

SEEL-Systems Engineering Economics Lab

George Boole Foundation

Real Incomes Objective Price Performance Policy (RIO3P)

A Practical Alternative to Conventional Economic Policy

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Executive Summary

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The Challenge

Britain's economy has become imports-dependent and inflation-prone. Manufacturing and agriculture now employ just ~7% of the workforce (down from ~40% in 1973). Real incomes for most households have stagnated, public services are funded by borrowing, and growth depends on rising prices rather than rising productivity. Conventional policies have failed to reverse 50 years of structural decline.

The Solution – In One Sentence

Replace corporation tax with a Price Performance Levy (PPL) that automatically pays cash rebates to companies whenever their prices rise more slowly than their costs — and adds a surcharge when prices rise faster.

How It Works

A simple ratio, the Price Performance Ratio (PPR) is calculated automatically from existing digital accounting data:

$$\text{PPR} = \% \text{ change in unit output price} \div \% \text{ change in aggregate unit input costs}.$$

Under inflationary conditions the PPR is the most appropriate measure of firm level productivity:

- $\text{PPR} < 1 \rightarrow$ Reduced levy due to immediate rebate (cashback)
- $\text{PPR} = 1 \rightarrow$ Standard levy paid
- $\text{PPR} > 1 \rightarrow$ Increased levy due to immediate surcharge

The administrative system requires no new forms, no manual checks in normal cases — fully paperless, real-time, and fraud-resistant.

The Main Beneficiaries - SMEs

- Over 99% of UK businesses are SMEs; most are micro or one-person operations struggling with costs.
- After 50 years of economic rundown, high interest rates, poor bank lending, and risky loan conditions (often requiring personal homes as collateral), many SMEs are rightly averse to debt, depressing investment and productivity.

- Under RIO3P, well-managed firms build genuine cash reserves through repeated rebates — creating their own investment equity with zero debt.
- The vital technical and manufacturing core would obtain the strongest boost — turning productivity into immediate reward and volume growth.

Large firms are treated on the same basis - the policy favours agility and innovation over market power.

Key Outcomes

- Real wages and household incomes rise as essentials become more affordable
- Company profits can grow faster through higher volumes even at lower margins
- SMEs gain debt-free growth capital directly from operations
- Productivity rises are rewarded with rising profits and real incomes while driving rapid, sustained disinflation
- Tradable goods and services revived through import substitution and exports
- Public finances strengthen as the real tax base expands — enabling expanded provisions at lower real cost without endless borrowing
- National real growth accelerates to levels not seen in decades

Why This Succeeds Where Others Failed

Unlike demand stimulus, money-supply tweaks, or broad tax cuts, RIO3P targets the constituent level of the economy — the individual transaction — and directly rewards unit-level productivity.

Next Steps

- Prepare a Single-clause Finance Act legislation
- Prepare & deploy supportive digital systems
- Pilot in high-impact basic essentials including food, water, housing and energy.
- Full implementation within key sectors within 12–18 months

RIO3P is ready today. It offers a practical, inclusive route out of decline — led by Britain's SMEs and productive industries, delivering higher real incomes and debt-free investment for all.

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