

[A twin track to recovery](#) [1]

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There are two actions that might put the UK's finances and its economy into better shape. Unfortunately, neither of these can be done. The first policy would involve hauling down the long-term unfunded entitlements and largely replacing them with self-supporting schemes aided by a measure of transfer payments to the small number unable to fund their own future needs.

The second measure would involve setting loose the creative abilities of the private economy by a big round of tax cuts, both personal and corporate, and the repeal of many of the unnecessary and bureaucratic regulations that hold back enterprise and ambition.

Both would probably work, but neither can be done in this political climate. The electorate would be likely to throw out any government that tried to cancel their future benefits, and would be hostile to tax cuts for business and enterprise at a time when their own living standards were either static or falling.

Since it is unlikely that future generations will pay for those unfunded entitlements, future governments will probably have to borrow more in order to finance them. And since economic growth will not surge forward without cuts in taxes and regulations, the national indebtedness will not diminish in proportion to the total economy.

In an ideal world, think tanks and commentators would work to persuade the public of the advantages of both of these policies, clearing a pathway that politicians could walk upon. In this real world, however, there is little chance of the electorate ever being persuaded to vote for reduced benefits. It is just possible that the public could be shown that they, too, would gain from tax cuts on enterprise, and agree to support it, but only to a limited extent, and with measures far more timid than those needed to generate vigorous growth.

It is far more likely that governments will just muddle along, incurring great unpopularity for trivial cuts to entitlements, and making trivial tax cuts with one hand while increasing taxes elsewhere with the other.

This is a pity, because these twin tracks to recovery could utterly transform Britain, and do it very rapidly, too.

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