

[A budget day wish](#) [1]

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It's Budget day in Britain. We've a new Chancellor, but one under the shadow of his predecessor, Gordon Brown, who is now Prime Minister. That's a pity, because the public finances need repair. Spending and debt have both soared, to levels that the current economic climate makes unsustainable. It's not a problem that you can solve in one day ? particularly with the markets so jittery. It needs maybe a five-year programme of reconstruction, at a pace that taxpayers and investors can afford. A new start. But we won't get it.

Ten years ago, UK public spending was lower than the (roughly) 40 percent of GDP that the OECD averages. Now it is much higher, at 45 percent. And as spending has grown, the government has consistently been on the over-optimistic side of prudence. Receipts have been overestimated, and spending underestimated, in almost every Budget.

And what has the extra money bought us? The NHS budget has almost doubled. Education spending is up by around 50 percent, as is policing. But our health, education, and crime figures just aren't keeping pace.

Many economists believe that countries prosper more when their public spending is less. And they certainly prosper more when business is not facing the constant assault of regulation and taxation ? and of the uncertainty that goes with both. That's why we need a long-term programme to reduce the burdens, not fickle, headling-grabbing stunts like the assault on non-doms.

We need policies such as an annual phasing down of corporation tax, right down to the Irish level of 12.5 percent ? which would create more investment, employment, and wealth. And getting a year-by-year better grip on spending by not replacing civil servants who retire. And a genuine strategy to reduce the cost of regulations ? not just talking about it.

In the private sector, many people are now struggling to pay off the debts they accumulated in the good times. In the public sector, the government now faces exactly the same problem. Over the boom, when it should have been building up a cash chest that would help us all through the bust, it has carried on spending and borrowing. Like those private borrowers, it needs to take a long, hard look at its future finances and produce a long-term plan to get itself out of the hole. We need a new beginning. How sad it is that the political realities make that impossible.

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[3] http://disqus.com/?ref_noscript

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