

# Spending can *Make it Happen*

Richard Grayson says that Liberal Democrat conference should throw out plans to cut public spending overall

*Make it Happen* is not a bad document. In fact, much of it is very good, both content and presentation. But in roughly 4,000 words, most of which the party will endorse wholeheartedly, twenty-one words mark a significant shift in the direction of the party and the debates we will be having at conference in September: “We’re looking for ways to cut Britain’s overall tax burden, so ordinary families have more of their money to help themselves.”

Let’s be clear what this means. We already have policy for tax cuts, funded either redistributive taxes on the wealthy, or by green taxes. There is nothing wrong with that. Reducing the overall tax ‘burden’ goes a step further, funding yet more tax cuts by reducing the money that government can spend on the things that individuals have decided are best provided collectively, like schools, hospitals, pensions, unemployment benefits, disability allowances, police, and the armed forces.

For nearly twenty years, the Liberal Democrats have argued that not enough is spent on public services. Since our first general election as Liberal Democrats, we have argued for some specific increase in expenditure, funded from extra taxation. There was a shift from this position under Ming Campbell’s leadership when instead of proposing an overall increase in spending, the party adopted a more

redistributive tax policy than we had previously adopted. Only two years on, the party is being asked to make a further shift, one that suggests we now believe that *too much* is being spent overall and that cuts should be made in order to fund more tax cuts (*more* than those we already propose), rather than to spend on other priorities.

I believe that such a profound shift in policy would be profound mistake. But before I outline the case for that view, I want to be clear on two points. First, it is not necessary to reduce spending to cut taxes. That can be done through tax changes, where the rich or polluters pay more, and the poorest pay less. Second, nobody who wants to keep public spending at the current level is saying that every penny is now spent wisely. Indeed, some of us have a strong pedigree in arguing quite the reverse. In my time as the party’s Director of Policy, Matthew Taylor MP was the first Liberal Democrat Shadow Chancellor to ask our Parliamentary Portfolio Teams to come up savings to spend it on Liberal Democrat priorities. Those of us involved in that process were firmly of the view, and I remain of that view now, that we should scrutinise every item of government expenditure. We have different priorities to Labour, so it follows that we should spend money differently.

I emphasise these points because there is a danger of the party being presented with false choices. A letter in *Liberal Democrat News* (8 August 2008) from Julian Tisi, PPC for Windsor, responded to earlier letters which criticised *Make it Happen*. Julian focused entirely on the merits of the tax cuts we already propose, yet that is not what this debate is about. Meanwhile, David Boyle's blog of 25 July ([davidboyle.blogspot.com/](http://davidboyle.blogspot.com/) accessed 1 August 2008), 'Why Clegg is right about tax', argued that 'accepting Gordon Brown's spending levels' means accepting 'without question' both 'his view of efficiency' based on centralised spending and 'his white elephants' such as ID cards. On both points, I am afraid that David's logic is (unusually) wrong. We do not have to accept that the kind of centralism espoused by Labour is correct because we would devolve funds (and better still the power to raise those funds) to let communities decide for themselves on how to spend them. Meanwhile, we are not saddled with Brown's 'white elephants' because we can cancel them and spend the money in any way we like – as we have already proposed in respect of ID cards.

So let's be clear. Those who oppose reducing the overall level of public spending are not signing up for every digit of Labour spending, and we are not against redistributive tax cuts. Instead, there are three central arguments for maintaining current levels of public spending.

The first is that spending since 1997 (or rather since the significant increases following 2001) has made a difference for the better in public services. Our schools and hospitals are immeasurably

better than they would have been had the Conservatives won again in 1997. Anyone with any real personal experience of the state education system will tell you this. We have seen smaller class sizes for many children, vastly improved resources from books to computers, and a level of training for teachers that betters anything the country has ever known. The differences compared to 1997 are stark. When I look back to my own time as a pupil at a comprehensive school (which was then considered 'good' and relatively well resourced) in the 1980s, the differences are immeasurable. The same differences can be seen in the NHS, though too much of that remains under-resourced.

So, I am afraid, I take some issue with Nick Clegg's statement on launching *Make it Happen* when he said that Labour's 'decade long experiment in trying to change things by pouring money in through a funnel in Number 10 Downing Street has failed.' Yes, central direction from Number 10 has failed, but spending in its own right has not failed. Moreover, I cannot accept, the view expressed by David Boyle in his blog that there is 'very little to show' for this spending. The failures that have occurred – teaching to the test in schools, distortions in clinical priorities in hospitals, and often meaningless targets everywhere – have been down to the way money has been spent, not because money has achieved little.

The answer to these problems is to reduce the rules, not the spending. We have, as Nick Clegg wrote in the *Guardian* (1 July 2008) a few weeks before the launch of *Make it Happen*, a different approach to tackling social injustice. Nick wrote about 'The Liberal

Democrats' belief in personal empowerment, in localising our public services and in community control is grounded in our belief that it is by giving individuals real control over their lives that we can create opportunities for all.' We all agree with this, and the liberal vision Nick set out was entirely coherent without any mention of reducing spending overall, which was not part of that article.

The second case for maintaining current overall spending is that there are many areas in which the Liberal Democrats would like to spend more money than the government currently does. Again, I agree with Nick Clegg (in fact, we co-wrote a pamphlet on this subject in 2002). Nick has argued that some schools – in particular, some pupils – need more money spending on them. In the *Guardian* on 5 June 2008, while arguing that 'more public spending is not the answer to every problem in the public services', Nick wrote that 'when it comes to education, money does matter'. He highlighted the differences between the private and state sectors, and argued 'that extra education spending targeted on those youngsters most in need can make a real and measurable difference'.

Absolutely, but this is only the beginning of where we need to spend at levels that exceed the government: scrapping university tuition fees (and why should we not also scrap such fees in further education?), better pensions, and more investment in public transport. Meanwhile, we still have fewer doctors, oncologists and radiographers than the Western European average, larger class sizes than the Western European average, far inferior state support for

childcare provision, and one of the worst state pensions in Western Europe.

Do we really believe that the overall level of government spending is such a problem that reducing it should come before tackling these problems? It may be that some extra spending – perhaps much of it – can be funded by making savings in existing budgets. But if we want truly decent public services we have to put all of these issues as priorities ahead of reducing spending overall.

Inevitably, such a list of problems has led on to comparisons with other countries which is the third strand of the argument for current spending levels. Some may wonder why, when we have reached average levels of public spending of comparator countries, we do not have their relatively high educational and health outcomes? There is one factor underpinning these outcomes. Countries with better outcomes are generally more equal societies. Research presented at the party's one-day manifesto conference in January this year by Professor Richard Wilkinson of the University of Nottingham suggests that not only to the poorest do better in more equal countries, but so do the wealthiest. Comparing Sweden to the USA, levels of literacy are higher in Sweden in both the poorest and wealthiest sections of society when compared to the USA.

Underpinning the equality factor is the fact that countries like Sweden, Denmark and the Netherlands have had decade-on-decades of high levels of investment in public services. Now that we have just reached these levels, it is not time to row back, simply because

spending has not delivered a quick fix since 2001. Inter-generational inequality will take decades to eradicate, especially in such a class-ridden society as our own, and we therefore need to sustain spending for decades to fund the decent services that we all want. We have a clear choice here: we can have US health and educational outcomes if we want US levels of government spending, or we can have something better.

There are, of course, political arguments in favour of opposing cuts in public spending. As the last issue of *Liberator* (327) said of tax cuts, ‘Thanks in part to earlier Lib Dem campaigning successes, many voters will simply interpret that as meaning poorer public services’. We

can avoid that accusation if we are clear – and we have recent policy on this – that tax cuts for the poorest will be funded by closing loopholes that affect the richest, and by taxing polluters. Yet we get into much more difficult territory when we are talking about spending cuts.

However, for most in the party, the gravest objections to reducing spending will be ones of both principle and practicality, not politics: spending *has* made a difference, and money can *continue* to make a difference. The party now should not question spending *overall*, but show how we can do it in a better, more *liberal* way so that people not ministers decide how it is spent.

---

Dr Richard Grayson is Parliamentary Candidate for Hemel Hempstead, where he also stood in 2005.

---