The IFS offers more gloom

The IFS tells us in their latest forecasts that we can look forward to more years of tax rises and spending cuts. They expect the UK economy to slow this year, and slow again next year. They are out of touch with the mood to banish austerity and go for growth.

They are more pessimistic about the Eurozone than about the UK. They have lowered their 2017 growth forecast to 1.5% for the Euro area, whilst proposing 1.6% for the UK. They run one scenario which looks at what weak European banks and Brexit could do to their forecast – an unusual pairing with no explanation of why they are lumped togather or the relative contributions to their extra gloom on this basis.

They do confess that there are "increasing chances that the forecasts may be too pessimistic". They accept that the UK consumer carried on spending post the referendum when most forecasters said they would not. They admit that business investment rose a little faster after the vote, instead of falling off the cliff as in many forecasts. They agree that trade which had performed disappointingly last year might add a bit to our economy in 2017.

They confess that "real levels of day to day public service spending have actually fallen very little overall in the last three years". If they checked the Red Book figures they would see the cash growth in overall public spending actually rose faster than inflation over that time period. They now think removing the deficit should be the priority, which leads them to conclude political parties have to offer some combination of higher taxes and lower spending.

Politically it is much more attractive to square the circle with more growth. More growth brings in more tax revenue without tax rate rises. It cuts the costs of benefits as people move from no pay to low pay, and from low pay to better pay. The issue before us should be what more can we do to promote growth.

I do not accept that growth will be as low as they say in 2017 or 2018. That still makes me keen to find more measures which can promote more growth. A tax rate cutting budget could help, especially if we cut those tax rates that are damaging the revenue collected. Spending enough on social care and health is a cross party priority, and we have to accept these services will continue to need more cash in the future. Investing more when long term interest rates are still so low should make sense, though the state needs to show commonsense over projects chosen and where possible harness the private sector to ensure a proper profit test on the project.