

# ScottishReview

Search the SR website:

 Search

22 March 2023

HOME ([HTTPS://WWW.SCOTTISHREVIEW.N](https://www.scottishreview.net)

Even though I have spent most of my adult life in Britain, having arrived many moons ago as a freshly graduated Italian and in spite of having been a dyed-in-the-wool Anglo/Scotophile, I remain a 'foreigner'. As confirmed by the etymology of the word, a foreigner is essentially an outsider. Being an outsider has its advantages, as well as a fair share of disadvantages, depending on the degree of outsidership. In my case, on balance, the former rather offset the latter.

I was reminded of my status while digesting the many commentaries on last week's budget, all of which seemed to me to miss the most fundamental shortcoming not just of Jeremy Hunt's budget, but indeed of any budget. Let me explain.

In anyone's life there are some critical decisions that need to be taken: whether to change job, to move house, to start a family, etc. But I do not know of anyone anywhere who has ever come up with the fantastically insane notion that the best way to take crucial decisions is to take them all at once, on a yearly basis, in the second week of March, whatever the circumstances. And yet, that is exactly how critical choices regarding the economy, taxation, welfare, investment, spending and so on are taken at Westminster.

I do not subscribe to the 'aggregation fallacy' that equates individual behaviour with social behaviour (as epitomised by Mrs Thatcher's infamous and comically mistaken assertion that 'there is no such thing as society').

Are there compelling reasons why the way in which decisions taken at society's level should be substantially different from the way in which individuals are supposed to arrive at rational conclusions? It is not just that I cannot think of any such reasons, but I believe that a strong case could be



([AnthonySeaton646a.html](#))COMMENT.  
([GerryHassan652a.html](#))

**Gerry Hassan**

The human damage our politics does

**DESPATCH** ([KeithAitken652a.html](#))  
**Keith Aitken**

Macron must now think again

**UPFRONT** ([AnthonySeaton652a.htr](#))  
**Anthony Seaton**

Word of the week: Impartial

**ECONOMY** ([ManfredilaManna652a.ht](#))  
**Manfredi La Manna**

The yearly budget ritual

**CARTOONS** ([BobSmith652a.html](#))  
**Bob Smith**

The Usual Suspects...

**NOTEBOOK** ([MaryBrown652a.html](#))  
**Dr Mary Brown**

What colour do you see?

**SOCIETY** ([TomChidwick652a.html](#))  
([Cafe597A.html](#))**Tom Chidwick**

Don't worry: Mortons is back

**CULTURE** ([CharlieEllis652a.html](#))  
([Cafe638A.html](#))

**Charlie Ellis**

Edinburgh's undervalued summit

**CAFE 1** ([Cafe652A.html](#))  
**SR Forum**

It is time for a big change

**CAFE 2** ([Cafe652B.html](#))  
**SR Forum**

A sport full of uncertainty

**CAFE 3** ([Cafe652C.html](#))  
**SR Forum**

Ignoring the big stuff

made for society's decisions not to be taken by means of yearly 'budgets'.

Imagine Whitehall in the months preceding the budget. The Treasury is in frenzy mode, working out the implications of alternative economic models, trying to forecast economic consequences (in the short and medium term) of alternative options, etc, and all the 'spending' departments are busy making representation for more financial resources or at least smaller spending cuts. And all this frenetic activity is supposed to be secret, kept away from the prying eyes of the media hunting for a scoop, the fabled 'budget exclusive'.

Then the big day arrives. The Chancellor of the Exchequer holding aloft the burgundy briefcase in front of the cameras, smiling inanely to journalists asking questions that cannot be answered, lest the secrecy be broken. Finally, the grand performance: the House of Commons packed, the Leader of the Loyal Opposition briefed only hours in advance on the content of the speech, the inevitable rhetorical foreplay followed by the big reveal, the rabbit pulled inexorably from the Chancellor's briefcase. Is it a cut in VAT? An increase in tax allowances? Frozen beer duties, perhaps?

What most commentators seem to miss is that the yearly budget ritual comes at a cost, hidden and yet potentially very large indeed – the cost of uninformed, unscrutinised and piece-meal decision-making.

Let me explain with a couple of examples. Consider the UK tax and benefits mechanism: its Byzantine complexity, opacity and inconsistency are a direct consequence of the yearly budget cycle. Budget after budget, new rules are added, some old ones removed, new acronyms coined, a process of accretion that does not, indeed cannot, provide a consistent and holistic framework. A rational, integrated tax and benefit system can only emerge from a transparent, open and widely debated process, free from the day-to-day preoccupations of producing the budget under secrecy. But no Chancellor of the Exchequer will ever relinquish the power and the political leverage afforded by the budget, the once-a-year opportunity to be centre stage, to prepare the ground for the next election, and to bolster his/her bid for the prime ministership.

The yearly budget custom is even more catastrophic when it comes to structural problems. Evidence? A single piece of statistics may suffice: it is not until 2027 that average living standards (measured by the median real wage) will return to the level of 2008: 20 years of unprecedented stagnation. Whether you are Tory, Labour, SNP, or 'other', you would not be able to find in last week's budget any evidence-based, theory-backed, openly-debated set of possible solutions to the UK's economic decline.

Let's all look forward to the 2024 budget, when the pomp and circumstance of a ritual designed to avoid making decisions under open scrutiny will be abandoned in favour of a more rational decision-making process.

Just kidding. Like the unfathomable practice in UK restaurants of removing any remnants of bread before the serving of the main course or the stubborn refusal to mix hot and cold water flowing from a single tap or the polite neglect to mention that the UK is the only monarchy in the entire world where the head of state also happens to be the head of the (established) Church, the yearly budget will remain a quaint custom whose absurdity will only be noticed by foreigners.

*Dr Manfredi La Manna is a Reader in Economics at the University of St*



To access previous editions of SR,  
click on the links below

**15 MARCH 2023** ([index150323.htm](#))

**7 MARCH 2023** ([index070323.html](#))

**1 MARCH 2023** ([index010323.html](#))

**22 FEBRUARY 2023** ([index220223.ht](#))

**15 FEBRUARY 2023** ([index150223.ht](#))

**8 FEBRUARY 2023** ([index080223.htr](#))

Andrews

**Return to homepage (index.html)**

**Scotland's weekly current affairs magazine** <http://forms.sign-up.to/?fid=3421&cid=84>

**EDITORIAL**

**Editor**  
Islay McLeod

**Founder**  
SR was established in 1995  
by Kenneth Roy

**CONTACT US**

Prestwick International Airport,  
Liberator House, Room 216,  
Prestwick KA9 2PT  
01292 478510  
[admin@scottishreview.net](mailto:admin@scottishreview.net)  
(<mailto:admin@scottishreview.net>)

**QUICK LINKS**

Become a Friend of SR  
([FriendsofSRFormnew.html](http://FriendsofSRFormnew.html))  
Subscribe to SR  
(<http://forms.sign-up.to/?fid=3421&cid=8427>)  
[About Us \(Aboutus.html\)](#)

The Scottish Review is published weekly by the Institute of Contemporary Scotland (ICS)