

Time to boost the economy

The Bank and Treasury have slowed the economy too much by tax hikes and monetary tightening. At a time when the USA is reflating its economy, and when Japan and the Euro area are still printing money and keeping interest rates at zero, UK policy has gone the other way with the predictable slow down. The UK's performance has nothing to do with the Brexit vote and everything to do with domestic policy. The economy did well for the first nine months after the Brexit vote until policy was tightened and more taxes put in.

So what should the authorities do? They should plan to spend the £12 bn saving on net EU contributions from next March and make it clear to the EU we won't be paying them money after we have left. The EU is not offering us a good deal, so why pay? We need that money at home. I have set out before a mixed package of spending increases and tax cuts to spend this money, with the emphasis on more money for the NHS.

We do not want a debate about a new NHS tax or any other tax increases. Tax rates are too high in the UK. At a time when the USA is slashing its tax rates with a top rate of 37%, and the new Italian government favours a two rate Income tax at 15% and 20% the UK cannot afford to keep its rates too high. To do so is to export talent and jobs to lower tax rate regimes, and to lose possible revenue.