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Kick starting the economy.

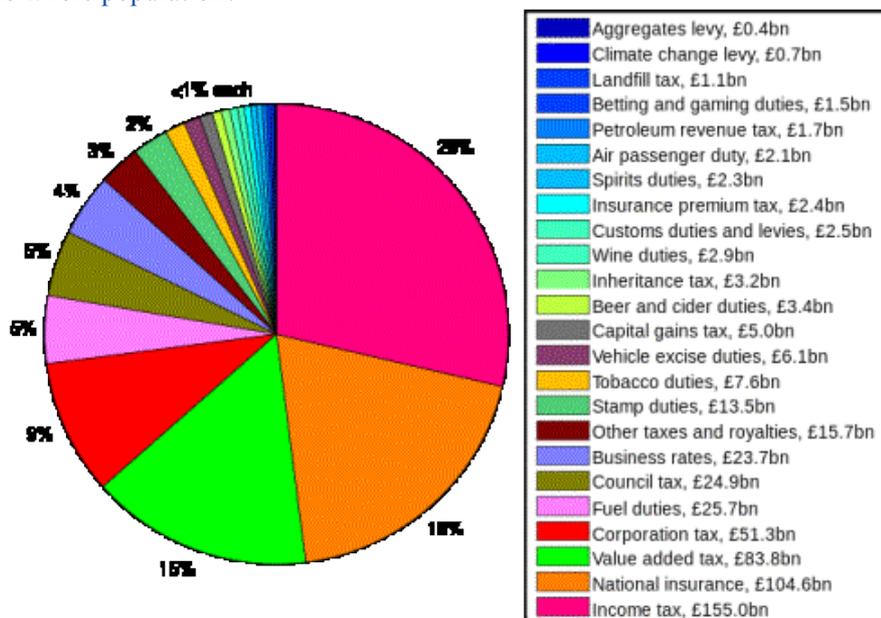
It is clearly easy to kick start the economy, once we understand first principles. For the Government to work it needs income, just like any individual. And just like any individual it needs to live within its income.

Most individuals borrow money at one time or another, for example to buy a house or to buy a car. Any sensible individual will balance the repayment on a mortgage or a loan against their income. That is living within one's means. If an individual is able also to save, that means he is rich, even if he saves £500 per annum or even if he makes £1,000,000 in excess of his everyday needs.

However central governments are inclined to borrow money, that is to say, to take on enormous mortgages that it is often beyond their ability to repay from income. And so they borrow more and more, adding to the National Debt, at a present rate of £2bn a week. This problem does not belong to the UK alone, but is a monster problem for the USA who are in fact in debt to China up their eyebrows. Why does not China call in the debt? For the ridiculous reason that their own economy would collapse if they did so.

Central governments are very fond of saying that individuals are living beyond their means. This is a blatant and hideous lie. The vast majority of sensible people in the UK take every precaution to live within their means. It is one government after another of whatever complexion that uses our money to live and to spend in a totally disreputable way. They rely on the fact that people are lazy, and that we the people are easily bribed with our own money, which is extorted from all of us by taxation.

Now some taxation is necessary for the running of government, for the civil services and for the armed forces, for the defence of the realm. So the problem is this: what taxation is fair and equitable and leads to the increasing wealth of the nation and what taxation is clearly the opposite and leads to increasing poverty and misery and hardship for the whole population?



Let us look at a pie chart of government income.

In order to read this pie chart easily one must start at the bottom of the list. These figures are taken from the years

2008-2009, and although not exactly up to date the figures will serve well enough to establish principles.

By far the largest part of the government's income comes from Income Tax. Well, we all hate Income Tax, nevertheless it is probably the fairest. There is only so much food an individual can eat in a day. The graduated scale of Income Tax means that the very rich pay by far the heftiest slice, however much they wriggle and use accountants to reduce their tax burden.

National Insurance should pay for our hospitals, as long as central government does not raid these funds, and should also provide for old age pensions, provided that successive governments of whatever colour are not too greedy. Corporation tax is a tax also on profits, and that seems fair enough. As to Value Added it seems to me somewhat ridiculous to make products more expensive than they need be since government agencies also have to pay this tax. However the jury is out on that one.

Fifth up on the list is Fuel Duty at some 5%, bringing in some £26bn. This is a relatively small amount and can be added to the Petroleum Revenue Tax of £1.7bn near the top of the list. So we can say that altogether that accounts for some 6% of the government income. But is it sensible and is it fair?

Clearly there are taxes that are on profit and excess profits, but taxing of fuel is a tax on the **means of production**. It is clearly not sensible at all. By making all means of transport more expensive the government may make an extra 6% income, but at the same time they are crippling the UK economy. So much is blindingly obvious.

By halving the tax on petroleum products all our industries would immediately benefit. All our food would be cheaper, immediately. All our rail fares, all our journeys by car, all the deliveries of a hundred and one items would be cheaper. The economy would receive an instant and huge boost. Effectively everybody's income would go up and company profits would soar. Our exports would rocket, no matter whether we left the EU or not, as competitive prices would rule as they always have done.

If the government lost say 3% of their income in this way, surely they would gain a massive amount on company profits. Unemployment would fall as companies strove one after another to take advantage of cheaper prices of fuel, which affect everything. Hospital bills would fall. The totally idiotic and inefficient use of wind turbines for the production or the non-production of electricity would have to be axed.

So we establish a principle. Never allow taxes on the means of production. Let all taxes fall on surplus profits. Once this principle is established, profits would soar.

Clearly the aim of the present government to reduce expenditure and balance the books is correct in principle. Why then are we spending some £20bn a year to support a corrupt European civil service, and Commissioners who are accountable to nobody?

With that amount of money all taxes on fuel, the means of production could be cut, and Great Britain would be great once again.

Anthony Bright-Paul

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