

## What will Rachel Reeves do today?

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I have been reading about, listening to, and then watching budgets since the 1970s, and for all practical purposes, today is yet another in the long history of fiscal events to which I have given attention over nearly 50 years.

These occasions are very different now from what they were that long ago. Then we waited with anticipation and little idea about what might be said. Now, a great deal of what will be announced at the Despatch Box has already been well and truly leaked, most especially by the person who is going to actually make the statement. The sense of occasion is somewhat diminished as a consequence.

And yet, at the same time, the jeopardy has increased. What is almost invariably true now is that what comes out on the day of a Chancellor's statement is the news that is so bad it could not be leaked in advance, plus one supposed sweetener.

What is clear from the prior announcements this time is that the bad news is really bad. The Office for Budget Responsibility will, almost certainly, cut its growth forecast for the current year, whilst increasing its inflation forecast (despite today's fall). Neither will be by much, but those changes will set the mood, making the claim that Rachel Reeves will, inevitably, reiterate that Labour will deliver its policy promises on the basis of a booming economy look even more incredible than they always have. That Andrew Bailey of the Bank of England did, quite unhelpfully for Reeves, also make clear that there is not much chance of growth to be found in the UK economy in the years ahead just a day or two ago, ensures that any sense of optimism that Reeves will try to project during her speech will almost certainly be shattered by the time she and other ministers reach the media studios later in the day or tomorrow morning.

We also know that there will be austerity, which is technically defined as any policy created by a government with the primary goal of assisting it to constrain its debt. Given that is the whole purpose of her supposed fiscal rule, of course, she will deliver austerity today. That is all she will be talking about. Everything else is a footnote.

In this context, it is important that austerity can be represented by tax increases. It is not just about cuts to spending. We do, however, know that there are not going to be any tax increases, even though the majority of people in the UK think that the wealthy in this country are undertaxed, which is a matter of fact, they are in proportion to the rest of the population. Nothing that will happen today will, however, correct the fundamental policy error that Labour has made to not increase any taxes on wealth, which decision by Rachel Reeves represents Labour having chosen to shoot themselves in the foot if they think it is necessary as a consequence, as they obviously do, that this then requires cuts to government services.

We already know that there will be £5 billion in cuts for social security claimants. Most of these will callously fall on people with disabilities, for whom the reductions in payments owing may have a profound impact on their well-being. Rumour has it that the total value of social security cuts may increase today.

We also know that there are to be cuts to the civil service, with 10,000 posts to go, although for what reason it is not clear because that has not actually been explained. This is a policy put in place by Reeves' headless heart, with the heart in question being motivated by a visceral hatred of those who work for the government that Reeves was herself so desperate to be a part of.

These cuts will not, however, balance Reeves' spreadsheet, and so there are going to be significant cuts to the budgets of many unprotected departmental budgets within government, and some of these will be significant. To appease Trump and Reform, expect yet more attacks on environmental programmes and anything to do with aid. Beyond that, what further absurd cuts Reeves will come up with is anyone's guess, but we can be sure it will happen. Only defence will see an increase, and it will be small; the equivalent of the cost of creating Dad's Army.

What will be the consequence of this? What will become apparent is that this is a government that is preparing to pull the shutters down early. It does not think that there is sufficient economic activity within the economy to support its own sustainability and is, therefore, limiting its operations as a result. The one thing that we can be sure of is that this will be the message that will be heard in the wider world, and as a consequence, we are likely to be heading for recession. Any government that refuses to support its own economy at a time when it is under stress does, as this one is doing, inevitably sends out such signals, and Reeves has clearly not learned that this is the case.

In that case, nothing she says will resonate as strongly as the fact that she is not willing to spend to support her conviction that growth will happen. It will not happen as a result. It will be as straightforward as that. The 'animal spirits', as Lord Keynes described them, will be suppressed, and so will the mood of the economy be. Austerity always leads to lower economic growth. That is what Rachel Reeves is choosing. In that case, her rhetoric will ring hollow today, and that is so politically inept I do not rate her

chances of having many more goes at making such statements. A Chancellor who cannot deliver confidence is a liability to any government, and that is what she is.