

Boost the economy now

Other countries have been doing what I have advised the UK authorities to do. We are now witnessing a rash of policy announcements by Central Banks and governments around the world to boost their economies . They want to arrest the global slowdown and prevent a global recession. The UK as the world's fifth largest economy needs to help them.

Australia, the USA, China, Turkey, Russia, Brazil and others have cut interest rates recently.

The USA, China, Japan and Euro area Central Banks have all put more money into markets. The Fed has bought T Bills, the ECB government bonds, the Japanese both bonds and shares.

China has relaxed lending restrictions and offered cheap finance for distressed companies losing revenues from the virus effects. Hong Kong has given HK\$10,000 to every adult.

We can argue about the wisdom of individual measures, but they are right to be trying to generate more activity and see business through a difficult time. In this environment boosting demand and ensuring liquidity is probably better than cutting rates.

So what should the UK do?

The Treasury should lift its tax attack on small business contractors, by cancelling IR35

It should abolish VAT on green products and domestic fuel to cut the costs of living

It should cut Stamp duties and VED to promote more home and car sales

It should offer all small businesses a 3 month holiday from Business rates as some will suffer cashflow problems from virus disruption.

Cut Income tax to give all employees a pay boost.

The Bank of England should ensure a plentiful supply of liquidity to markets. It should facilitate lending to companies with temporary liquidity problems brought on by virus disruptions to sales or supplies who have a decent future business model.