

# The choice facing Britain

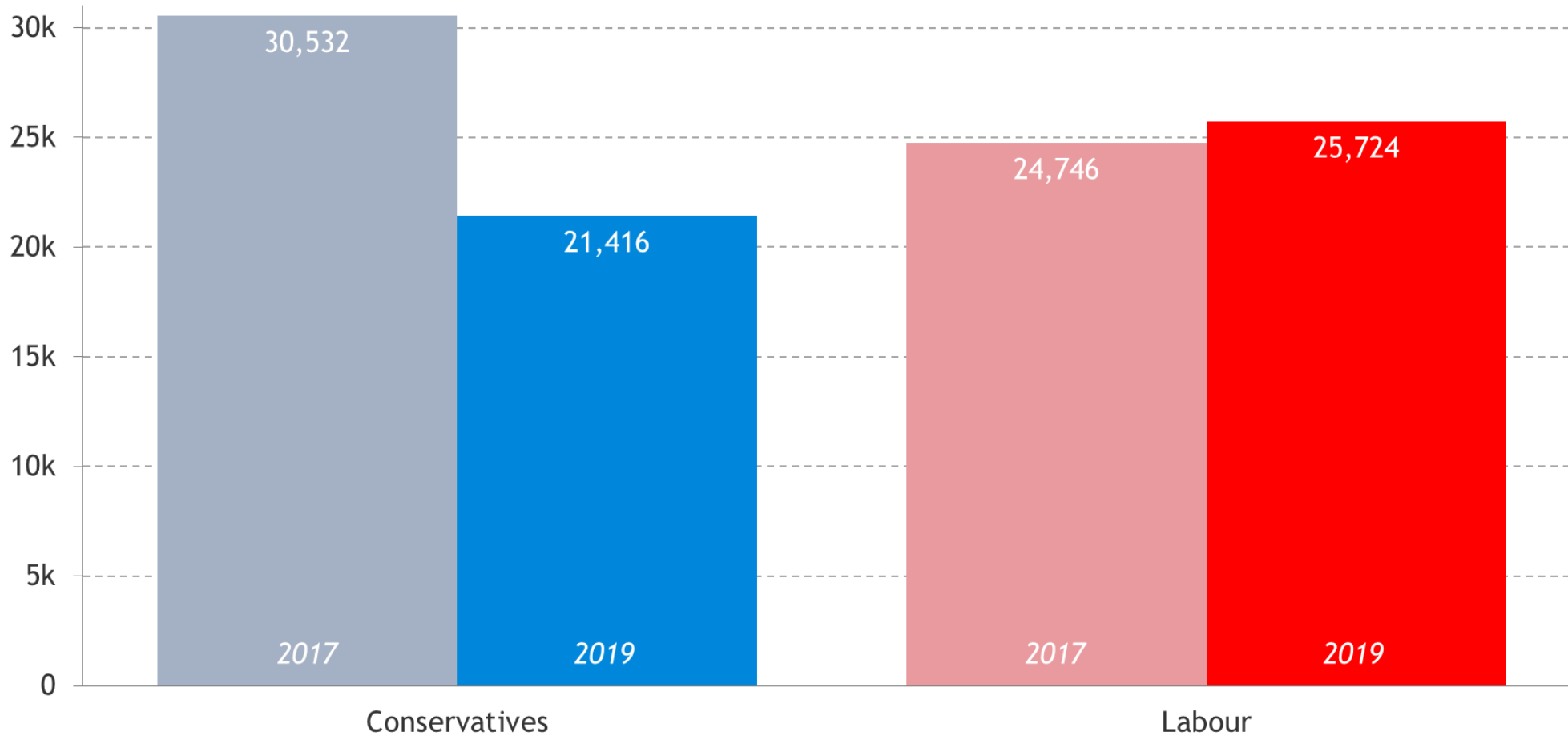
*What the manifestos reveal*

# 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 manifestos – everyone's favourite



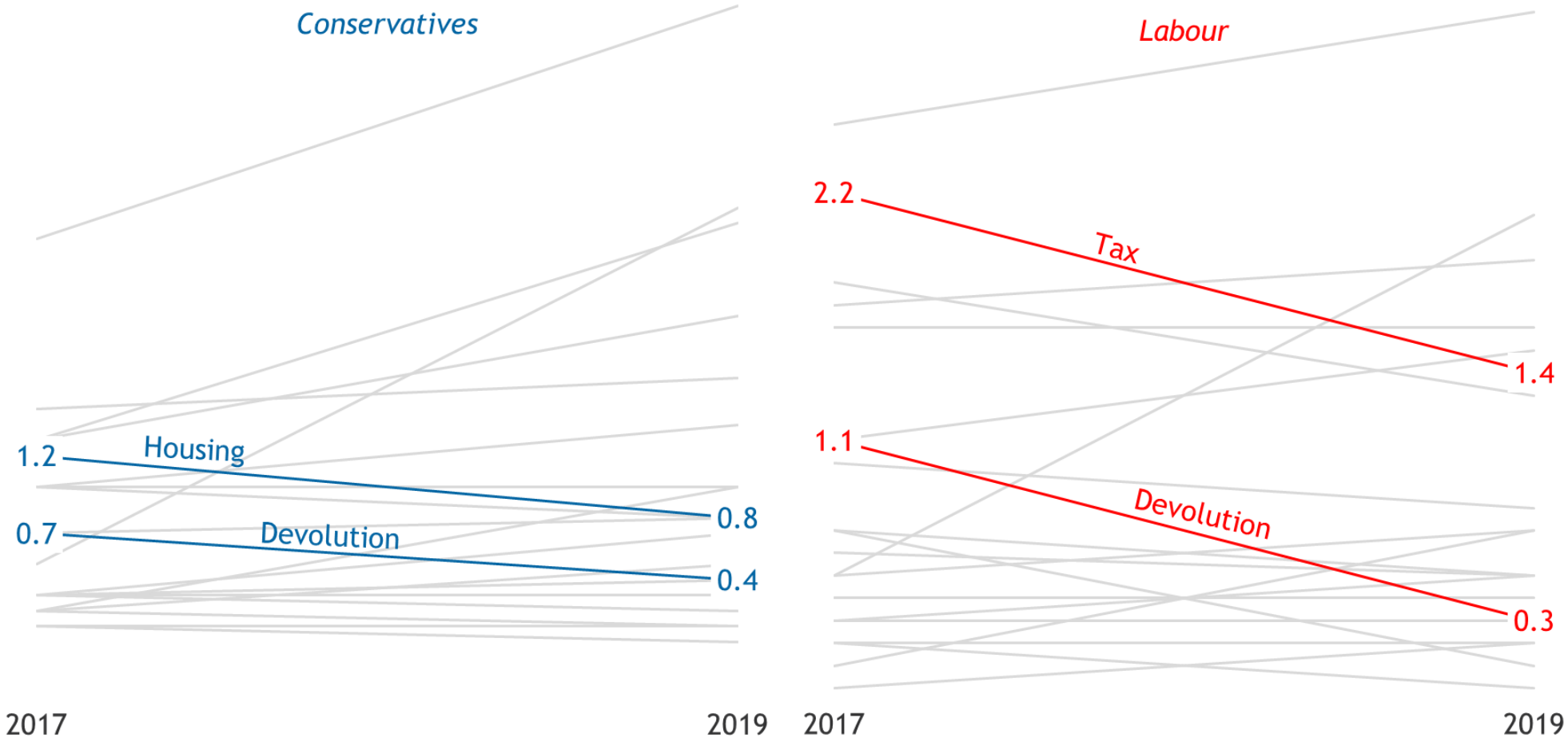
Number of mentions of selected words in election manifestos, per 1,000 words: 2019

Conservatives	Labour
Invest (4.1)	Invest (3)
Brexit (2.8)	Environment (2.1)
Tax (2.7)	Education (1.9)
NHS (2.1)	Fair (1.6)
Fair (1.7)	Housing (1.5)
Trade (1.4)	Tax (1.4)
Environment (1)	NHS (1.3)
Growth (1)	Brexit (0.8)
Housing (0.8)	Trade (0.7)
Education (0.8)	Inequality (0.7)

# Sympathy for the 'Doris' and 'Ernest' of GE19



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

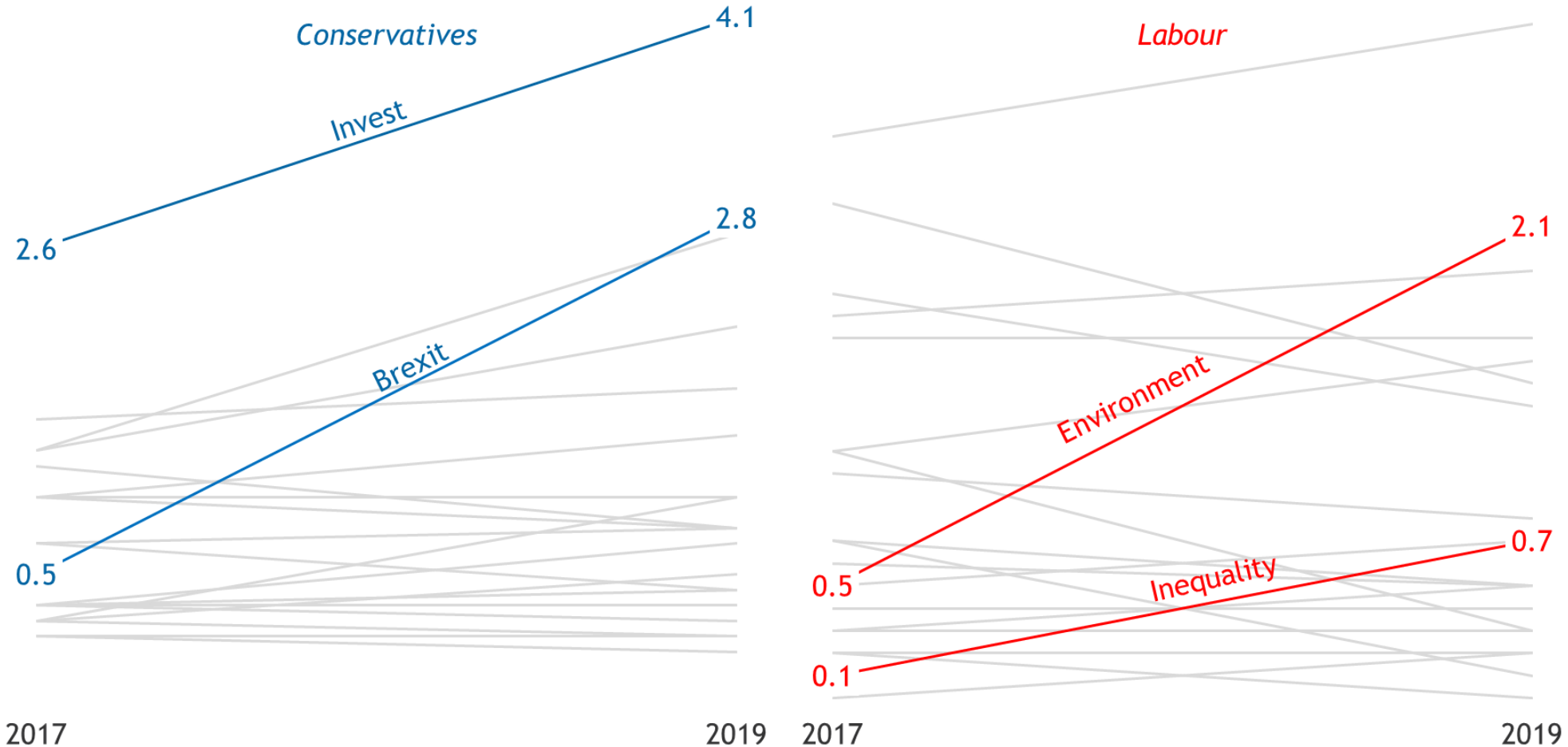


Source: Labour and Conservatives manifestos

# Congrats to the 'Ivy' and 'Theo' of GE19



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

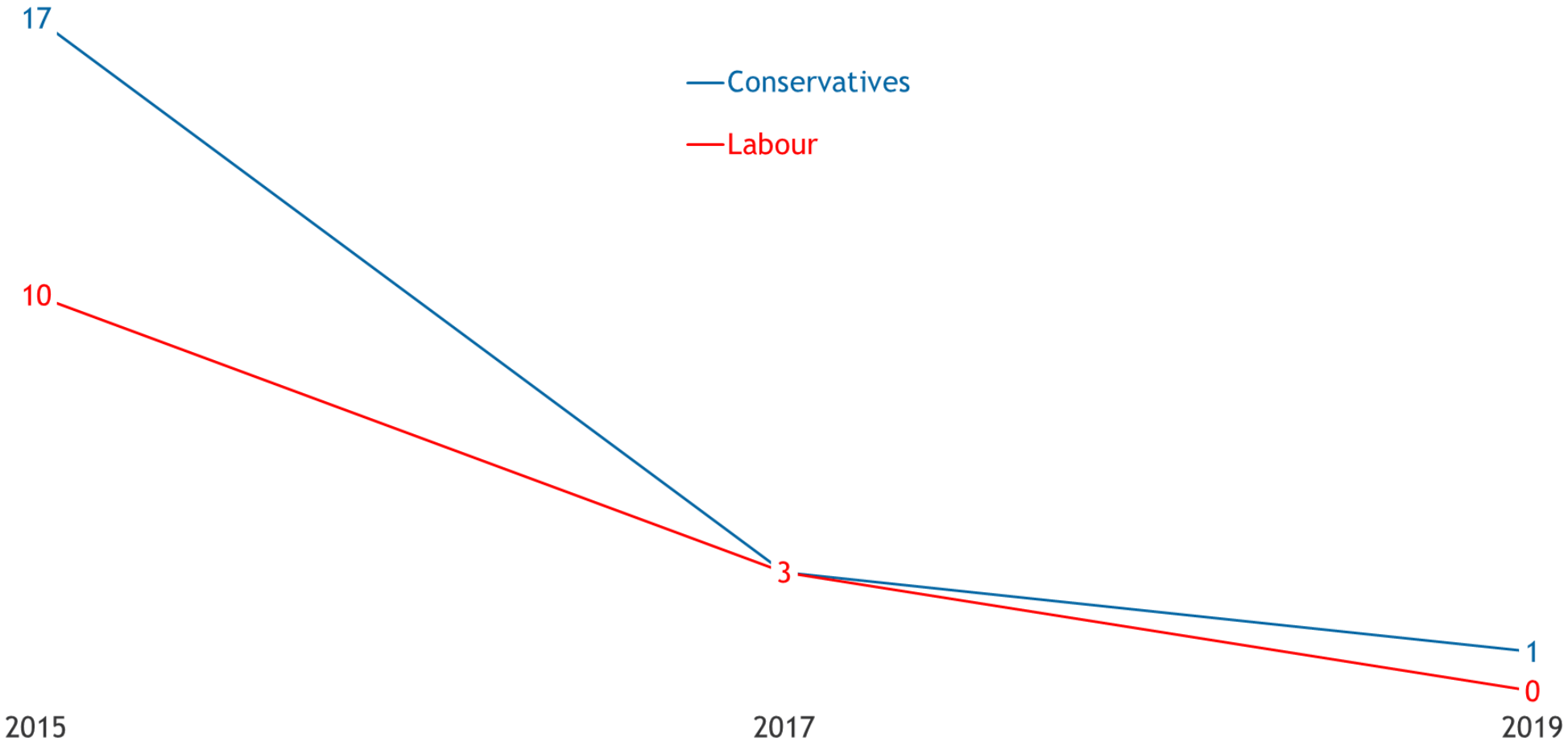


Source: Labour and Conservatives manifestos

# And it's farewell to this election's 'Nigel'



Number of mentions of 'deficit' in election manifestos: 2015, 2017 & 2019



Source: Labour and Conservatives manifestos

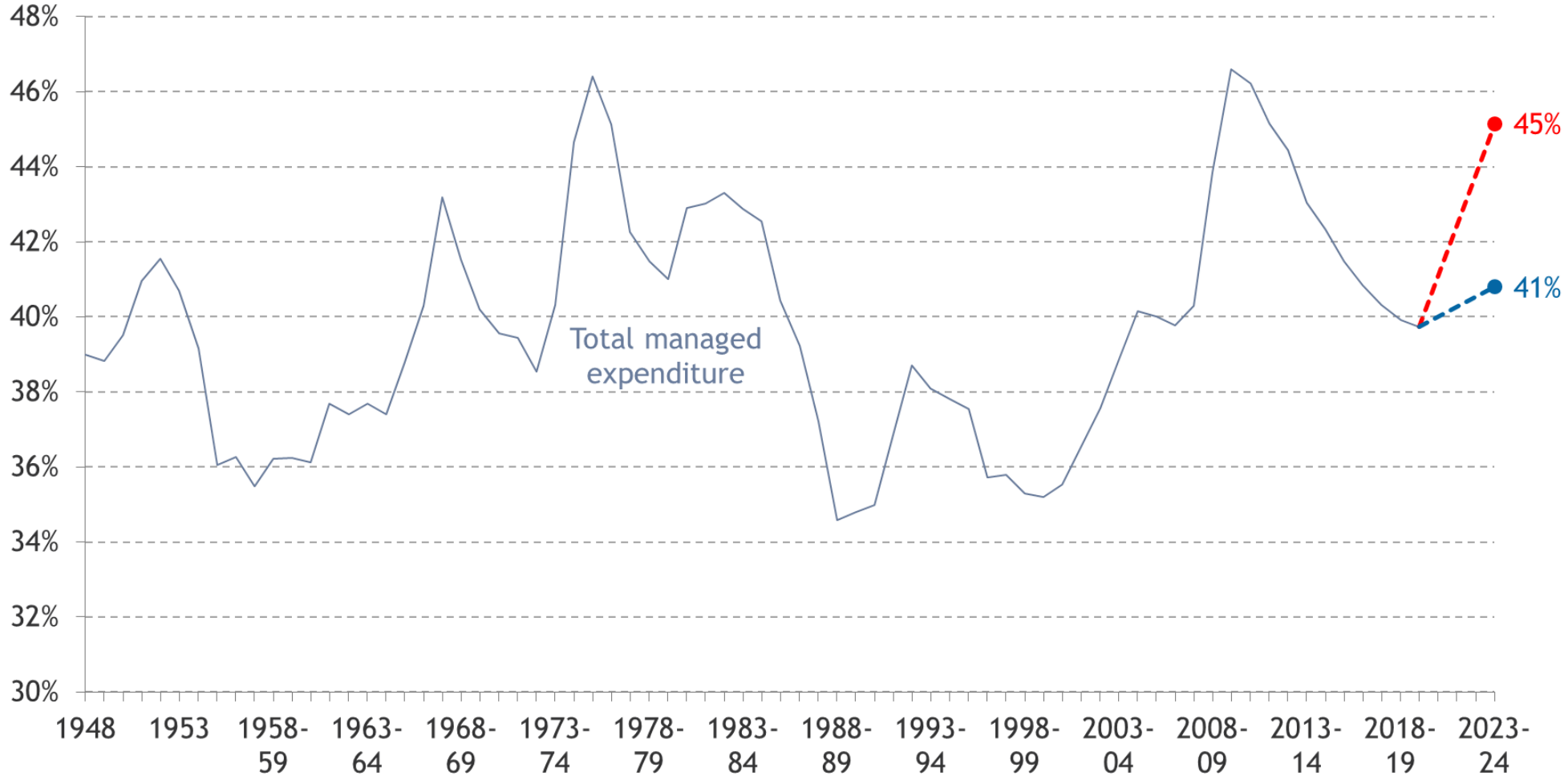
What they'll spend



# Spending: austerity is over, whoever wins



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

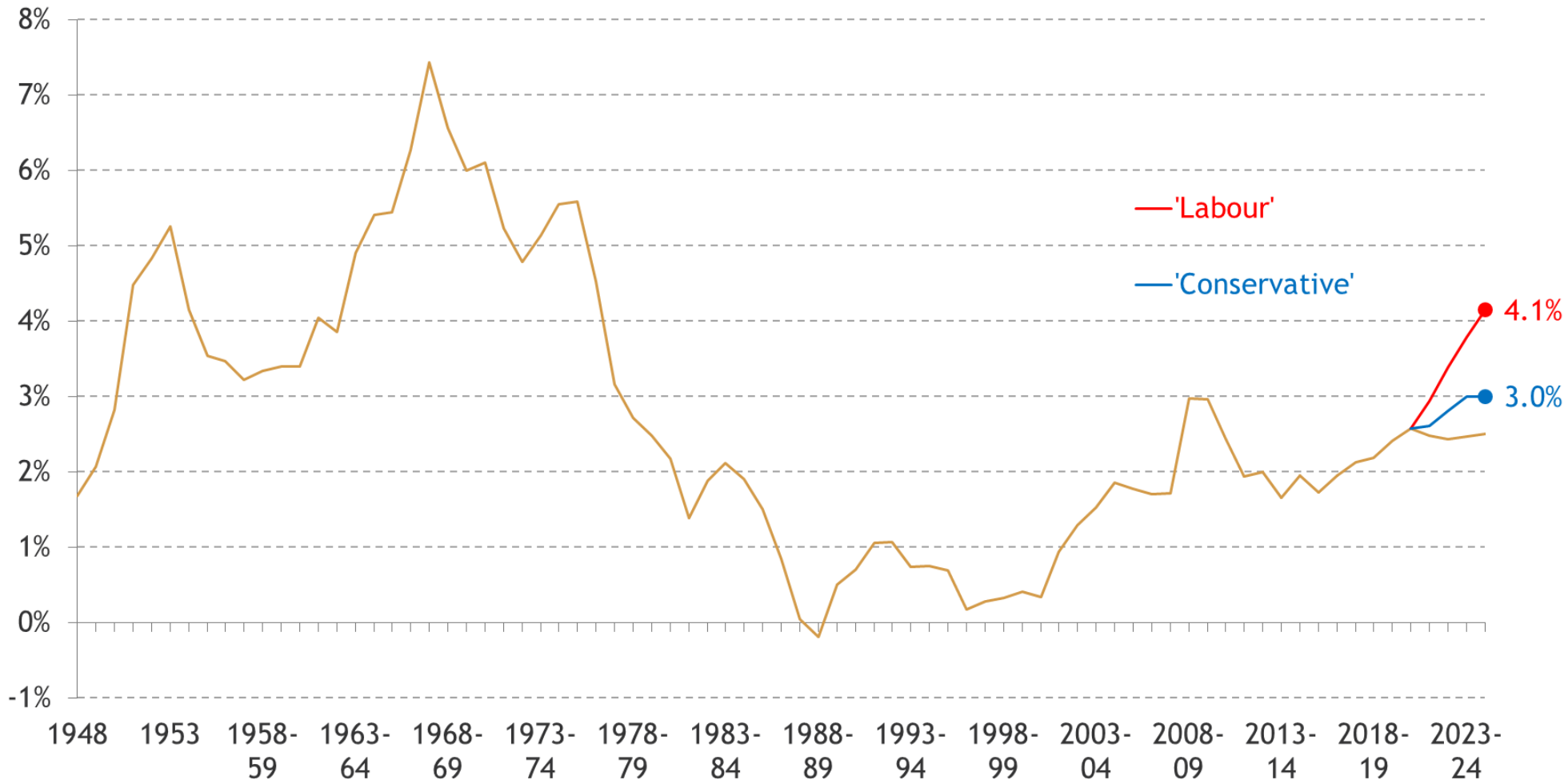


Notes: Switch from calendar year to financial year from 1955-56. Static effect, not accounting for fiscal multipliers.  
Source: RF analysis of OBR, Public Finances Databank; Labour Party manifesto 2019 and Conservative Party manifesto 2019

# Spending: everyone wants to invest, some more than others



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

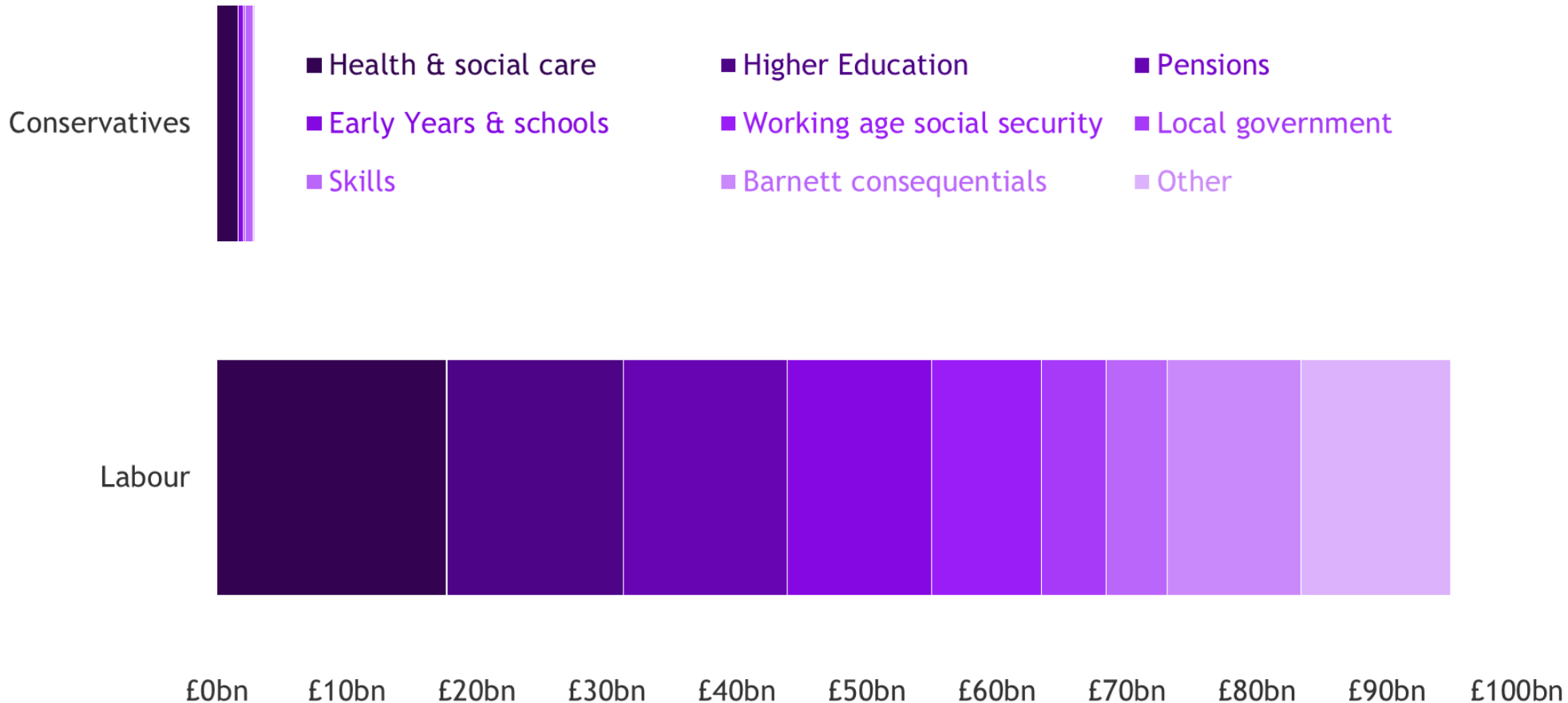


Notes: Switch from calendar year to financial year from 1955-56. Static effect, not accounting for fiscal multipliers.  
Source: RF analysis of OBR, Public Finances Databank; Labour Party manifesto 2019 and Conservative Party manifesto 2019

# Spending: the choice on how fast to end austerity is stark 1



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

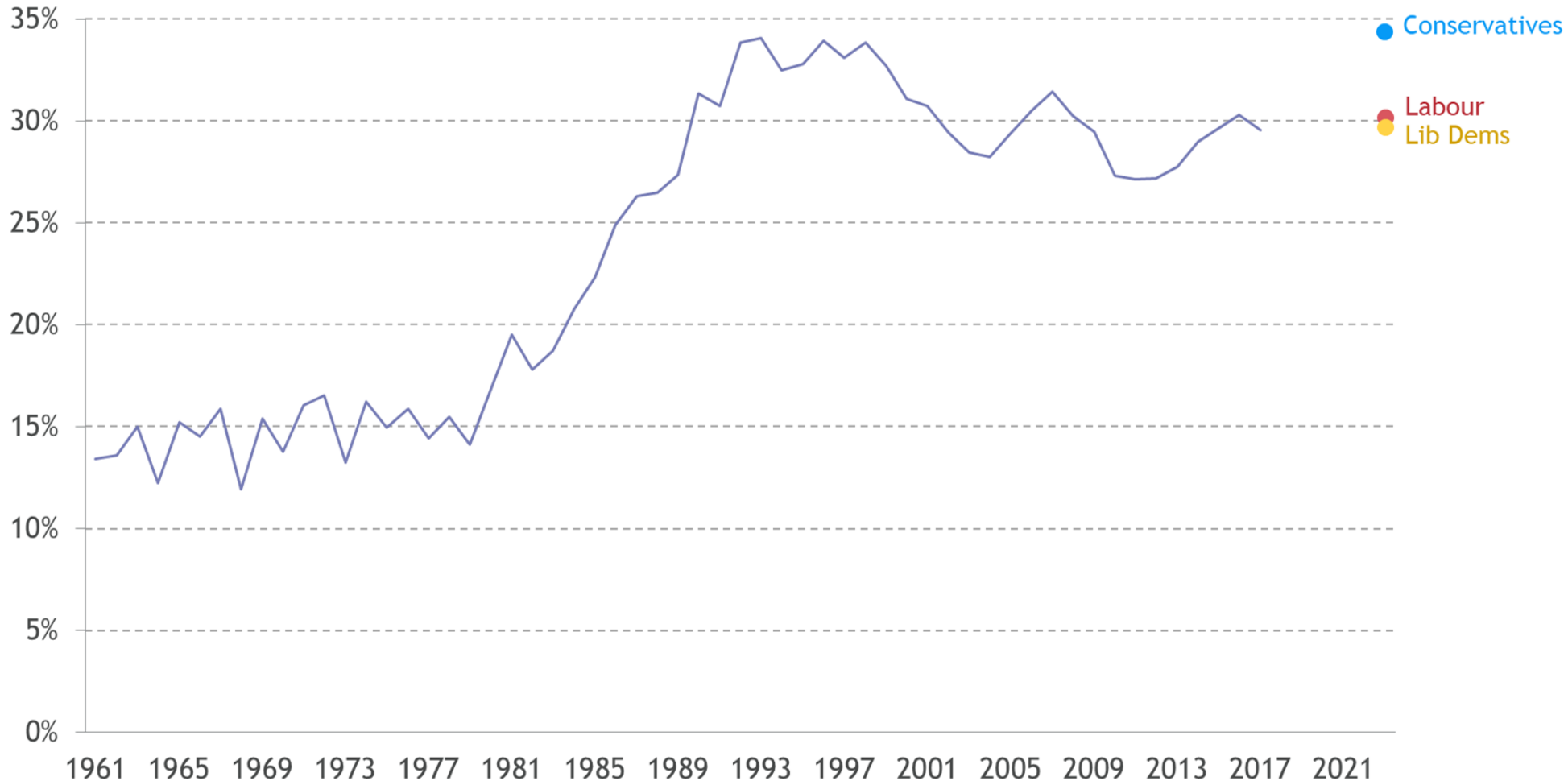


Notes: Includes Labour WASPI spending announcement, Barnett consequentials split out for Labour party (as per their manifesto) and not for Conservative party  
Source: RF analysis of OBR, Public Finances Databank; Labour Party manifesto 2019 and Conservative Party manifesto 2019

# Spending: the choice on how fast to end austerity is stark 2



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

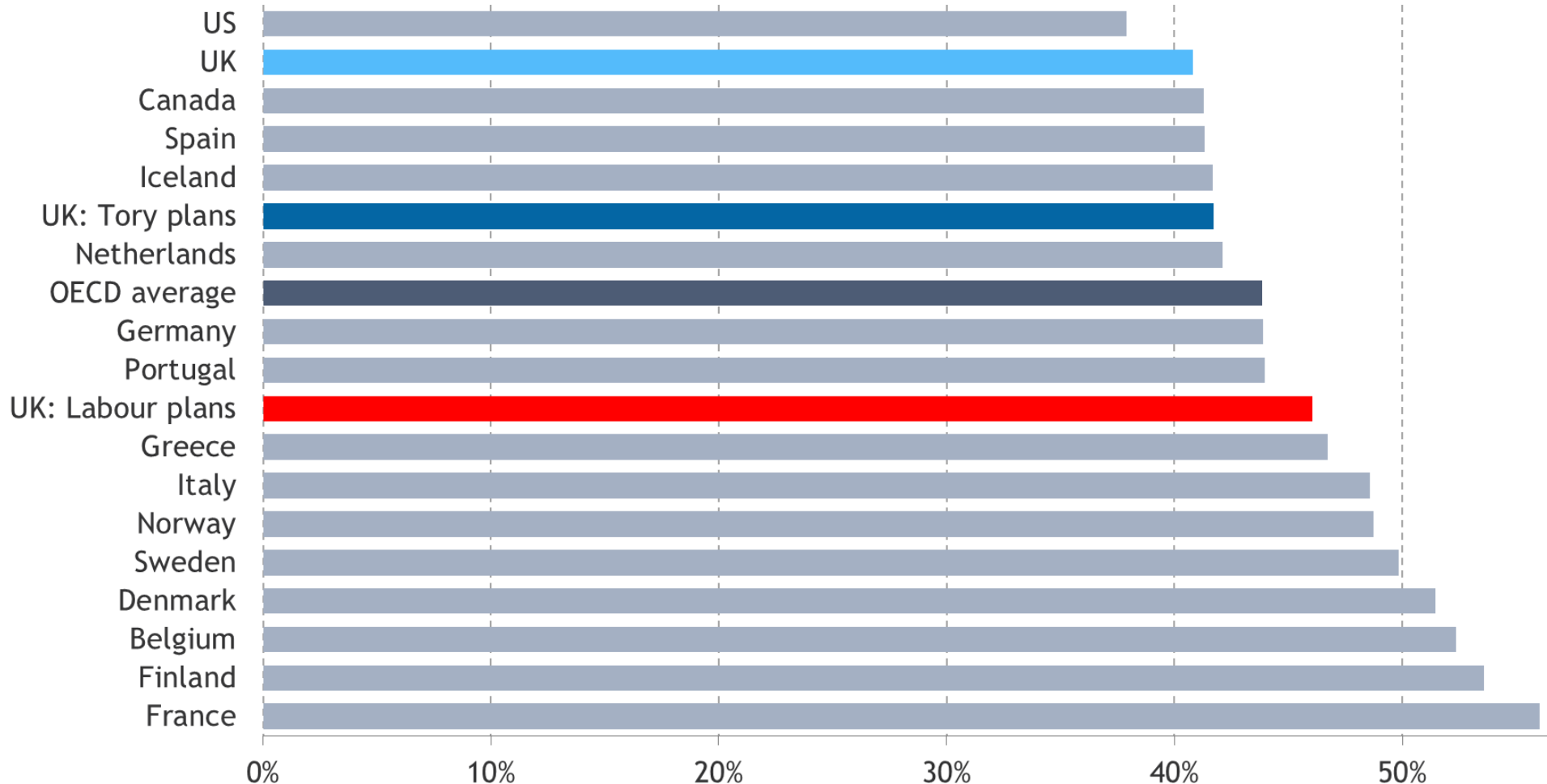


Little noticed, but worth mentioning: Labour's pledge to **halt increases in the SPA at 66**. This has a cost of £24bn a year by the 2050s.

# 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.

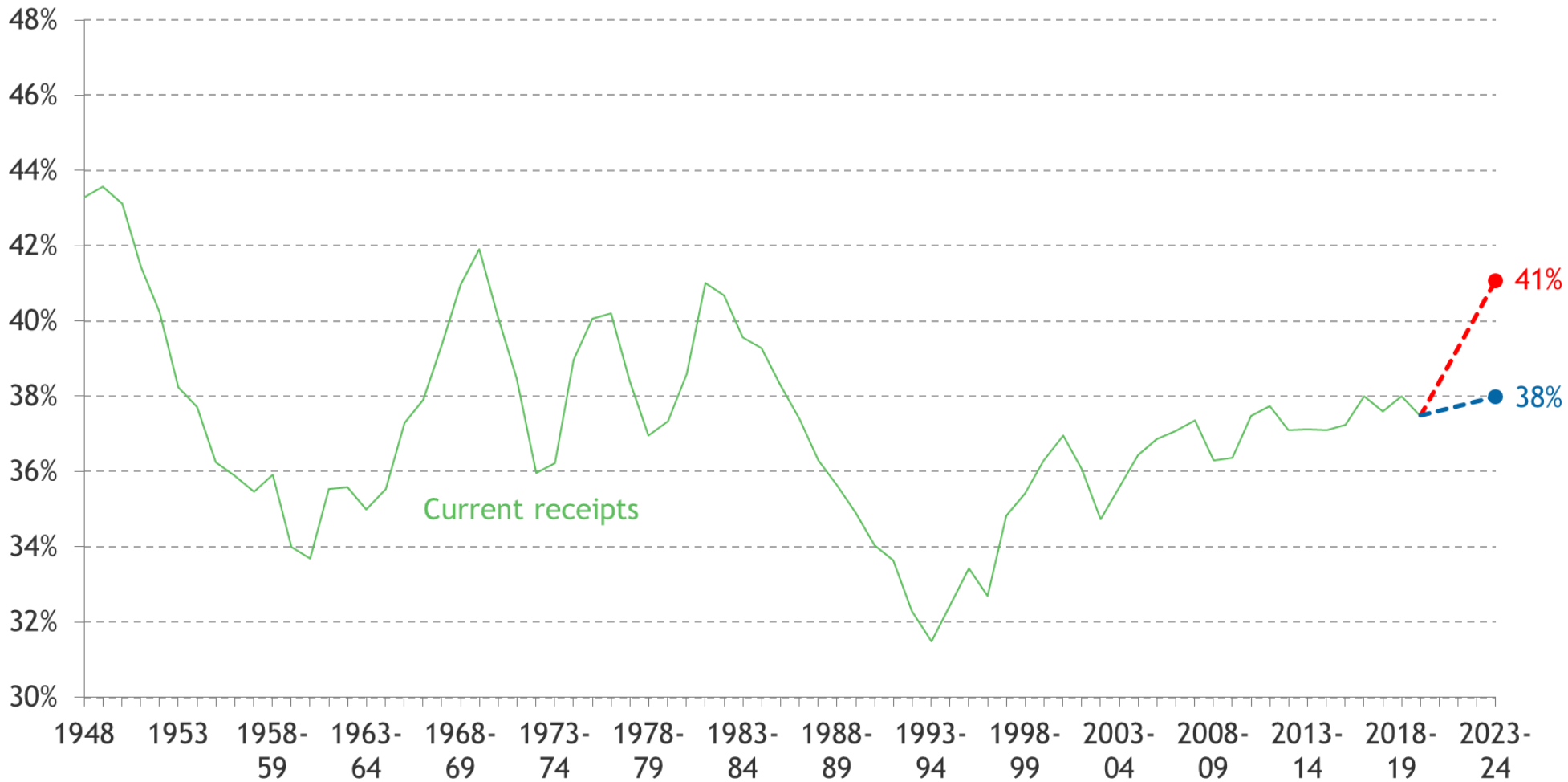
Source: RF analysis of OECD, General Government Accounts; OBR, Public Finances Databank, Conservative Party manifesto 2019, Labour Party manifesto 2019

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

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## Conservatives

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- 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
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# Taxes: the details

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## Labour

- No surprise: huge tax increases
- Top 5% rhetoric focus returns
  - But 93% of Labour's tax revenue plans are from elsewhere
- 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

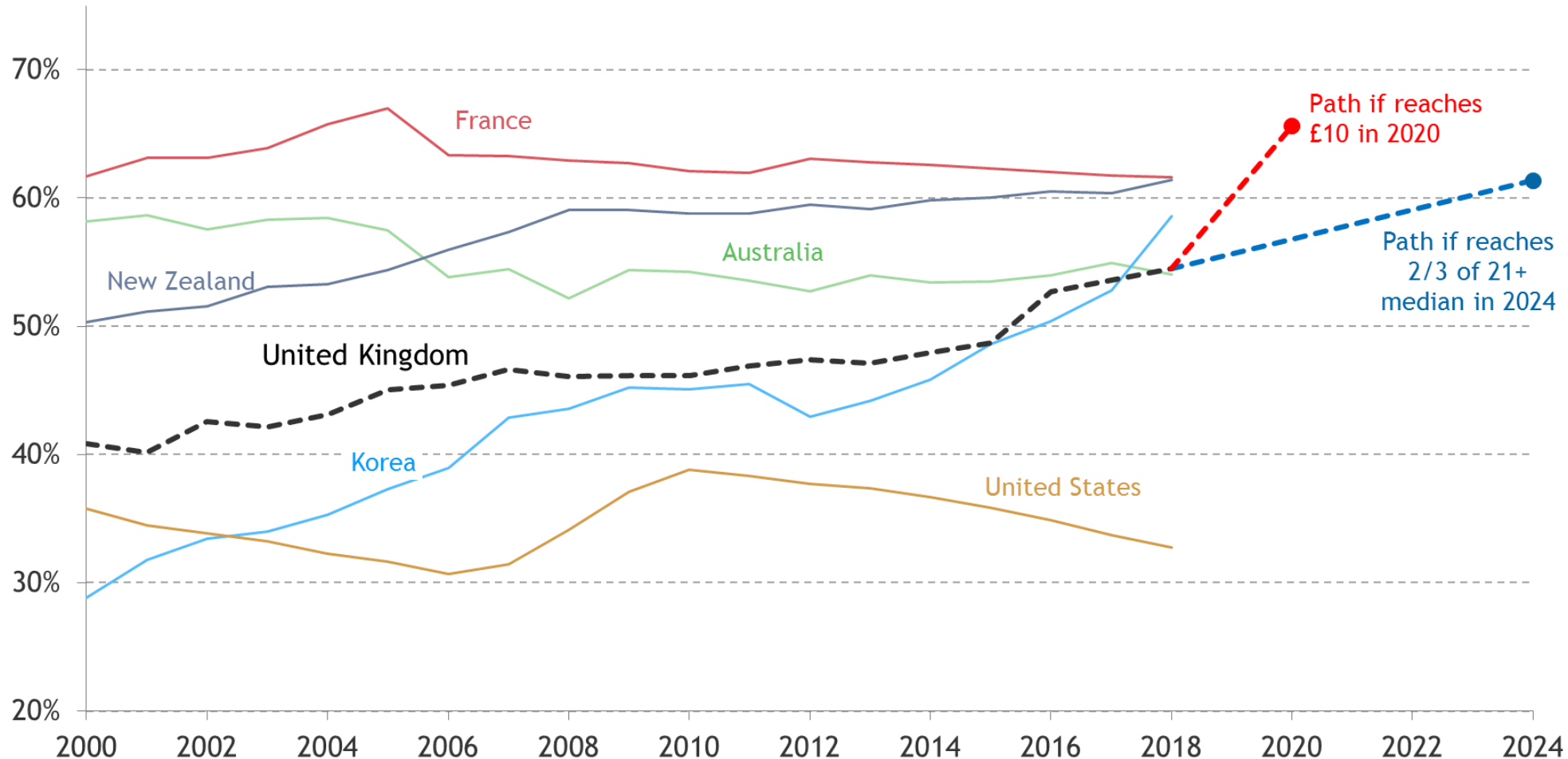
Conservatives		Labour	
1) Balance the current budget in three years	?	1) Balance the current budget in five years	x
2) Debt interest to revenue ratio below 6 per cent, or reassessment of debt plans	✓	2) Debt interest to remain below 10 per cent of revenue	✓
3) Public sector net investment to average no more than 3 per cent of GDP over the next parliament	✓	3) Public sector net worth increasing over the parliament	?

# 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