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Written by [Blog Editor](#) [2] | Sunday 24 October 2010



Liam Halligan is in typically robust form as he [argues](#) [3] in the Sunday Telegraph that the coalition's cuts aren't cuts, and aren't enough:

"Despite the retrenchment rhetoric, the state borrowed more last month than in September 2009 ? or any September ever ? despite last January's VAT rise from 15pc to 17.5pc. This revenue boost was blown away, though, by £2.3bn of debt interest payments last month.

"The 2010 budget deficit will be around 10pc of GDP ? much more than when the UK went "cap-in-hand" to the International Monetary Fund (IMF) in 1976. That doesn't include the multi-billion pound bank bailouts ? which the Tories have buried off balance-sheet, like Labour before them."

And as for those £7bn 'cuts' in welfare, well, they aren't cuts:

"The Chancellor claimed that by 2014-15, the UK's welfare bill will rise by £7bn less than expected. Note, we are talking about a slower rate of increase, not a cut."

The coalition say that their efforts to rein in the budget are 'unprecedented'. And, true:

"Total Managed Expenditure (TME) ? current plus capital spending ? is set to peak this year, before falling by 3.3pc a year in real terms by 2014-15. As a proportion of GDP, TME comes down from 47.5pc to 41pc over the next five years."

But then:

"This is not unprecedented. On the same measure, TME fell 6.5 percentage points during the retrenchment of the early 1980s and by 5.5 percentage points from 1992-93. These earlier figures are what was actually achieved in terms of spending reductions, rather than government plans on a piece of paper. Remember also, that the fiscal situation we face today is far, far worse than during the early 1980s or early 1990s."

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