

It's austerity from Reeves

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Reeves is delivering austerity for the UK, unless you're wealthy, when it's still bonanza time.

https://www.youtube.com/watch?v=TwQxdCLjL9s?si=3He3YD7Y-b_JvBHZ

This is the transcript:

It has to be said that Spending Reviews are like New Year's resolutions. They seem like a good idea at the time. Then they are quietly forgotten. I have a very strong feeling that Rachel Reeves will hope that this is what will happen with today's spending review.

The big news here is quite simple. Reeves decided that if she changed the fiscal rules so that she could borrow more for investment, she could appear to be a big spender, whilst at the same time trying to meet her current fiscal rule that desperately attempts to make current year government spending match current year tax revenue.

To put this in context, what this means is that while she has supposedly promised around £113 billion of additional capital expenditure in the spending review. Much of it is going to take place in the dim and distant future when she will be long gone from the Treasury and probably as an MP, given Labour's current state of political fortunes.

And just to contextualise this £113 billion, the Tories had planned to spend £90 billion . What she's adding is only £23 billion. That might be called the square root of didley squat in the grand scheme of things, when the government spends well over £1,000 billion a year.

Elsewhere, the reality is that there will be cuts in real government spending. Austerity

is, in other words, continuing despite what Reeves had to say.

We saw this, for example, with regard to the police, where Yvette Cooper, in her role as Home Secretary, lost her argument with the Treasury for additional funding to deliver security within the UK. Right across the board and having allowed for increases in defense spending and an inadequate allocation of additional resources to the NHS of 3% per year when it needs at least 3.6% per year to simply keep up with demand, what we will actually see in real terms is cuts in government spending of around 1.3% across all other government departments, whatever Reeves has had to say today.

There is also good reason why all the announcements about capital expenditure came out early and in advance of this spending review. They were the only good news. Everything else is something that Rachel Reeves does not really want to talk about.

And let's be clear that some of this capital expenditure also makes no sense at all. For example, one of the biggest items of expenditure will be on nuclear power stations, where supposedly at least £30 billion is to be spent, although everybody in reality knows that this will turn into a sum of well in excess of £100 billion, given the cost overruns that always occur in nuclear power budgets.

Starmer has claimed that the government has now decided that Sizewell C will be built. But as everyone in Suffolk knows, that decision was made long ago because the whole of East Suffolk has already been scarred with building works to facilitate the Sizewell C programme.

So what Stama is saying is complete nonsense. What this so-called spending review admits is that there is no prospect of finding any foreign funding for Sizewell C, which was this government's quite absurd hope. It has therefore, to fund this white elephant itself.

This power station and the others to which the government has committed will cost at least £1,500 per household in the UK, and that might at best result in power for 6 million households.

However, the actual cost of this energy is the highest that we can produce, and that is before taking into account decommissioning costs. Those at Sellafield now amount to £136 billion, and no one thinks that this is the total sum involved. And now Reeves actually wants more investment at Sellafield, which is only going to make things worse, but is part of her plan to apparently make us a nuclear superpower. So, if you want to know what leaving a debt for future generations to pay really looks like, building Sizewell C and other power stations is all that you need to do to ensure that this outcome will become a reality.

In contrast to all this emphasis upon nuclear power, there was none at all on renewable energy in this statement. There was a mention of £2.5 billion for carbon capture and

storage, but that is another white elephant.

There was no commitment to renewable energy, to battery technology, or even things as basic as insulating houses and fitting proper triple glazing, although a nod perhaps to the last was included without any mention of the sums involved being made.

What is clear is that Starmer and Reeves would rather lumber generations to come with the cost of nuclear power rather than invest in renewable energy now, when that is the lowest cost of energy that we have available to us.

And let's also be clear about the significance of this £113 billion worth of investment, which is supposedly going to transform our future, which is supposedly going to transform our fortunes over the next 10 years, most of it, by simply funding projects that others are refusing to undertake.

Over the same 10-year period, the UK government will, in current prices, subsidise pensions through income tax, national insurance, and corporation tax relief by about £700 billion. The vast majority of the benefit of which will go to the top 10% or so of the UK population because they are the people who own the vast majority of UK pension wealth.

At the same time and at current prices, the UK government will spend approximately £95 billion subsidising the untaxed income of those who save in ISAs, who are, again, in the vast majority of cases, the wealthiest people in the UK because by definition they own the savings that are held in those accounts.

In other words, over the 10 year period during which the government has said it is willing to spend around £40 billion a year to buy up existing housing stocks so that it might be used as social housing, thereby providing maybe 130,000 new houses in total, which does little to solve the problem of 1.3 million people being on council house waiting lists, they are going to spend approximately 20 times that amount subsidizing the tax-free incomes and increase in wealth of those who are already amongst the wealthiest in this country.

If you want to understand where the focus of Labour's priorities are, then this contrast explains them.

This government has absolutely no vision for the future.

At the same time, and when Labour is desperate to increase its poll ratings to ensure that it can fight off Reform and others, it is planning to cut most types of government spending.

No one will see the benefits of increased defence spending in their pockets. There is none.

No one will sense the benefit of increased NHS spending because the amounts being committed are insufficient to keep up with growing demand for NHS services, as is well known, based upon past patterns of health economic performance.

And on child benefit, the big issue was ducked. There was no mention of ending the two-child benefit cap. Free breakfasts are meant to do instead.

Everywhere else, there would appear to be cuts. The government might claim otherwise, arguing over the odd decimal point of a percentage here or there, and that there are real cash increases, which is totally misleading because of inflation, but that is what the reality will feel like. Austerity is definitely Rachel Reeves' game.

Meanwhile, we know that taxes have risen.

We know that businesses are suffering because of national insurance hikes, falls in demand, and the fallout from Trump.

And we know that children are living in poverty and their parents are suffering massive stress and have no idea whether there is anyone who really cares about them. No wonder they fall for the false promises of Nigel Farage.

Economically, this spending review was a sham. It confirms decisions already taken. It is an exercise in financial shuffling. It creates little added value in the economy. It addresses no fundamental policy need. It does not tackle inequality. It does not solve the problems of most people in the UK.

There is no strategy apparent in it at all except to make the UK a defence industry superpower, which was what Rachel Reeve says she wishes to do, as if confirming the military-industrial complex has finally defeated democracy.

Rachel Rees might be presenting it to the world with her usual Rictus smile, but the reality is that she has now been to the House of Commons dispatch box on three occasions since becoming Chancellor to deliver major economic policy proposals. And every time she has done so, she has made a complete and utter mess of the job. To be blunt, not only has she not delivered; her strategies are actually making things worse.

Today's spending review falls fairly and squarely into that category. It answers no known questions.

It preserves the status quo on behalf of the wealthy middle-class elite who wish to maintain their prosperity at cost of everyone else.

This is the politics of failure.

Rachel Reeves' time in office is now, I think, decidedly limited and if she goes, so will Starmer.

There is no other way in which Labour might now get out of the mess that they are in, but the problem is they've already got rid of any other talent that they once possessed. We really are in a total mess.
