

12 March 2008

CHANCELLOR OF THE EXCHEQUER'S BUDGET STATEMENT

CHECK AGAINST DELIVERY

Mr Deputy Speaker,

These are uncertain economic times. Compared with the other big industrialised economies, the UK is well placed to ride its way through the current global turmoil with its record for growth and stability unblemished. But while credit conditions continue to tighten, it is not possible to make credible judgements based on the near-term outlook.

This problem is compounded by the fact that the capacity of HM Treasury has been stretched in recent months by the problems at Northern Rock, and by work on necessary reforms to the banking system.

The Government has recently set out its spending plans for the next three years. It now looks likely that I will need to re-visit them to some degree next year. What we require before then is a serious debate about the longer term fiscal strategy.

As for the revenue side, the economic outlook has deteriorated significantly since my pre-budget review. This is no time to be imposing increased taxes affecting business, and I have decided to postpone all these proposals for this year. Nor is it a time to be making other complex changes to the tax system, or to constrain consumer demand.

A finance bill is required to set allowances and other rates. The House will be pleased to know that this year's bill will extend to 6 pages, as compared with 305 last year.

But for the rest, and in these unusual circumstances, I have decided to keep this year's budget statement to the bare minimum.

And I commend this approach to the House.