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Austerity? What austerity? [1]

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What a great paper City AM is. Much punchier, nimbler and cheaper (it's free) than the pink 'un. And sounder too, under the editorship of economic brainbox Allister Heath. His editorials [3] are particularly frank and informative. Like today's on the public finances.

You've heard about the government's 'massive, reckless cuts'. Poppycock, says Heath [4]. Public spending in April-May was 4.1% higher than the year before. The official inflation rate is 2.9%, so that's still a real-terms increase. Meanwhile, public sector borrowing was £27.4bn, up substantially from last year's £25.9bn. So we're getting deeper in debt, too. On the official figures, the national debt stood at £920.9bn (that's 60.6% of GDP) at the end of May ? compared to £778.9bn (53.8% of GDP) a year ago. And that doesn't include off-balance-sheet items like pension liabilities, which are escalating fast.

All that means, says Heath, that 'austerity still remains more of a goal than an actual reality'. Until we see better numbers, it is 'too early to declare Britain back on the path to fiscal stability'. Remember that when you get stranded by the planned strike by public sector workers, who want to keep their generous inflation-proof pensions and carry on retiring at 55 or 60.

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