# Easing the squeeze?

The UK economy has been through a monetary squeeze and an unplanned fiscal squeeze over the last year and a half. The Chancellor reported that this year they are collecting £7.4bn more in tax than planned, and spending £4.5bn less than planned in March. Added to the halving of money growth thanks to Bank of England policy, it is no wonder growth has slowed down.

The Chancellor has decided to put back the money that has been removed by higher tax revenues and lower spending in his figures for next year. There will be an £11bn fiscal boost from lower taxes and higher spending. Is this truly a boost as the OBR say, when it is merely trying to get back to their forecast figures from last March which turned out once again to be too pessimistic? It is not easy for a Chancellor to chart a course for spending and taxing, when the numbers he relies on for the year in question, let alone future years, are so wrong. At least recent forecasts have not been as wildly and wilfully wrong as the prediction of a recession in the winter after the Brexit vote made prior to the referendum by the Treasury and Bank.

There was much discussion of what constitutes an end to austerity. As argued here, to many people austerity is high taxes on their incomes and spending, or an absence of real growth in their pay or living standards. The Chancellor raised Income Tax allowances to help boost the net pay packet. He has also proposed above inflation increases in the Living wage and some improvements in benefit payments. He argued that austerity is a private sector as well as a public sector matter, and rightly argued that higher taxes do not solve the problem of austerity for individuals and the private sector. Indeed, they are an important cause of the problem.

The spending increases were largely as briefed out over the week end and already discussed here.The task still remains to see how value and improvement can be bought with the large headline figures pencilled in for the NHS, and to find sufficient for social care and schools. £400 million for schools capital for small projects as a one off is not quite what the schools had in mind when lobbying for more money for their revenue budgets to meet mainstream costs. The government will continue to spend more on Universal Credit as roll out continues and issues arise that need more generous treatment.