

Why do so many in the media ignore the most important points about our economy?

The UK establishment media are usually slaves to Treasury spin and Bank of England error.

Throughout the Osborne years as Chancellor we were told the main thrust of economic policy was to bring down the deficit. 80% would be achieved by spending cuts and 20% by tax increases. I set out regularly from the Treasury's own figures that public spending carried on rising in total in cash terms, and edged up a little after allowing for inflation. In normal language this meant 100% of the large deficit cut achieved relied on a very big increase in tax revenue. Some of this increase came from higher rates, particularly on VAT, and some from lower rates on higher incomes which generated substantial extra income for the state. It was of course true that some programmes suffered from actual cuts, and areas like the NHS and schools with no real cuts were squeezed more than under previous budget plans. It was also true that areas like Overseas Aid and EU contributions marched remorselessly upward. The Chancellor sought to gradually relax the tough controls and cuts Labour had imposed on capital spending towards the end of its period in government as it wrestled with its huge deficit.

More recently last spring I highlighted the addition of a monetary squeeze to the fiscal squeeze going on and predicted this would lead to slower growth. That duly happened. The tax attacks on housing in the 2016 budget and on cars in the 2017 budget meant these areas suffered especially. I have yet to hear or see interviews asking why we need a combined monetary and fiscal squeeze, or even much acceptance that this is what is happening. This slowdown has nothing to do with Brexit. The economy performed well for the first nine months after the vote, when the official forecasts predicted an immediate collapse and a recession in winter 2016-17 which did not of course happen.

There have been too few examinations of how the UK establishment so misjudged the adverse impact of joining the EEC, misjudged the dreadful impact of the European Exchange Rate Mechanism, misjudged the Euro ignoring the obvious structural weaknesses which led to a series of Euro crises, misjudged the banking boom and bust and most recently misjudged the impact of a Brexit vote. One golden strand, which in their hands turns out to be base metal, links them all. Any economic project which comes from the EU is always favourably rated, and is usually bad news. Remember the "golden scenario" they said the Exchange Rate Mechanism would bring about? Or the huge extra growth that the Euro would foster? When you look at economic history you discover that a scheme which could be good for jobs and growth has usually been at best disappointing and at worst downright hostile to progress.