

Time to ease the cost of living squeeze

One of the official and Bank of England forecasts that might prove to be right is that people face a cost of living squeeze, predicted to be at its worst in April next year. People will face home heating cost rises, a National Insurance tax hike and Council tax rises. General inflation is likely to reach its peak before subsiding around the same time. Supply shortages around the world including microprocessors, shipping containers and various manufactured goods add to the price pressures.

The government should take some action to ease the squeeze. On energy I have set out at some length how the U.K. could produce more of its own gas and electricity to start to reduce its dependence on dear and volatile imports and improve the contract costs of its longer term energy mix. On tax I still call for the NI increase to be scrapped. In a wide range of areas where supplies are short at home and abroad we need to be looking to put in more UK capacity to cut our import dependence. The higher spending Councils need to review their budgets to concentrate the spending on the essential services and to limit tax rises.

In some cases people will enjoy wages rises above inflation where there is a shortage of their skill. It is highly likely truck drivers, chefs, hotel staff and other constrained areas will see decent real wage growth. Many other people will be asked to accept wage rises that do not keep pace with the cost of living when tax and price rises are taken into account.

The UK market feels short of a wide range of services, There are good business opportunities for those willing and able to train to work in hospitality, leisure, care, building and a wide range of other areas. There is plenty of scope for people to set up their own businesses and to get orders from a public struggling to find the help they wish to buy in.

The UK government should do more to encourage self employment and the establishment of small business. Instead of taxing it too much and in too complex a way it needs to be easier to set up and get started, as we need the extra capacity. Many of the price rise are owing to shortages, so we do need more supply to solve the problems. The official machine is too ready to rely on imports.