

Spending priorities

I am all in favour of the government spending money to obtain high quality health and education services, to ensure our country is properly defended, our law upheld and all those in need offered financial help. Governments understandably concentrate on making announcements where they are planning to spend more, and claim that the mere fact that they are spending more means things must be better. Opposition parties from the left of centre encourage this thinking and usually oppose on the grounds that not enough is being spent, making it impossible for things to be better. A badly run part of the public sector will usually blame a lack of cash rather than any error of policy or misdirected effort on their part.

This budget needs to go beyond stressing where the government is spending more, to examine where it can spend less or where it can spend to better effect. It needs to remind us all that simply spending more cash can be inflationary, or can fail to deliver what is wanted. Higher public sector wages are often desirable but need to be offered against a background of working smarter. They are affordable if backed by productivity gains, They might prove to be inflationary if more money chases the same output.

There are many areas where spending can now come down. The government is rightly ending the Furlough and other special income support measures it brought in to handle lockdowns. It needs to come up with a new plan for the railways to avoid spending a subsidy fortune on sending many nearly empty trains around the country to service patterns of work demand that have disappeared with the homeworking revolution. The government will doubtless think it too late to cancel HS2, but its poor business case has just be undermined more by the big reduction in passenger rail travel. The railway can be repurposed for more freight travel, to contribute to the green initiatives and to take lorries off congested roads.

In the health budget the huge sums committed to finding a vaccine, setting up a vaccination programme, designing and implementing a test and trace system, and putting in more testing capacity can in part be redeployed to getting waiting lists down and doing the day job as the pandemic wanes. There will also be the saving on putting in and then closing the extra Nightingale capacity. All of these sums stay in the overall budget and are rolled over for the years ahead as if these commitments would repeat.

In areas like energy, transport and housing where we need more capacity we can finance more of these through private sector investment.

The sooner the government stops illegal migration and regulates economic migration at sensible levels the better. Everyone we welcome to the UK needs a major investment in housing, public services and transport infrastructure to make their lives decent. Reducing these pressures would ease budget difficulties in several areas.