

EXTRACT FROM A SPEECH BY THE RT. HON. SIR GEOFFREY HOWE  
QC MP, OPPOSITION SPOKESMAN ON TREASURY AND ECONOMIC  
AFFAIRS, AT A LUNCHEON OF THE 35 GROUP IN THE CITY OF  
ON 15TH MARCH, 1977

*(London)*

The Government should reject out of hand the foolish suggestion made by Labour's National Executive Committee for the reduction of tax relief on mortgage interest.

The proposal would be a hammer blow to the morale of middle management at a time when serious and growing damage to industrial efficiency is already being caused by financial pressures on manager's living standards, which have fallen by up to one third in the last five years.

I estimate that if the NEC proposals were accepted, a typical middle manager (earning say £8750) would find his annual costs rise by £150 to £200. This would be the equivalent to cutting his pre-tax salary by about £7 a week - and it would be the last word in envious lunacy.

The NEC proposal, if adopted would also increase the price of average houses. For the demand for such housing would rise, because of pressure from those who were obliged to move down market to counteract the increase in their housing costs, and because of the enforced immobility of those already in such accommodation, who would no longer be able to afford anything better.

The Labour proposal would, moreover, lead to the degeneration of perfectly good, moderately sized houses now selling at prices which buyers would no longer be able to afford.

Nor should Mr. Healey think it would be any good taking with one hand and then giving with the other. An attack on mortgage interest relief would not be made any more acceptable by some modest reduction in the tax paid by higher rate tax payers. So long as the present government remains in office citizens upon whose hard work, skill and enterprise the nation must depend will forever be threatened by this kind of madcap malevolence.