

The Chancellor's popularity

In the early days of the pandemic the Chancellor saw the need for a massive fiscal and monetary boost to offset the worst features of the draconian lockdown imposed. I supported him and these policies, urging additional help for some small businesses and self employed.

As the vaccines and treatments became available the Chancellor spoke up for fewer restrictions to get more people back to work more quickly. Again I supported him. We did need to do that, as the huge support was not affordable indefinitely.

At this point the Chancellor was the most popular Minister in the government. We were all impressed by the bold responses to a dire economic situation forced upon him by a national emergency he could not control.

Then all went wrong. The Chancellor accepted the self defeating Maastricht austerity policies dictated by the EU rules on debts and deficits. He compounded the error by thinking a huge tax rise in April 2022 before the economy had made sensible gains above the 2019 level would cut the deficit. They will slow growth, deter investment and cut confidence. This will reduce revenues from taxes generally.

It is no wonder his popularity has tumbled. If he does not change tack soon he will find out what it is like to be really unpopular come April. With higher tax rates imposed economic performance will deteriorate and he will not have good options if he sticks with his austerity mantra.