Time to boost the economy

Interest rates have been cut in the USA, Brazil, India, Australia, New Zealand, Thailand, Turkey, Russia and elsewhere. The USA , France and others have offered some tax cuts. Italy is seeking to make the country more attractive to investors and entrepreneurs through tax changes. The Italians are pushing to be allowed some fiscal reflation to ease the pain of their adherence to Euro disciplines against a background of very weak growth and high unemployment.

The UK economy has performed very well considering the severe monetary and fiscal squeeze administered by the outgoing government. It is good to hear the new Prime Minister make clear his commitment to a prudent relaxation of the squeeze, with planned spending on police, schools, the NHS, prisons, and infrastructure. He should ensure tax policy is reviewed to make us internationally competitive and to maximise revenues around rates people are prepared to pay and which continue to attract talent, investment   and business to the UK.

The PM has pledged to accelerate the roll out of fibre to every home and business to increase capacity and line speeds. More and more business, learning and entertainment will be delivered by internet, so we need the capacity to compete and to handle the volumes of data and film, likely to be involved. We also need more to be spent on roads to bust congestion, improve safety and reduce journey times. Road budgets were badly cut by the last Labour government and kept low by the Coalition.

The latest German figures show that the world manufacturing downturn in general and the bad hit to the car industry in particular have dragged the German economy into a quarter of negative growth, with poor prospects for the rest of this year. Italy was in recession last year in the second half, and remains very weak this year. The Eurozone as a whole is likely to avoid a recession but is widely forecast to record very slow growth. The internal logic of the debt and deficit rules and the inability to exploit the dugital revolution unleashed by the USA will keep the overall Eurozone performance poor. Germany will still worry about the extent to which the whole zone is financed from German deposits of its surplus at the Central Bank for lending on to the deficit countries.

Now is the time for the UK to promote growth, more jobs and better incomes. New freeports, more development of the internet economy, and stronger global trading links with the faster growing parts of the world are all possible after October 31.The UK is better at tec and services and well placed to be an important global player.