

Lord Howell - Speech to the House of Lords – 10th October 2022

‘My Lords, I welcome my noble friend Lady Neville-Rolfe back to the Front Bench and I congratulate the noble Baroness, Lady Gohir, on her maiden speech. I am sorry that the right reverend Prelate the Bishop of Birmingham is leaving us.

I begin by reminding your Lordships of something they probably do not need reminding of, but the media and many critics of the Government certainly do. After the two years of shutdown of the entire economy during Covid, plus now a war in Europe, after a huge swelling of public spending to cope with all that, and now the enormous energy cap finances and subsidies to stop the bleeding, it cannot be any surprise at all that we are in a very tight public finance situation.

I cite the Office for National Statistics in saying that public sector debt, excluding public sector banks, at the end of last month was running at £2.428 trillion. That is a couple of hundred billion more than this time last year. That puts net public debt at 96.6% of GDP. That is a net level last seen here in the 1960s and just slightly lower than at the end of the Second World War, or some of the levels experienced in the 1930s. This is not the highest in the world by a long chalk. In fact, it is the 11th highest in Europe.

I see no harm and some good in judicious tax cuts, especially those that would bring down the CPI, which has an enormous effect downwards on government finances, or those that actually increase revenue, such as lowering fuel tax or going back to the income tax top rates the country enjoyed under Tony Blair, Gordon Brown and Alistair Darling, which were quite happily accepted then but now seem to cause such agitation.

But when all that is done, it is obvious that very big steps are now needed on the spending side. I beg Ministers to understand that the sane and effective way of bringing public finances into some sort of reputable balance is to identify and remove functions from the public sector, rather than slashing budgets all round by 10%. That is the classic Treasury style. The functions approach, which is questioning systematically the objectives of endless departmental activities and why they need to be in the state sector at all, was what we tried in the 1970s and later in the 1980s when I worked with John Hoskyns, as has been mentioned, which eventually led to taking most major

industries out of state ownership, a healthy restoration of the balance between the state and the market, a real reduction in civil service manpower and a major contribution to growth.

I take my last minute to argue on another point: to make the real case for levelling up. By that, I mean by universal capitalism, rather than trying to do it by universal income redistribution. Assets and savings in the bank are what every family in the land needs for their security and dignity.

Measures to bring about a capital-owning democracy and a much fairer and more widespread form of social capitalism than we have now are what Governments of the last 50 years have shied away from again and again. Now is a much better time to approach this. This is the real levelling up—the capitalism working for everyone everywhere that Theresa May used to speak about. It is time for serious action on that front to make a real difference to people's prosperity, certainty and prospects.'

