

Time to consider controlling public spending?

The government is right to spend substantially to offset the lockdowns and other anti pandemic measures, all the time they stop people working or prevent businesses trading. Once they do at last remove the regulations which damage jobs and the economy there should be a sharp fall in public spending and a large rise in tax revenues as the economy bounces back. The measures to help offset the anti virus actions are costed at a whopping £ 250 bn this year. There has also been a substantial revenue loss. Correcting both these adverse moves in the accounts will slash the deficit.

Given my worries about the balance of payments the government would be wise to reduce spending in foreign currencies. It is now seeking to reduce the overseas aid budget. Mrs May's deal against my advice was weak on contributions to the EU so next year the UK is still budgeted in the Red Book to send £10 bn to them. This needs review, as it seems far too high given we have left. The government should review all public purchasing to see where there can be import substitution. If more the Public sector's needs can be met from domestic supply it will generate more jobs and offsetting tax revenue at home. Defence procurement, purchase of all trains and vehicles, food for public sector institutions and many other items could be shifted to more U.K. sourcing now are out of the EU.

Within the fast growing public capital spending plans rests the very expensive HS2 which remains a bad investment. The state also needs to grips with the huge railway subsidies and set out new timetables and service plans geared to our changed and reduced needs for train travel.