

A tax rise is a very bad idea

The Chancellor behaves as if he believes the Office of Budget Responsibility forecasts. That way disaster lies. In November they forecast a £394bn deficit for the year to March 2021. By March this year they had found an extra £40 bn and said the deficit would be £354bn. The outturn for that year announced shortly after the last forecast was £304 bn. So all their advice to put in tax rises to raise say £10 bn was swamped by a £90 bn improvement thanks to growth and their poor model

This year they forecast £234bn. In the year so far the deficit is £26 bn less than their forecast, again a multiple of the amount in extra tax revenue they tell the Chancellor to raise.

On this bogus pessimistic prospectus it would be most unwise to put up tax rates. The way to speed a welcome reduction in the deficit is to speed growth by lower tax rates. That is the best way to more revenue and more jobs. A tax on jobs when you want to promote more and better paid employment is particularly stupid.