

Budget day

I will add to my thoughts after the budget.

As readers will know I have done a lot of work on how to bring inflation down and grow the economy faster and put this to government in recent weeks.

Reform to deliver low inflation and faster growth has to start with a change of Bank of England policy. It needs to end its lurch to tight a money policy now inflation is falling. It must end its damaging sale of bonds. This would spare the Treasury large payments for the needless losses they are incurring and ease conditions a bit in the mortgage market.

Government policy must intensify to sort out labour market problems. They need to tighten the rules against low income migration further and do more to help people already legally settled here into work. There will be substantial savings on public expenditure from this.

Tax cuts need to be targeted on getting energy costs down to make the UK more competitive and ease the squeeze on the cost of living. There need to be cuts in tax for small business and self employed, and some increases in the Income Tax thresholds as too many people are paying higher rate tax.

The absurd policy control based on the 5 year out forecast of the OBR needs replacing with a control based on a target of 2% inflation and 2% growth.