

Transcript of David Cameron's speech on 15/12/2014, provided to Full Fact by the Conservative Party Press Office.

## ***Check against delivery***

### **INTRODUCTION**

This Government has a long-term economic plan...

...and today I have seen that plan in action.

Here in Magna Academy...

...which has been re-built not just in its bricks and mortar, but in its culture and leadership.

Brick by brick, lesson by lesson, Richard Tutt and his team are giving more young people a great start in life.

And this morning I was at a brownfield site near here where they're looking to build some new Starter Homes.

These are homes built especially for first-time buyers under 40...

...sold to them at 20 per cent below the market price...

...and this Government will build 100,000 of them.

I saw the spot where, brick by brick, these homes could be built...

...with young people crossing the threshold and thinking 'I earned this. I own this.'

And that, for me, is what the values of this Government are all about.

Brick by brick – we are building a country where those who work hard and do the right thing can get on.

Like I said in my conference speech – I want Britain to be a country where if you put in, you will get out.

Where if you want to work, there are decent jobs.

Where if you put the hours in, you keep more of your own money.

Where if you're raising your children the best you can, you can expect they'll get a proper education – like the one here at Magna Academy.

Where if you're willing to save, you can buy a home of your own.

And where if you retire, you will have dignity and security in old age.

Simple things: a decent job, more money at the end of the month, good schools for our children, the chance to own a home, peace of mind in our old age.

It's not a utopia we're building.

Just a Britain that everyone is proud to call home.

And we are getting there.

Since we came to office, 1.7 million new jobs have been created...

...an average of 1,000 new jobs every single day.

Since 2010, we have cut the income taxes of over 24 million people...

...and taken over 3 million of the lowest paid out of income tax altogether.

800,000 more children are learning in good or outstanding schools, like this one.

Through our Help to Buy scheme, so far over 71,000 people have been able to buy a home of their own – the vast majority of them first-time buyers.

And over the past four and a half years, we have made profound changes to our pension system.

Instead of punishing people for working hard all their lives and saving for the future, we are rewarding them...

...abolishing the hated means test and replacing it with a Single Tier Pension.

We're letting people pass their pension pot on to their loved ones...

...and the State Pension has already increased by £800.

All of this isn't about policy, but people.

The parents who have more peace of mind because they're earning for their children.

The young people going out to work, not sitting on the dole.

The elderly who don't have to worry, or feel angry that all they've worked for has come to nothing.

And none of this has just happened out of thin air.

It's happening because this Government has a long-term economic plan we are seeing through. At the heart of that plan is sound public finances and reducing the deficit.

It's simple: you can't build a better future on a mountain of unsustainable debt.

Sound finances are the foundation of everything...

...the kind of country we are, the future we face, the jobs that are here...

...the financial security that each and every family has.

So for the past four and a half years we have been making realistic assessments about what we can and can't afford as a country.

Already we have cut the deficit in half...

...and we have set out clear steps to finish the job by 2018...

...so that before the end of the next Parliament, we are back in the black and running a surplus.

We must finish the job we have started.

That is why today, the Government is publishing a new Charter for Budget Responsibility.

This will enshrine our commitment to get debt falling as a share of our national output by 2016-17...

...and to get the structural current budget into balance the following year.

And as Conservatives we will achieve an overall budget surplus by 2018-19.

This is our plan on the deficit.

And the point I want to make today is how critical it is for our country that we stick to it.

In the past couple of weeks, others have set out an alternative course, and the British people need to be clear about the consequences of taking that course.

Consequences that frankly do not bear thinking about...

...consequences that would affect every man, woman and child in our country.

So today, I want to explain very clearly what each of those consequences are...

...and why they add up to a simple choice: between competence and chaos.

## **UNPREPARED FOR THE FUTURE**

Consequence number one: a Britain completely unprepared for the future.

Let's remember how our country got into this mess.

It's because during good times, we didn't put money aside for a rainy day.

At the height of the so-called boom years, far from running a surplus, Britain was running the biggest structural deficit in the G7.

Then, in 2008, when the economic storms hit, we were completely exposed.

We were plunged into a deep recession, with all the suffering and sacrifice that brings.

Our deficit spiralled out of control.

It became clear how dangerously beyond our means we had been living.

And there was a real danger that people would lose confidence in our ability to pay our debts.

When that happens, interest rates can get dangerously high.

Our plan is about making sure that doesn't happen again.

It's about saying that by 2018 we will be putting money aside so that if any crash or shock happens to our economy, we will be better prepared.

And frankly, if we are not going to start putting money aside after 7 years of continued economic growth, when will we be?

This is sensible and reasonable.

What is reckless is the alternative.

Continuing to borrow more, continuing to pile on the debt, failing to put money aside – leaving us in a hugely risky position should any crisis hit in future.

That is what Labour would do.

Last week, Ed Miliband spoke about the deficit – and wrapped it all up in a lot of jargon.

He claimed he would run 'a surplus on the current budget' and attacked our plans to 'balance the overall budget'.

I want to peel back the jargon and tell you what this actually means.

The government budget is made up of different parts: current spending and capital spending.

In plain English, current spending is day-to-day spending by departments like health, and things like welfare and debt interest.

Capital spending includes things like infrastructure.

So Ed Miliband is saying he will only balance part of the government's budget – not the whole thing like we plan.

And let's be clear what that means.

Ed Miliband would never clear the overall, headline budget deficit.

He would run a budget deficit – permanently adding to debt – indefinitely. Every year. Forever.

The independent experts at the Institute for Fiscal Studies have put it best: 'under a Labour Government...

...you'd have much more borrowing, and therefore government debt.'

They say that Labour's borrowing rules would allow them to borrow £28 billion more a year.

The Treasury too have done some analysis on the equivalent of Labour's policy.

It shows that, compared to our plans, the national debt would be almost £500 billion bigger in 21 years' time.

Nearly £30,000 more debt for every taxpaying household in Britain.

That is a great, black, ominous cloud on the horizon – and if a real economic storm hit again, the fall-out would be felt by families up and down this country...

...people lying awake worrying about their mortgage payments...

...businesses closing down; jobs lost; homes lost.

Let me put it another way.

Our plan is about fixing the roof when the sun is shining...

...the alternative is about taking a massive gamble with our future.

## **HIGHER TAXES**

Consequence number two of not sticking with our plan is this...

...higher taxes on you, on your family, and on the business that employs you.

Taxes that could damage our recovery, lose jobs, hurt families, and hit the hardworking people of this country in the pocket.

Our plan avoids that risk.

We have been very clear that we will eliminate the budget deficit by 2018.

Our plan delivers that principally through spending reductions...

... and by continuing to crack down on tax avoidance, evasion and aggressive tax planning.

Labour refuse to provide that clarity.

So when they say, as they do, that they don't support our spending reductions...

...that they want to spend more...

...we all know what that means: higher taxes.

There is simply no way around this.

The money's got to come from somewhere – and it's going to come from you.

In contrast, far from thinking people should pay more in tax, we want people to pay less.

We have said that, by the end of the next Parliament, no-one will pay the 40p rate of tax until they are earning £50,000...

...and no-one will pay income tax at all until they are earning £12,500.

That would take a million more of the lowest paid out of tax altogether.

So that is the choice between sticking to the plan or veering off it: lower taxes or higher taxes.

If people are happy to be taxed more, fine. They can make their decision at the next election.

But that is the consequence of Labour – and the British people need to know it.

## DEEPER CUTS IN FUTURE

Consequence three is under-funded public services – and deeper cuts in the future.

Our plan has a very basic understanding at its heart.

You cannot have a strong NHS, strong schools, strong police forces, strong anything – without a strong economy.

Just think about the interest alone that we are paying to foreign creditors, and what that money could be spent on.

Each day the interest bill is £130 million: that is equivalent to around 1,300 doctors' salaries for a year.

Each month it is £4 billion: over 90,000 nurses.

Each year it is £48 billion: enough to build over 100 new hospitals.

I say let's get that deficit and debt interest down – so we can stop sending money off to bond holders in the Gulf or China and start spending it here in Britain, to make life better for people.

That's why we need to fix the public finances.

And our timetable is clear.

In the first two years of the next Parliament we need to find around £30 billion in savings, which will be difficult.

I am confident we can do it through making Whitehall more efficient...

...and, as I have said, through bearing down on those companies and individuals who evade or aggressively avoid taxes.

But critically, we should also do this through making further savings in the welfare budget.

Remember, it is almost one third of total government spending.

And those who say it all goes to the elderly and so it's not possible to change it are wrong.

Working age welfare counts for over £90 billion every year.

So we have already announced savings of over £20billion on the welfare bill...

...and we need to save £12billion more.

That means, for example, freezing working age benefits and reducing the benefit cap.

All this is difficult.

But think of the alternative...

...every pound you don't save on welfare is a pound you might have to take out of the services we need, like the NHS and schools.

And who suffers when that happens?

It's the people who rely most on our public services; the poorest, the elderly, the vulnerable.

If we don't make these savings now, it would be a lot worse later.

Others promise "an end to austerity" – but believe me, it would only be the beginning.

If we as a nation carried on spending, borrowing, piling up more debt...

...then down the line we would see the health budget under threat, social services shrinking...

...the life-lines people rely on being squeezed one by one.

That is the real consequence of Labour – and it truly does not bear thinking about.

### **COMPETENCE VS CHAOS**

So those are the consequences of Labour.

And in short, I'd say it adds up to total and utter chaos.

The chaos of a country that is racking up debts, that is unprepared for the future and totally beholden to global economic forces.

The chaos of higher taxes, fleeing businesses, jobs lost, an economy stagnating.

And the chaos of public services that can't meet demand and are creaking under pressure.

On the other hand, with our plan, you get competence...

...lower taxes, more business investment, more jobs, a growing economy...

...resilience for the future, security for your family...

...and strong public services that people can rely on not just now – but in the years to come.

Competence or chaos. A plan or no plan.

That's what will be on the ballot paper next May.

So much is at stake.

I say we must stay on course to prosperity; stick to what is working – and stick to the plan.