

Ease the squeeze

I have urged this government to ease the double squeeze on the economy. They are hitting it with ever higher taxes, and squeezing it with tighter money. The squeeze has been particularly tough on the housing market and the car market, with the twin tax and credit attacks throttling transactions and hitting jobs in car manufacture, estate agency, removal firms, garages and furnishing businesses.

I have advocated a Brexit bonus budget. I had anticipated this in April following our exit on the promised date of 29 March. Now the government has delayed this, they need to review their economic policy anyway. Staying in the EU does not produce a lift in confidence and activity in the way they seem to think. It certainly does nothing to ease the money and tax squeeze they are deliberately imposing.

The action they should take includes

1. Cutting tax rates where the tax rate now collects less money because it is too high and acts as a deterrent to activity. Stamp Duty has to be brought down. The increased taxes on Buy to let should be cancelled. The rate of CGT on housing should be reduced. Vehicle Excise Duty rates should be returned to pre 2017 budget levels. These measures would bring in more revenue because they would stimulate more activity.
2. Cutting tax rates where there could be a short term loss of revenue. The government should cut all Income Tax rates by 5%, as our Income Tax levels are no longer competitive with the best in the world.
3. Cutting rates where there will be a permanent loss of revenue. The government should legislate to remove all VAT from all green products, in the spirit of Parliament's concerns about environmental matters. The law would have to say we were deliberately and unilaterally derogating from EU law ahead of leaving the EU, given the importance of these environmental issues.

The government also needs to increase spending on schools and social care as a matter of priority.

The Bank of England should reconsider its too tight money policy. The Fed, the Chinese Central Bank and the ECB have all admitted they were over tightening and are taking offsetting measures. Meanwhile the Bank of England takes delight in threatening further tightening. It needs to re introduce facilities for the commercial banks that allow ore lending, and alter its advice on car loans which is damaging the car industry.

The combined effect of these measures will be to increase the deficit compared to current forecasts, as unfortunately my plan to spend the savings on EU account will not be possible all the time our exit is delayed. Assuming we leave in October the extra cost will not be great, as long as we then pocket full savings from the EU programme. I would also use Overseas Aid

money for the housing budget to provide the homes new refugees and economic migrants need. This could offset the entire increase in the budget deficit if done on a sensible scale.