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PJR Morgan Organisation Introduction.

I am a macroeconomist and have my own school of economic thought 'Morganist Economics' which the British government uses extensively. My objective for this submitted report for the 'Tax After Coronavirus Inquiry' is to avert an increase in taxation rates to protect the overall economy and to prevent the creation of poverty from the over taxation of the populace. I will put forward alternative methods of dealing with the increasingly high government debt the Coronavirus lockdown has caused, I propose shrinking public debt as a percentage of GDP.

Avoiding An Increase In Taxation.

I am apprehensive that the government is assessing the need to raise taxation as a result of the growing government debt, which has risen relentlessly since the Coronavirus lockdown. I feel an increase in taxation would be deleterious to the economy, damaging to potential economic growth and could cause taxation created poverty. An increase in income taxation or national insurance contributions would reduce household incomes and decrease rates of consumption. This will initially take money from families and secondly lessen consumption created growth.

My subsequent major concern with an increase in income taxation rates or national insurance contribution payment hikes is the impact it will have on the government's secondary taxation income source, 'Consumption Taxation'. When the domestic population spends more money in the nation another source of government taxation income is generated from Value Added Tax. If income taxation or national insurance contributions increase rates of consumption will fall cutting the government's Value Added Tax income stream, reducing a source of revenue.

Ultimately any increase in either income taxation or national insurance contributions will be inimical to the overall economy, by preventing economic growth and limiting consumption taxation intake. It is important to enable an economy to flourish when government debt is so high to reduce the expense of unemployment and maximise business taxation revenue. Both consumption taxation and business taxation are made possible through the population's ability to spend money in the economy, any inhibiting factor will reduce these two income streams.

By protecting the population's spending power the overall economy can be protected and the number of people pushed into poverty can be reduced. There is another aspect of dealing with high government debt that would necessitate an avoidance to increase taxation. Repayment of the government debt is only one method of reducing its size. An increase in economic growth that surpasses the annual government deficit will reduce the government debt as a percentage of GDP, using this way of decreasing government debt alleviates the need to repay the debt.

Any increase in taxation will inhibit economic growth making it harder to shrink government debt against GDP. Instead of looking at the high government debt as something that has to be repaid it could be seen as something that has to be outgrown. Economic growth then becomes essential in this situation and taxation increases become a constraining factor. Although it is a strong position to prevent an increase in taxation, a position to decrease taxation to stimulate growth should be avoided to sustain government revenue sources to protect public spending.

Alternative methods of generating economic growth exist and can be used instead of taxation reductions. If the method of outgrowing government debt is chosen over debt repayment new economic growth techniques can be used in preference to taxation decreases. Over the last ten years the British government has utilised alternative economic control techniques that alter rates of pension saving and pension investment. In 2012 the annual pension saving allowance was reduced, the technique called 'Pension Pumping' proved effective at maintaining growth.

Economic growth was only one of the beneficial outcomes of using Pension Pumping, which also brought about a sharp drop in the rate of unemployment. The decrease in unemployment accompanied the pension saving rate reforms for the pension annual saving allowance and the lifetime saving allowance, which were cut over the last decade making Treasury efficiencies. The interest rate was the same rate of 0.5% for three years before and four years after the new pension saving allowance changes indicating pension reform was the active mechanism used.

Pension Pumping has proven effective in application but could be taken much further. There is a another advantage of reducing the pension saving allowance rates, it makes massive cost efficiencies for the Treasury. This has been taken advantage of over the last decade and puts another pension saving economic control tool at the forefront of economic reform. The use of 'Optimal Pension Saving' is a cost saving exercise and can be taken much further. As long as the lifetime pension saving allowance can be hit over a working lifetime it is inconsequential.

There is still tremendous room to optimise the pension saving process to increase economic growth, make Treasury cost efficiencies and reduce unemployment. But this is just the tip of the iceberg, there is a missed aspect of macroeconomics that offers a massive opportunity to generate economic growth through an untapped economic growth stimulation technique that has previously been missed or ignored. The superior placement of pension fund investments can lead to an increase in transactions or output, I entitle this new tool 'Pension Fund Easing'.

The introduction of a pension fund investment requirement could direct capital into the most appropriate financial products that spend the money at the fastest rate to increase the velocity of transactions or that produce a higher level of output. This has previously been unutilised, it is like an unexploited gold mine that can be taken advantage of to generate an additional rate of economic growth on top of the existing level of economic output. The launch of a Pension Economic Control Organisation will enable this new economic growth mechanism to operate.

There is an alternative economic growth stimulation technique to pension reform, although it has not yet been tested. The use of taxation exemptions for further or additional occupations offers the potential to create economic output through the incentive of not paying any tax on further work. By either offering an additional personal taxation allowance or by extending the existing personal taxation allowance for a secondary occupation or business, it can provide a new enticement for further work or to generate extra output which expands economic growth.

The method of expanding the existing personal taxation allowance for additional occupations or a new business would fit in well with the emergence of the 'Gig' economy. The technique, which I entitle the 'R-PAID' or Rising - Personal Allowance for Income on Dual occupations could provide a new economic growth tool without cutting the taxation intake of the primary occupation. In short economic growth can be achieved without a cut in the existing taxation intake, it is also likely to generate an increase in the amount of consumption taxation taken in.

There is one other way to pay off the high level of government debt, although I would deem it unpopular when government policy over the last twenty to thirty years has been taken into consideration. The government can expand its income sources through entering into business deals. Through the launch of a governmental private corporation for innovation, development and patenting it is possible to create a new income source for the government by engaging in international trade, the government can only tax its own population but it can trade globally.

Increasing taxation is only one method of paying off the high government debt, but it is likely to be detrimental to the economy and might create taxation induced poverty. New streams of income can be generated from governmental business development and international trade in addition to the potential of saving funds from Treasury cost efficiencies. However the easiest method of managing the high government debt is to reduce it as a percentage of GDP, which is attainable through using the original economic growth techniques presented in this report.

Supporting Documentation and Evidence.

Morganist Economics Success!

Pension Pumping.

Optimal Pension Saving.

Optimal Pension Saving Can Be Taken Further!

Pension Fund Easing.

Supplementary Income.

R-PAID.

Generating an Income from Government Supported Commercialised Innovation.

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