

2.8% growth would be great

The Chancellor gave us an upbeat message yesterday in his FT interview. He is putting growth at the forefront of his economic policy, as I urged. He thinks we can achieve the average growth rate since 1945 of 2-.7-2.8%. It's a bold ambition, given the poor rates of growth we have witnessed in the advanced world since the banking crash and Great Recession in 2008-9. Most forecasters now think the trend rate of growth is more like 2% than 3% from here, with some now thinking the UK and the Euro area can only manage 1.5%.

On Tuesday I am leading a debate in Westminster Hall for 90 minutes on how we can put in place a Growth strategy. We clearly need to reverse Mr Hammond's fiscal squeeze, as the government has promised to do. The state debt rules hold the EU in thrall and help keep growth down because they keep taxes up. They do not flex for the Laffer effects of lower rates bringing in more growth and in due course more revenue. The USA went for big tax cuts in 2016 and delivered much faster growth than the EU as a result.

We clearly need the Bank of England to get in line with all the main Central Banks of the world and have a policy which fights slowdown and recession instead of promoting slowdown. I have written plenty about that since the spring of 2017 when the Bank started to tighten.

Today in preparation for the debate I am asking for ideas on which taxes and which tax rates should we cut to get faster growth. There are three broad categories, tax on transactions, tax on work and income, and taxes on growing a company and owning and managing assets. Some of the tax rate cuts could bring in more revenue, some will result in lower revenue.

Transaction tax cuts to consider that could boost growth include Stamp Duties, Vehicle Excise Duty, and VAT on some purchases.

Taxes on employment and income include Income Tax, National Insurance, the Apprenticeship levy, and IR35.

Taxes on managing and owning businesses and assets include Capital Gains Tax And Business rates .