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The government has correctly realized it cannot spend its way out of debt. It has not, however, paid sufficient attention yet to the supply side, to helping create the right climate and conditions for economic growth. The debt, big though it is, will look smaller in a larger economy.

There is one simply supply side measure that could boost growth rapidly. It is to make life easier for small businesses so they can be established, grow and expand, and create the new jobs that will cut unemployment and dependency.

The record of small businesses is there for all to see. Companies with fewer than 100 employees create roughly two-thirds of all new jobs. Yet life is by no means easy for them. These firms, which account for nearly half of all employment in the UK, have to spend time calculating PAYE tax returns and National Insurance for their employees, when they would rather be out generating more business and creating more jobs. And they have to cope with a swathe of regulations that take time to comply with and hamper their ability to expand.

The one big supply side measure to unleash them would be to allow those who work for small businesses to be registered as self-employed. The employers would not then face the burdens of paperwork. They would not have to cope with statutory sick pay, holiday pay, maternity and paternity leave and a host of other regulatory requirements. Big firms can set up departments to deal with this, but the small employer who hires a handful of people gets bogged down in a quagmire of costly red tape.

Of course the Treasury will resist. They have spent 20 years trying to force self-employed people into 'employed' status so they can collect tax from them more readily. The Chancellor should force his Treasury to look at the supply side. New jobs mean people being paid wages and spending money, some of it in High Streets. They mean people coming off benefit. They mean a growing economy and a broader tax base.

Small businesses could simply send the names and contact details of their staff to HM Revenue and Customs, and pay their staff as self-employed people under contract. It would be a simple reform, and one that could give the economy a jump start where it matters most ? in the sector that creates the new jobs and growth.

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