In the 1985 film Brewster’s Millions, Richard Pryor’s character is left a £300 million fortune. Provided Monty Brewster meets the challenge of blowing $30 million in 30 days he can keep the whole estate. Simply giving the money away though is forbidden and there are limits on gambling and donating to charity. The lead character embarks on a spending spree and fulfils the conditions of the will, therefore inheriting the lot.

Will we see a Brewster style spending spree in the global economy in the months ahead? Some think so. Over $5 trillion dollars of savings have been stockpiled by consumers around the world with household savings rates in many countries reaching century highs. As lockdown restrictions ease the expectation is that we will see a strong rebound in consumer spending from two sources. First, pent-up demand will be unleashed as spending patterns normalise. And second, we should see an unwinding of the forced savings squirreled away during lockdown. This boost in consumer spending, which accounts for around three-quarters of Northern Ireland GDP, will fuel an economic recovery globally, nationally and locally.

One major consequence of the pandemic has been forced savings due to the inability to spend money. In 2020 money may have been no object for a foreign holiday, but travel restrictions meant that spending could not occur. Similarly spending on close contact services such as hair and beauty treatment or getting a tattoo wasn't possible. Neither was spending on swathes of leisure, recreation and entertainment activities including eating out, going to the pub or a trip to the cinema. An inability to spend money in some areas led to increased spending in others, notably online shopping, home improvements and availing of online consumer services.

As lockdown restrictions are eased, spending in these areas will resume. But it remains to be seen how much exactly. Gym memberships have been switched off and will be switched back on again. So too will haircuts and beauty treatments. Crucially the missed meals out, haircuts or beauty treatments of last year will not be consumed this year. They are gone forever. Restrictions on foreign travel could remain for some time yet. Although that could lead to a surge in staycation spend and more money remaining in these shores than spent abroad. Furthermore, global supply shortages for everything from garden furniture to silicon chips may mean that spending the pandemic savings may be easier said than done. Or rather easier saved than spent.

So how big are these savings? Estimates by Morgan Stanley put the excess savings amongst UK households at £170bn (that’s roughly four times the size of the NI economy). Applying NI’s share of UK GDP to this figure would equate to £3.7bn for Northern Ireland households or an average of £2,500 for every adult. Not all of it will be spent. The Bank of England expects only 5% of the UK’s excess savings to be spent while others expect up to one-quarter to be spent. That suggests less than £1bn (£200-£900m) of the additional £3.7bn will be spent in Northern Ireland. Instead a sizeable chunk will be held as precautionary saving and/or used to pay down other forms of debt such as credit cards. The savings are also disproportionately skewed towards those on middle and higher income households whose marginal propensity to consume is much lower than those on lower incomes.

Given that food poverty is on the rise it is clear that not every adult or household has amassed lockdown savings. According to the Trussell Trust 79,000 food parcels were distributed within Northern Ireland during the last financial year – an increase of 75% on the previous year. Some commentators have suggested we could see a roaring twenties style spending boom that occurred in the 1920s with a surge in so called ‘revenge spending’, or reckless spending on luxury goods and experiences.

Rising inequality was a key feature of this era and Morgan Stanley’s research highlights how uneven the savings stockpile have been distributed. More retired, middle-income or high income households reported increases in their savings last year than those that reported decreases. Middle-income households in the UK that increased their savings outnumbered those who reduced savings by more than two to one. For high income households the figure was closer to three to one. But that ratio is reversed for the unemployed with three times as many households decreasing their savings. Meanwhile the majority of those still working on low incomes reduced their savings in 2020. The younger generation have borne the brunt of the recession in terms of job losses and are more likely to be on lower incomes and / or be furloughed. So the young, unemployed and those on low incomes don’t have the financial wherewithal to do a full Monty Brewster.

What about government?There have been parallels there with Brewster’s Millions and pandemic spending too. Rishi’s billions swelled Stormont’s coffers. The Executive’s challenge was how does the Executive spend the money as quickly as possible and on what? Failure to spend the money before year-end would see vast sums returned to HM Treasury. Designing schemes to divert cash to where it was needed fast is easier said than done. One scheme that aims to encourage households to spend – even if they haven’t any money – is the £145 million High Street Voucher Scheme. “Dodds’ Millions” will be launched “when it is safe and appropriate”. That means later rather than sooner when the initial surge of pent-up demand has passed. But like Brewster’s Millions this £145 million in vouchers can’t be saved, it can only be spent. And a time limit on doing do would be welcomed by the local economy.

The issue for government though isn’t having the money available to spend. In fact, government has had more money available in the last year than it has been able to get out the door. The issue is being able to spend in a way that has impact. Like Brewster, government has to have it eye not just on a current spending splurge, but also on creating a long-term inheritance. Brewster’s $30million leveraged $300million. Likewise spending by government needs to be done in a way that stimulates a multiplied increase in regional income and leaves a legacy for future generations.

We have already inherited significant underinvestment in Northern Ireland, for instance in our water infrastructure, despite Northern Ireland having more public money available per heard than any other country in the UK. We also had more spending on health per head pre Covid, but also the longest waiting lists. This highlights that just spending money isn't the answer, spending with a focus on achieving the right outcomes is. Government needs to be thinking not just about how to put money in people's pockets in the short-term but also how to put money in their pockets long-term by creating quality jobs and investing wisely in the local economy.

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