

Tax and spend

I read in one newspaper that we will be offered tax cuts in the budget. Just what we need to stimulate an economy being put through a combined monetary and fiscal squeeze. Then I read in another paper that the Chancellor will tear up the promises to raise Income Tax thresholds, and find some more money for Universal Credit. I read elsewhere that the Treasury still thinks it needs to raise a tax or two to pay for the increased NHS spending that has been outlined.

Who knows which of these leaks is informed. They could all be right with a government still trying to make up its mind. What is clear is many of us who will have to vote on the budget when they have decided and announced it want to honour the promise to raise tax thresholds, want to cut taxes to provide a stimulus to enterprise and want to boost spending on crucial public services. We do not however wish to run up excessive debts and do not think there is a magic money tree.

The good news is there is an easy way to do all these things. Make it clear to the EU that we do not owe them money after we leave, and announce we will be leaving on 29 March 2019 with or without agreement to a Free Trade deal. The EU can decide whether they want one or not. It is in their interest to want one and I suspect they would offer one if they were sure we will just leave otherwise.

The government also has the option to review the large spending planned on HS2. There does need to be more spending on better targeted rail investments in the North, but even after allowing for these the cancellation of this vastly expensive project would also free substantial resource to do other things.

The extraordinary thing about current Treasury thinking, as they dither over any increased spending tax cut, is their persistent wish to give £39 bn to the EU. Why cant they transfer some of the toughness they show about desirable UK spending and tax cuts into determined resistance to paying so much money to the EU when there is no legal requirement to do so.

I have one simple piece of advice for the Chancellor. Dig in against more money for the EU and all your money problems for the next three years drop away. Grasp that we will trade just fine on 30 March 2019 if we just leave. That is what we voted for. We want to spend our own money on our own priorities. What part of £39 bn doesn't the Treasury understand?