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## NEWS RELEASE

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# Public spending cuts to hit northern England, Scotland, Wales and Northern Ireland

**‘cebr warns that regions with high level of public expenditure as share of GDP may be de-coupled from economic recovery as the government has to rebalance its books’**

While the economic downturn will have a less severe impact on the Scottish and Welsh economies as a large public sector cushions them from the worst impact of the economic downturn in 2009, the medium term prospects look less rosy.

The **centre for economics and business research ltd. (cebr)** forecasts that cuts in government spending by £80 billion will be required to bring public finances into line. This has major implications for those regions which have come to rely heavily on buoyant public sector growth in the past.

High public spending regions like Wales, Northern Ireland, Scotland and the North East may find themselves de-coupled from the economic recovery for years to come. On the other hand, those regions with a large private sector contribution to total gross domestic product like London and the East of England will once again move to the top of the economic growth league table as private sector growth mitigates the effects of cut backs in public sector activity. These are the key findings of the latest *regional prospects report* published by the cebr this week.

Jörg Radeke, one of the report’s authors and economist at cebr, commented:

‘A high level of public spending as share of GDP will mitigate some of the worst effects of the economic downturn in Wales, Northern Ireland, Scotland and parts of Northern England in 2009. However, this advantage will prove to be short-lived as

