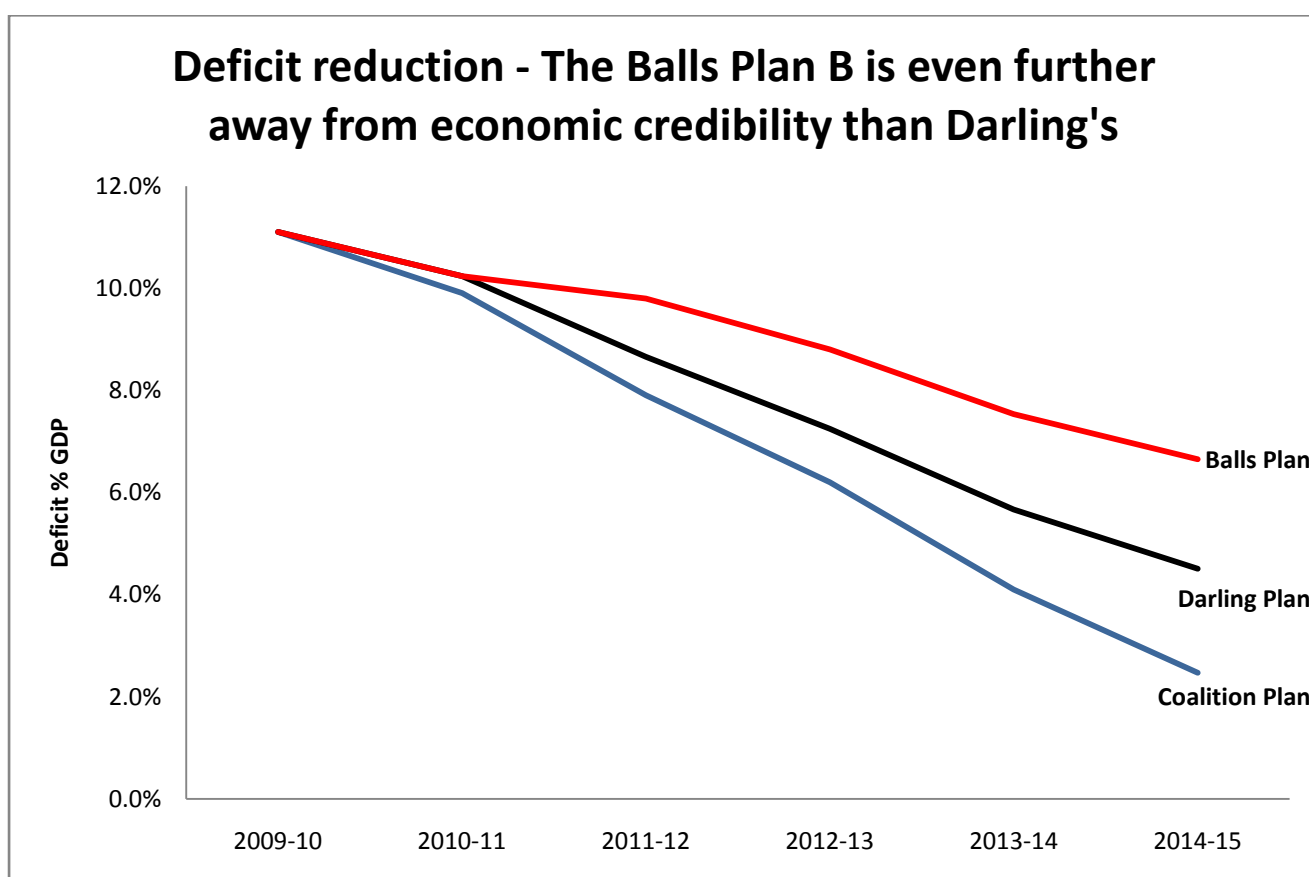
- Ed Balls and Ed Miliband warned Shadow frontbenchers that every policy announcement, press release, tweet, motion for debate or statement had to be cleared by the Leader's Office and Shadow Treasury team.
- We have judged commitments against Labour's own rules:
 - *'Issues for clearance will include;*
 - *Any public statement by a frontbench spokesperson, whether in a speech or article or press statement.*
 - *Any contribution to Parliament, including any Opposition Day debate motions.*
 - *It should also include public campaigns that you intend to endorse...*
 - *It goes without saying that this applies not just to statements made by the relevant Shadow Cabinet member but to the entire Shadow team' ([link](#)).*
- The commitments detailed in this document have been made entirely by Labour's Shadow frontbench team – not backbenchers. The team members are listed here: [link](#).

Deficit reduction: Balls Plan B vs. the Darling and Coalition plans

Ed Balls says Labour would stick to Alistair Darling's plan of 'halving the deficit over four years' (*Boulton & Co*, 15 February 2011). But Labour spokespeople's statements add up to £87 billion of extra borrowing per year by 2015 compared to the Coalition's plan.

So rather than halving the deficit over four years, Ed Balls would only reduce it by *one third over four years*. This means Labour would fail even to stick to Alistair Darling's plan – a plan which the IMF, the OECD and the CBI said was not credible.

The following graph illustrates how Ed Balls would fail to stick to the Darling plan. In reality the outcome would be much worse than this because the markets would lose confidence in Britain, interest rates would rocket, the economy would be plunged into recession and the deficit would spiral even higher.



Deficit % GDP	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Coalition Plan	11.1%	9.9%	7.9%	6.2%	4.1%	2.5%
Darling Plan	11.1%	10.2%	8.7%	7.2%	5.7%	4.5%
Balls Plan	11.1%	10.2%	9.8%	8.8%	7.5%	6.7%

Baseline for Public Sector Net Borrowing = OBR, *Economic and Fiscal Outlook*, March 2011, Table 4.23. The Balls plan deviates from the Darling plan from 2011-12.

Being fair to Labour

In producing this analysis, we have tried to be fair to Labour by including measures that have not been adopted by the Government and which would raise revenue over and above the Government's current fiscal baseline.

So, for example, we have included the extra revenue that Labour would raise from:

- Going ahead with the full Employer National Insurance increase which would raise an extra £3.5 billion per year; and
- Not going ahead with the 1 pence per litre Fuel Duty reduction announced in Budget 2011, as Labour have not said they would adopt this tax cut.

We have also assumed Labour's £2 billion spending package for this fiscal year is revenue-neutral:

- For the purposes of this analysis only, we have assumed that the bank payroll tax Labour would use to pay for it would raise the £2 billion that they say it would.
- This is despite Alistair Darling– who imposed the tax last year – saying that the bank payroll tax could only be ‘a one-off’ because people would find ways to avoid it if it was repeated (*Financial Times*, 1 September 2010, [link](#)).

Labour's net unfunded changes to the Government's fiscal baseline

Labour's frontbench have called for billions in unfunded spending and tax cuts by opposing deficit reduction measures and calling for new spending.

If the Government listened to Labour's advice from the current fiscal year onwards, these commitments would:

- Increase borrowing by £87 billion per year by 2015; and
- Increase the National debt by £308 billion by 2015.

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Net unfunded spending changes	20,341	30,277	41,034	50,755	54,731
Net unfunded tax changes	11,845	13,455	16,300	16,915	16,825
<i>Total additional borrowing (excluding increased debt interest)</i>	32,186	43,732	57,334	67,670	71,556
Extra debt interest incurred by additional borrowing	644	2,624	5,733	10,827	15,742
TOTAL ADDITIONAL BORROWING PER YEAR UNDER ED BALLS' PLAN B £m	<u>32,830</u>	<u>46,356</u>	<u>63,067</u>	<u>78,497</u>	<u>87,298</u>

Source for debt interest: OBR, *March 2011 Economic and Fiscal Outlook Supplementary Fiscal Tables*, Debt Interest Ready-Reckoner, Table 2.18, [link](#)

Net unfunded spending changes

New spending proposed

Accept CPI-RPI switch for three years and then reverse it in 2014-15

Labour commitment

- ‘In welfare the Government is making some changes, some of them we agree with. So we’ve said, for example, that we wouldn’t uprate benefits at such a high level for three years, for a temporary period’ (Ed Miliband, *BBC Breakfast*, 28 February 2011).
- ‘The Government are signalling today that they intend a permanent shift from RPI to CPI as the inflation measure for uprating benefits and pensions. The Opposition do not support that’ (Stephen Timms, *Hansard*, 17 February 2011, Col. 1188).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Accept CPI-RPI switch for three years and then reverse it from 2014-15	0	0	0	2,670	5,710

Source: HMT, *Budget 2011*, Table 2.2

Deliver universal superfast broadband (FTTC) by 2015

Labour commitment

- [Jeremy Hunt’s letter] ‘also limits the Government’s ambition to 2mb broadband for universal provision – rather than far quicker super fast connections – to be delivered by 2015. Mr Lucas said: “Jeremy Hunt is managing down expectations and failing to provide the investment needed to foster growth. Universal access to broadband will not happen for many communities across the country until 2015 - three years later than Labour promised”’ (Ian Lucas, *Ian Lucas Press Release*, 16 June 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Deliver universal superfast (FTTC) broadband by 2015 – (less revenue raised by proposed £1 billion broadband levy)	2,000	2,000	2,000	2,000	2,000

Source: *Hansard*, 29 June 2011, Col. 826WA; House of Commons BIS Select Committee, *Broadband Report*, 9 February 2010, [link](#)

Replace university fees and loans with a graduate tax

- ‘I would like a system of graduate tax which is more related to ability to pay and also how much comes in from Government and the individual’ (Ed Miliband, *Birmingham Evening Mail*, 22 July 2011).
- ‘The shortfall in higher education funding is a double-jeopardy for young people’ (Ed Miliband, *Labour Press Conference*, 19 April 2011).
- ‘He is trebling tuition fees... Why does he not change course and help those young people who need help up and down this country?’ (Ed Miliband, *Hansard*, 16 February 2011, Col. 950).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Replace university fees and loans with a graduate tax	2,600	3,600	5,300	7,000	7,000

Source: see below:

- The cost of abolishing tuition fees will be £7 billion after the increase in the fee cap has taken full effect.
- The 2010 annual grant letter from ministers to the Higher Education Funding Council for England stated: ‘our funding reforms mean that, by 2014-15, the BIS loans outlay to HEIs for the upfront costs of graduate contributions is projected to rise by some £4 billion in total (from around £3 billion in 2010-11 to around £7 billion by 2014-15).’ The letter also shows the BIS loans outlay to HEIs rising from £2.6 billion in 2011-12 to £3.6 billion in 2012-13.
- Replacing tuition fees with a graduate tax would mean universities would no longer receive this income in loan outlay. Instead, given that Labour have opposed reductions in teaching grants, Labour would have to replace loans outlay spending with direct government grants. Loans outlay does not count towards the deficit as it is expected to be repaid by graduates.
- By contrast, spending more on government grants would add to public spending and the deficit. Income from a graduate tax would only accrue significantly long after 2014-15: Lord Browne estimated that a graduate tax replacing the old fees system would leave a black hole in the public finances until 2041-42.
- (BIS, *HEFCE Grant Letter*, 20 December 2010, [link](#); The Independent Review of Higher Education Funding & Student Finance, *Securing a sustainable future for Higher Education*, 12 October 2010)

Additional Age-Related Payment on top of Labour’s plans inherited by the Government

Labour commitment

- ‘He needed a headline and a flourish to his speech, but he did not want to announce that they were cutting the winter fuel allowance-an announcement we would never have had at the end of a Labour Budget... When we entered government in 1997, what did pensioners get? They got £10 in a Christmas bonus. What did they get from Labour? They got £200, and the poorest pensioners got £300. What did we do? We confirmed in Budgets that we could carry on with the £300 in a sensible and proper way for a period of years. It would have been for the Chancellor to decide in this Budget what then to do, but I can tell hon. Members that a Labour Chancellor would have extended it’ (Ed Balls, *Hansard*, 24 March 2011, Cols. 1145-6).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Additional Age-Related Payment every year over and above Labour’s plan inherited by the Government	590	590	590	590	580

Source: *Hansard*, 26 April 2011, Col. 335WA

Reinstate education capital spending

Labour commitment

- ‘If you want to act now to get this economy moving what you do is you have a temporary cut in VAT, you move to a more balanced approach to the deficit. You reinstate Building Schools for the Future’ (Ed Balls, *Newsnight*, 14 September 2011, [link](#)).
- ‘A new era of crumbling classrooms beckons because of Gove’s failure at CSR. Education saw capital cut by 60%’ (Andy Burnham, *Twitter*, 25 February 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Reinstate Education capital spending	2,700	3,400	4,300	4,200	4,200

Source: HMT, *Spending Review 2010*, Table 1

Original Education Maintenance Allowance restored

Labour commitment

- ‘He looks set to announce funding that doesn’t go far enough to support these teenagers who want to continue learning. With youth unemployment at nearly one million, this Government should... retain EMA instead of risking a lost generation of young people’ (Andy Burnham, *Labour Party Press Release*, 28 March 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Original Education Maintenance Allowance restored	406	406	406	406	406

Source: *DfE Press Release*, 28 March 2011

Increase science spending in real-terms rather than cash terms

Labour commitment

- ‘UK science investment is falling sharply in real terms while most other countries – including those with sharp deficit reduction programmes of their own – are increasing science investment in real terms. At best we can expect British science to mark time whilst building up a backlog of under-funding in research facilities. Other countries, including those in the fast growing economies, are not standing still. This is not simply us falling behind our competitors. In science, the ability to collaborate internationally is the lynch-pin of the ability to be competitive nationally’ (John Denham, *Labour Party Press Release*, 12 March 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Increase science spending in real-terms rather than maintain in cash terms	82	112	135	131	132

Source: HMT, *Spending Review 2010*, p. 51; OBR GDP Deflators, *Economic and Fiscal Outlook*, March 2011

Central government contribution to the police cut limited to £1 billion (12 per cent)

Labour commitment

- ‘So yes, we would have cut £1 billion over the course of the Parliament and that would have been tough’ (Yvette Cooper, *Speech to the Police Federation Conference*, 17 May 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Police cuts limited to £1 billion (12 per cent) over SR period	50	100	150	200	200

Source: HMT, *Spending Review 2010*, Table 1

Welfare and public sector pension changes

Labour Commitments

No Welfare Reform Bill savings

- **Labour voted against the Welfare Reform Bill** (*Hansard*, 15 June 2011, Cols. 888-892).

Savings

- Time-limiting Employment and Support Allowance to one year
- Disability Living Allowance – reform gateway
- Total Household Benefit Cap
- Lone parent benefits – extending conditionality to those with children aged 5
- Social sector – limiting working age entitlements to reflect size of family
- Switch to CPI indexation for Housing Benefit

No Tax Credit changes

- ‘His problem is that he is still refusing to change policies – such as trebling tuition fees, raising VAT or cutting child benefit and tax credits – which make this crisis worse’ (Ed Miliband, *Evening Standard*, 11 March 2011).
- ‘Families are being badly squeezed by this Conservative-led government’s hit on living standards through... cuts to tax credits’ (Ed Balls, *Tribune*, 4 March 2011).

No increase in public sector pension contributions

- The Government has ‘acted in a reckless and provocative manner. They pre-empted attempts to reach a settlement by putting a 3% surcharge on pension payments’ (Ed Miliband, *Ed Miliband Blog*, 30 June 2011, [link](#)).
- ‘I think we have to also look to see what the Government announced before Lord Hutton even started his report, which was huge increases in contributions, 3 per cent on average across on the board for public sector workers, at a time of a two year pay freeze, rising VAT and squeezed living standards’ (Angela Eagle, *BBC News*, 10 March 2011).

No Child Benefit freeze

- ‘Families up and down the country will today (Wednesday) start to feel the real impact of this Tory-led Government’s decision to cut too deep and too fast as cuts to tax credits, childcare support and child benefit start to take hold’ (*Ed Balls Press Release*, 6 April 2011, [link](#)).

No 10 per cent Council Tax Benefit reduction

- ‘Local authorities will apparently be free to design council tax benefit as they wish, except that it will have to cost 10% less than before’ (Stephen Timms, *Hansard*, 9 March 2011, Col. 1017).

No Housing Benefit reform package – including the cap

- ‘We have also seen a raft of cuts in housing benefit, which has undermined that twin process of economic and social regeneration’ (Margaret Curran, *Hansard*, 16 February 2011, col. 267WH, [link](#)).
- But the really bad news is that single people under the age of 35 years old will be forced onto the ‘shared room rate’, which could see their housing benefit cut from around £90 per week to just £60 per week. With very little shared accommodation available in the city, the downstream consequences for homelessness and overcrowding are very worrying’ (Chris Leslie, *Chris Leslie website*, 21 February 2011, [link](#)).

No Sure Start Maternity Grant reform

- ‘The worst things they did last year, people have forgotten about. Getting rid of the child trust fund, the baby bond, the health in pregnancy grant, added to all the things they have done recently’ (Sharon Hodgson, Shadow Minister for Children and Families, *Guardian*, 30 July 2011, [link](#)).

No Child Benefit withdrawal from higher rate taxpayers

- ‘The fact is though child benefit is going to be taking away from people on 40 50 thousand pounds... that’s really unfair’ (Ed Balls, BBC Radio 2, *Jeremy Vine Show*, 16 February 2011).
- ‘A single-earner couple with two children with earnings of £44,000 sounds well off. But such a family will be hard hit by the £1,750 a year they will lose in one fell swoop when child benefit is scrapped’ (Ed Miliband, *Resolution Foundation speech*, 28 February 2011, [link](#)).

Cost

- Reversing all these welfare measures would cost:

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Net welfare reforms	2,640	7,390	13,850	16,315	17,285

Source: HMT, *Budget 2011*, Table 2.2

Spending cuts Labour would not implement

No spending cuts in 2010-11

Labour commitment

- ‘George Osborne did not hesitate in making a rash and headlong lunge down the path of rapid deficit reduction. Within two weeks of taking office, he announced £6 billion of immediate spending cuts’ (Ed Balls, *LSE Lecture*, 16 June 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No spending cuts in 2010-11	5,500	5,500	5,500	5,500	5,500

Source: HMT, *Budget 2011*, Table 1.1

- Note: as part of the £6.2 billion of savings was recycled, £5.5 billion was the net saving.

No Local Government resource budget reduction

Labour commitment

- ‘The second myth we have got to take on is the idea that somehow it is the fault of local authorities that the cuts are hitting front line... They are asking for 28 per cent cuts on average across local authorities’ (Ed Miliband, *Speech to the Labour Local Government Group*, 6 March 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Local Government resource budget saving	2,400	4,100	4,300	5,600	5,600

Source: HMT, *Spending Review 2010*, Table 1

No two-year public sector pay freeze in 2011-12 and 2012-13

Labour commitment

- ‘The Government have already, before Lord Hutton penned his interim report, announced increases, big increases in contributions that people have to pay into their public sector pensions and the difficulty is that at a time of rising prices, big VAT increases, squeezed living standards and a pay freeze in the public sector, will people stay in the schemes, that’s the issue’ (Angela Eagle, *Sky News*, 10 March 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No two year public sector pay freeze	825	1,650	2,475	3,300	3,300

Source: HMT, *June Budget 2010*, p. 17

- Note: the two pay freeze will save £3.3 billion per year by 2014-15. Since no figure for the saving in earlier years is publicly available, it is assumed that the saving is spread over previous years.

No Ministry of Justice resource budget saving

Labour commitment

- ‘Slashing the justice budget by almost one quarter must not be at the expense of victims of crime and their families’ (Sadiq Khan, *Politics Home*, 21 February 2011, [link](#)).
- ‘The Ministry of Justice says it wants to usher in a new approach to rehabilitation, while simultaneously slashing a quarter of its budget’ (Sadiq Kahn, *Observer*, 6 March 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No Ministry of Justice resource budget saving	200	600	900	1,300	1,300

Source: HMT, *Spending Review 2010*, Table 1

No DEFRA resource budget saving

Labour commitment

- ‘By offering her 30% cut across DEFRA she has set herself on a collision course with anybody who loves the countryside – and if she will not stand up for the countryside, we on the Labour Benches most certainly will’ (Mary Creagh, *Hansard*, 17 February 2011, Col. 1157).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No DEFRA resource budget saving	100	200	300	500	500

Source: HMT, *Spending Review 2010*, Table 1

No UK Border Agency budget reduction

Labour commitment

- ‘At the same time as retreating over the immigration cap, the Government is cutting 5,200 jobs at the UK Border Agency at the very time we need to improve enforcement and tackle illegal immigration. As the independent chief inspector’s report today makes clear, UKBA faces a resources challenge and the Government is intent on making it worse’ (Gerry Sutcliffe, *Press Association*, 16 February 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No UK Border Agency cuts	144	242	279	304	304

Source: UK Border Agency, *Business Plan April 2011-2015*, Annex B, p. 38

No HMRC budget savings

Labour commitment

- ‘The £2 billion cut in the [HMRC] service causes concern... I am concerned that the 25% potential efficiency savings and the £2 billion cut in the budget will result in job losses, which will equate to revenue losses and lower morale among the staff’ (David Hanson, *Hansard*, 2 March 2011, Col. 396, [link](#)).
- ‘At this crucial time, why are HMRC being asked to do more with less?’ (David Hanson, *Twitter*, 2 March 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No HMRC budget savings	-100	100	200	300	300

Source: HMT, *Spending Review 2010*, p. 71

No abolition of the Regional Development Agencies

Labour commitment

- ‘It is not too late to draw back from the hasty and ill thought-through decision to abolish RDAs’ (Lord McKenzie, *Hansard HL*, 28 February 2011).
- ‘The Tory-led government has wrecked Regional Development Agencies’ (John Denham, *Politics Home*, 5 March 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No abolition of RDAs	57	114	171	228	228

Source: *BIS Press Release*, 20 October 2010

- Note: abolishing the RDAs will save £228 million per year by 2014-15. Since no figure for the saving in earlier years is publicly available, it is assumed that the saving is spread over previous years.

No Arts Council cuts

Labour commitment

- ‘Cuts to the arts are savage... The Arts Council will lose 29.6 per cent of its budget in the course of the next four years – a total of £457.4m’ (Gloria de Piero, *Total Politics*, 18 February 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No Arts Council budget savings	48	31	18	19	19

Source: *DCMS Press Release*, 30 March 2011

Type 22 Frigate delayed

Labour commitment

- ‘I would delay the scrapping of these ships [Devonport’s fleet of Type 22 frigates is being scrapped to save money] to give us some breathing space... I appreciate there is a cost but we need to make sure we have things available’ (Alison Seabeck, *The Plymouth Herald*, 25 February 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Type 22 frigate savings delayed	25	25	25	25	0

Source: *Hansard*, 3 March 2011, Col. 563WA

No Defence allowances savings

Labour commitment

- ‘This heartless cut comes after a pay freeze and cuts to pensions and allowances’ (Jim Murphy, *Defence Management*, 26 May 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No Defence allowances savings	64	92	95	97	97

Source: *Hansard*, 2 February 2011, Col. 864WA

Aircraft carriers not decommissioned

Labour commitment

- ‘Ark Royal has been decommissioned and Illustrious is in for major refit’ (Jim Murphy, *Labour Party Press Release*, 10 March 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No aircraft carriers decommissioned	10	25	40	70	70

Source: *Hansard*, 7 March 2011, Col. 804WA

Net unfunded tax changes

Tax rises

Go ahead with full Employer National Insurance increase

Labour commitment

- ‘Well if we had been in government we would have raised national insurance for employers’ (Ed Balls, BBC Radio 2, *Jeremy Vine Show*, 16 February 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Oppose Employer NICS threshold increase	-3,110	-3,270	-3,490	-3,690	-3,890

Source: HMT, *Budget 2011*, Table 2.2

Not introduce the 1 pence per litre Fuel Duty cut

Labour commitment

Labour accept the Fuel Duty measures in Budget 2011 – except for the 1 pence per litre Fuel Duty reduction. This is a net tax rise:

- ‘After the financial crisis Alistair Darling said let’s put some pre-planned increases [in Fuel Duty] in there. If we were the Government now there’s no way we would have gone ahead with this, given the high world oil price. That was a right decision’ (Ed Balls, *Sky News*, Murnaghan, 23 March 2011).
- ‘We cannot blame the Chancellor for the rise in world oil prices resulting from the Middle East crisis. He made the right decision not to go ahead with the duty rise, and we would have done the same, given the level of world oil prices’ (Ed Balls, *Hansard*, 24 March 2011, Col. 1141).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
No 1ppl Fuel Duty cut	-450	-450	-450	-450	-450

Source: Robert Chote, Chair of the Office for Budget Responsibility, Treasury Select Committee, *Politics Home*, 29 March 2011

- Note: Robert Chote gave evidence to the Treasury Select Committee that the 1 pence per litre cut cost £450 million per year.

Tax cuts

Cut VAT to 17.5 per cent

Labour commitment

- ‘So my suggestion to George Osborne is that, while he will not agree to reverse his mistaken VAT rise permanently, he should now reverse it temporarily until the economy is growing strongly again’ (Ed Balls, *LSE Lecture*, 16 June 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Cut VAT to 17.5 per cent	12,100	12,500	12,950	13,450	13,450

Source: HMT, *June Budget 2010*, Table 2.1

- Note: this is an open-ended tax cut. As abandoning the Government’s biggest single austerity measure a mere few months into its deficit reduction programme would hit the UK’s fiscal credibility, growth would fall following the subsequent market crisis. So the cut would last at least four years.

No North Sea oil supplementary charge increase

Labour commitment

- ‘It’s becoming increasingly clear that the Government completely failed to think through their tax raid on the North Sea. The consequence of this rushed and botched decision is that companies are reconsidering their future in Britain and we risk losing jobs and investment as well as secure energy supplies as a result. By rushing this decision, failing to consult and failing to consider the consequences, George Osborne has put short-term politics above the long-term economic interests of Scotland and the UK’ (Ed Balls, *PA*, 3 May 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Oppose North Sea oil supplementary charge increase	1,780	2,240	2,120	2,090	1,870

Source: HMT, *Budget 2011*, Table 2.1

No Carbon Price Floor

Labour commitment

- why have the Government ‘just announced a unilateral carbon floor that is making steel companies, such as Tata in my constituency, extremely jittery and is making them consider pulling out from investing here to invest in other countries in Europe?’

We will simply be uncompetitive, even with our European partners' (Nia Griffith, Shadow Business Minister, *Hansard*, 24 March 2011, Col. 1076).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Oppose Carbon Price Floor	0	0	740	1,070	1,410

Source: HMT, *Budget 2011*, Table 2.1

No Disguised Remuneration tax avoidance clampdown

Labour commitment

- Labour Shadow Treasury ministers David Hanson and Kerry McCarthy voted against clause 26 and schedule 2 of the Finance Bill, which legislated for the Budget 2011 measure to tackle Disguised Remuneration (*Hansard*, Public Bill Committee, 19 May 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Oppose Disguised Remuneration Avoidance	750	760	730	770	760

Source: HMT, *Budget 2011*, Table 2.1

Restore investment and capital allowances changes

Labour commitment

- 'However, it is clear that, at a UK level, the cut in capital and investment allowances is affecting manufacturing exporters and harming Glasgow business' (Willie Bain, *Hansard*, 16 February 2011, Col. 279WH).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Restore investment and capital allowances changes	0	800	2,800	2,700	2,700

Source: HMT, *Budget 2011*, Table 2.2

No Capital Gains Tax increase

Labour commitment

- ‘George Osborne has also raised Capital Gains Tax from 18 per cent to 28 per cent, I’m not sure whether that’s wise’ (Ed Balls, *Sky News*, Murnaghan, 5 June 2011, [link](#)).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Oppose Capital Gains Tax increase	725	825	850	925	925

Source: HMT, *June Budget 2010*, Table 2.1

Restore Video Games Tax Relief

Labour commitment

- ‘Wavertree Labour MP Luciana Berger has backed a campaign to give tax relief to video games firms. Industry campaign group TIGA says this week’s Budget should include measures to help UK developers compete with rivals in countries such as Canada where tax relief is provided. Ms Berger, who is vice-chair of the All Party Parliamentary Computer and Video Games Group, said: “The computer and video games industry is a growing source of high-skilled jobs, while the creation of new devices and the use of games for other uses, such as education, are set to expand the industry even more. Here in Liverpool, we are already seeing a change in the industry with the close of Bizarre Creations, but many former staff are now setting up new enterprises and innovations. This country can’t afford to have a Budget that doesn’t focus on supporting growth in the economy. The government needs to back winners and, with pounds 1.53bn in sales last year, the industry is doing very well”’ (*Daily Post (Liverpool)*, 21 March 2011).

Cost

£m	2011-12	2012-13	2013-14	2014-15	2015-16
Restore Video Games Tax Relief	50	50	50	50	50

Source: HMT, *June Budget 2010*, Table 2.1