

## Growing the economy faster – cutting taxes on incomes

Government try to persuade us that they tax us to stop us doing things they think get in the way of a good life or damage the environment . So they single out smoking, drinking, driving and other conducts they do not like for taxes in the hope it will deter or reduce our activity in the penalised area. Those same governments claim to support work, and think work is good for us and for our neighbours who benefit from the work we do. So why then do they tax work so much?

They say they do not mean to deter us from working, but point out they need the money. They have to tax good things as well as bad things. They then claim to want to tax them in a way which wont be too damaging – unless they take a socialist position that high paid work is immoral or wrong. I agree that work is generally a good thing, providing incomes for people and interest to their lives. Many people get a sense of achievement out of producing goods and services others want, and enjoy some of the social contact that the workplace provides.

Under the Coalition the government recognised the need to make work more worthwhile, and did so by concentrating on taking more low income earners out of Income tax altogether. Today the Conservative government has choices. It could do more of that, or it could cut the rates. There is something to be said for rate cutting. If the marginal rate comes down working more is more worthwhile. Well done it might even bring in more revenue. Cutting the 45% top rate to 40% would tax the rich more – the cut from 50% to 45% as predicted here did bring in considerably more revenue. Cutting the 20% rate in stages to say 17.5% would provide a boost to most incomes in the country, increasing spending and activity. It too might boost revenue overall, when taking into account the extra revenue from VAT and other duties placed on transactions.

The USA, Italy and France are all going for tax rate cuts. The US economy is growing faster as a result, and the French economy is also doing a bit better. We need to catch up with tax cutting, so we do not become uncompetitive.