

GEORGE OSBORNE'S REMARKS AT LAUNCH OF ECONOMIC COMPETITIVENESS POLICY GROUP REPORT

“The Policy Group Report we launch today is the most impressive and comprehensive analysis of the state of the British economy produced by any political party in recent times.

And the Report offers us a set of imaginative policy proposals directed at improving the competitiveness of our economy, rescuing our pension system and ensuring that more Britons and more parts of Britain share in the global prosperity of our times.

I want to thank John Redwood and Simon Wolfson for the huge amount of effort they have put into drawing up this serious piece of work. I also want to thank the many others – academics, business people and members of parliament – who have contributed so much to this Report.

What this Report shows is that Britain's economy should be performing better.

The whole world has enjoyed a period of low inflation and low interest rates over the last fifteen years. It has been one of the great positive features of globalisation.

But instead of using this period to make Britain the most competitive, dynamic place to do business, we have fallen down the league tables of international competitiveness.

And with the largest government budget deficit in Europe and more than a trillion pounds of personal debt in our economy, Britain is not as well equipped as it should be to weather any sudden international economic shocks or crises.

The Report shows why.

The tax burden on business has increased at a time when our competitors are reducing their taxes on business.

Our tax code has become the longest and most complicated in the world.

More than £50 billion of red tape has been foisted on economy.

Too many of our children are leaving school without the right skills.

Our transport system is dilapidated. Our pension system has been bust. And as the state has grown in size, too much public money is wasted on inefficient and unreformed public services.

The simple truth is this: not enough Britons are sharing in the global prosperity; and not enough parts of Britain are sharing in the global prosperity.

The City of London is a remarkable success story. Indeed, this Report suggests ways to make it even more successful. But leave the centre of London and things don't look quite so rosy.

The gap between London and the rest of the country has grown over the last decade. Private sector employment has actually fallen in places like the West and East Midlands.

Average families across Britain are seeing their real living standards falling as real disposable income falls.

Thanks to Gordon Brown their pensions are no longer secure and their children are struggling to get a foothold on the housing ladder.

Then there are those who are shut out entirely from global prosperity.

There are over 5 million people of working age who are not in work.

There are 1.2 million young people who are not in work, education or training.

No country these days can afford not to harness the talents of all its citizens.

You have already heard from John and Simon about many of the proposals in the Report designed to address these problems.

- reforms to the macro economic framework so that stability is entrenched.
- an overhaul of the way people are trained for work
- support for our universities as they strive to be the best

- major reductions in the regulatory burden on business
- new incentives for people to save and build up a pension
- wholesale improvements to our transport system so that people and goods can move freely about the country
- reform of our energy provision and regulation
- and a programme of tax reform and reduction to make our economy more competitive.

These, of course, are all recommendations to the Shadow Cabinet.

In the coming months we will be considering them carefully – alongside the recommendations of our other policy groups – and drawing from them firm policy commitments for our Manifesto.

We will be applying the sound money tests I set out earlier this year to ensure that those we are minded to accept can be fully afforded.

For those recommendations that call for a reduction in tax, let me say this.

I believe in lower, simpler taxes. Like John and Simon, I believe lower taxes help businesses to succeed, Britain to compete and they reduce the burden on families striving hard to make a better life for themselves.

That is why it our intention in government to share the proceeds of economic growth between spending on important public services and reductions in tax.

I am glad that this Report explicitly endorses that approach.

On the specific tax proposals, I am already working with PriceWaterhouseCoopers on how we can achieve the significant reduction in Corporation Tax recommended both by today's Report and the Forsyth Tax Reform Commission.

We will also carefully consider the reforms to capital taxes that have been recommended both by the Tax Reform Commission and today's Report.

Inheritance tax was originally designed to target the very rich. But these days the very rich avoid it by hiring expensive tax advisers. It is an increasing number of ordinary homeowners who are now hit by inheritance tax and that is unfair. So I will be looking very carefully at any proposals to

ease the burden of this tax on these families.

Of course, for tax reductions to be meaningful they have to be sustainable. That is why I have said all along that economic stability and sound money come first and we won't take risks with the public finances.

This commitment to economic stability lies at the heart of this Report. It is – in its words – “axiomatic” to their work. That is why I consider the publication of this Report is an important moment in the development our Party's economic policy.

So we will reduce taxes only when the country can afford it.

Let me conclude by saying this.

There are two ways to go about making policy as a political party.

The first is the old-fashioned approach: keep everything secret, consult no one but your little cabal, refuse external help and assume you know all the answers. That is the approach adopted by this Government over the last ten years and it has failed.

The second is the modern approach, our approach. With this Report and the others we have published so far on social justice, health, security and development, we have drawn on the expertise of a huge range of people. We have listened and learnt. We have consulted and we have involved.

The result is better policy and in the end a better country.

With this report, we show that it is the Conservative Party that will lead the debate about how to make Britain more prosperous and make sure more Britons share in that prosperity.

With this report, we show that we have the long term serious ideas that will prepare Britain for the future.”