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Birmingham experts respond to the autumn economic statement

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Birmingham's academic experts provide their views on George Osborne's autumn economic statement.

"Most welfare benefits have been increased fully in line with inflation, somewhat contrary to expectations. Maintaining the real value of benefits is necessary to achieve progress against the targets for reducing poverty, and has generally been Government policy. It is part of a policy to protect the living standards of the poorest and most vulnerable who have limited opportunities for increasing their incomes. However, a 5.2% increase in benefits looks generous against a cap on public sector pay rises of 1%, and experiences of rather low pay increases in the private sector. It remains to be see how far this generosity for those on benefits – which is a positive for progress against poverty – affects the negative feelings that some in the media have expressed about the deservingness of benefit recipients.

Professor Steve McKay, School of Social Policy

"Infrastructure is only one solution to Britain's economic problems but it must be combined with other policies. These other policies must be pragmatic and based on interventions that remove barriers to business activity and growth. But, when has British politics ever being about pragmatism. The Coalition needs to act fast and act smartly. It must identify and implement a set of medium-term policy interventions around skills and, at the same time, stop blaming the banks for the economic crisis. The political and media debate on the banking crisis often forgets that bankers' lend and borrowers' borrow. We need to stop bashing the banks, but work with them to ensure that they remain profitable businesses that once again invest strategically in the British economy; Britain needs the banks perhaps even more than the banks need Britain. We need the development of a constructive dialogue to enhance the performance of the banks rather than the destructive blame culture that has developed in Parliament, the media and across the EU. "

Professor John Bryson - Professor of Enterprise and Economic Geography

"It is possible to almost feel sorry for the Chancellor. He is faced with a sharply deteriorating growth scenario and has very little room for manoeuvre. The main factors responsible for the decline in growth are the problems in the euro zone and the sharp rise in commodity prices earlier in the year. Also, recovery from a credit crunch is usually slow and painful. He really has no credible alternative but to continue with his deficit reduction strategy. A relaxation of fiscal policy is unlikely to help, in fact it could be quite dangerous. If the government were to reduce taxes and raise its spending significantly, it would most likely raise longer term interest rates, appreciate the exchange rate and depress asset prices, all of which would be damaging for growth. It could be worse if the credibility of the deficit reduction policy is called into question. There should be a sharp fall in inflation in the New Year which should be helpful, but apart from that, we will all just have to grin and bear it for the next few years."

Professor John Fender: Professor of Macroeconomics

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