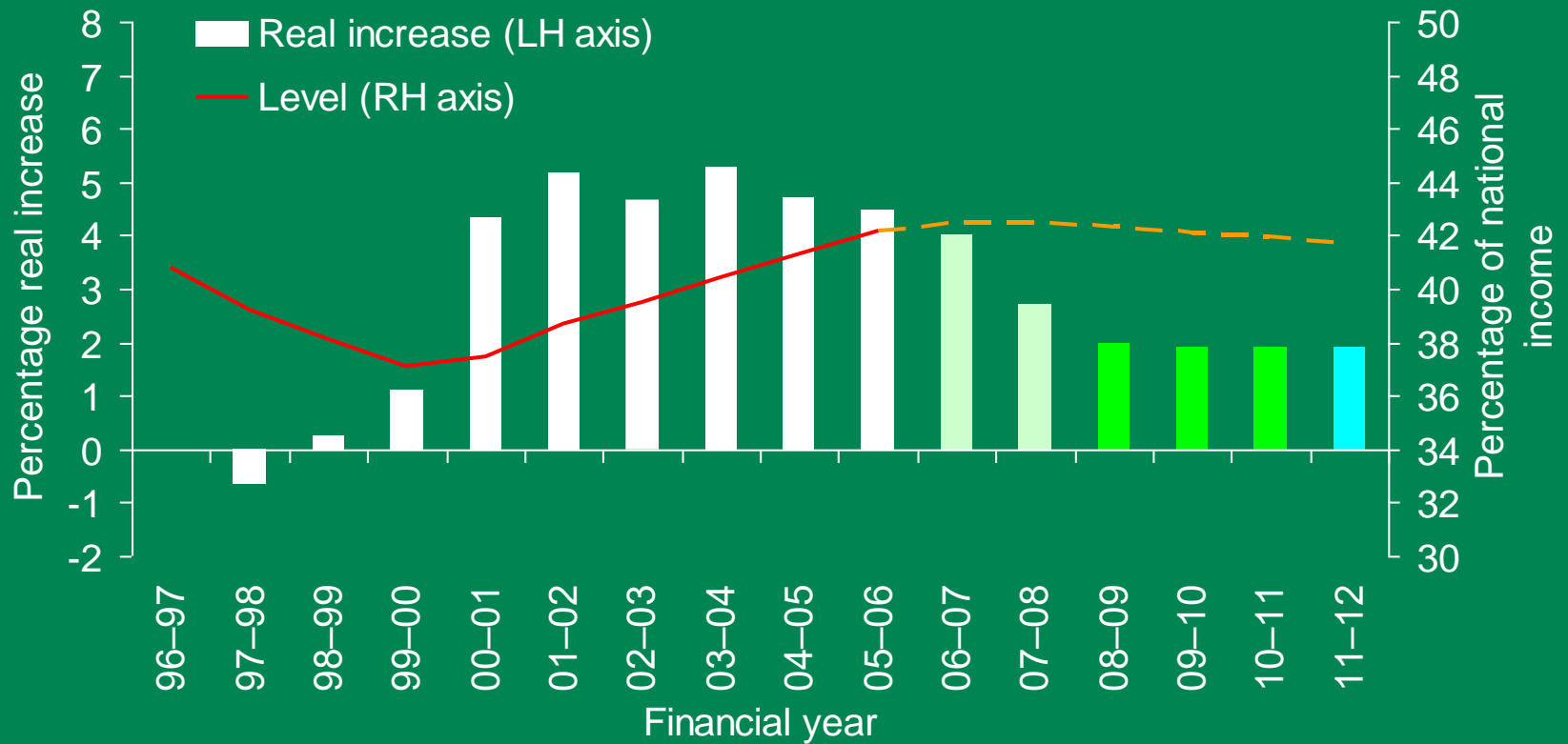


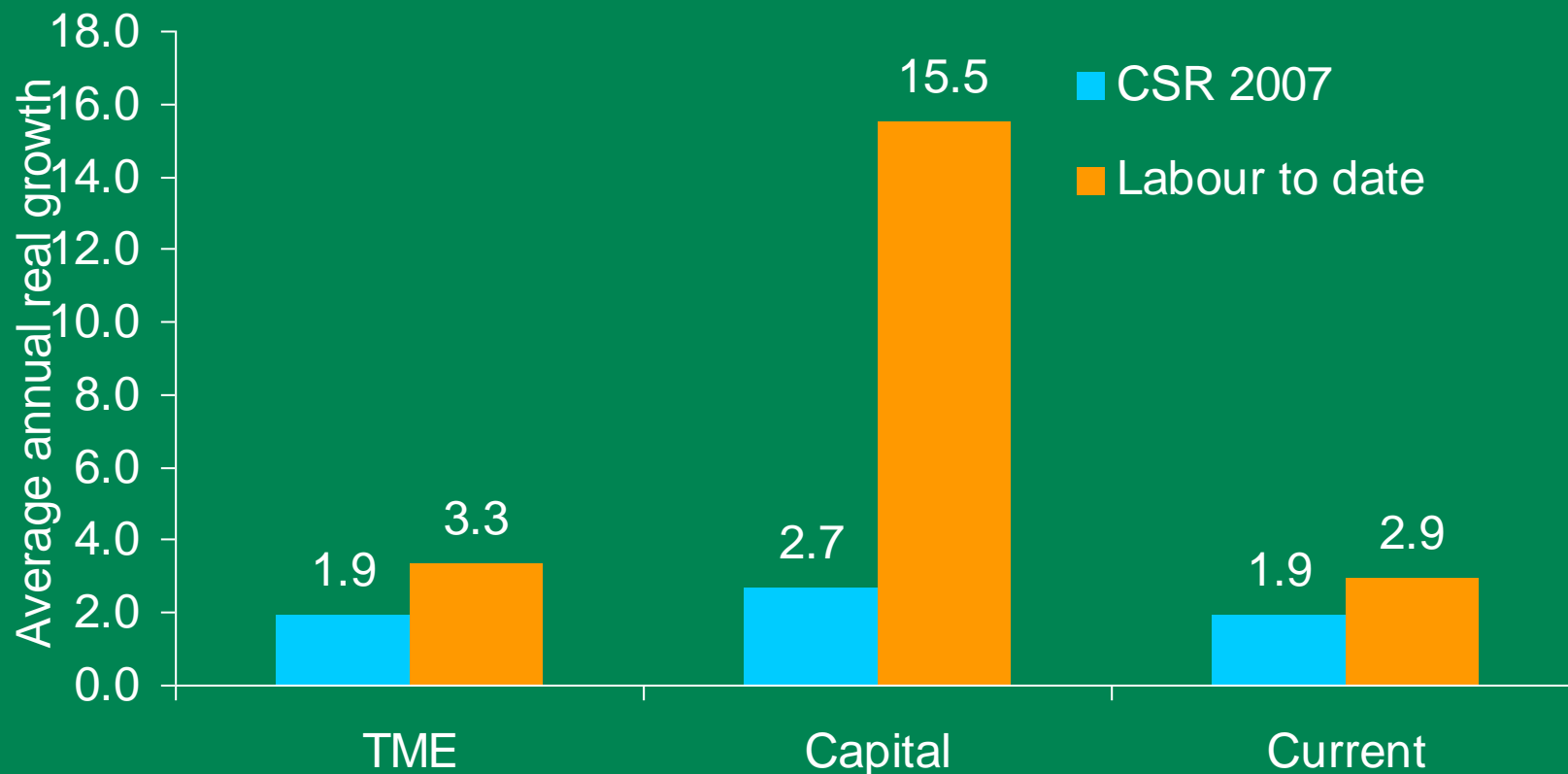
Public spending

Carl Emmerson

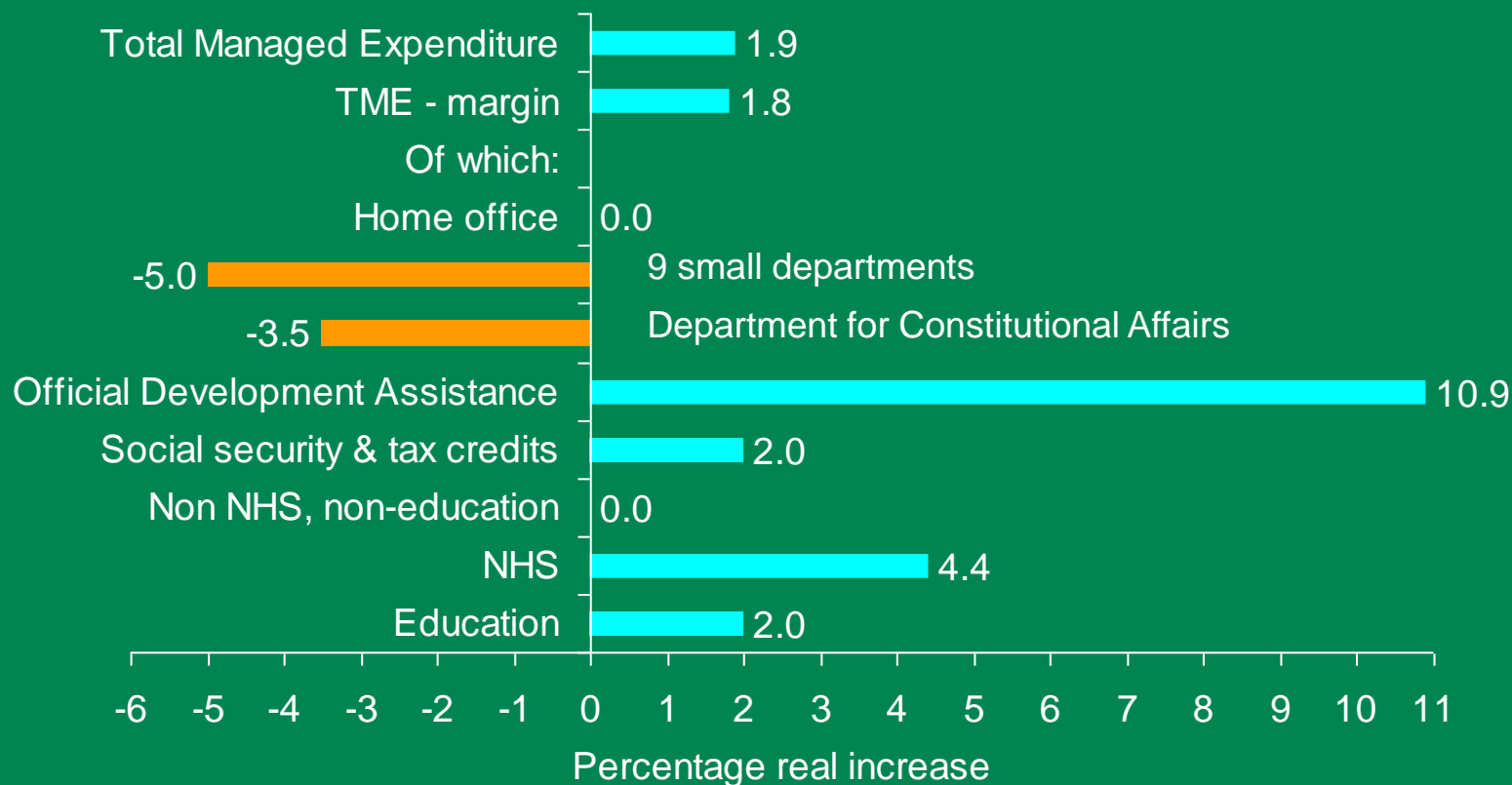
Total Managed Expenditure



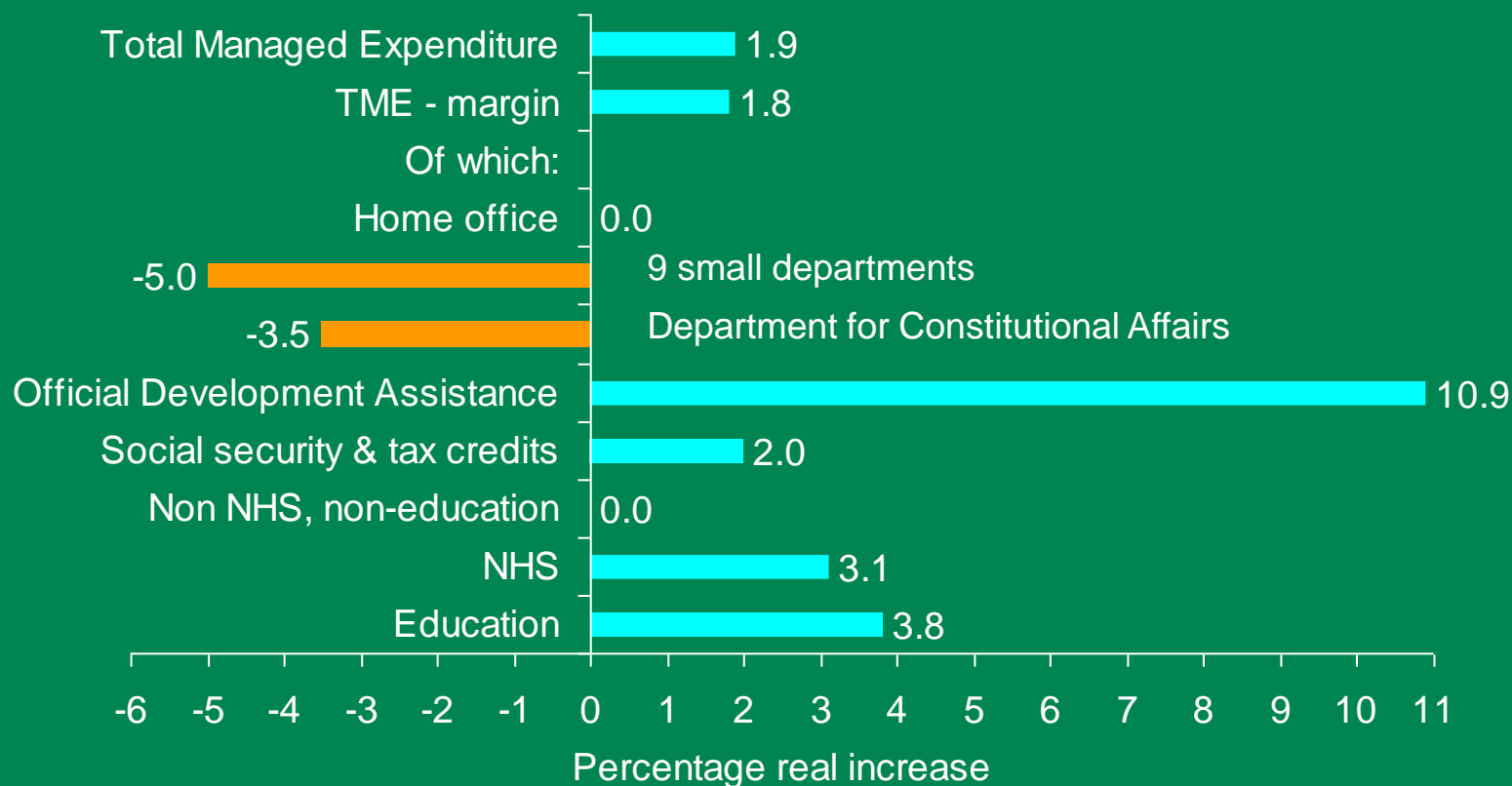
Growth in spending components



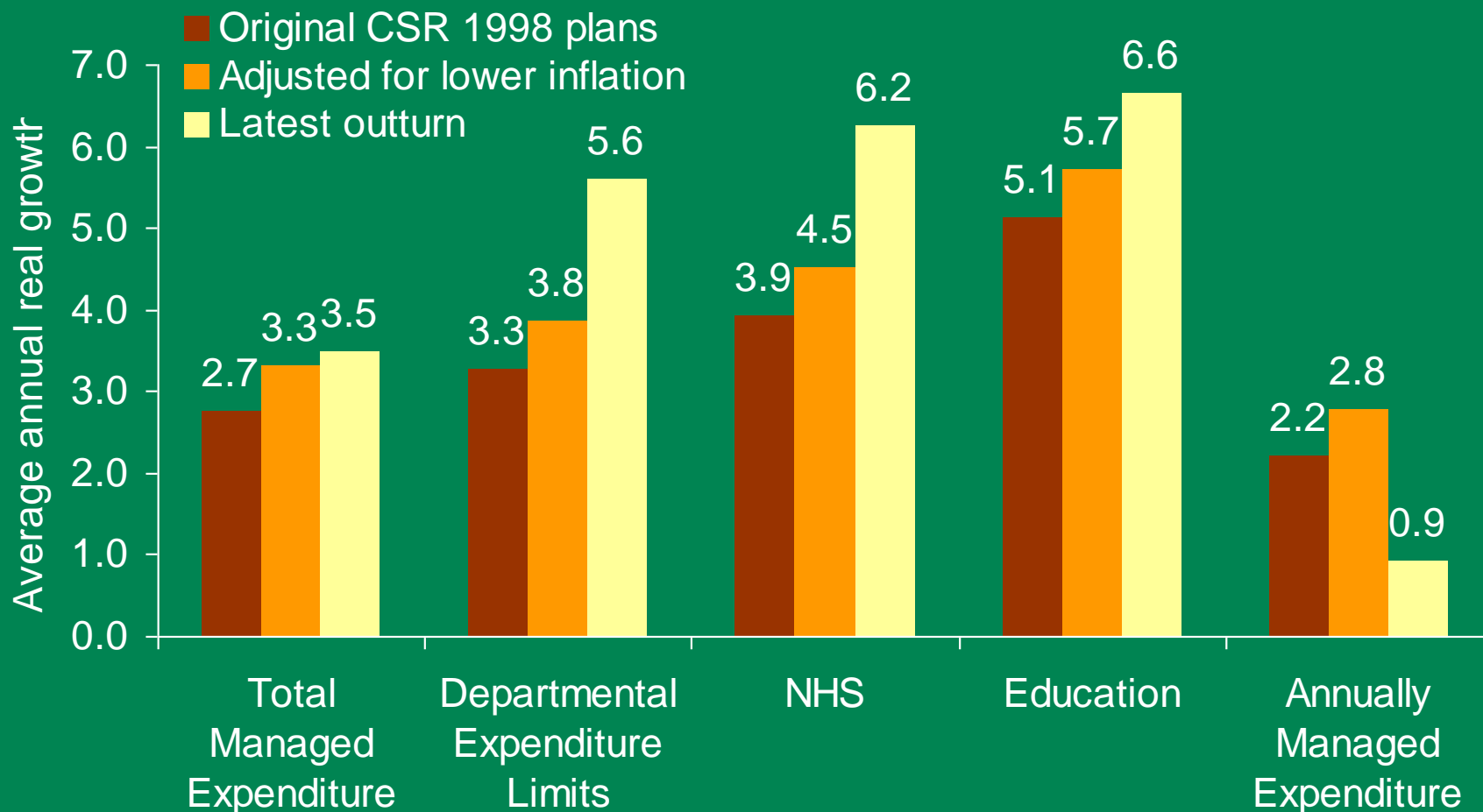
What increases might we have?



What increases might we have?



A 'firm and fixed' CSR?



A post election tightening

- Tax measures announced since the last election to raise £6bn in 2007–08
- Over the next 5 years
 - tax burden set to rise by £9bn, of which £4bn discretionary measures since the election
 - spending cuts worth £9bn now pencilled in
 - total planned tightening £18bn, of which £15bn is from discretionary post election announcements

Conclusions

- Golden rule should be met over the Treasury's current economic cycle estimate
- Over the next few years
 - borrowing similar to Budget, but underlying deterioration
 - still little room to manoeuvre, despite further tax increases and planned spending cut announced since last election
- Spending plans could prove incompatible with aspirations
 - plans could be subsequently topped up, but would require additional finance