More bad news from a car industry damaged by higher taxes, and lower Stamp Duty receipts from higher rates

I do wish the government would reverse the damage it has done to the UK car industry through its higher VED, its attack on diesels and the credit squeeze. Last month car sales were very weak in what should be a good month, with the biggest hit predictably taken by diesels. The latest credit and money growth figures from the Bank of England show that last month there was no money growth at all, with a big fall in car loans. This left the yearly rate of money growth at a new low level below the current rate of inflation. Domestic policy continues to slow the UK economy, with the car sector and dearer properties bearing the brunt of the tax attack.

It is especially strange that the Business department, ever vigilant of alleged and often implausible problems for the car industry from Brexit, says nothing about the obvious damage to car output and car sales by the tax and credit policies currently being pursued. Indeed, with diesel car sales down more than 4o % now, it is difficult to understand how they have not observed this and not done something about it.

Returning VED to the levels prior to the 2017 budget would be a good start. Allowing more car loans, one per person in employment at sensible levels would also be a good idea.

Cutting Stamp Duty to 2016 levels where it is currently higher would help unblock the homes market. The Treasury had to admit in the budget that Stamp duty receipts will be £1bn lower this year than forecast owing to the decline in transactions and their model forecasting errors from the higher rates, with a loss of nearly £4bn over the five year forecast period.