

[The Autumn statement shows that economic stagnation is here to stay](#) [1]

Written by [Sam Bowman](#) [2] | Wednesday 5 December 2012

One thing became clear today: economic stagnation is here to stay. There is no growth and no prospect of growth without a change of course that focuses on deregulation and targeted tax cuts. There is no trade-off between growth and deficit reduction. You can't have one without the other.

The key is to go for private sector growth. Government regulation is smothering small and medium-sized businesses, and today's rate relief announcement is not enough to help them. Employers' National Insurance is a tax on jobs and prevents the creation of over 500,000 jobs by small and medium businesses. It should be scrapped. The best way to stimulate the economy is to give small businesses a break.

The highlight of today's budget is the rise in the tax-free personal allowance, which the Adam Smith Institute has long called for. It should be raised to the minimum wage level so that the poorest earners pay no tax at all. Scrapping of the fuel duty hike is a good thing, but we should not be too impressed at a Chancellor deciding not to raise taxes ? we need cuts to regressive consumption taxes.

The government and media have focused on trivial changes in spending like the £5bn newly allocated to capital projects. Meanwhile, the state is borrowing that amount every two weeks ? or another £331 million every day.

Deeper cuts to public spending are clearly needed to cut the deficit, but these are not possible without a fundamental shift away from socialistic monoliths like the NHS. The only way real cuts to expenditure can be made is by shifting to more efficient, market-based models of social insurance for healthcare and welfare. The claim that we can make substantial savings by ?trimming waste? is a lie ? and we're fast learning what a dangerous one it has been.

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