# More wrong forecasts to misdirect policy?

At the time of the last budget I spoke about the unduly pessimistic forecasts for growth, tax revenues and the deficit. Yesterday's figures show the deficit for the current financial year is running £25.9 bn below forecast with one month left. The Treasury/ONS forgot to mention they lowered the deficit forecast by £50 bn at the half year stage. So in truth the deficit is a massive £75 bn below where the Treasury thought it would be. It undermines their claim that they need to impose a new tax to raise £12bn extra a year to make the finances prudent.

The figures show a surge in revenue with no rise in tax rates. Inflation boosts VAT and fuel duties. Stamp duty revenues are strongly up thanks to many more housing transactions and higher prices. The tax rises planned for April will slow the economy and may slow the growth in revenues.

The latest misleading gloom spin comes in the form of the so called interest charges. To make these look a lot scarier and unaffordable they lump in with the genuine regular cash interest payments the revaluation of indexed debt. This debt has to be refinanced or repaid on maturity at the same real value as borrowed. Holders are therefore repaid more pounds than they lent. There are no regular cash payments to bond holders to reflect inflation so it is quite wrong to call this debt interest. They also fail to put into the accounts any credit to the state for the devaluation of the rest of the debt which will be repaid in pounds worth considerably less than those borrowed and spent when the debt was first issued.

Why does the Treasury always want austerity and want us to feel miserable?