[Gloomy official forecasts and bad numbers try to bind the Chancellor]

The Chancellor is an intelligent man who recommended a 15% business tax rate when running for leader and who set up and ran a successful business before being a Minister. He says he wants more UK growth, and now serves a PM who has made growth one of his central aims. So why do we read every day there is no scope for tax cuts? Why are we told the numbers do not allow better incentives for those who work hard, who bring new jobs, and for companies that might come here or stay here and make more investments here if tax rates were lower?

We are told the issue is public borrowing. The government remains wedded to a version of the EU Maastricht rules over debts and deficits which gave us austerity economics throughout the previous decade. Treasury advisers tell the government they can have any rules they like to run the economy as long as they come down to the two EU rules that deficits must be below 3% of GDP, and debt must be falling. They use this to recommend damaging austerity policies which may raise not lower the deficit. What is even more puzzling is how these same advisers are apparently working on measures like bigger subsidies for childcare which could be affordable whilst ruling out tax cuts, and why with the Truss package they were only annoyed by the tax cuts, not by the huge increase in public spending for energy subsidies which cost twice as much as the tax measures on their costings.

In order to constrain the Chancellor the Bank of England , the Treasury and the OBR have decided to present the UK figures in the bleakest possible way. Only in the UK does the taxpayer have to pay up for the losses the Central Bank insists on taking on all the bonds they bought so badly. That's over £100 bn of losses over 5 years according to the OBR. The European Central Bank will not sell bonds into the market to take such huge losses, whilst the US Fed does sell bonds at big losses but does not charge the losses to the taxpayer and Treasury.

Then there is the bizarre UK accounting treatment on debt interest. The Treasury rightly publishes the costs of paying the regular interest on all the state has borrowed, which comes out less than £45bn this year. Then it adds to that this year another £70bn to allow for the impact of rapid inflation on the future repayment cost of the bonds they have sold that are linked to the inflation rate. This is not something taxpayers have to pay when they pay the debt interest. What happens is the eventual capital repayment of the bond is increased by the amount of inflation, when the government will simply re borrow the repayment amount.

All this should be seen by the Chancellor as perverse good news for next year. There will be a big windfall decline in the costs of debt interest as stated, giving him more than £25 bn of lower "spending" to offset any tax cuts he might want to make. He could also slash the costs of selling bonds which this year will cost taxpayers £11bn by telling the Bank not to sell them into the market at big losses. The Bank of England makes it quite clear on their website the bonds belong to taxpayers and they act as Agents of the Treasury in this matter. That will free more scope for tax cuts .

So cheer up Chancellor. Tell the advisers that in their own terms there is flex for tax cuts in their numbers. Tomorrow I will talk about how cutting taxes can raise more revenue, not lower it.