The Work of the Nevin Economic Research Institute

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Positive thinking

THINGS COULD BE WORSE
There is No Alternative?
Austerity regression line 2007-2011

Change in real GDP

<-- change in govt consumption % initial real GDP -->
Austerity IS working!
Two Great Recessions, 1930/2008

- Great depression (1930Q1-+)
- Latest recession (2008Q1-+)
Plan A

Reduce wage share of total income
Reduce the size of Government
Liberalise labour & product markets
‘Re-structure’ welfare
‘Incentivise’ work
Privitise remaining public enterprises
Plan A: Trends in govt. spend & Revenue
Plan B: Trends in govt. spend & revenue

The chart shows the trend in % GDP of UK Expenditure (UK Exp) and UK Revenue (UK Rev) from the year 2001 to 2017. The chart indicates an overall increase in both expenditure and revenue over the years, with some fluctuations.
Plan B – what might it look like?

- Part 1 ‘do no further harm’ thru more cuts in public spending
- Part 2 Investment in social and economic infrastructure – *Green New Deal*
- Part 3a *Afflict the comfortable* - rebalance taxation towards unproductive wealth and high income – inc FAT tax
Plan B – what might it look like?

• Part 3b *Comfort the afflicted* - protect low pay/low income groups/young people

• Part 4 Seek orderly, negotiated debt write-downs – private and ‘socialised’ private debt

• Part 5 Reform private and public sectors

• Part 6 Grow *indigenous, exporting firms* in key sectors

• Part 7 Reform Banking
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