structural current budget in 2017-18, meeting the new fiscal mandate that Parliament voted on earlier this year.

Our commitment goes further than this. A balanced current budget is not enough to deliver a reliable reduction in our level of national debt, which remains far too high in a world of continuing economic challenges. International evidence and Treasury analysis shows that the only way to keep our economy secure for the future is to eliminate the deficit entirely and start running a surplus. Anything less would be to ignore the lessons of the past.

That is why, in the second phase of our deficit reduction plan starting in 2018-19, we are set to move into surplus, with the Government taking in more than it is spending for the first time in 18 years. That means we can start properly paying down our debts and reducing the scale of annual interest payments – reducing the UK's vulnerability to future shocks by fixing the roof while the sun is shining. We will achieve this by continuing to control government spending in 2018-19, no longer cutting it in real terms, but instead growing it in line with inflation.

> ***"To eliminate the deficit we must continue to cut out wasteful spending and make government more efficient, effective and accountable"***

From 2019-20, after a surplus has been achieved, spending will grow in line with GDP. A new fundamental principle of fiscal policy, monitored by the independent OBR, will ensure that in normal economic times, when the economy is growing, the government will always run a surplus in order to reduce our national debt and keep our economy secure, with a state neither smaller than we need nor bigger than we can afford. Total government spending as a share of our national income at the end of the next Parliament is forecast to be very slightly higher than in the year 2000, the year before Labour lost all control of spending and the national debt started its longest rise for hundreds of years.

Our approach is focused on reducing wasteful spending, making savings in welfare, and continuing to crack down on tax evasion and aggressive avoidance. This means that we can commit to no increases in VAT, Income Tax or National Insurance. Tax rises on working people would harm our economy, reduce living standards and cost jobs. Instead, as we reduce the deficit, we will cut Income Tax, as we have done over the last five years: during the next Parliament, we will increase the tax-free Personal Allowance to £12,500 and the higher rate threshold to £50,000, so you keep more of your hard-earned money.

> The richest are paying a greater share of income tax than in any of Labour's 13 years

We will continue to build a stronger, safer and more secure banking system that serves its customers and provides businesses with the finance they need to grow and create jobs

We will make sure our financial services industry is the best regulated in the world with our new system of supervision led by the independent Bank of England. Our new Financial Policy Committee will monitor and control the growth of indebtedness and imbalances across the whole economy – a vital task that was totally ignored in the run up to the financial crisis. Our tough new Financial Conduct Authority will protect consumers and ensure that financial markets work for the benefit of the whole economy. To protect hardworking taxpayers from future banking crashes, we will finish the process of ring-fencing banks' high street branches from their investment arms by 2019 at the latest. In order to ensure that new pay structures for bankers rebuild trust and reduce short-termism, we will ensure that Britain continues to have the toughest regime of bonus deferral and clawback of any financial centre. We will continue to sell the Government's stakes in the bailed-out banks and building societies in order to deliver value for money for taxpayers and support the economy. Hardworking taxpayers supported the banks during the financial crisis and so the banks should in turn support them during the recovery – that is why we will keep the bank levy in place and restrict established banks' ability to pay less tax by offsetting their profits against past losses.