

No need to increase taxes

(A longer version of this was requested by the Daily Telegraph for this morning after I had prepared this blog)

Levelling up is a good idea. It requires tax cuts, not increases. It requires using the planning system to allow more building and construction based investment in the parts of the country that want the extra jobs and money it brings.

The government has just shown how a tax cut can provide a good boost to activity, jobs and incomes. The cut in Stamp duty has encouraged people to get on with swapping their home to a property that is closer to their current needs. It has helped people downsize and upsize, to move from urban areas to more rural areas, or to move into cities from the countryside. It has allowed people to buy extra space for homeworking, or locate closer to schools or workplaces. It has given them more choice.

As a result housing transactions have just exceeded the pre pandemic levels. When people move it creates work for the estate agents, conveyancers, mortgage businesses, removal firms, painters and decorators, builders doing small works and many others. The Inland Revenue will probably be a winner too from taxing all that extra activity as well as getting a Stamp duty boost from more transactions as some offset to the lower rates.

Government works best for people when it respects their wishes, helps them achieve their ambitions and extends their effective choices. We need a series of policies that do just that. Levelling up needs urgent action to bring in extensive freeports to boost industrial and commercial investment. It needs cheaper energy so we make more things here. It requires new farming and fishing policies so we grow and rear more of our own food.

The government cut the top rate of income tax and collected more revenue from the better off. It cut the rate of corporation tax and collected more revenue from business. It offered a meals discount and kick started restaurants. Let's have some more policies that promote levelling up by cutting taxes and costs for people. That way we will get the deficit down more quickly, from all the extra activity.