Funding the Future

Why the UK can't look for export led growth

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FT.com / Europe - Berlin prepares for â‚¬10bn yearly cuts.

From the FT:

The German government is to begin a drastic budget austerity programme next year to set an example to the rest of the eurozone, and comply with a "debt guillotine" that has been written into the German constitution.

The cuts are expected to total at least â‚¬10bn ($13bn, £9bn) a year until 2016, ¬?government officials said.

When every government is cutting there's no hope whatsoever that the UK will have export led growth.

Which means that the private sector in this country will not be picking up anyone made unemployed by George Osborne this morning.

Which means the £6bn of cuts announced this morning are a farce. This is simply an announcement of a planned increase in unemployment.

And as I have shown - the result will be reduced government income and increased benefits spending which will in combination match the savings made whilst leaving a pile more people unemployed with all the resulting social costs.

Down this path lies double dip recession and depression, with no cut in the state deficit at the same time.

And that's the path Osborne is choosing to follow.

It's an economic suicide note.