

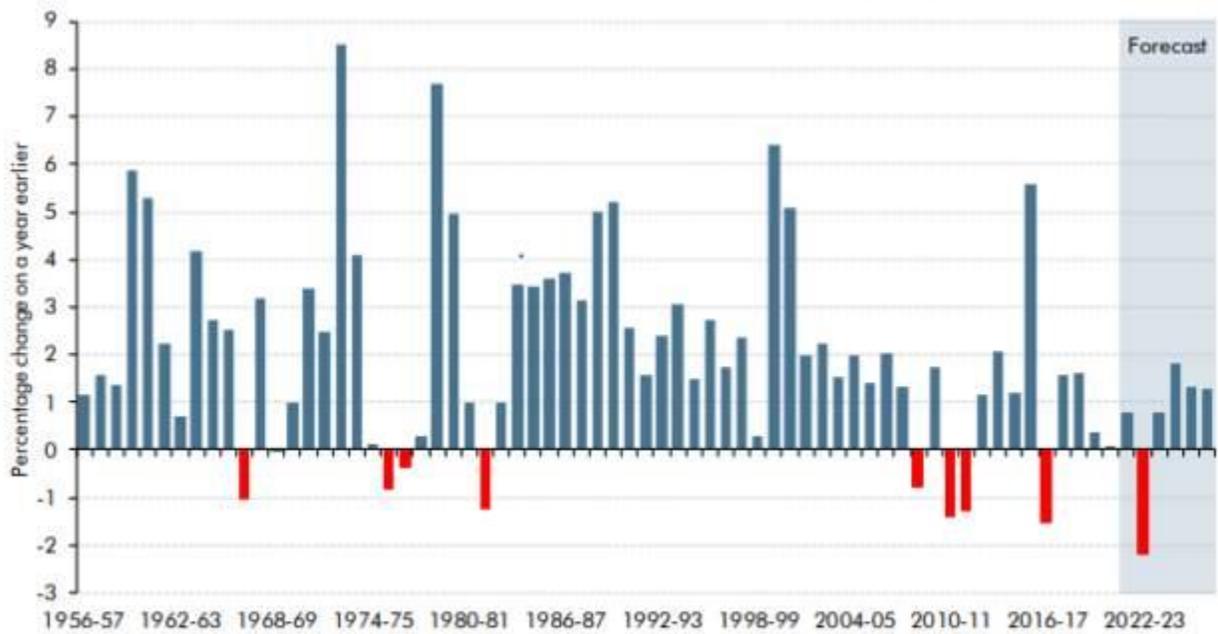
## THIS CRUEL SPRING STATEMENT.

To paraphrase the billionaire Chancellors opening remarks. *As I stand here, tens of millions of people in Britain lie cowering in their homes overwhelmed by financial fear, with many unable to feed themselves or heat their homes. Unfortunately the suffering masses have yet to up arms to defend themselves from this cruel Tory government which like any foreign invader feels free to take liberties with the poor.*

The graph below, taken from the Office for Budget Responsibility shows the extent of the fall in average standards of living in 2022, the biggest post-war drop. (Just don't blame it on the Russians.)

Graph 1.

Chart 1.3: Change in real household disposable income per person



Source: ONS, OBR

And its always the poorest who pay the price. With inflation forecast to hit 7.4%, pensioners on the state pension will see a fall in their pensions of over 4%. Those on benefit, having already lost £20 per week, will see a further murderous fall in their benefits of 7.4%. The combined level of benefit cuts over the last two years now amounts to £15 billion <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-information-and-guidance/benefit-expenditure-and-caseload-tables-information-and-guidance> And the Chancellor is returning only £1 billion of this to councils to support families and children (Household Support Fund). Headlines come cheap with this chancellor.

The Tories have been boasting about how strong the public sector finances are. Compared to the October OBR forecast they claim there is an additional £20 billion in the kitty sitting in the money tree. But where did this money come from. The bulk came from the cut in public spending as shown in the extract from the OBR. It was the cut in benefits, in grants to councils, and a multitude of hidden cuts what made this windfall, which by the way is not to be spent, because you see, the Chancellor is mortified by the £83 billion in interest payments he has to find (Note 1), now that interest rates can no longer be repressed.

And worse, this strong economy has been downgraded to a not so strong economy by the OBR. In October the OBR predicted 6% growth is year, now only 3.8% and which will be downcasted soon again. Even if it is not, the economy which fell by 9.4% in 2020 and grew by 7.5% in 2021 will have grown by just over 1% over these three years. And with productivity forecast to fall by 0.2% this year (OBR data) the Chancellor can feel the wind in his face tearing at his words.

**Table 1.**

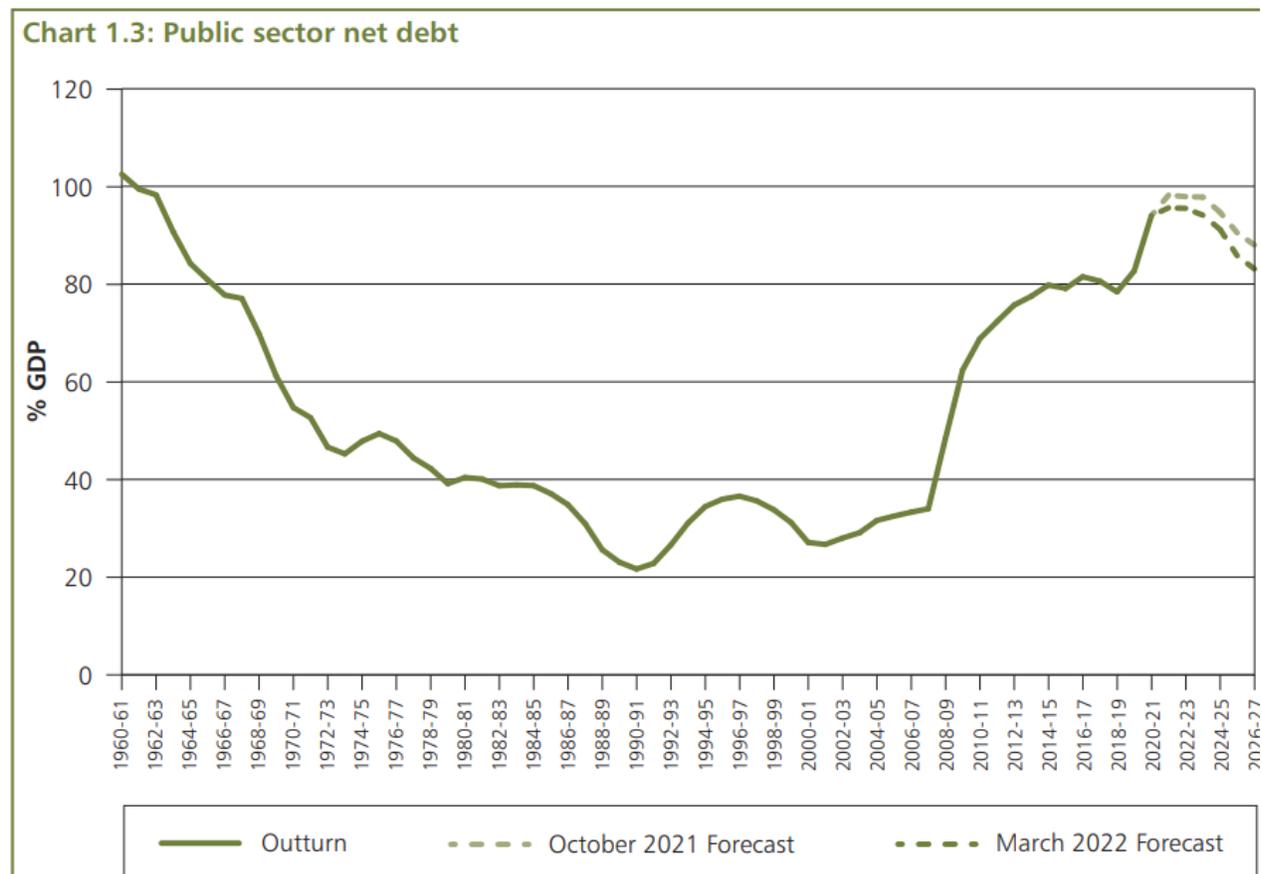
**Table 1.2: Changes to the OBR’s forecast for public sector net borrowing since October 2021 (£ billion)<sup>1</sup>**

	2020-21	2021-22	2022-23	2023-24	2024-25
Spending forecast	-13.5	40.1	21.2	22.8	22.2

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1062708/Spring\\_Statement\\_2022\\_Print.pdf#:~:text=Spring%20Statement%202022%20takes%20place%20following%20the%20unprovoked%2C,in%20the%20global%20economy%2C%20particularly%20in%20energy%20markets.](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1062708/Spring_Statement_2022_Print.pdf#:~:text=Spring%20Statement%202022%20takes%20place%20following%20the%20unprovoked%2C,in%20the%20global%20economy%2C%20particularly%20in%20energy%20markets.)

Despite these gains, once interest payments are added back, the deficit has not shrunk at all. It still remains above 7% which is why the public sector deficit will continue to grow to the highest level since the early 1960s when Britain was still to recover fully from the War and the loss of its Empire.

**Graph 2.**



It is unlikely that the graph above fully accounts for interest payments which is only uplifted by £13.1 billion in the OBR report. Which means the gap between the two broken graphs is in fact non-existent. It is worth focusing on interest payments, a cost which up to now governments have managed to swerve around. This is what the OBR report said:

*“1.32 Debt interest spending is forecast to reach £83.0 billion next year – the highest nominal spending ever and the highest relative to GDP in over two decades. This is nearly four times the amount spent on debt interest last year (£23.6 billion in 2020-21) and exceeds the budgets for day-to-day departmental spending on schools, the Home Office and the Ministry of Justice combined (totalling £78.3 billion in 2022-23).<sup>23</sup> Spending on debt interest in 2022-23 is £42.2 billion above the October forecast and the OBR say that the increase in the forecast for debt interest spending in 2022-23 ‘is also our largest forecast-to-forecast revision to debt interest on record’”.*

Interest payments need to be highlighted because it will be the poor who pay them through cuts to benefits and services. A case of interest payments first, food second and pass the champagne around. It shows how repressed interest rates have benefited governments, enabling tax cuts for the rich and their corporations, who in turn benefited from low interest rates on their borrowings and speculations.

### **Conclusion.**

This is a Spring Statement notorious for what was not said than what was said. What was not said was how the Chancellor was going to support the 80% of society who will suffer the worst fall in their standards of living with many thrust into poverty. All that was on offer was a paltry £9 billion in support of household fuel bills, far below the support found in other countries, many of them poorer. Let us not forget, that for the lowest income families and pensioners, inflation will not be 7.4% but closer to 20% and more if food prices double this year as many analysts are predicting.

The attack on the international working class exceeds that found in 2008. The crisis in food production caused by the war in the Ukraine, the embargoing of Russia and climate change effects, could see hundreds of millions starving by the end of the year. Truly the capitalist class has nothing to offer except misery and harm. Sunak’s beguiling words and the breying of the Tories in parliament cannot drown that out.

### **2008 NEVER AGAIN**

#### **THIS TIME THE RICH MUST PAY**

Note 1. In the words of the Chancellor in Parliament: *And the cost of borrowing is continuing to rise. In the next financial year, we’re forecast to spend £83bn on debt interest — the highest on record. And almost four times the amount we spent last year. That’s why, Mr Speaker, we have already taken difficult decisions with the public finances, and that’s why we will continue to weigh carefully calls for additional public spending.*

Brian Green, 23<sup>rd</sup> March 2022.