UK economy slowed too much by domestic policy

As forecast here the latest figures for GDP growth show that the combined fiscal and monetary squeeze administered by Mr Hammond and the Bank of England have had their predicted effect. The economy has not been growing for the last quarter and the overall annual growth rate has tumbled towards German and Italian levels.

The USA is still growing considerably faster thanks to big tax cuts, a fiscal stimulus and active encouragement of growth and sensible lending by the Fed, their central bank. Never has UK policy been so much at variance with global policy as today, with the rest of the world's central banks fighting recession and the UK one fostering slowdown.

The delay in the budget until March means the cavalry of some fiscal stimulus does not arrive until April. Meanwhile some Monetary Policy Committee members openly muse about a quarter point cut in interest rates, though with no great sense of urgency. What the Bank should be doing is renewing its old scheme for Funding for lending, reversing its most recent decision about capital buffers for commercial banks, and changing its advice on lending for home and car purchase and for small business lending where there is adequate income and capital cover for the loans.

The Treasury needs to lift the IR35 tax changes which are damaging small contractors. All branches of government need to engage with the need for faster growth and join the international consensus that we need to fight slowdown now.