



### [Why retain tax credits or the Lords?](#)

by [Mark Iddon](#)

On Monday, 26th October, the unelected House of Lords overruled the elected House of Commons and voted to delay the reform of Working Tax Credits (WTC). News of this was greeted with applause by predominantly labour supporters who saw it as a victory for compassion for low income families against the nasty Tories.

The cheering on of the House of Lords vote is wrong on two accounts. The first is that it presumes the unelected House of Lords is more in tune with the British public and gave the Government a bloody nose as a morality check to the arrogant Conservatives driving their policy roughshod over the will of the people. The second is that there isn't anything progressive about the paternalistic topping up of low wages as an incentive for people to take up low paid employment. This is more of an indictment that the economy is still in such of poor state of productivity seven years after the start of the UK recession.

The House of Lords has over 800 members and is made up of lifelong peers and nominated peers with connections to the main parties, bishops and some independents but, the main commonality is that they have no accountability to the British public.

Tax credits were introduced in 1999 by the Labour Chancellor Gordon Brown in order to incentivise people to work when the low wages may not have been enough to lure people away from a life of scraping by on welfare benefits. The problem is that expenditure on tax credits trebled in real terms between 1999–2000 and 2010–11 and is estimated to be around £30 billion during 2014–15. George Osborne, the current Chancellor, wants to reduce the overall deficit with his plan to save £4.4 billion by reforming WTCs as part of his £12 billion of welfare cuts as noted in the Tory election manifesto during the General Election campaign of May 2015.

It is not that I think it is a good thing to reduce people's income as it would be my preference that people should be prosperous and have more materially fulfilled and comfortable or even luxurious lives. The problem I have is that the economy is not growing significantly and there doesn't appear to be any real investment, despite plenty of rhetoric and talk of a Northern power house, to bring about a dynamic and productive economy. The British economy is heavily reliant on the financial sector but the productive sectors are struggling to get by as we have seen in the closing down of the steel production plant in the North East of England. Sectors such as construction show signs of life but without any real growth or dynamism in evidence anytime soon.

The UK economy does not invest adequately in research, development and innovation with low production and output. I think we should be taking the Government to task over this and demand real economic growth that may be in the form of new airport terminals, the new nuclear power plants / fracking facilities, HS2, 3, 4, and 5, more road and house building programs with new schools and hospitals. If there were plans in place to create a dynamic economy they could generate to wealth to create well paid jobs without having to resort to WTCs to prop up an ailing

economy.

In order to take the government to task we need to focus on the real problems and not be distracted by sideshows. There needs to be more freedom and democracy to hold our leaders to account and to expose the medieval undemocratic charade that is the House of Lords as an unnecessary fraud and an affront to democracy. The House of Lords is highly resistant to progress and change and would only have voted to help the little people in order to keep the economy on its life support machine and maintain the existing situation of a scraping by economy. This situation actually serves to deny people achieving their potential in creativity and productivity and to realise potential material benefits in the long term. What we have is the politics of low aspirations without the prospect of betterment.

The vision that the Conservative Government, and the opposition parties, have for our future is just not good enough and if we want change, progress and prosperity we need to get rid of the House of Lords and make a demand for a restructuring of industry and the economy.