



The next general election is not far away. How do you think the parties rate on their policies and prospects? We asked Benjamin Flook and Tim Sharpe for their thoughts....Also Art Sett (Year 10) gives his thoughts on Germany and of course the Wilsonomics forecast.....

## How would you rate the coalition's record on economic policy?

The Conservative led coalition has sought reduce the largest peacetime government debt, sadly inherited from the previous Labour administration. Since taking office, the deficit has been cut by a third; 1.3 million new private sector jobs have been created and a record number of apprenticeships have been started. The Conservative led Government has also given 24 million people an average tax cut of £600 and have taken 2.2 million people out of tax altogether; incontrovertible evidence that the Conservative led Government's economic policy is leading to economic growth and recovery.

## What policy recommendations would you suggest the coalition should implement between now and the next election?

The Coalition should continue on its path to lead the economy towards a full recovery. Osborne's budget was one for the 'savers, the makers and the doers,' particularly by increasing the tax free personal to £10,500. In terms of the next election, immigration appears to be a important social issue amongst a significant proportion of the electorate and it will be important for Cameron to be consistent with his election pledge of cutting immigration 'from hundreds of thousands to tens of thousands.'

## Why do you think the EU is such a divisive issue?

Britain's membership of the EU has now become a question of whether we should be governed by our own elected Westminster Parliament or by unelected bureaucrats in Brussels, and whether we should control our own borders or be forced to allow an unrestricted open door to all 27 other EU nations. Britain's membership of the EU is not only hugely constitutionally significant, but also costs £53 million a day for no benefit which we could not also have from outside of the EU super state.

## Is there a place for Socialism in current British politics?

While there is a place for all ideologies in a healthy, pluralistic democracy, Socialism as a brand has become an unelectable brand, perhaps as a consequence of the Cold War, motivating Blair's move to abolish Clause IV of the Labour Party's constitution.

## Where has David Cameron gone 'right' and 'wrong'?



David Cameron's re-branding of Conservatism subsequent to his election as leader in 2005 changed people's perceptions of the Party, attracting minority groups who may not have necessarily previously supported the Conservative Party. His term as Prime Minister has been dominated by cleaning up the economic mess left by Labour; by cutting the deficit by a third, creating 1.3 million new private sector jobs and 250,000 new small businesses. However, Cameron has undoubtedly created an electoral 'flank' for UKIP by moving the Conservative Party towards the centre, namely by failing to deliver his 'cast iron' guarantee he made in 2009 for an EU referendum if he became Prime Minister after 2010.

## What are the main issues that Labour /Conservatives should concentrate to win a majority this time around?

The Conservatives must emphasise their positive economic record in cleaning up the mess left by Labour. Britain simply cannot afford another Labour Government.

## Should the big three parties be worried by the emergence of UKIP?

Labour and the Liberal Democrats should be immensely concerned about the emergence of UKIP. UKIP has performed extraordinarily well in by-elections in Labour heartlands, appealing to the Northern white working class vote who feel betrayed by the previous Labour Government's unrestricted open door immigration policy. UKIP have now also replaced the Liberal Democrats as the party of protest. Although only 1/3 of the UKIP vote comes from the Conservatives, David Cameron must ensure that voters concerns are addressed, as opposed to labelling 25% of the electorate who voted UKIP in the 2013 County Council elections as 'clowns' or 'closet racists.'

## Suggest one idea that would separate your party of choice from the others?

The Conservatives are the only Party offering a referendum on Britain's membership of the European Union. Labour won't, the Liberal Democrats certainly won't (despite hypocritically offering one in 2009) and UKIP can't.

**Benjamin Flook ( Y13)**

## How would you rate the Coalition's record on economic policy?

If one compares George Osborne's targets as laid out in 2010 with his progress today, the picture looks bleaker than one might imagine from Conservative press releases. Much of the Coalition's economic policies have focused on the reduction of the deficit, which remains twice as large as predicted, leaving the nation's debt still rising. Moreover, real average weekly earnings have fallen by 8% in the past five years if we use the CPI measurement of inflation. If Osborne's plans had been successful, average earnings would be nearly £2000 higher. These failures, along with a worsened current account deficit, a fall in business investment, and an increase in private debt, indicate Osborne's policies are not working as he planned.

## What policy recommendations would you suggest the Coalition should implement between now and the next election?

Other than reversing a number of the deleterious cuts made, one policy the Coalition should implement is a positive programme of house construction. The Home Builders Federation (HBF) states that 260,000 houses must be built per year from this point on in order to reduce house-price inflation which stands at 6.8% a year. If private construction firms cannot supply this need, the government should expand its spending so the 1m shortfall in Britain's housing demands can be met.

## Why do you think the EU is such a divisive issue?

Much could be said on this issue. Yet it is enough to say that any issue framed as an 'attack on democracy' will always become divisive, since such statements polarise discourse to an extent that any rational debate that considers both pros and cons of our membership becomes impossible. In the absence of clear and unbiased statistics on either side, leaders are left free to appeal to nationalistic pride and prejudice in order to gain support.

## Is there a place for Socialism in current British politics?

'Socialism' can be used to describe a wide range of ideological positions. If we take David Cameron's description of Ed Miliband's policies as '1970s-style socialism' to be accurate, 'socialism' appears as popular as ever - the latest predictions for the 2015 election see Labour winning a 58 seat majority. If interfering with market forces is 'socialism', George Osborne's recent Budget is open to the same criticisms as Ed Miliband's energy price freeze; his 'New Pensioner Bond', paying 'market-leading' rates, makes bonds from private institutions uncompetitive.

## The Wilsonomics Economic forecast : Sunny/ few clouds !

The inflation rate (CPI) was recorded at 1.60 % in March of 2014. Inflation Rate in the United Kingdom averaged 2.79 % from 1989 until 2014.

The number of people out of work fell by 77,000 to 2.24 million in the three months to February. The unemployment rate of the economically active population is 6.9%, and the number of people in work is 30.39 million. Good news for Mr Cameron! **Interest rates to rise after the election?**

Moreover, Cameron's claims that he is 'cleaning up the mess the previous government left' through state spending ring hollow, as the Tories backed every penny of Labour's budget from 1997 to 2008. So despite claims socialism is a 'was-m, not an 'is-m', there is still a place in British politics for this newly-defined position.

## Where has David Cameron gone 'right' and 'wrong'?

In the available space, it is impossible to fully evaluate Cameron's time in office. However, three decisions made by his government particularly stand out. Firstly, though both sides of the House of Commons recognise the importance of deficit reduction, it appears the sales and cuts employed by the Coalition have been punitive for the most vulnerable. The cuts of £215m per annum by 2018/19 to the legal aid budget threaten to restrict access to quality defences for those who cannot afford private lawyers, as well as making certain small firms unsustainable and placing pressure on defendants to plead guilty.

Secondly, the decision was made in April 2013 to take away the 'spare room subsidy' from housing benefit claimants, more than half of whom suffered from some kind of disability, in order to persuade them to downsize into smaller accommodation. If smaller accommodation had been available, this policy may have been more reasonable. As it was, housing charities warned the result would be 'higher levels of rent arrears and greater homelessness' - it was another policy which did not consider the real social impact on the most vulnerable.

Lastly, the rapid, dogmatic privatisation of Royal Mail at well below the price the government could have demanded was undoubtedly a mistake; the share price has now risen to over 170% of Cable's Initial Public Offering (IPO). The 1,600 jobs cut by the now-private firm in recent days in a drive to cut costs are unlikely to have occurred if the firm had remained in public hands.

## What are the main issues that Labour should concentrate on to win a majority this time around?

Labour should continue to focus on the real social impact the economic policies of the Conservatives are having on the average citizen of the UK. Economic growth means little if it doesn't translate to higher real incomes and living standards, and voters know this. The increased prevalence of food bank usage is the most extreme and obvious manifestation of the struggles many face in Britain today. As long as we continue to see stagnant wage growth and a government which refuses to rule out further tax cuts for millionaires, Labour appear poised to retake a majority in 2015.

## Tim Sharpe Yr 13



This does not mean launching ad hominem attacks on the 'Etonians' in the Cabinet, but it does mean looking at whose interests they really represent and whether these interests align with those of the majority of voters. If Labour can prove they do not and that they provide a better alternative, they should win the election.

### Should the big three parties be worried by the emergence of UKIP?

UKIP currently lack the political infrastructure (campaigners and funding) to compete successfully with in the current electoral system, First Past the Post (FPTP). This means it is unlikely they will win more than one seat at the 2015 General Election. In crucial swing seats, UKIP may take votes from all three 'big parties', meaning each party must decide how much to prioritise pandering to UKIP voters as opposed to sticking to any principles they might have. Indeed, doing so may not be politically expedient; in a Yougov poll, voters placed the EU 11th out of 12 key issues in order of importance. Current 2014 European Election polls place UKIP at 23% compared to 28% and 32% for the Conservatives and Labour respectively. This is particularly a source of worry for the Liberal Democrats, who are currently polling at 7%.

### Suggest one idea that would separate your party of choice from the others?

The election is still just over a year away. As it draws nearer, the parties up for election will make their specific policy positions clearer. Sunny Hundal provides an excellent summary of ways Labour could differentiate themselves at <http://tinyurl.com/p8cpxe8>. My particular favourites are points 3, 4 and 6.

## Germany: By Art Sett (Yr 10)

Picture a country that has lost the two largest civilian conflicts in human history, endured tyrannical political turmoil and is now single-headedly holding a crumbling Eurozone together, bearing the brunt for other countries' economic mishaps. Couple this with the knowledge that its inhabitants work one of the shortest working weeks internationally, and its younger generation spends less time at school than most of its neighbours and one may seriously doubt the competency of this country's leaders.

It may well shock you to know (if the title has passed you by) that the country referenced above is none other than European super-heavy weight Germany. Underneath this façade of ineptness however, runs the German economy with characteristic efficiency.

So how do they do it? The internationally respected doctrine of "hard work equals good results" seems undermined here – and yet Germany is the 4<sup>th</sup> most competitive economy in the world (narrowly behind Switzerland, Singapore and Finland). Germany is possibly the most impressive country ever.

Maybe the doctrine is "smart work equals good results".



### The Eurozone

By being part of the European Monetary Committee, Germany has exploited its position as the most powerful country in the Eurozone. As the Deutschmark would've been much stronger than the Euro, Germany runs a wonderful surplus current account balance of \$257.1 billion (the highest in the world). This is the real power behind Germany's exports, which are cheaper to overseas customers as a result. To attribute Germany's entire economic prowess to its currency union would, however, be incorrect.

### Borrowing

While Britain, France and other European powers find themselves embroiled in crippling debt (and continual interest payments), Germany has never really embraced the 'borrowing culture' that was rife in Europe during the 'easy money' period of the 1960s. It may have some root in the etymology of the German word to borrow; 'schuld'. The other meaning for this word is 'guilt', and this would go quite a way in explaining the German thought process. Surely if you have to borrow – there must be something wrong with you? 'Live within your means' appears the overarching doctrine of successful economics. As with all of economics, however, the truth is seldom predictable or straight forward. The matter is more complex.

The Eurozone - Percentage of GDP by Nation (2010)

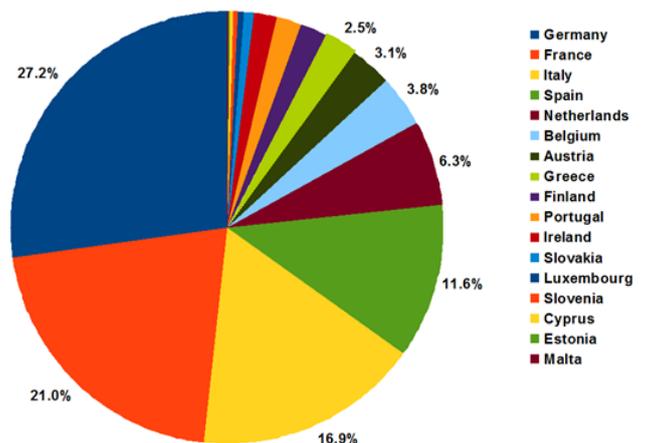


Table 4: The Global Competitiveness Index 2013–2014

So *just* how good are the Germans?

Country/Economy	SUBINDEXES							
	OVERALL INDEX		Basic requirements		Efficiency enhancers		Innovation and sophistication factors	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Switzerland	1	5.67	3	6.15	5	5.44	1	5.72
Singapore	2	5.61	1	6.30	2	5.63	13	5.14
Finland	3	5.54	7	5.97	9	5.30	2	5.65
Germany	4	5.51	9	5.90	8	5.31	4	5.59
United States	5	5.48	36	5.12	1	5.66	6	5.43
Sweden	6	5.48	8	5.95	7	5.31	5	5.46
Hong Kong SAR	7	5.47	2	6.15	3	5.57	19	4.83
Netherlands	8	5.42	10	5.89	11	5.27	7	5.36
Japan	9	5.40	28	5.37	10	5.27	3	5.62
United Kingdom	10	5.37	24	5.48	4	5.45	10	5.15

### Job Skills

In Britain, the route into CEO positions is clear cut (school, 6<sup>th</sup> form, university, employment), with a rather cynical view of those who choose employment (vocational training) over further education. Germany's secret is to remove the engrained societal stigma on job training and instead get a workforce into employment from a younger age. This in turn provides an almost guaranteed full – time job at the end of the process. The young employees of major firms are allowed to earn while they learn, and this makes them tax payers for the German economy quicker and allows them to aspire towards the property ladder earlier than in Britain.

Notice the absence of graduates, brooding over a lack of employment? Germany's industry is always supplied by a steady stream of highly skilled workers to power its family owned manufacturing businesses. This in turn stimulates the sizeable and powerful international brands that dominate the world markets (notably cars, machinery, pianos and just about anything else). Is Germany the workshop of Europe? It would claim so, with its population of 44.2 million. With better machinery, the story reads 'Vorsprung durch Technik' with undeniable (and characteristic) certainty.

After this brief insight into the German economic machine, maybe their secrets to success aren't a magic ingredient, but is instead more centred around sensible economics for a prolonged period of time. Something for Britain to learn from? Certainly.

### Economic wisdom: Agree?

Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it. **Ronald Regan**

### How do economists measure competitiveness?

#### Basic Requirements

- Sophistication and stability of public and private Institutions ( e.g. banks / governments)
- Developed Infrastructure
- Macroeconomic Stability ( e.g. low inflation)
- Health & Primary Education ( e.g. literacy rates at 99%+)

#### Efficiency Enhancers

- Higher Education & Training (access to university education)
- Goods Market Efficiency ( productive manufacturing and supply network)
- Labour Market Efficiency ( absence of over strong trade unions and restrictive labour laws)
- Financial Market Sophistication ( Developed stock markets and ability to channel savings into investment)
- Technological Readiness ( use of current technology in production and society in general)
- Market Size ( bigger markets allow firms to exploit economies of scale)

#### Innovation & Sophistication Factors

- Business Sophistication ( links between business and degree of specialisation in service and goods provision)
- Innovation ( creating tomorrows products and services– the future to long term growth)