

Labour aims for sustained fast growth

The Labour Manifesto is based on offering the best sustained growth in the G7. That means transforming our growth rate, which has been one of the better slow growth rates that characterise the main European countries, to surpass US growth which has been in the fast lane. I admire the ambition but do not think the policy proposals that accompany it will get anywhere near delivering.

If we want to start catching up with the USA we need to recognise how far we and the EU have fallen behind. EU GDP per head, lower than U.K., is just half the US level. US growth has been around 2% a year in recent years with Europe below 1%.

If we want to overtake the US growth rate we need to consider

1 Switching back to Common Law as we now can. EU Code law is too restrictive and anti innovation.

2. Expand our private equity, angel investing, self employment and small business sectors by a more positive regulatory regime

3 Cut taxes on incomes and enterprise. The US has no federal Inheritance tax and an estates tax on assets above \$13 million. 32% Income tax only comes in at \$191,000 a year on the marginal earnings, and the 37% top rate at \$609,000. Capital Gains is at 15%.

4. Halve the cost of energy. US energy is much cheaper owing to a willingness to find and extract their own domestic gas and oil.

5. Onshore more industry and investment as the US is doing

6. Government to promote and be a customer for an expanded tec and semi conductor industry,

The U.K. to generate this high growth rate could attract more business investment and raise more business revenue by putting Corporation tax down to 15%