

High tax rates are damaging

I find it curious that the Chancellor tells us he is a lower tax Chancellor when all he seems to do is put the taxes up. I would like to believe him, as he is right in thinking lower tax rates would be good for growth and the economy. I will give enthusiastic support when he announces the lower taxes.

Unhelpful briefing implies the higher taxes like National Insurance, Corporation Tax and frozen Income tax allowances are some kind of punishment for the PM wishing to increase spending. The polite on the record rationale is they need these rises to get the deficit down post the pandemic spending bulge.

None of this makes any sense. The Treasury has just had to slash its deficit forecast by £50 bn for this year thanks to the surge in growth, with no tax rises yet imposed. The evidence shows if you keep rates down and go for growth the deficit falls. The danger now is the big tax rises will do the opposite. They will slow growth going into the next financial year as the rates bite, leading to a higher deficit.

I urge the Chancellor to do what he says he believes. set lower tax rates to boost jobs, incomes and investments. There is nothing stopping him getting more spending control into areas like railways and test and trace where there have been large increases.