

## ECONOMIC ASSUMPTIONS

The most important assumption is what the government assumes about the growth of the economy. If the economy grows, the revenues from taxation will be larger.

Both Labour and the Coalition made optimistic assumptions about growth in 2010. We based our 2010 calculations on lower growth assumptions. In the event, the economy barely grew in the middle of the period and, although we were less wrong than Labour or the Coalition, we were still some way out. Many of the Coalition's problems have their origin in this extraordinary optimism about growth. The figures are as follows:

Growth in real GDP, assumed in 2010 and actual (%)	2010	2011	2012	2013	2014	Cumulative 2010–14
Labour assumption (from March 2010 Budget)	2.00	3.00	3.25	3.25	3.25	15.6
Coalition assumption (from June 2010 Budget)	1.20	2.30	2.80	2.90	2.70	12.5
Green Party assumption (underlying 2010 manifesto)	2.00	2.50	2.00	2.00	2.00	10.9
Actual growth in real GDP (from ONS)	2.10	0.90	0.30	1.70	2.60	7.8

The Coalition is once again assuming growth of around 12% over the Parliament, at around 2.5% each year. We expect growth to slow a little over the Parliament. The figures are:

Assumed growth in real GDP (%)	2015	2016	2017	2018	2019	Cumulative 2015–19
Coalition assumption (from 2015 Budget)	2.50	2.30	2.30	2.30	2.40	12.4
Green Party assumption (underlying this manifesto)	2.50	2.20	2.00	2.00	1.80	10.9

Using these figures we can then work out our prediction for real GDP in each of the five years of the Parliament.

## GOVERNMENT SPENDING

All our figures throughout this manifesto, for both spending and revenues, are in real 2015 terms. Our government spending figures are worked out as follows. We use the current government plans for real terms spending in 2015 as a baseline (that is, we repeat the same figure for each year), so we are not taking into account the Coalition's overall plans to cut public spending up to 2018. We then express what we'd do differently in terms of how much we'd increase or reduce each item relative to this baseline figure. In most cases there is some phasing of expenditure, recognising in particular that our changes cannot realistically start with a full year's spending in 2015.

Our additional expenditures include a line for changed interest on the national debt. Like the Coalition, we would fund the continuing deficit by borrowing. If we reduce the deficit more slowly than the Coalition's plans, we would pay extra interest on the accumulated debt, and this line reflects that.

Our proposed savings are as follows:

Green Party proposed savings (£ billion)	2015	2016	2017	2018	2019
Savings on tax credits through introduction of living wage	1.2	2.4	2.4	2.4	2.4
Revenue savings as a result of railway nationalisation	0.0	1.0	1.0	1.0	1.0
Not replacing Trident	0.3	3.3	3.3	3.3	3.3
Prison savings due to fewer inmates	0.5	0.5	1.0	1.5	2.0
Reduce spending on major roads	0.0	1.5	3.0	4.5	6.0
Efficiency savings on base government expenditure	1.1	2.2	3.3	4.5	5.6
Scrap the Help to Buy scheme	0.3	0.6	0.6	0.6	0.6
<b>Total savings</b>	<b>3.5</b>	<b>11.6</b>	<b>14.7</b>	<b>17.8</b>	<b>21.0</b>