



SPEECH GIVEN AT THE STREATLEY HUSTINGS BY PETER NORMAN

I am standing because I don't think the big problems of the day are being addressed by either politicians or the media in this election.

The biggest issue of course is climate change, a topic of my last speech and you can find it on-line at peternorman.org.uk. Tonight I want to discuss what I think is the second biggest problem we face which is the state of the UK economy.

Last year we had a record trade deficit of £94bn. It is the result of our economy being hopelessly imbalanced but not in the way you might think. By far the largest part of the economy representing 60% of UK plc is housing. The latest estimates value it at some £4.2 trillion and rising and that is net of debt. It is by far our favourite way of investing money and it is not surprising. If you invested £1,000 as a buy to let landlord in 1996 you'd have made a staggering 1,390% return, this compares with 233% investing in government debt, 212% on equities and just 96% on cash savings over a similar period of time. Is it any surprise then that if you have any spare cash you want to put it into property? I'm guilty of doing it on a small scale, Richard Benyon is guilty of doing it on a much larger scale.

As a nation we are besotted with home ownership. It was prevalent before Margaret Thatcher but without doubt she gave it a boost. Of course the returns speak for themselves but successive governments have wanted us to invest in property in a way they have not encouraged with other forms of investment. On residential homes you pay no capital gains tax when you sell, on all other forms of investment you do. If you borrow to invest in a buy to let, you can offset the cost of that borrowing against your income. You cannot do so if you borrow to invest in a company. Indeed the Lib Dems are proposing further taxes on share ownership and taking away some of the tax breaks for entrepreneurs - the very people we should be encouraging if our economy is to prosper.

And if having exposure to the property market as individuals is not enough, the coalition government is now using our taxes to help first time buyers with their deposits, yet all the while that first rung of the ladder is getting further and further away, the cost of first time buyer homes went up on average by 7.4% last year. The Conservatives solution? to put even more taxpayers money into property.

The consequence of this is that we are not investing money where it could be used far more productively to strengthen our economy. When we should be investing in new schools and the education of our young, in young entrepreneurs who may be the future Bill Gates or Steve Jobs, we instead pour it into property and then wonder why our industry is in the doldrums.

If we are to tackle the current imbalance of the economy then we have to address our obsession with owning property and all the debt which goes with it. The argument will always be that you have security in owning your home but I would point out this. My family farmed the same farm for over 500 years, they were tenants and only gave up the lease when there was no-one to take it over. How secure do you need to be?



Mansion taxes, inheritance tax giveaways, help to buy schemes do nothing to solve the dysfunctional housing market or rebalance the economy. Yet that is what the parties are offering because they want to buy your votes with your money.

So I ask just one thing when you go to the ballot box and that is to think. Do not regard a vote for me as a wasted vote. Things won't change unless you vote for something different.