

## Tax cuts now

This is an article the Mail asked for then decided not to run.

The budget needs to bring the deficit down. It should lower price rises and increase growth. The Treasury seems to think with the Bank that it needs to get inflation down first with austerity policies and falls in money and credit. They want to punish us for the big mistakes the Bank made printing so much money, and keeping interest rates too low for too long. The Treasury late in the day wants to put up taxes to pay for all the spending they unleashed as they tried to offset a lockdown and a big inflation. If they overdo the gloom and taxes they will push us into a recession. Recessions usually put the deficit up, as revenues contract and unemployment costs rise. It is time for some fresh thinking, not for more of the same old boom/bust official advice we have seen too many times in recent decades.

You cannot achieve the aims of cutting the deficit, controlling inflation and growing the economy without targeted tax cuts. Of course the Treasury are right in saying these should not be unfunded. They need not be. The Treasury should know all about unfunded spending rises, as they did enough of them over the last three years. If they had borrowed the money by selling long term bonds that would not have been such an inflationary problem, but instead they ended up effectively borrowing short term from the Bank of England. Now they are paying the price with big rises in the interest rate the Bank of England now chooses to charge them and we are all paying for the extreme monetary expansion they triggered to pay the bills.

We need targeted tax cuts to get prices down. Why not suspend the VAT on domestic fuel for the coming year? That would take domestic heating bills down by 5%. Now oil and gas prices have risen again on global markets, why not have a temporary cut in fuel duty to relieve some of the pressures on people and businesses when they need petrol and diesel to get to work and to deliver goods and services to our doors? When the government gave people subsidies for their fuel bills it did not help take the consumer price index down. Cutting the tax would. That has a beneficial knock on effect on spending, when it comes to updating benefits, pay and prices for CPI changes.

So how could we pay for this? As it happens the Office of Budget Responsibility has once again got its forecast wrong and understated revenues from existing taxes by £20 bn so far this year. That would more than cover it. If the Treasury insists on being more prudent why not sell the remaining shares in Nat West and use that money to pay for these temporary tax cuts to get inflation down? They could organise a great sale for the remaining holding with a popular offer, some free or discounted shares for employees and the retail public. Try cheering us up for a change.

The UK economy needs more domestic supply to help control price rises. Inflation is too much money chasing too few goods. The Bank now wants to squeeze the money, but we should also try producing more goods. Since February 2020 the UK has lost 800,000 self employed from the workforce. Some of this was covid created problems, but some of it is the tax changes introduced under IR 35. These make it more difficult for a self employed person to get contracts from businesses. The government should want to rebuild our self employed sector and should help do that by reversing the 2021 and 2017 tax changes. There are also things that can be done in the Employment Department to offer more support, mentoring and training to people currently out of work to work for themselves. Self employment offers great flexibility for the business person and the customers alike. We need more capacity in a whole range of services and specialist goods that the self employed excel at.

We should also want to boost our small businesses. They too offer a great way to expand capacity and supply quickly and in a low cost way. Raise the VAT threshold from £85,000 to £250,000 . This would enable a large number of businesses to do more, relieving a major barrier to their expansion. Small businesses turn down work and decline to take on an extra staff member because they do not want to have to register and put 20% on all their prices. The Treasury should also restore tax free shopping for foreign visitors to boost the tourist trade, and do more to lower business rates bills.

How could we cover these costs? The cost would be quite small even on Treasury arithmetic, and in practice could generate substantial additional revenues as more business was transacted and more earnings created. The public sector has presided over a 7.5% fall on its productivity in the three years 2020-22, which is roughly a £30 bn increase in costs for doing the same things. Now lockdowns are well behind us we need to get back to 2019 levels of productivity. This will entail a slimming through natural wastage of the civil service and other public sector administration, made easier to achieve by the wonders of modern computing. It should be possible by sensible personnel planning without redundancies to save £5 bn a year by the end of the first year of the programme.

The government should reorient its grants to stop famers growing food to offer future grants to promote more and better food production. The policy of using more of our own oil and gas instead of relying more and more on imports will also raise the amount of tax revenue the Treasury collects, and will add well paid tax paying jobs to the economy for the new fields. It also cuts world CO 2 output by substituting domestic gas down a pipe for LNG by ship with so much CO 2 generated to liquify, transport and gassify the product.

The Bank should not carry on selling bonds at large losses and sending the bills to the Treasury. It should allow its bond portfolio to run down as the Treasury repays the money borrowed through the bonds over the

years ahead. This will lower the state deficit excluding the Bank by many billions.

The Conservative party needs to recapture its tax cutting beliefs and show once again that only with tax cuts can you control the deficit, grow the economy and conquer inflation.

---

## Remembrance Sunday and demonstrations

As a strong believer in democracy and free speech I support people's right to peaceful demonstrations to tell others how deeply they feel about an important issue. I also advise those planning such demonstrations to remember that as they are trying to win over public opinion and the government to their view they need to consider how best to persuade rather than upset.

On Sunday many in our nation will wish to remember all those who died in the service of our country in past conflicts. It would be a good idea for anyone planning a demonstration to avoid the same times and places being used for civic and religious ceremonies for Remembrance Sunday.

---

## Railways fail to win back the passengers

I was not surprised the rail company is cutting back the number of services to Manchester. When I last returned to London from Manchester by train from conference this year on the all too early 21.15 last train there were plenty of empty seats despite the cancellation of the previous service and transfer of those passengers to the later one. there were even fewer people on the way to the city.

The latest figures I could find for overall use of the railways are the year to March 2022. Even the up to date numbers are delayed. They showed the railways with passenger journeys down 43% on 2019-20. Rail journeys were just 1% of total journeys undertaken. Government subsidy shot up that year to 2022 to £20.3 bn, 75% up on 2020, as taxpayers were made to pay the losses created by so many empty seats. The railways at great expense moved a lot of heavy fairly empty rail cars around the country, and created a lot of carbon dioxide in the process for their diesel engines and for their electric ones using power mainly generated from fossil fuel.

I found figures for quarter 3 2022 which showed fare revenues down to 71% of 2019-20 levels. Journey numbers had recovered a bit from the previous year, but only by discounting more fares.

The railways have not found a good business model for the post lockdown era. They need to show more flexibility over tickets for commuters who now travel in on fewer days and maybe at different hours to the old peaks. They need to identify the main places for the growing leisure business. They need to encourage handling large numbers of people all wishing to move to the same popular venue at the same time instead of deterring some of this by station closures and crowd management schemes that deter users. They need to adjust timetables to reflect travel needs and run fewer unpopular trains.

---

## November 5th

Today we remember a dreadful terrorist plot to kill the King and Parliament assembled. A small group of men hired a cellar under the Lords chamber where the King would speak to his Parliament and packed it with barrels of gunpowder. The aim was the mass murder of the government and Parliament of James 1.

The plot was foiled thanks to excellent intelligence work alerted by a note sent by a conspirator to a relative to avoid going to the opening of Parliament. It was decided after the event to remember the near disaster annually by lighting bonfires, a tradition that has continued.

In 1983 I was asked to leave the Grand Hotel where I was staying for the Conservative conference at 3 in the morning after a bomb had been set off and a central part of the hotel had collapsed, killing and maiming some guests. The aim was the same as the Gunpowder plot, to kill leading figures of the government led by Margaret Thatcher.

The Jacobean gunpowder increased tensions with Catholics in England and delayed the necessary passage to religious toleration. The Brighton bomb delayed a peace process in Northern Ireland .

These terrorist events have been put behind us, though they leave deep scars particularly for those who lost loved ones or who were injured in the bombing. The country did move on to reconciliation and to live with differences of faith and outlook. As we witness terrorist attacks and the military responses they evoke elsewhere we should remember that it is possible to find peaceful ways of living with differences.

---

# AI, work and the work life balance

Mr Musk went well beyond what is likely to happen with the introduction of more Artificial Intelligence when he said it is the end of work. The process will create new and additional jobs in AI activities. Many of the current jobs continue, with AI as a computer assistant to the employee. New things will be possible. The automated factory did not make everyone redundant and the arrival of computers did not end the office. It does however, open up an important debate about what is work and how much of it we need to do and what we want to do.

The debate is usually arranged around the simple division of work and life. I find this odd, as work is part of life and not all the life part of this division is freedom or fun. Some seem to think the route to a happy life is to minimise the hours of formal paid work, with movements to work fewer days and or fewer hours. The issue then is how are the hours spent that have been spared if this is successful.

I think it better to divide time up into four blocks each week. There is the one third spent in bed and sleeping. Not much ability or need to change that. There is the time spent in paid employment. There is the time spent in work within the home and family. There is true leisure time when you can watch a movie or play a game. The relative amounts of each of these is flexible and changes over time. More chores time is needed with children in the home. More leisure time comes when retired. It also varies with income and those with money to spare after the basics have more options for leisure and pleasure as well as more flexibility to buy in goods and services they need.

Some people like their paid work. It is what defines them, gives them interests and energy. They seek more work and expand their hours, using the extra money to have more help with the chores and services they need in their lives. Some people dislike their paid work so they look for ways to minimise its impact, and often take up unpaid work at home to supplement as often not liking your work goes with less pay. Be paid less and decorate your own home, be paid more and hire a painter. Being paid less certainly goes with less working hours as you wish to minimise them. Some see that it is not work as a whole they do not like, but the bad job they have got. They look for promotion, training, or major job change so they can find something they do want to do. When people retire some recreate features of their old job and do them for free. Some extend the range of work they do in the home instead. Many hobbies are other people's work.

All jobs have features that annoy, but so do many leisure activities. I dislike the journey to work now so many Councils have wrecked the roads, created more jams and try to ensnare more motorists into offences against massively multiplied rules. I do work from home more to raise my productivity and cut down the wasted hours fuming about road works and road closures. I also dislike the travel for a week end break or holiday because that can be even more vexatious as it is a longer journey. A holiday is to many people the pleasurable aim from working more, but if the hotel is bad, the weather

poor and the visitor attractions closed or sub par the holiday ceases to be that delight that makes everything else worthwhile.

Each one of us chooses a different balance of these uses of our time, and each one of us has constrained choices by what we can afford and what others will let us do. We can all strive to improve or change in ways which expand our choices. There is no simple work/life balance, and no early move to replace us all by computers and robots.