

Hammond needs British families to go deeper into debt to meet his own targets – John McDonnell

Labour analysis reveals that Philip Hammond is relying on British families to borrow hundreds of billions of pounds extra by 2022. The Chancellor is also relying on households to go into deficit by over £5 billion so he can meet his own growth targets.

Buried in the detail of forecasts in last month's Budget is the news that UK households have moved from a total annual surplus of £85.7 billion in 2010 to a £2.8 billion deficit this year (2017).

And borrowing is set to rise even further, hitting £5.5 billion by the end of the Parliament (2022).

Furthermore, according to the OBR UK households are set to borrow £445 billion by end of this Parliament.

There are worrying signs this could mean more people getting into financial trouble. The Office for Budget Responsibility is forecasting household debt to income ratios to reach 150 per cent in 2022. That is close to the levels just before the financial crisis.

The latest ONS figures published this month also reveal that the household saving ratio has fallen to 5.5% – the lowest third quarter level since Q3 1971. Furthermore, the debt-to-income ratio was at 138%. This is the highest Q3 level in 5 years since Q3 2012.

John McDonnell MP, Labour's Shadow Chancellor, said:

“Rather than set out a proper investment plan for our country, the Chancellor is relying on millions of British families going further into debt to hit his own targets.

“Philip Hammond should be

seeking to rebalance the economy away from an over-reliance on borrowing and debt, and seriously tackle the cost of living crisis as wages fail to keep up with prices.

“The next Labour government will introduce a £10 per hour real living wage and build a high wage, high skill economy for the many not the few.”