

The OBR run the Autumn Statement

I said the OBR deficit forecast this spring for this year was likely to prove an underestimate. Yesterday the OBR put it up by 75%.

I said all summer we would go into recession unless they changed policy. The OBR did not forecast that in the spring. Now they are forecasting a recession all next year.

Last year I argued to end Quantitative easing by the Bank and Treasury to avoid inflation taking off. They went for another £150 bn of money printing and we now have a nasty inflation.

I now argue for some offset to the monetary tightening the Bank is doing and want them to stop selling bonds at a loss into the market. I fear they will carry on and make the recession worse.

I see the government are offering some offset to the recession policies with a boost to public spending this year and next. The money given to people and companies to help with energy bills and offset inflation will as the OBR says reduce the depth of the slowdown.

It would have been better to include some tax cuts to do this, VAT cuts help cut the inflation rate. Cuts in tax on business and incomes help confidence and may even grow the revenues faster.

The OBR have upped the ante with their bloated figures for debt interest including non cash items. These should come tumbling down as inflation falls. The Chancellor has done just what the OBR wanted. Their £50 bn black hole is bizarre. No one can say what the deficit will be in five years time. If we followed a more pro growth policy it would be lower than the OBR say and could vanish altogether. If the Bank and OBR continue to dictate the black hole will be bigger, driven there by a worse recession. £50 bn is less than the large revisions to OBR deficit forecasts in each of the last three years.

Steering the economy by OBR five year forecasts is like relying on a medieval map to get to a modern city.