The choice facing Britain

What the manifestos reveal
What they said
Tories said less than last time, Labour said a bit more

Word length of main parties’ election manifestos: 2017 and 2019

Source: Labour and Conservatives manifestos
Invest is the ‘Olivia’/‘Oliver’ of manifests – everyone’s favourite

Number of mentions of selected words in election manifests, per 1,000 words: 2019

<table>
<thead>
<tr>
<th>Conservatives</th>
<th>Labour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invest (4.1)</td>
<td>Invest (3)</td>
</tr>
<tr>
<td>Brexit (2.8)</td>
<td>Environment (2.1)</td>
</tr>
<tr>
<td>Tax (2.7)</td>
<td>Education (1.9)</td>
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<tr>
<td>NHS (2.1)</td>
<td>Fair (1.6)</td>
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<tr>
<td>Fair (1.7)</td>
<td>Housing (1.5)</td>
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<tr>
<td>Trade (1.4)</td>
<td>Tax (1.4)</td>
</tr>
<tr>
<td>Environment (1)</td>
<td>NHS (1.3)</td>
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<tr>
<td>Growth (1)</td>
<td>Brexit (0.8)</td>
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<td>Housing (0.8)</td>
<td>Trade (0.7)</td>
</tr>
<tr>
<td>Education (0.8)</td>
<td>Inequality (0.7)</td>
</tr>
</tbody>
</table>

Source: Labour and Conservatives manifestos
Sympathy for the ‘Doris’ and ‘Ernest’ of GE19

Number of mentions of selected words in election manifests, per 1,000 words: 2017 & 2019

Source: Labour and Conservatives manifests
Congrats to the ‘Ivy’ and ‘Theo’ of GE19

Number of mentions of selected words in election manifests, per 1,000 words: 2017 & 2019

Source: Labour and Conservatives manifests
And it’s farewell to this election’s ‘Nigel’

Number of mentions of ‘deficit’ in election manifests: 2015, 2017 & 2019

Source: Labour and Conservatives manifests
What they’ll spend
Spending: austerity is over, whoever wins

Government spending as a share of GDP: UK, Conservatives and Labour plans

Notes: Switch from calendar year to financial year from 1955-56. Static effect, not accounting for fiscal multipliers. Source: RF analysis of OBR, Public Finances Databank; Labour Party manifesto 2019 and Conservative Party manifesto 2019
Spending: everyone wants to invest, some more than others

Public sector net investment as a share of GDP: UK, Conservatives and Labour plans

Notes: Switch from calendar year to financial year from 1955-56. Static effect, not accounting for fiscal multipliers. Source: RF analysis of OBR, Public Finances Databank; Labour Party manifesto 2019 and Conservative Party manifesto 2019
Spending: the choice on how fast to end austerity is stark 1

Additional resource spending announced by Conservative and Labour: 2023-24

Conservatives
- Health & social care
- Early Years & schools
- Skills
- Higher Education
- Working age social security
- Barnett consequentials
- Pensions
- Local government
- Other

Labour

Notes: Includes Labour WASPI spending announcement, Barnett consequentials split out for Labour party (as per their manifesto) and not for Conservative party. Source: RF analysis of OBR, Public Finances Databank; Labour Party manifesto 2019 and Conservative Party manifesto 2019
Spending: the choice on how fast to end austerity is stark 2

Proportion of children living in relative poverty after housing costs: UK

Little noticed, but worth mentioning: Labour’s pledge to halt increases in the SPA at 66. This has a cost of £24bn a year by the 2050s.

Notes: Projections based on cash benefits only, using proportional adjustments from our central (Conservative) estimate. Financial years after 1993. GB only before 2002-03. Source: RF analysis of IFS, Living Standards, Inequality and Poverty; 2019 manifestos; RF projection; DWP, Households Below Average Income using the IPPR tax-benefit model.
Spending: we’re being offered Dutch minus or Deutsch plus

Government spending as a share of GDP: UK, Conservative and Labour plans

Notes: Data for US for 2017. ‘UK: Labour plans’ and ‘UK: Conservative plans’ for 2023-24. Figures presented here are consistent with OECD data, which is slightly different from OBR fiscal aggregates.
What they’ll tax
Taxes: the big choice

Government spending as a share of GDP: UK, Conservative and Labour plans

Notes: Switch from calendar year to financial year from 1955-56. Static effect, not accounting for fiscal multipliers. Source: RF analysis of OBR, Public Finances Databank; Labour Party manifesto 2019 and Conservative Party manifesto 2019
Taxes: the details

Conservatives

• The surprise: big tax cuts junked

• This is a tax increasing manifesto
  • Main cause: £6bn from shelving planned Corp. Tax cut

• NI thresholds increase to £9.5k in 2020 is the least bad direct tax cut
  • It’s quite a small cut: £2.5bn
  • Employees gain £85 a year
  • Self-employed gain £64 a year
  • UC recipients gain just £32 a year
### Taxes: the details

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<td>• The surprise: big tax cuts junked</td>
<td>• No surprise: huge tax increases</td>
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</table>
| • This is a tax increasing manifesto  
  • Main cause: £6bn from shelving planned Corp. Tax cut | • Top 5% rhetoric focus returns  
  • But 93% of Labour’s tax revenue plans are from elsewhere |
| • NI thresholds increase to £9.5k in 2020 is the least bad direct tax cut  
  • It’s quite a small cut: £2.5bn  
  • Employees gain £85 a year  
  • Self-employed gain £64 a year  
  • UC recipients gain just £32 a year | • Large CT rise to 26%  
  • Welcome reform focus on CGT and dividends  
  • Top heavy - but not just top 5% |
Sticking to their rules
### Rules: there to be broken?

Conservatives and Labour proposed fiscal rules, and RF assessment of if they'll be met

<table>
<thead>
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<td>1) Balance the current budget in three years</td>
<td>?</td>
</tr>
<tr>
<td>2) Debt interest to revenue ratio below 6 per cent, or reassessment of debt plans</td>
<td>✔</td>
</tr>
<tr>
<td>3) Public sector net investment to average no more than 3 per cent of GDP over the next parliament</td>
<td>✔</td>
</tr>
<tr>
<td>1) Balance the current budget in five years</td>
<td>✗</td>
</tr>
<tr>
<td>2) Debt interest to remain below 10 per cent of revenue</td>
<td>✔</td>
</tr>
<tr>
<td>3) Public sector net worth increasing over the parliament</td>
<td>?</td>
</tr>
</tbody>
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Source: RF analysis of Labour and Conservatives manifestos
Reforming capitalism?
Everyone wants a higher minimum wage...

Bite of the minimum wage relative to median hourly pay of full-time workers

Notes: the OECD data measures the bite of the minimum wage relative to median full-time hourly pay. This is higher than the overall median, which means these bites are lower than if the overall median was used. We have produced the UK bites on the same base to allow comparison across countries. Source: OECD, and RF calculations based on Annual Survey of Hours and Earnings (ONS).
...Labour has much wider economic reform plans

For example, Labour proposes:

- Sectoral collective bargaining for 20m+ workers
- Inclusive ownership funds
- Workers on boards
- British Broadband
Concluding thoughts
There is a huge choice at this election

Conservatives offer:
- Brexit
- An end to austerity, but no reversal
- Significant investment shift
- Move away from tax cuts – tax rises to come?
- Traditional approach to housing, generations and social care

Labour offers:
- Less clarity on Brexit
- Total clarity on plans for huge increases in tax and spend...
- ...and radical economic reform
- Investment focus shifts to climate change and housing
- Unfunded giveaways to pensioners break new fiscal rules