George Osborne: Speech to Conservative Party Conference 2014

Thank you, Digby, for that warm and typically robust Birmingham welcome.

Gathered here in this hall are the representatives of Britain’s great Party of Progress.

The Party of enterprise and discovery, of liberty and the law, of the wide open seas and global free trade.

And we meet to lay out our case before the nation and to ask it to choose the future not the past.

In Broad Street, just around the corner from this conference, stands the statue of the Golden Boys.

The three great British pioneers:

Matthew Boulton,
William Murdoch, and
James Watt

are studying intently their plans for the new steam engine.

It’s an image that captures a golden age for our country, when the spirit of invention was alive and the marriage of business and science made everything possible.

A time when we faced the future with confidence, and weren’t afraid of the big answers to the big questions.

I want us to be that Britain.

Let’s raise the ambition of the nation so that everyone has the chance to succeed.

I believe it is perfectly possible for Britain to be the most prosperous major country on earth. The most prosperous, the most dynamic, the most creative.

But only if we, in our generation, provide the big answers to the big questions.

Only if we choose the future not the past.

For anyone who doubts this is possible, just think about what we’ve done together these last four years.

Four years ago, our economy was in crisis, our country was on the floor.

But we did what we Britons do best when we’re being counted out.

We picked ourselves up, we sorted ourselves out and got back in the fight.

We set out our long term economic plan and worked through it.
And then two years ago in this very hall - when the clamour of our opponents was loudest and they insisted we should abandon that plan - we held our nerve and recommitted ourselves to the course we had set.

Today I can report this to you: Britain is the fastest growing, most job creating, most deficit reducing of any major advanced economy on earth.

Britain, we did this together.

We made a choice to leave behind a past of spending beyond our means, a past of borrowing from our children.

We chose the future not the past.

We’ve come this far.

The deficit falling.

Investment rising.

Record numbers of new firms.

Business growth faster in the north than anywhere else.

Long term unemployment down.

Youth unemployment down.

The fastest fall in unemployment on record.

Almost 2 million new jobs. Our long term economic plan is working.

These are the statistics.

Behind each number is a person – in fact millions of people – who because of what we’ve done together now have a job.

Who because of what we’ve done together now run their own business.

Who because of what we’ve done together are providing for themselves and their families.

And everyone in this hall should be proud of that.

But let me tell you:

I don’t stand here marvelling at how much we have done;

On the contrary I’m humbled by how much more we have to do.

The debts that need reducing.

The small businesses that need supporting.
The jobless who need employing.

The infrastructure that needs building.

The better future for Britain that needs securing.

We here resolve: we will finish the job we have started.

We know that beyond the confines of all these party conferences, Britain still faces huge economic risks.

At home, though we’ve brought it down, there remains a large budget deficit and our national debt is dangerously high.

Abroad, our biggest markets in the Eurozone are not growing.

Anyone who thinks Britain can ease up should look across the Channel – look to the countries who thought they were out of crisis, eased up and so now risk returning to crisis.

And then there is the wider world beyond.

The borders with Russia are aflame;

A terrible virus is sweeping through West Africa;

And we’re engaged in a generational struggle against barbaric Islamist extremism.

Our armed forces are once again risking their lives to protect our freedom. Let us together salute their courage.

Any and all of these events have an impact, not just on our national security but on our economic security.

These are big questions – but they’re not the only ones we face.

We are also living through an economic upheaval as big as the Industrial Revolution – every single day new technologies, and new companies, and new economies are fundamentally shaking up the established way of doing things.

It’s extraordinarily exciting, and we as Conservatives applaud the power it places in the hands of citizens.

It’s never been easier for thousands to start their own business in Britain, and reach the whole world.

But a single app can appear overnight and disrupt an entire industry.

It can be exciting – yes – but unsettling too.

For this technology brings intense competition that spells rapid decline for any sector, or any country, that fails to keep up.
These are big questions that require big answers.

And it is our job to provide them – and the next Conservative Government will.

That is what this party has always done – apply our values and ideas to the challenges of the age and march this country towards progress, and that is what we will do again.

Labour can’t do that.

Did you see that speech last week?

Ed Miliband made a pitch for office that was so forgettable that he forgot it himself.

But I have to tell you, in all seriousness, that forgetting to talk about the deficit is not just some hapless mistake of an accident prone politician.

It is completely and totally a disqualification for the high office he seeks.

The economy may mean nothing to Labour – but it means everything to the people of Britain.

It means our security, and whether we pay our bills and provide for our families – and have rewarding jobs and enjoy decent retirements.

And you know what?

There is a fashionable claim made these days – a claim that the link between the prosperity of the national economy, and the prosperity of the people who live in that economy has been broken.

I want to take that head on because it is a dangerous fallacy.

Ask the millions of people who lost their jobs, whose incomes were cut, whose aspirations were destroyed by the Great Recession;

Ask them whether they think the link between their lives and the life of the economy is broken – and they will tell you from bitter experience that it is not.

Ask the people who have bought a home because we have created the conditions for builders to build, and they will say: yes, it’s the economy that builds houses.

And ask the millions each day who rely on our NHS too.

Last week you heard promises that were built on sand.

Let’s be clear.

You cannot have a properly funded National Health Service unless you have a properly run economy.

Put another way: it’s only because we were willing to take difficult decisions on spending in other departments that we are able to increase the NHS budget every year of this Parliament.

So don’t let anyone in this Party concede the NHS to Labour.

They would ruin our NHS.
The real party of the NHS is in this hall today.

The idea that you can raise living standards or fund the brilliant NHS we want, or provide for our national security without a plan to fix the economy is a nonsense.

It’s the economy that creates jobs.

It’s the economy that pays for hospitals.

It’s the economy that puts food on the table.

And we’re the only Party in Britain with a plan to fix the economy.

That is the leadership we have offered the country these five years in office – and that is the leadership we should offer for the next five years.

True leadership.

Leadership that is working.

The leadership offered by our Prime Minister, David Cameron.

Leadership means making choices.

And Britain faces some big choices.

Choices about whether we’re going to live within our means, or let rising debts threaten our economy again.

Choices about whether we’re going to win business and investment, or drive it away.

Choices about whether we’re going to tackle youth unemployment, and poor standards in our schools, or let down a generation.

Choices about building the infrastructure our future economy needs, or letting it decay.

Choices about whether we are going to trust hardworking taxpayers to make their own decisions about their lives and their communities, or take control away from them.

The past or the future

That is the choice Britain faces.

And we in this hall have no doubts. We will choose the future.

We face some immediate choices about protecting Britain’s hard-won economic stability

Earlier this morning we heard from Paul Bunyan.

He gave us a powerful testimony of what economic security looks like in real life, and what happens when you lose it.

He knows because seven years ago he was working in a branch of Northern Rock in Newcastle.
He watched the queues of people desperate to withdraw their savings before the bank collapsed.

He saw Britain on the brink and he says we must never go back. And so do we.

Economic security is at the core of what we Conservatives offer.

The security of knowing that our banks are safe - so the next Conservative Government will ring-fence high street branches from the riskier city trading floors.

The security of making sure our housing market doesn’t bring down our financial system.

So I am giving the Bank of England extra powers to curb property booms and stop mortgages being given to people who cannot afford to repay them.

We also need the security of knowing that Britain can pay its way.

The budget deficit is approaching half what it was when we came to office, but it is still far too high.

So we will see through our plan to eliminate it.

And then to ensure our country is never in this position again, we must run surpluses in the good years.

And when I say surpluses, I mean the government raising more than it spends.

Labour claim they will balance the books. But independent experts tell you the truth: their plans would mean they would borrow £28 billion more each year.

Running an overall surplus is the only sure way of getting our dangerously high national debt down.

Let the message go out from this conference:

After what they put this country through.

We will fix the roof when the sun is shining.

And that presents me with a choice – indeed, it presents all politicians with a choice.

We can either pretend to the British people before the election that this can be done with hardly any cuts. That’s what we saw last week.

Or we can level with people now, and tell them the kind of difficult decisions that are still required to fix the economy.

I’ve done this job for almost five years.

And I can tell you, it’s only because we’ve levelled with people that we’ve been able to bring them with us on the journey our country has had to take.

Here are the facts.

The latest Treasury estimate is that eliminating the deficit requires a further £25 billion of permanent public expenditure savings or new taxes.
And I tell you in all candour, that the option of taxing your way out of a deficit no longer exists, if it ever did.

In a modern global economy where people can move their investment from one country to another at the touch of a button – and companies can relocate jobs overnight – the economics of high taxation are the economics of the past.

And we choose the future.

The problem for a modern country like Britain is not that it taxes too little – it is that it spends too much.

The proposals Labour present to the country for higher taxes on income, taxes on business, taxes on savings, on investments, on finance, on pensions, homes and on jobs, would be an economic disaster for every person in the United Kingdom.

And by the way, when Scotland is rightly given greater control over its taxes, I suspect the people of Scotland will choose to put them down not up.

Let me be clear: we will honour in full our commitments to Scotland.

And we are also absolutely clear that, as Scots get more control over their taxes, it is right that Northern Ireland, Wales and England should get more control over their taxes and their laws too.

Now I’m not going to pretend that finding £25 billion of spending savings will be easy; but nor is it impossible.

We have already found £100 billion of savings in this Parliament, so we have the track record to show it can be done if you have discipline and grip.

In every election I have fought, Conservatives have argued you can have better public services without borrowing and spending more.

That it’s about making government more efficient and effective.

And Labour have argued you cannot.

I believe that the record of this Government has settled this argument for good.

Labour were wrong.

And we were right.

Theresa May has reduced the Home Office budget by almost 20%, but crime is down.

Michael Gove and Nicky Morgan have cut the Education Department bureaucracy in half, but school standards are up.

And please join me in thanking our outstanding Conservative Treasury team who are helping achieve this:

David Gauke
Andrea Leadsom

Priti Patel

Paul Deighton

And my brilliant PPS Rob Halfon.

So, to eliminate the deficit and finish the job, we will reduce Whitehall spending by at least the same rate for the first two years of the next Parliament as we have done through this Parliament.

That will save at least £13 billion.

We will go on restraining public sector pay.

And there will have to be less welfare spending too.

Welfare makes up a third of the entire government budget.

We are going to live in a country where the elderly have dignity in retirement and the vulnerable and people with disabilities are protected.

But we can’t afford to live in one where we spend £100 billion on welfare payments for people of working age.

£100 billion.

When we have such debts?

Even with the reforming decisions that Iain Duncan Smith and I have taken, benefits have risen more than earnings since Labour’s Great Recession.

That is not sustainable for any nation.

And it’s not fair either.

So I can tell you this today.

Working age benefits in Britain will have to be frozen for two years.

This is the choice Britain needs to take to protect our economic stability and to secure a better future.

The fairest way to reduce welfare bills is to make sure that benefits are not rising faster than the wages of the taxpayers who are paying for them.

For we will provide a welfare system that is fair to those who need it, and fair to those who pay for it too.

This freeze in working age benefits saves the country over £3bn. It is a serious contribution to reducing the deficit.

Pensioner benefits and disability benefits will be excluded.
And to those in work I say this: where is the sense in taxing you more, only for you to be given some of your own money back in welfare.

The best way to support peoples’ incomes is to make sure those out of work get a job and those in work pay less tax.

That is why I am the Chancellor in Budget after Budget who is increasing the tax-free personal allowance to £10,500, meaning working people on low and middle incomes keep up to £800 more of their hard earned money.

It’s why we have cut taxes for savers, for homeowners, for small businesses, the self-employed, cut taxes for everyone who pays their council tax or fills up their car.

And that is why we have cut jobs taxes and increased work incentives, and as a result there are almost two million more in work. That is the choice we have made.

The good news is youth unemployment has fallen sharply.

The sad news is there are still too many young people who have fallen into a culture of welfare dependency and a life on the dole.

It’s a scar on our society. It’s a tragic waste of human talent. And we can end it in the next Parliament.

So let this Party of Progress make another choice.

Let’s abolish long term youth unemployment altogether.

So here’s how we’ll do it.

We’ll replace Job Seekers Allowance.

Reform housing benefit.

And take the benefit cap we’ve introduced down to £23,000 – because families out of work should not get more than the average family in work.

And all of these savings will be used to fund three million new Apprenticeships.

Three million more chances for a better life.

So we help our citizens get jobs instead of more immigration from abroad.

We have a choice between paying our young people for a life on the dole, or giving them the keys to a life of opportunity.

Be in no doubt which side this party is on: we choose their future.

So this country must pay its debts, drive down its deficit, pull down its taxes, and pull up its young people.

And it must be the place where business invests and businesses thrive.
It’s not by accident that more than two million private sector jobs have been created under this Government.

It is the deliberate policy of this government to support job creators.

And yet for the first time in my adult life we have a Labour Party that is positively anti-business.

It came through in every sentence Ed Miliband remembered – the bit we wished he’d forgotten.

By the General Election we will have delivered on the promise I made to you in my first speech as Chancellor, here in Birmingham.

Britain will have the lowest, most competitive business taxes of any large country in the world.

Unbelievably, Labour want to reverse this.

This is their policy: to be firm against firms. Their business to be against business.

As if they’d forgotten that people work in businesses and their wages come from firms.

We instead are proud to be the Party of firms and of businesses and of peoples’ incomes and peoples’ jobs and peoples’ livelihoods.

For when we choose to be on the side of enterprise we are choosing to be on the side of the British people.

This Party of Progress is the Party of free markets and of fair markets too.

How dare the Labour Party attempt to give lessons on fairness.

Hang on a minute.

Who’s the Party restoring the real value of the minimum wage?

Who is the Party tackling abuse of zero hours contracts?

Who is the Party capping pay day loans?

Not 13 years of Labour

They were too busy capping each other.

It is us, the Conservative Party, who understand markets must be fair if they are to be free.

And it is this pro-business Conservative Chancellor who says to some of the biggest technology companies in the world, this today:

You are welcome here in Britain with open arms.

You have the advantages of:

Our skilled population to work for you;
Broadband connections to deliver your services;
And our NHS to keep your employees healthy.
Advantages that have to be paid for.
So while we offer some of the lowest business taxes in the world, we expect those taxes to be paid - not avoided.
Some technology companies go to extraordinary lengths to pay little or no tax here.
If you abuse our tax system, you abuse the trust of the British people.
And my message to those companies is clear:
We will put a stop to it.
Low taxes, but low taxes that are paid.
Part of our effort to reduce our deficit.
For our choice is that we are all in this together.
It was this government that started the global work on changing international tax rules.
This autumn we will lead the world in implementing those changes here in Britain.
The future for Britain is to be a low tax country where people play by the rules.
The future for Britain is to be a pro-business country.
And we also have to build for that future.
Big decisions on infrastructure have always been controversial and always will be.
The railways were bitterly opposed in the nineteenth century.
The motorways were opposed in the twentieth century.
Let’s face it, even today this country has spent forty years failing to take a decision about building a new runway in the South East of England.
There are always one hundred reasons to stick with the past, but we need to choose the future.
We should ask ourselves what the Golden Boys in that statue outside would have done.
What choice would those Great Britons have made?
Would they have said, our trains may be packed, our roads congested, our transport system can’t cope, but we won’t build any more roads or new railways?
No they would not.
Would they have said, yes we mined for coal deep underground, and explored for oil beneath our seas, but we should leave the extraordinary shale gas reserves untouched beneath our feet?

No they would not.

Would they have said that the country that built the first civil nuclear power station should not build any more?

No they would not.

Would they have said its ok if our children can’t afford houses so long as we have them?

No they would not.

And would the Golden Boys who were part of an age of enlightenment that discovered the vaccine for smallpox have said:

We’re not going to have any research into those genetic medicines and crops that will save countless lives in the future?

No they would not.

We must choose the future.

We will tap the shale gas, commission nuclear power and renewables, and guarantee our energy for the future.

We will build the high speed rail, decide where to put a runway and support the next generation with starter homes in a permanent Help to Buy.

We must learn from the past, not be the past.

Decide or decline.

That is the choice.

We must choose the future.

And this future can’t just be about prosperity for one corner of our country.

I grew up in London, and I am full of wonder at the way it has become a global capital, attracting the young, the talented and the ambitious from across the world.

That is a huge strength for the whole of Britain.

But I am also the first Chancellor for almost forty years to represent a constituency in the north of England – and I can see the risk of our capital city’s dominance.

It is not healthy for our country or our economy.

The answer is not to pull down and hold back our greatest global asset – that would be crazy.

The answer is to build up the rest of our country.
To create a Northern Powerhouse of the cities across the Pennines.

To connect up the South West.

And to put the Midlands at the centre of our great manufacturing revival.

People know that the disparities between different parts of our country have grown up over many decades under Governments of all colours.

Let’s treat people as adults and not pretend we can reverse something like this overnight.

But equally, let’s not give up and say it can’t be done.

Look what Michael Heseltine achieved in the docks of Liverpool and London.

This Party of Progress knows what it takes to create flourishing economies.

Successful businesses.

Modern high speed transport.

Big science investments.

Top universities, and the strong leadership that comes with powerful elected mayors.

Those are the ingredients of a Northern Powerhouse.

That is how we deliver prosperity and security for families across the nation.

And it is one of my driving missions to do everything I can to build it.

Let us choose today to make reducing the gap between north and south, London and the rest, one of the central ambitions of the next Conservative Government.

There is one final choice we should make.

A choice this Party of progress always makes.

And that is to trust people with their own money.

That’s why in my Budget this year I applied that philosophy with far-reaching new freedoms in the way people can access their pensions.

These freedoms are based on the simple idea that people know better how to spend their own money than governments do.

This Party that gave people the right to buy their own home – is the Party that is now giving people ownership of their own pension too.

But I want to go further.

There are still rules that say you can’t pass on to the next generation any of your pension pot when you die, without paying a punitive 55% of it in tax.
I could choose to cut this tax rate.

Instead, I choose to abolish it altogether.

People who have worked and saved all their lives will be able to pass on their hard-earned pensions to their families tax free

Effective from today.

The children and grandchildren and others who benefit will get the same tax treatment on this income as on any other, but only when they choose to draw it down.

Freedom for people’s pensions. A pension tax abolished. Passing on your pension tax free.

Not a promise for the next Conservative government – but put in place and delivered by Conservatives in Government now.

We are eight months away from one of the most important general elections in a generation.

We can face it with confidence.

For we go to the people as the Party of Progress.

For five years Britain has pursued a clear economic policy when all over Europe there has been crisis and uncertainty.

Britain has been the Lantern in the Storm.

Now we seek a new mandate as the Party of jobs and security and a strong Prime Minister – against the party offering higher taxes, more debt and Ed Miliband.

We are going to offer political resolve and economic competence.

A confident future for Britain as the most prosperous country in the world.

And we are going say to the British people:

Choose jobs
Choose enterprise
Choose security
Choose prosperity
Choose investment
Choose fairness
Choose freedom
Choose David Cameron
Choose the Conservatives

Choose the future.