

# *liberator*



## **Is the Budget a pig for the party?**

- 💣 Can we survive the coalition - Adrian Sanders
- 💣 Surviving the Budget - Chris Bailey and Wendy Kyrle-Pope
- 💣 Have leaflets had their day? - David Worsfield

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Liberator is printed by Lithosphere  
Studio 1, 146 Seven Sisters Road, LONDON N7 7PL

## LIBERATOR

🔥 was founded in 1970 and is produced by a voluntary editorial collective

🔥 acts as a forum for debate among radical liberals in all parties and none

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**Cover Picture - Christy Lawrance**

# COMMENTARY

## HAS THE COALITION GOT A HOPE?

Was June's emergency budget the moment when the Liberal Democrats became just another political party that says one thing at election time and does another when in power?

For all the detailed policy gains won in the coalition negotiations, the overriding message from the budget was that the Lib Dems had gone along with "savage" public spending cuts only a matter of weeks after they had prophesied disaster were this to happen.

During the election campaign, the party certainly said that cuts were unavoidable. But it also warned they should be phased sensibly to avoid being a cure worse than the disease, which would tip the economy back into recession.

By June, these cuts had suddenly become unavoidable on the basis of the Greek meltdown and a chat between Nick Clegg and Bank of England governor Mervyn King.

Since King has said that he thought whoever won the general election would subsequently be out of power for a generation, he may not be an entirely wise source to consult. The different circumstances of Greece make it an example of limited value to the party in avoiding charges of hypocrisy.

It is easy enough to see how electoral damage might be caused were the cuts indeed to create a second recession. The coalition parties would be slaughtered at the next election, with the Lib Dems in danger of once again finding that a taxi would be sufficient to hold all their MPs.

The dangers of the coalition's economic policy failing are clear. What is less clear is where the reward would come were it to succeed.

Unemployment has remained surprisingly low during this recession, partly because of pay cuts and short-time working. For people in work, able to take advantage of low interest rates and prices, the recession has impinged relatively little.

For most of the public, the deficit is so large as to be meaningless. The effects of interest rate increases on government borrowing are so abstract as to seem equally meaningless.

As a result, when the coalition says it has taken a scythe to education, local government, the police, benefits and infrastructure, it will be hard for the public to understand what calamity this pain is supposed to have averted.

So, will the public be grateful if the coalition succeeds in averting something few can grasp anyway?

It is hard to think of a single voter-friendly consequence that will flow from cutting public

spending, even if, on its own terms, the policy succeeds in cutting the deficit. Come the next election, the country will be so battered that it is hardly likely to be grateful.

But it is easy to see what will happen if the coalition's message at the next election is, "we went through this pain so things weren't as bad as they might have been," which seems to be the only message it has now.

And who will put over the coalition's message? Those Lib Dems who always believed that parties working together was an end in itself, rather than an occasional necessity, argued that having two parties in power would mean that a government commanded wider support and consent, had two lots of MPs to support it, two lots of activists campaigning for it and, in effect, would be strengthened by having two of everything.

What if it doesn't? It is already clear that the right-wing of the Tory party does not believe that the coalition is 'its' government and, when the effects of the budget bite, plenty of Lib Dems with seats to hold may conclude that it's not their government either.

Thus the coalition could end up supported wholeheartedly by neither party and neither set of activists because both feel aggrieved about its actions.

True, Lib Dems are unlikely to desert until after the referendum on the alternative vote, but that can be won only by an appeal, as was done in New Zealand, to change the voting system to "keep the bastards honest".

If it becomes a referendum on people's opinion of the government, it will be as good as lost, given how unpopular the coalition is likely to be by next May.

The referendum campaign has to be carried by a message of inspiration and hope, and preferably led by figures not closely identified with the leadership of any party.

A 'yes' campaign needs also to put aside squabbles between supporters of AV and the single transferable vote.

AV is indeed not proportional but it is the only system on which the Conservatives (or anyone else) is likely to accede to Lib Dem demands for a referendum on voting reform. It is inconceivable that, were it lost, first-past-the-post would somehow throw up a majority for STV.

The referendum is going to need campaigning flair and positive messages, which is precisely what the coalition lacks on economic policy. It appears to be obsessed instead with cutting the deficit as an end in itself, but cannot say what benefits would flow were it to succeed in this endeavour.

Offering only blood, toil, tears and sweat was appropriate at the outset of the Second World War. It won't be enough to carry the coalition parties now.

# RADICAL BULLETIN

## THE COMPANY THEY KEEP

Nick Clegg is looking for opportunities to cut wasteful public spending. So why is he wasting £85,000 of taxpayers' money on employing as a special adviser Richard Reeves, former director of the think tank Demos?

Clegg's choice of adviser will have seemed odd to anyone who read Reeves's opinions in the Guardian on 19 September 2008. In an article headed 'Social Liberals Should Join Labour', Reeves wrote: "Social liberals in the Lib Dems have a perfectly respectable set of political principles, but they are the principals of another party."

Reeves also startlingly described authoritarian Labour thug Liam Byrne as someone with "radical liberal tendencies" and speculated that the Liberal Democrats would soon fall into warring liberal and social democratic factions.

Clegg has presumably divined some quality in Reeves that makes him suitable to advise a Liberal Democrat deputy prime minister. Whatever this quality is, it has probably eluded other readers of Reeves's exhibition of hostility to, and ignorance of, Clegg's party.

## PANEL BEATERS

No Tory will address any formal session of the Liberal Democrat conference in Liverpool in September, but not for want of trying by figures around Nick Clegg.

They floated the appalling prospect of Michael Gove speaking but, given his muddle about cuts to 'Building Schools for the Future', it is likely he would have arrived in the wrong city on the wrong day.

A story appeared in the Guardian (25 June) headlined "David Cameron could speak at Liberal Democrat conference as coalition cosies up", which reported that coalition cabinet members might speak at each other's party conferences.

The Lib Dem Federal Conference Committee felt it should take a stand against this, even though the matter had not been formally suggested by anyone. However, what had been suggested (by those whom FCC members loosely described as "figures in the leader's office") was that a Conservative should take part in one of the question-and-answer panel sessions that form part of conference, which was where Gove's name arose.

These panels often do have participants from outside the party – usually from campaign groups of some sort – but FCC again rejected the idea.

"I don't know if it came from Nick or whether it was just people around him flying a kite," one member said.

This episode suggests, worryingly, that there are people in the leader's office, and among those who brief lobby journalists, who cannot grasp that a coalition is not a merger.

What FCC cannot do is prevent any organisation

from inviting a Tory to a fringe meeting, something one of the national newspapers is likely to want to do.

What the FCC can do, however, is prevent a debate on Trident at conference. Despite the salience of this issue, and the invitation in the coalition agreement to the Lib Dems to continue to propose alternatives to the system's renewal, not a word will be heard during the formal sessions.

Is there perhaps a new standing order that states: "Nothing shall be done that might embarrass the government"? If so, it's going to be a dull event.

## THE BIG TENT

The Centre Forum think tank rarely makes waves, but will this change now that Chris Nicholson has become director and chief executive? Nicholson was, long ago, a member of the Moss Side Young Liberal branch that effectively ran *Liberator* in the mid-1970s and was also one of the seven-strong group of high-profile radical Liberal councillors in Kingston in 1982. He fought Streatham at the recent general election.

Nicholson has pointed to his YL and Kingston credentials to try to disabuse those who think that, with its economic liberal leanings, Centre For Um is a conspiracy by its wealthy backers to shift the Lib Dems to the right.

The appointment of its latest batch of advisory board members, though, might lead one to wonder whether it is linked to the Lib Dems at all: Andrew Adonis, Will Hutton, Danny Finkelstein, David Willetts and Andrew Tyrie. That makes three Tories, one Labour, one mainly associated with Labour, and no Lib Dems at all.

## PEER IN SEX SHOCKER

The Lib Dem peers have their first rebel and it is not one of the usual suspects. Step forward Willy Goodhart.

Peers did their best to amend the Academies Bill, described by one of them as the love-child of Andrew Adonis and Michael Gove, but could not achieve a compromise on sex education that satisfied those who felt children should have access to good and unbiased information. Several peers simply did not vote, but many applauded Willie Goodhart as he voted with the opposition.

The Lib Dem group abstained on an amendment on guarantees of access for pupils with disabilities. The government, much to their surprise, lost.

## MAYBE IT'S BECAUSE I'M NOT A LONDONER

A report on the Liberal Democrat Voice blog (29 June) that Lembit Öpik wants to be Liberal Democrat candidate for Mayor of London provoked almost 80 comments, most of them highly abusive.

And no wonder. Öpik has no connection with London other than through his former parliamentary duties, and at the general election he managed to chuck away one of the party's safest seats by his insistence on conducting his sex life in full view of the nation. Until he grows up, Öpik would be a disastrous candidate for mayor or indeed anything else.

But his campaign is not just a flight of fancy. He has set up a website ([www.lembit4london.co.uk](http://www.lembit4london.co.uk)), which even boasts a full-time worker, one Liam Allmark, described on the University of Hull website in February as "currently on a placement as private secretary to Lembit Öpik".

Among the four other members of his team listed are Ed Joyce and Tom Papworth, both officers of the libertarian lunatic fringe body Liberal Vision, which describes itself as "a wholly-owned subsidiary of the classical liberal think tank, Progressive Vision". If ever a pair deserved each other...

Meanwhile, who will be the serious candidates for mayor? The London regional party wants to hold the selection for the 2012 contest this autumn. This is a good idea if the post is going to be contested seriously, but not if it is not.

Among the problems of the previous contests has been that the party has chosen a candidate six months out and then imagined it could conduct an effective campaign among an electorate whose size exceeds that of several EU member states.

It couldn't, and didn't. Choosing a candidate this autumn makes sense if the resources and the will are there to fight a genuine campaign, and if someone wants to be an active candidate for 18 months. But if it's to be another flag-waving exercise, the selection might as well wait.

## A CUCKOO SANG IN DOLPHIN SQUARE

On pages 8-9 of this issue, Torbay MP Adrian Sanders claims that actions by unnamed Cowley Street staff contributed to the loss at the general election of two or possibly three seats, and calls for heads to roll.

This claim relates to a letter sent by Cowley Street to constituents of Sandra Gidley, Paul Holmes and Richard Younger-Ross, then the MPs for, respectively, Romsey, Chesterfield and Teignbridge.

They had lived in the Dolphin Square flats complex in Westminster, the owners of which had offered tenants money to give up secure tenancies. The MPs were criticised by the Parliamentary Standards Commissioner for accepting the money and ordered to make partial repayments.

Another MP affected, John Barrett, stood down at the election, while Alan Beith and Menzies Campbell were criticised for taking smaller payments to give up inheritance rights but were not ordered to make repayments or to apologise.

With an election looming and this embarrassing matter around, Cowley Street sent out letters of apology to the three MPs' constituents.

There is some dispute about what happened and the effects. Sanders clearly believes the letters were ill-advised and damaging to his former colleagues, while Gidley told *Liberator* she thought on balance it had been marginally helpful.

Younger-Ross and Holmes are understood to be unhappy that, although the letters went out in their

names, they did not have the final say on content and were not given a choice about whether they went out at all.

While holding Romsey was always problematic, having been won by only 125 votes in 2005, Holmes lost by only 350 votes and Younger-Ross by 523.

There is continuing discontent about the decision by the then chief whip Paul Burstow to require all six Dolphin denizens to refer themselves to the commissioner. The MPs felt their position was similar to that of other MPs who made a profit on selling a London home – as was permitted at the time.

One MP said Burstow should have referred the large number of Conservative and Labour MPs who lived in the square to the commissioner, simply by making a complaint. But this did not happen, for reasons that are unclear, and as late as 19 March Nick Clegg was expressing pride that his MPs had referred themselves and contrasting this with the other parties. MPs in the other parties, however, were not similarly hung out to dry.

## REFORM CLUB

Electoral Reform Society chief executive Ken Ritchie has left, not long after Lib Dem voting systems guru Colin Rosenstiel ceased to be chair in favour of Edinburgh Labour councillor Andrew Burns.

ERS officers issued a surprisingly frank message to members and staff, which stated: "Ken's departure is primarily as a result of differences over policy and strategy. The Council nevertheless recognises Ken's contribution to the Society's work and Ken accepts the right of the elected members to determine the policy and direction of the Society's work."

A group called 'Friends of the Electoral Reform Society' unsuccessfully tried to have the matter debated at the AGM and to get Ritchie reinstated. It complained that officers had acted with inappropriate secrecy.

Liberator Collective member Kiron Reid asked in *Liberator* 336 why the ERS was not making more impact in the wake of public outrage about the political system following the expenses scandal. He wrote: "Electoral Reform Services must be making a mint. So, even if just a small percentage of that goes to the parent company, the Electoral Reform Society, why isn't it the most prominent, successful, campaigning body in the country?"

The anti-Ritchie group asked similar questions. In contrast, Ritchie's supporters in the 'Friends' praised him and his staff for the "outstanding success of their work during the past year". There are also various complex controversies in the ERS over staffing matters and its relationship with its charitable arm, the MacDougall Trust.

But Ritchie's departure may not settle the central dispute in the ERS – what it does about the forthcoming referendum on the Alternative Vote. Under its articles of association, the ERS exists to promote not any old electoral reform but specifically the Single Transferable Vote.

Supporters of STV argued 12 years ago that this was the ERS's mission and that Ritchie should not have been sympathetic to the eventually aborted Jenkins plan for AV+. This dispute created ill-feeling, which has persisted ever since.

Now the same issue has reappeared. The ERS

website states: “In over a century of research and campaigning the Society is convinced that preference voting through the Single Transferable Vote (STV) represents the best system available for guaranteeing choice and competition in our elections and producing government that reflects the will of the people.” Yet on July 2, the ERS published a press release headed: “This illegitimate parliament needs AV.”

No-one disputes that the ERS’s commercial ballot service makes it a very rich organisation. But how will that money be deployed in the run-up to the referendum, and how effectively?

## IT’S THAT MAN AGAIN

The Lib Dem campaign for the alternative vote referendum is to be headed by John Sharkey – surely soon to be Lord Sharkey given his closeness to Nick Clegg.

Sharkey comes from the advertising industry, where he worked for the Conservatives in the 1987 general election, and whatever his undoubted technical skills he is not a politician and, in fairness, does not claim to be.

That is what is wrong with this appointment. The politicians need to be in charge of the technicians in any campaign.

The general election campaign proved flat-footed in the face of Cleggmania, able neither to capitalise on it effectively nor to shift its messages in the final weeks. It relied on hundreds of thousands of leaflets repeatedly saying the same things.

A Lib Dem AV campaign is presumably going to have to mesh with an overall non-party one. Has Sharkey the political skills to handle that relationship?

Meanwhile, a group of north London Lib Dems, shell-shocked by their disastrous election results in May, attended the annual summer party given by Sutton local party, which is celebrating its victory in holding two parliamentary seats and increasing its already enormous majority on the council.

What, they asked, was the secret of Sutton’s success? “We ignored Cowley Street,” council leader Sean Brennan brightly replied.

## HOOKS AND CABLES

Like the cavalry arriving in the heat of battle, a relief column is heading towards the Lib Dems in the shape of the graduate tax, even if, with “senior Conservative sources” rubbishing the idea, it may not get far.

Committing oneself to oppose tuition fees must have looked an easy win in the run-up to the general election, and most Lib Dem MPs did so. But the coalition agreement allowed them only to abstain on whatever the Browne review ultimately proposed, not to oppose it.

Since those who blithely signed the National Union of Students’ pledge promised to oppose tuition fees, not just to abstain, an awkward dilemma loomed – vote against the coalition, or enrage student voters (Liberator 339).

Matters had not been helped by Nick Clegg’s efforts last year to get the party to drop its opposition to tuition fees. This provoked an angry backlash, the net effect of which was to keep the policy but blunt its impact.

Enter the graduate tax, signalled by business secretary Vince Cable with a strong hint to Lord

Browne that this was the outcome the government wanted him to arrive at.

The graduate tax is related to ability to pay and to earnings. It is not far from NUS policy and so fairly fireproof from Labour. Best of all, which surely accounts for the Lib Dems’ sudden enthusiasm, it would get them off an embarrassing hook.

## WRING HANDS, HERE COMES CHARLIE

When one intends to keep something ‘off the record’, it is not normal to reveal it in front of 600 people and then expect it to remain secret.

Thus when Charles Kennedy told the massed ranks of the Chartered Institute of Finance and Accountancy a story about Nick Clegg and Lembit Öpik, in this electronic age it rapidly became public.

Öpik, according to Kennedy, turned up in Clegg’s office with a list of 25 ideas he thought the Lib Dems should adopt. Clegg thanked him and then, in Öpik’s sight, scrunched up the list and hurled in into a wastepaper bin.

His point, insofar as one was evident to Cipfa’s puzzled delegates, was that 24 of the ideas had probably been mad, but past experience suggested one would have been wonderful.

Fortunately, Kennedy was not there as a party representative but spoke in his own right through an agency that supplies speakers for events.

It got worse. Delegates had been promised a 30-minute speech by Kennedy on the coalition and its prospects, followed by questions. Instead, they got a perplexing 10 minutes, after which Kennedy ground to a halt.

Asked by a delegate which was the funniest episode of *Have I Got News For You* on which he had appeared, Kennedy abruptly replied “the next one”.

His rambling discourse included the observations that he had tried and failed to organise an alternative coalition with Labour but he would not “create any more problems than I already have in the House of Commons”.

## BLACK TIE AND TALES

A Focus leaflet published in the Tulse Hill by-election in Lambeth in June included a photo of two ‘toffs’ in black ties, merrily clinking glasses. It was captioned “no inheritance tax give-away for the rich” and was intended to show that the coalition budget had not been designed to help the likes of these posh boys. The leaflet was even circulated by the Association of Liberal Democrat Councillors to its members as an example of good practice.

Closer inspection of the photo would have revealed that the toffs in question were none other than Dominic Mathon, Lib Dem agent in Islington South at the general election, and Federal Policy Committee member Jeremy Hargreaves.

Rumours that these two are available for modelling assignments are of course wholly unfounded.

# GENERATIONAL THEFT

## Baby boomer Francis Beckett laments his cohort's legacy in a new book

My generation – the baby boomer generation – has squandered the good times.

In the 1980s, while one section of the baby boomers embraced Thatcherism as the best sort of freedom they could get, and another section buried itself deep in left-wing sectarian politics and forgot what was going on in the real world, successive governments made a bonfire of business regulation. We threw money at a few City folk, who became fabulously rich without expending much effort or taking any risks.

It was our children's money we were throwing at them. The then shadow Chancellor George Osborne said in 2009: "Every child in Britain is born owing £17,000 because of Labour's debt crisis." Of course, it's not just Labour's debt, and you can argue about the exact figure, but there's a substantial sum of money, which our children will have to pay off to finance the debts our generation's politicians have incurred. One day, the great unregulated orgy of spending and speculating was going to lead to disaster. That day came in 2009, and our children are already picking up the bill.

As Polly Toynbee noted in the *Guardian* (13 May 2008): "Already 85% of people of people aged between 54 and 70 own their own homes as wealth is sucked up the age ladder, leaving the young struggling harder than they ever did... With their demands for good care and good pensions, [the baby boomers] risk trampling on the impoverished generations that come after, making the employed pay for what the baby boomers have failed to fund in their own working lives."

Yet even in 2009, a baby boomer government was putting the baby boomers at the head of the housing queue. In the 2009 budget, Chancellor Alastair Darling announced an increase in the tax-free savings allowance from £7,200 to £10,200. But only those over 50 were to benefit straight away. It makes at least one economically literate young man of 23 to whom I have spoken feel angry. He says that he and his generation are expected to lead a recovery in the housing market, despite most prices in London being way out of their reach. Yet mortgages now only equate to two-thirds of salary (us baby boomers used up the 100% mortgages), so that first-time buyers have to save hard for a deposit. And then, when help is given to savers, only those over 50 were given immediate benefits.

When I left university in 1969, there was work, and places to live which we could afford. Our generation grabbed the housing, for investment and to help pay for its old age. And the baby boomers used their homes, not as places to live, but as ATM machines.

Almost a third of young men between the ages of 20 and 34 – nearly two million of them – now live with their parents mainly because of the lack of affordable housing (2009 Social Trends Survey published by the Office of National Statistics.)

We did not know how dismal a legacy we were leaving the young, but we should have done, and our governments and industrialists should have done.

One half of the baby boomers was too busy to notice, and the other half too greedy to care.

It's not just money. We have closed off the freedoms we enjoyed as well.

"Suddenly, almost without warning, liberal Britain finds itself friendless" said an editorial in the *New Statesman* in June 2000. "William Hague uses 'liberal elite' as a term of abuse, and the government doesn't bother to challenge him. Philip Gould, the prime minister's favourite pollster, warns that Labour, as the voters see it, is soft on crime (even though the prisons now hold record numbers) and puts asylum-seekers and minorities first; this, he says, must change if the party is to get back in touch with 'ordinary people'. An eccentric farmer who shoots a burglar becomes a national hero. Almost nobody can be found to defend teachers who think there is more to education than multiplication tables and spelling tests. The Secretary of State for Culture makes disapproving noises about nudity on Channel 5. In Scotland, a privately organised 'referendum' finds overwhelming public opposition to the repeal of Section 28."

It was back to the early 1950s. "Lest we forget, the fifties were awful," wrote the magazine's then editor Peter Wilby, who is a war baby and remembers (*New Statesman*, 19 June 2000).

Schools, after a quick burst of sixties freedom, are being sent back to the fifties. The sixties generation in government has brought back the school uniforms it rejected, and also the rote learning it rejected in the form of a rigid national curriculum and a punishing regime of testing.

The freedoms the baby boomers once fought for as children of the sixties are those they deny to their children.

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Francis Beckett is author of *What Did the Baby Boomers Ever Do For Us – How the Children of the Sixties Lived the Dream and Betrayed the Future*, Biteback Publishing, £12.99.

# THE RETURN OF 'TINA'

## There is no alternative to the coalition now, so Liberal Democrats need to solve their campaigning problems and sell it hard, says Adrian Sanders

There's one thing worse than being in government, and that's not being in government.

If the point of fighting elections isn't to win, then why bother going through all that knocking on doors and stuffing bits of paper through letter box activity? The whole point of engaging in politics is surely to put your ideas into practice. It's about winning elections and getting things done.

Had it been down to me, I wouldn't have chosen to enter a coalition with the Conservatives. I have always viewed the nasty party as our opposition, and Labour our competition, with whom we compete to take on and beat the Tories.

In fact, I cautioned against such a coalition and circulated a plan for working in a rainbow alliance, but Labour tribalism against compromise scuppered that idea, while the Tories' desperation to get into government saw their leadership ditch 190 manifesto pledges and agree to the four main planks of our own – that all but signed the deal before the 'triple lock' came into play.

I wasn't present at the parliamentary party meeting that voted for this coalition but I am supporting it because there is no alternative. It truly is the 'TINA' coalition and, because of that, the only thing worse for us than being in coalition with the Tories is appearing to be split while being in coalition with the Tories.

I accept the criticism that we didn't stand for election to increase VAT and it wasn't in the coalition agreement. But then I don't remember us calling for a referendum on AV during the election, and the agreement didn't contain a promise to hold an inquiry into torture allegations, or scrap the West Country tax on cider. We can all sometimes overlook the gains that involvement in government secures while forgetting our critics will still criticise us for increasing VAT, including those who voted against it.

Government is about making choices and sticking together. If disunity is going to undermine the coalition, please let it be from the right. Early studies indicate the coalition is far more popular among Lib Dem members than Conservatives, and so it should be. We are putting ideas into practice after seven decades in the wilderness.

### UPSETTING TORIES

The Tories are having to put many of their ideas and policies on hold. They don't like it and know we are to blame. I've spent all of my political life upsetting Tories so I'm delighted the coalition hasn't put a stop to this.

There's actually a perverse enjoyment to be gained watching their gritted teeth as liberal announcements on prison releases, constitutional reforms and ending stop-and-search powers are made. Well I could watch them if I was sitting on the opposite side of the House,

but then if colleagues and I were over there such announcements wouldn't be being made.

It is Labour's reaction that has taken me most by surprise. The bile and hatred heaped upon the Liberal Democrats is out of all proportion to what we have done, which is simply to ensure that policies we put before the people are introduced.

I'm sure part of the viciousness is a consequence of being leaderless and in the throes of an internal election, but it is also a failure so far to come to terms with having been rejected at the ballot box by voters they genuinely believed should have been rewarding them for "saving the economy", or for not being the Tory Party.

There is also the shock that the Lib Dems, whom many in the Labour Party patronisingly consider to be their reserve side, would enter a coalition with the Conservatives. It hadn't occurred to them that the Liberal Democrats are an independent political party with a constitution that sets out their aims and aspirations to create a society where none are enslaved by poverty, ignorance or conformity, and draws upon a political history that predates the formation of the Labour Party.

Writing in *Liberator* 339, Mark Smulian explained eloquently how the Lib Dems could consider a deal with Tories: "When a Labour government has fought an illegal war, approved the use of torture, widened inequality, wrecked the economy through funny money and constructed the most intrusive police state west of Belarus, it is hard for anyone to argue that Labour is either progressive or is the natural, never mind only, ally for Liberal Democrats."

I could add Labour's illiberalism over immigration, failure to complete reforms to our constitution and control freakery over local government as further reasons why Labour is not, at present, where Liberals are likely to find kindred souls.

But the attacks from Labour leadership contenders, MPs and defeated candidates are part of an ill-thought through campaign that could result in Labour remaining in opposition for at least a decade, and possibly many years more.

I already hear talk from Labour MPs and activists that they wish to abandon their commitment to the Alternative Vote and join the 'no' campaign to scupper the coalition.

One of the great sadnesses reported to our parliamentary party in the days after the election was that Labour's team of negotiators refused to accept that any part of Labour's manifesto – which included a referendum on AV – could be amended, while at the same time Labour MPs were queuing up on College Green to tell the media they couldn't support that part of their own manifesto.

There is no doubt that defeat for a fairer voting



system in the referendum would put the coalition under enormous strain, possibly to breaking point, as Liberal Democrats assess the worth of partnership in government without any change to the electoral system, except perhaps larger and even harder to win constituencies.

I hope the new Labour leader will consider that in May 2015, whether the election is held under AV or FPTP, it is unlikely to result in one party having a majority of seats. Who will Labour wish to woo to exercise political power, and how will the wooed feel about a party that has so unfairly and deliberately maligned, misrepresented and slandered it?

## UNCHARTED WATERS

If the coalition goes the whole distance, where will the Liberal Democrats be? Will we be challenging to be part of government again with a track record of implementing policy, overseeing tough choices and hopefully competently handling departmental responsibilities – or will we be condemned to even more decades in opposition?

We largely control our own destiny in this and we need to act quickly to set ourselves on the right course through these unchartered waters.

Good communication between Lib Dems in government and those they expect to back them in the division lobbies is fundamental and, with some exceptions, hasn't got off to a good start.

We must have responsive whips who involve rather than instruct. They will then find their lives a little easier for the really tough challenges of benefit cuts and service reductions that lie ahead.

There must be scope for constituency interests to trump collective responsibility when job losses, public service cuts or other decisions have a negative direct impact on an MP's patch.

The parliamentary party needs to draw up its red lines and contemplate an exit strategy before events can force a split. Internal discussion over what these limits are and a timetable for the delivery of Liberal Democrat ideas in the coalition programme is essential. This should include an agreed line on what to recommend to the party in the event of a 'no' vote in the referendum. The membership of the party should have the say on whether the coalition should continue or not.

I don't think anyone fails to recognise that our electoral survival depends on being able to demonstrate clear Liberal Democrat achievements at the end of this five-year parliamentary term.

Campaigners supporting activists on the ground should be involved in communicating the purpose and value of the coalition to people's everyday lives. Taking the coalition to the people and informing debate is vital to counteract the distortions of the press and political opponents.

Professional campaigners supporting local activists on the ground will be of far more value to the party's future interests than spin doctors and press officers

*“Early studies indicate the coalition is far more popular among Lib Dem members than Conservatives, and so it should be”*

focussed on dialogue within the Westminster Village.

Campaigners at the grassroots should be encouraged to do what they do best and continue to campaign for and on behalf of their communities in order to get things done, while using coalition success where it exists to add value to the appeal for Lib Dem electoral support.

If the general election didn't ring alarm bells in

Cowley Street to convince it that air wars don't win elections without experienced and well supported political activists on the ground, then the next decade is going to be electorally very disappointing, if not disastrous, for the party.

If it weren't for the coalition, the party's view of winning five fewer seats than in 2005 might have led to changes at the top of our campaigns operation.

Post-Rennard, the party's campaign leadership unsuccessfully exploited the unpopularity of Brown and doubts about Cameron, failed to take the party forward electorally during a campaign that saw our highest ever general election poll ratings, and directly led to the unseating of two, possibly three, Lib Dem MPs, thanks to a Cowley Street mailing about their MP expenses that simply reopened the issue in the middle of an election campaign – an act of breathtaking naivety. I am surprised that heads haven't rolled.

There are some talented campaigners in our party and their talents need to be unleashed. We should devolve our precious resources and focus them on developing local political and campaign skills, to hold seats and rebuild our local government base.

We need an evangelical group of community politicians getting out and about to enthuse and encourage members to find more members, raise more money and win more elections.

We cannot rely on occasional supportive editorials in the ever declining circulations of the dead tree press to sustain a political movement. Nor can we trust that our message and appeal will be circulated widely and successfully digitally.

Public perception of our worth is best generated through local political activism and this is grown from a motivated grass-roots.

There is no short-cut to sustainable political power and influence. Even with a fairer electoral system, we will struggle in the absence of a local power base. To build and expand that base, there is no substitute for the hard slog of putting the theory of community politics into practice.

It is saving seats and winning new ones that should be exercising our minds at the start of this voyage into the unknown. At its end, we should want more, not less, influence in government. To make that happen, we have to refocus and relearn the lessons that built our success in the first place.

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Adrian Sanders is Liberal Democrat MP for Torbay

# SCREW OR BE SCREWED

There is a risk that Liberal Democrat members unhappy with the coalition will drift away one by one. They must play a longer game, says Simon Titley

Three months into the coalition government and how are the Liberal Democrats feeling? ‘Mixed’ is the short answer. Indeed, the demeanour of party members resembles that of first-time clients in a high-class brothel; feeling gratified but somewhat soiled, and unsure who’s been screwing whom.

As the weeks pass, coalition government is becoming a more concrete and less abstract proposition but the political question remains the same. Are the benefits of coalition outweighing the drawbacks?

Everyone knew that coalition would involve swallowing some bitter pills but each party member has a different tolerance threshold. The danger is that critics of the coalition will peel off one by one in response to different issues.

The Liberal Democrats are in a coalition whether you like it or not. The party’s strategy must therefore be to extract maximum benefit from it *and be seen to be doing so* – with the goal of emerging intact and in a fit state to fight the next election as an independent and credible force.

Walking out in a huff because your local renal unit has just been shut down or the library no longer opens on a Wednesday won’t achieve that. It would be a gesture that fragments the party and does nothing to articulate a better alternative.

## HOW TO RESPOND?

How should Liberal Democrat sceptics and critics of the coalition respond? To begin with, they must accept that there is no logical basis for criticising coalitions per se or coalition with the Tories per se.

Anyone who believes in proportional representation must accept that coalition is an inevitable outcome. And once you accept coalition in principle, then coalition with the Tories is also inevitable sooner or later, unless you believe the Liberal Democrats should only ever form coalitions with Labour, in which case the party would have no bargaining power.

Nonetheless, there are coalitions and then there are coalitions. Coalition is a creature of circumstance and, at best, merely expedient. It is not a good thing in itself and no-one should entertain all the cant about “the new politics” or “grown-up politics”.

For the coalition to work to the party’s advantage, it is not enough to strike a good initial deal. It is a continuous job of negotiation. And the party must communicate its genuine gains to members and the public at large.

But it seems that something somehow has gone horribly wrong. YouGov’s opinion poll of 21 July, which showed only 13% for the Liberal Democrats, was dismissed as an outlier by apologists for the party. Technically they are correct but only just. By late July, poll ratings of 14 or 15% had become the norm.

There are two important things to understand about such low polls. First, the popularity of the Liberal Democrats was likely to suffer once cuts in public expenditure began to bite. But these low poll results are happening before any cuts have been implemented, before even the conclusions of the government’s spending review are announced in October, when people will find out where the cuts will actually fall.

Second, if Liberal Democrat support has fallen to this low level, it means that almost all of the party’s soft support has deserted. The party’s support has been reduced to the irreducible, the hard core of faithful voters who will back the party through thick and thin. This suggests that the party is failing to persuade the electorate that there are any compelling reasons to vote Liberal Democrat. That is not to say there are no compelling reasons to vote Liberal Democrat; rather that no-one outside the core perceives any.

This is hardly surprising. The Liberal Democrats’ key message appears to be, “Government policy would be even worse if it wasn’t for us”. This may be an honest message but it is not a compelling one. After all, it is not the party’s job to detoxify the Tory brand.

## BASIC PROBLEM

The basic problem is that the Liberal Democrats have adopted a strategy of “selling the coalition” when they should be selling the Liberal Democrats. This is a fundamental error familiar to many in local government. The party’s councillors are good at opposition but, when they first take control of a council, a common mistake is to represent the council to the people instead of the people to the council. They retreat into their role as administrators. They feel obliged to defend everything the local authority does regardless of whether it is good or indeed liberal.

Likewise, we now see Liberal Democrat ministers publicly defending policies that either weren’t in the coalition agreement or that they don’t really believe in. For example, Vince Cable’s attempt to defend Michael Gove’s ‘free schools’ policy on BBC1’s *Question Time* recently was painful to watch.

And we have the absurd decision by the Liberal Democrats’ Federal Conference Committee to exclude a debate about Trident at this September’s conference, even though the coalition agreement explicitly allows the party to “make the case for alternatives”.

The Liberal Democrats’ misguided strategy was summed up in a ‘briefing note’ issued on 21 July headlined “10 weeks on the Lib Dems have had huge influence in Government”. It was presented as a catalogue of achievements but all it did was reiterate party policies that were included in the coalition agreement. Most of the policies listed weren’t included in the Queen’s Speech or Budget and haven’t even begun to be implemented.

Instead, the coalition government appears to be following a Tory strategy with a few Lib Dem bolt-ons. The big things – the emergency budget on 22 June, the white paper on the NHS and the Academies Bill – are pure Tory policy. The latter two weren't even included in the coalition agreement, yet Liberal Democrat MPs are being whipped through the lobbies to support them.

The biggest claim the Liberal Democrats make to influencing policy is the proposed referendum on the alternative vote. Yet ironically, at the general election the only manifesto containing this policy was Labour's. The Liberal Democrats will be campaigning in a referendum for an electoral system they've never really believed in.

The main policy area where the Liberal Democrats seem to have rolled over completely is economics. Like the Labour and Conservative parties, the Liberal Democrats fought the election on the basis that there would have to be cuts in public expenditure to pay off the huge deficit. But unlike the Conservatives, they argued against making cuts too soon, in case this jeopardised the economic recovery by causing a double-dip recession.

## VOLTE-FACE

Once the coalition was formed, however, Liberal Democrat ministers began arguing for the Tory policy of early cuts. They justified this complete volte-face on the grounds that both the deficit and the Greek crisis were worse than they thought. This excuse stretched credulity. It was certainly no basis for a fundamental ideological shift from Keynesian economics to supply-side dogma.

It is now emerging that the volte-face happened earlier or may not have been a volte-face at all. In an interview published in the Observer on 6 June, Nick Clegg gave two reasons for changing his mind. One was "the complete belly-up implosion in Greece," which he says made it imperative to demonstrate to the markets that the coalition would make an early start on deficit reduction. The other influence he claimed was a long conversation with Bank of England governor Mervyn King, a day or two after the coalition government was formed: "He couldn't have been more emphatic. He said: 'If you don't do this, then because of the deterioration of market conditions it will be even more painful to do it later'."

But the Guardian later reported (28 July): "The Bank of England governor, Mervyn King, disclosed today that he gave no fresh information to Nick Clegg that could have led the Liberal Democrat leader to call for a faster deficit reduction programme than the one outlined by his party during the election campaign."

Then in an interview broadcast in a BBC2 documentary (29 July), Clegg said that he did not change his mind during the coalition negotiations with the Tories. "I changed my mind earlier than that... between March and the actual general election, a financial earthquake occurred in on our European doorstep." Asked why he did not announce his change of heart, he said: "Ah, to be fair, we were all I think reacting to very very fast-moving economic events."

As the original version of events unravels, it looks increasingly like Clegg's intention all along was a neoliberal mission to shrink the state. As I argued in my previous two articles (Liberator 338 and 339),

Clegg seems wedded to outmoded neoliberal ideology. If so, he would have had little problem agreeing with Tory economic policy.

So where does that leave us? Some social liberals, such as Richard Grayson, have argued that the coalition represents the triumph of the Liberal Democrats' 'Orange Bookers'. It is actually more of a pyrrhic victory. The party's right wing cannot win in the long run. For a start, its neoliberal ideology is doomed as a prevailing orthodoxy and this government will be the last one ever to promote it. Also, the right is committed to a gung-ho defence of the coalition whatever it does. This leads right-wingers to resist the development of an independent platform for the Liberal Democrats at the next general election and thus limits their ability to shape that platform.

## ALL TO PLAY FOR

It's all to play for and this is the approach that social liberals should adopt:

- ☛ Focus on the big picture – The coalition's basic problems are macro not micro; fundamental ideology not cuts to this or that local service. Cuts would have happened whoever was in office.
- ☛ Don't celebrate failure – It is in every Liberal Democrat's interest for the party to maximise its gains from the coalition. If there's one thing worse than a successful coalition with the Tories, it's an unsuccessful one.
- ☛ You are not the government – Unless you happen to be one of the few ministers reading this. Your job is to campaign, cajole and make demands, not defend everything the government does willy-nilly.
- ☛ Play a long game – The party cannot mandate the government but it can determine its own fate. In particular, it should think fundamentally about the distinct, post-neoliberal vision of society it wants to promote in 2015.
- ☛ Read and think – Assuming the election is five years off, it's time you read the books everyone talks about but few have actually read. Discover what the argument is actually about. Read the three key books: *The Orange Book*, *Reinventing the State* and the IPPR's *Beyond Liberty*. Add to that the two ALDC booklets, *The Theory and Practice of Community Economics* and *Community Politics Today*, and the booklet Graham Watson and I edited, *Liberalism – something to shout about* (available from Liberator).

The Liberal Democrats must justify their *raison d'être* and not lose their identity or distinctiveness. A vision for 2015 is the way to go. Otherwise if the party's image merges into that of a Tory-led government, why should anyone vote for it?

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Simon Titley is a member of the Liberator Collective

# WILL MIDDLE ENGLAND STAND THE CUTS?

The coalition has not got many options to deal with Labour's deficit, but will its supporters rebel as cuts bite, asks Chris Bailey

Believe me, £155,000,000,000 is a very big number. That's how much government borrowing *increased* last year and, even after the eye-watering budget, government borrowing will grow by almost as much this year.

Actual borrowing is higher still as the government needs to borrow to repay maturing debts, so last year it had to sell £227,000,000,000 of bonds to raise the money it needed. In day-to-day terms, that is about £3,750 per man, woman and child in this country in just one year.

Now to economists, and readers of the City pages of the quality press, these figures come as no surprise. The budget deficit had started to explode 18 months ago and the awful scale of the adjustment needed was obvious. It was the elephant-in-the-room during the election campaign, with all parties, our own included, warning of tough times ahead but stopping short of giving details of quite how tough it would be. So the electorate was left with a sense of impending doom whoever won the election.

How did we get into this enormous mess? After all, for years, Gordon Brown told us that his fiscal rules were "prudent" and that government borrowing was firmly under control.

In part, it can be blamed on the recession. As every economics student knows, in a recession unemployment rises and bankruptcies rise. So the Treasury is hit simultaneously by the need to spend more on unemployment and welfare claims while its receipts of income tax, national insurance, corporation tax, etc., fall. Thus its books 'go into the red'. But not to worry because, when the recovery comes along, people get back into work and profits recover, the Treasury's books naturally swing back 'into the black'.

Sadly, in our case less than half of the deficit looks like being 'cyclical', the part that will go away of its own accord in time. Most of the deficit looks as if it is 'structural' and needs some unpleasant medicine and surgery to address.

At this point, I should remind readers that, although economics tries its best to be a science, there is inevitably a fair amount of 'art' about it, and scrupulous economists stress the uncertainty of their calculations. So the size of the 'structural' deficit is inevitably based on best-guess calculations. But still, the budget aims to reduce government borrowing by £113,000,000 a year until 2014/15, which it estimates will just about eliminate the structural deficit.

So where did this huge structural deficit come from? Partly from the fact that Gordon Brown's fiscal rules did not work. His 'golden rule' of balancing the current budget deficit over the business cycle was flawed

because there is great uncertainty as to when business cycles start and end.

They are sometimes re-defined years afterwards and at the time it can be very difficult to know which business cycle we are in. This meant that, by 2006/07, the Labour government was running a budget deficit as it was still taking credit for being in surplus ten years earlier, which it judged to be in the same business cycle. Yet that year, just before the crash, the economy was running at above trend growth and with unusually low unemployment, just the time when the 'cyclical' budget should be in surplus. Clearly there was already an underlying 'structural' deficit pushing the budget into the red without the Labour government being concerned.

But another major cause that the Labour government had not noticed was the narrowing of the tax base. The boom years before 2008 had been very good for the Treasury, which took in rapidly growing tax revenues on the back of profits and high incomes in the City and the residential and commercial property markets. We had something of a casino economy in those years and the Treasury was taxing the casino. But when financial, property and stock markets collapsed around the world, the Treasury woke up to the unpleasant fact that, without these taxes from the casino, it did not have enough money to get by.

So the question after the election, for whoever won, was how to come up with a plan for tackling the structural budget deficit that would convince the markets to keep lending. But yet it must not brake the economy so quickly that it falls back into recession causing the cyclical deficit, and thus the overall deficit, to rise and hence be self-defeating. And it must not cause so much political pain that it was unachievable.

How does the budget measure up against these aims? First, so far it has convinced the markets, and the government can keep borrowing the huge sums it needs without having to pay excessive interest rates. In particular, we have retained our AAA credit rating and avoided the lenders' strike that hit Greece earlier this year.

## FRIGHTENINGLY QUICK

But the markets are fickle and opinion can change frighteningly quickly. And remember, the budget plan aims to balance the budget only by 2015 so that, until then, the borrowing will continue to grow. Only afterwards, and there is no plan going that far forward, would the debt start to be repaid. So the government needs to keep the markets happily lending us vast amounts of money for several more years yet, and financial markets can never be taken for granted.

Second, most economic forecasters believe that the recovery from recession is now strong enough, and the budget measures have been sufficiently spread across time, that the budget will not push the economy into a double-dip recession. The Office of Budget Responsibility, for example, forecast slow growth this year, average growth in 2011 and strong growth thereafter with the result that, although unemployment may rise further in coming months, it will then stabilise and start to decline. So the budget slows the recovery in the short-term, and thus delays the improvement in the cyclical part of the budget deficit. But it does not throw the economy into reverse gear.

But the third question is about whether the budget is politically achievable, and here every reader will have their own opinion. The crucial elements are the balance between spending cuts and tax increases, the nature of those cuts and tax increases, and the way they impact on voters.

The Conservatives have approached the question by deciding that an 80/20 split between cuts and tax increases was the appropriate balance based on the experience of other countries that have made large fiscal adjustments, and this ratio shapes the budget strategy. Indeed, it is this ratio, together with the aim of getting the budget back to balance over five years and the wish to ring fence the NHS and overseas aid, that creates arithmetically the need to cut other departments' spending by a whopping 25%.

How will cuts on this scale go down with the voters? Not all cuts will be unpopular. Being a conscience-driven party (and long may we remain so), Lib Dems find attacks on the welfare budget hard to stomach, but most voters seem quite relaxed about cuts in other people's benefits. We have, however, seen the first murmurings from Middle England as a result of the ending of the Building Schools for the Future programme.

Leaving aside the ineptitude of the announcement, the signs are that the voters do not like the idea of losing that new school that was promised, and the media will doubtless find many examples of leaking school roofs and draughty classrooms to spice up the story.

But "we ain't seen nothin' yet". Still to come will be closures of fire stations and police stations, which may seem marginal to the Treasury but which are hot potatoes in the areas concerned. And the big cut-backs in council funding will make it impossible for councils to provide the full range of libraries, sports facilities and parks that they provide at present. It is no secret that some of the cuts we are going to see will be brutal. So will an eventual public outcry cause both coalition parties to lose their nerve over cuts on this scale?

Your guess is as good as mine, but I think that a year or two down the road the howls of protest from Middle England may cause a re-think on the scale of the cuts. But if so, the coalition government dare not relax the

*“There must be a risk that we will face a first class budget and political row in a couple of years’ time”*

overall budget reduction targets for fear of scaring the markets, so large offsetting tax rises may appear on the agenda.

Which taxes should go up? The recent increase in VAT was criticised as being regressive, as it falls more heavily on the poor as a proportion of income. But cuts in public spending also tend to be regressive as most public spending benefits the poor more than the rich. The main progressive way

towards balancing the budget is through increased capital gains tax (which has been done, up to point), increased income tax and taxes on large bonuses. The Conservatives have an election pledge not to raise income tax, but it is hard to see Lib Dem MPs wanting to make another large rise in VAT.

There must be a risk that we will face a first-class budget and political row in a couple of years' time against a background of deep public unhappiness over the spending cuts.

## TURNING UGLY

And what are the other risks to the budget strategy? The biggest is that the global economy could turn ugly. There are still huge international capital and money flows from surplus savings countries like China and the oil producing countries, which remain a source of potential instability. Add to that the risk that, if all major countries with budget deficits try to reduce them simultaneously, we could enter a situation of global excess savings and a corresponding shortfall in demand – in other words, a global depression. Meanwhile, parts of the global financial system still look fragile, particularly on the continent where banks have not gone as far as the British and American banks in starting to rebuild their capital bases. So the global background is not altogether promising.

So, was the budget wise? Any budget has to balance risks and this one rests on the calculation that balancing the budget over five years will be sufficient to reassure markets yet not be so tough as to push the economy back into recession. It also rests on the judgment that an 80/20 split between cuts and tax rises will be acceptable to the public and to the two political parties.

Readers will have their own views on these judgments now. But perhaps the key test will be how flexible the coalition government can be in keeping to its fundamental aim of getting borrowing back under control against the unstable and unpredictable background of global economic developments.

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Chris Bailey is treasurer of Rochford and Southend Liberal Democrats and a former councillor. He retired two years ago after 38 years with the Bank of England, including spells with Treasury and IMF

# HOW TO MITIGATE THE MELTDOWN

## It's going to be awful, but some liberal ideas could help the economy grow again, says Wendy Kyrle-Pope

Had the economy not been in meltdown, would our gallant negotiators in May really have agreed to form a government with those whom only the week before they would have crossed the road to avoid? Is power worth the anguish and sense of betrayal felt by many Liberals and those who voted for us, the loss of our distinct identity and poll ratings?

Yes, if the coalition works, and can deliver the economic stability and a fairer society at the end of it, but it will be a long, hard road. Part of the problem is that we have not been in government in living memory, so have been able to enjoy the moral high ground occupied by those without a scintilla of power.

As a coalition partner, we have to grow up and manage that precarious balancing act of being a supportive and effective partner in the government, saving the country but remaining, as a party, distinctive, honourable and electorally attractive.

The current financial climate is producing a mania for cutting anything that moves or breathes or has its being in the public sector, the actual extent of which will be known in the autumn, but they will be brutal.

Local government will feel these cruelly, and our councillors will be in the impossible position of implementing such cuts when, prior to the election, they swore to uphold most of their services. But the bitterest pill of all is that the cuts will have been made by their own party in government. They fear, as all good gardeners know, if you cut too deeply things do not re-grow.

Unemployment will increase as a result, adding to the dole queue those for whom a revival in the private sector has not happened. The Liberal Democrats may lose all credibility, as we are part of the government that produced this, unless we can find a way to boost prosperity and, in doing so, give us back our identity.

There is no doubt that the economy is in an awful state. Billions and billions in toxic debt, a debt so huge it will cast a pall way into the future, even unto our great, great-grandchildren's generation, seems unbelievable, but it may well be the case unless we stimulate the economy while, at the same time, save an enormous amount of money.

Imagine, if you will, that you are the British economy. Over the years you have done quite well for yourself but, having been seduced by ridiculously easy credit and actively encouraged to borrow more on the mortgage, you are now in the position where your credit card debts total your annual salary, and the equity in your house is a gnat's whisker away from becoming negative if the wind changes only slightly.

The party is over, and grim reality must be faced. You still have a job, but how safe is it? Your other assets are grandma's silver teapot, a few hundred

quid in the Post Office Savings and about the same in a forgotten ISA. Your pension plan is a joke. This hypothetical position pretty much mirrors the country's, teetering on the edge of the abyss.

### HERCULEAN TASK

George Osborne's emergency budget started to address some of the issues, which, to be fair, are a Herculean task. But when it arrived, it was a damp squib, albeit an austere one. Some of our policies appear in a diluted form, honouring the promises our negotiators wrung out of our partners. Personal allowances are slowly going up to our manifesto £10,000. The rate of capital gains tax has risen, but by less than expected, confounding the hysteria in some (better off quarters) of a 40 or 50% rate. Inheritance tax thresholds did not rise. Tax relief on the pension contributions of higher rate taxpayers is under review. A bank levy is to be introduced, and a 50% tax band now comes in at £150,000. However, VAT is going up to 20% next January, a policy we bitterly opposed because it affects everyone, rich and poor alike. No retirement pension until 66 was on the cards anyway, as was the abolition of the Child Trust Fund. As much vaunted and feared budgets go, it was dull and lacking in any colour or hope or stimulus for business.

And hope is the key, not just for the country, but for our voters and ourselves, and for any chance we may have of being elected again in decent numbers. This article, which started life as a critique of the emergency budget of 22 June, has mutated into a consideration of what the Liberal Democrats ought to be doing in coalition. The key ingredients for success at best, but certainly survival, have to be influence, economic integrity and imagination.

Even as a junior partner in the coalition, we have influence, and must learn to use it. Our partners are having nothing to do with scrapping our nuclear capability, using the 'looks bad, leaves us defenceless' argument, despite an increasing groundswell of public opinion against it.

As time goes on, and the economy still shudders, this could be revisited, dressed up as a budgetary measure if the moral argument still does not work, and also could be the means to move more funds to support and equip our armed forces. (The only enemies likely to nuke us would be either a rogue state, in which case the Yanks would have blown them out of the water before we had even woken up, or terrorists, who are too small to nuke back).

We have got our way on Inheritance Tax (a difficult thing for our new partners to swallow), but we could soften it for them and in our interests of fairness by extending the scope of tax-free transfers to those homes that have been shared with a sister or friend

for many years, and would lose this home on the death of the other. A small measure of relief has been given to employers in certain regions outside the south east of England so that they do not have to pay the first £5,000 of Employer's Class 1 National Insurance Contributions for up to ten employees during the first twelve months of employment. Why not adapt and extend that to all employers who take on staff who have been unemployed for some considerable time, plus those new starters, for twelve months? These examples underline our Liberal desire for fairness, while at the same time pander to our partners' natural economic instincts.

Integrity in economic terms means that we have to be very careful not to kill the geese who are laying the golden eggs. Vince Cable means well in proposing to abolish university tuition fees and tax graduates instead, but this, as with much of the higher taxes for the well off, must be considered in light of the Laffer curve.

This demonstrates the theoretical representation of the relationship between government revenue raised by taxation, and the point at which the rate of tax begins to inhibit the actual amount of tax it is possible to collect.

This is usually around the 50% mark. So how else can sufficient revenue be raised to keep services and pay off our debts, if not by simply upping the tax rates? By stimulating the economy so that it grows, unemployment goes down, tax receipts go up, but to do this we need to encourage investments on many different levels.

This is where imagination comes in and, with it, the hope that things will improve. Hope encourages investment and risk taking, by both the taxpayer and the government. Say what you like about the growth of intellectual property as an export but we still need actual manufactured widgets to flog abroad or replace those we import, and provide jobs.

If the ceiling on research and development for companies (currently 175% for small and 130% for larger companies) were abolished, and the venture capital and enterprise schemes revisited to make them simpler to invest in, new industries could spring up and old ones brought back to life.

## MORIBUND PROVISION

The creation of new investment opportunities may or may not be part of the role of government, but there are moribund provisions for the issuing of loan stock or bonds by local authorities. These bonds would be used to fund capital infrastructure projects in a city or a region, be they roads, school building, public works, new sewers, etc., issued by the local authority but underwritten by the City as a long-term bet. The

*“Our councillors will be in the impossible position of implementing such cuts when, prior to the election, they swore to uphold most of their services”*

interest would be only a few percent but, with tax free elements, they would be as attractive to both local investors and fund managers as they were to our Victorian forefathers who built the great cities and railways of Britain and who invented them.

Culture is an area that suffers in any economic downturn, so an extension of the exempt or zero-rated VAT classification on ticket sales to events that have been historically sponsored or supported by grants – ballet, opera, symphonic orchestras – would help it. So tickets to the Scottish National Orchestra would be cheaper, but Robbie Williams would still suffer

the VAT at 20% on his.

Charities are one of the few growth areas in this country, and are employing more and more people. As the cuts in the public sector start to bite, charities will have to provide some of the services that councils and government departments can no longer afford. Do as the American do; allow all gifts to qualifying charities up to 10% of gross income to be tax deductible. People would rather give their money to Cancer Research, Guide Dogs and the local pond managers than to the government any day of the week. The charities would become awash with funds, employ more people (who pay tax and NIC) and help more people, thus reducing the nature of the misery the economic climate is creating, and empowering those who are involved in areas which matter to them and to society as a whole. It would take charities out of the poor relation category and make them a force to be reckoned with, economically and politically.

The ageing population and how to care for it is an economic time bomb; many who own their own homes have to sell them to pay care home fees – why not allow any rental income paid directly to the care provider to be tax free? Similarly with annuities; if the income and capital go directly to a care provider, let that be tax free too.

Policies such as these would not only on boost prosperity, but add to the creation of a fairer society. One interesting footnote to the budget was the aim to establish an independent Office for Tax Simplification, and we must grasp this opportunity to reform our creaking, over-complicated tax and benefits system. Fairness and simplicity are, after all, what we are about.

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Wendy Kyrle-Pope is a member of the Liberator Collective and a tax accountant

# SHOVE IT THROUGH THE INTERNET

## Social media is taking over from leaflets, but can the Liberal Democrats harness it effectively, asks David Worsfold

This election was much heralded beforehand as the first 'Twitter Election', as it was the first UK general election to be held in the modern era of social media. Many people rashly predicted that social media would have a similar impact here in 2010 as it is widely thought to have had in the election of Barack Obama in the US in 2008.

I say "rashly predicted" for two reasons. The first is that it was always going to be the case that the new televised leaders' debates would be the most significant innovation and thus be most likely to have a major impact on this election. Secondly, social media is not yet as developed here as it is in the United States.

Consequently, there have already been many attempts to dismiss its impact as minimal: these ignore the evidence.

The three main parties invested a lot of effort in social media campaigning for some time before the campaign proper as well as during it, all with a markedly different emphasis. Labour had four people dedicated to digital campaigning and the Conservatives nine. The Lib Dems predictably had a more limited national resource and put the emphasis on local campaigning instead.

The Conservatives concentrated on video, using YouTube extensively beforehand with its WebCameron project and stepping it up so that on polling day they bought the home page of YouTube for UK users. They also have a very active network of respected bloggers such as Guido Fawkes, Tim Montgomerie and Ian Dale and exploited this to the full.

Labour's main social media weapon of choice was Twitter, which it certainly used effectively from the centre, although the experience of one or two individual Labour candidates on Twitter was a little uncomfortable. That said, leading figures like John Prescott proved very adept at Twitter and used it to engage with voters and encourage people to submit creative ideas to Labour, especially spoofs of the Conservative poster campaigns. The party also had dozens of Labour bloggers donating advertising space on their sites during the campaign.

The Liberal Democrats focused on Facebook, encouraging candidates to set up their own campaign pages on Facebook. This more decentralised approach certainly fitted neatly with Lib Dem philosophy on localism. It also looked to make sense given the relative popularity of the different social networks. Hitwise United Kingdom reports that Facebook is the top social networking website with 53.64% of visits, YouTube is second with 16.70%, and Twitter is third with 2.19%. These figures are slightly misleading, however, as a lot of video content is also viewed through Facebook and Twitter is heavily used by the mainstream political media.

Video was the area where the Lib Dems lost out heavily. The Tories started the campaign with 1,614,187 views on its main video channel and finished with 2,584,584, a big number and a significant increase. Although Labour made little fuss about its video output, it was still pretty successful, starting with 1,117,786 views and rising to 1,530,697. Compare that to the Lib Dems' 94,834 views rising to 127,197, with the most popular being the launch of the Labservative spoof campaign.

Cynics may be quick to dismiss the impact of social media on the election but there is a growing body of evidence to suggest that it was one of the main contributors to the higher turnout, especially in the 18-24 age group. A study published earlier this month by the Reuters Institute for the Study of Journalism (*#UKElection 2010, mainstream media and the role of the internet* by Nic Newman) attributes the 7% uplift in turnout for this age group between 2005 and 2010 to the impact of social and digital media (the overall increase in turnout was 5%). One in four posted election related comments on social networking sites such as Facebook and Twitter, and many responded to the opportunities offered by newspapers and broadcasters to engage in comment and debate. This peaked around the three leaders' debates, showing that they were a major event for new media as well as traditional media.

The trend towards engagement with younger voters was actually kicked off by the Electoral Commission's campaign to encourage voter registration through [aboutmyvote.com](http://aboutmyvote.com). This recorded 1.8 million visits, 40% of which were from 18-24 year olds.

For those wedded to traditional campaigning and communication methods, there are some interesting figures in the Reuters survey, as this table illustrates:

Most important factor in deciding how to vote		
	Age 18-24	Age 24+
TV Debates	30%	14%
Newspapers	11%	11%
TV News	10%	11%
Family	12%	2%
Social media	5%	0%
Friends	4%	2%
Leaflets	3%	0%
Radio	1%	11%
Other	23%	46%

There isn't much guidance as to what makes up the 'other' percentages but I imagine quite a bit of that must be contact with candidates and supporters



through hustings, visits and canvassing, all tried and tested campaigning techniques. Looking at those figures, however, you might wonder why so much effort is put into leafleting. Social media has already overtaken it and can only grow in influence as more people embrace it.

One of the most interesting constituency-focused studies of the impact of social media is undoubtedly Brighton Pavilion, where Caroline Lucas was elected as the Green Party's first MP. The makeup of the electorate made this constituency

fertile ground for online campaigning and it proved just so. Lucas herself garnered over 5,000 followers on Twitter and there was a vast array of Facebook groups set up to support her, by no means all of them created by Green Party activists. These were used to reach new voters but also to communicate with supporters and quickly organise action days, meetings and canvassing in a way that would have been cumbersome and time-consuming before, especially for a party without a well-oiled constituency machine. There were Twitter debates between the candidates, which were monitored and reported on by the local press, another example of new media feeding old media. This was one of the most interesting results of the election; how much of that was down to the intensive use of social media?

## SPONTANEOUS EXPLOSION

There were probably two key social media moments during – and after – the campaign. The first was the spontaneous explosion of outrage at the attempts by the Tory press to smear Nick Clegg in the wake of his success in the first TV debate. This was instantly seized upon and ridiculed by tens of thousands of people on Twitter using the hash tag #nickcleggsfault. Everything from global warming to someone burning their toast was blamed on Clegg and it was the top trending topic in the UK for nearly 48 hours and second in the world for the best part of a day. It showed very quickly that the dirt was not going to stick and contributed to a public mood that set itself against that form of old politics. This was at the high point of Lib Dem support in the opinion polls and showed a huge popular momentum in the support coming to the party. The failure to engage with this and harness it seriously undermined the party's campaign from then until polling day.

The second key moment for social media was in the immediate aftermath of the campaign as the coalition negotiations got underway.

The way the Lib Dem presence on Facebook was used during the campaign was rightly criticised by many commentators for being too much about 'pushing' information to followers but not inviting comment and dialogue; over the weekend after the election those tables were turned.

As it became clear that Nick Clegg was serious

*“Cynics may be quick to dismiss the impact of social media on the election but there is a growing body of evidence to suggest that it was one of the main contributors to the higher turnout”*

about negotiating with the Tories, there was an outpouring of outrage from Liberal Democrat activists. In previous generations, making these views known to the party leadership over a weekend in the immediate aftermath of an election would have been very hard but the social media presence, especially on Facebook, suddenly became a two-way street. Within hours of being set up, groups that opposed the talks with the Tories attracted tens of thousands of members and every Liberal Democrat MP from Nick Clegg downwards was

bombarded with views from the party's all-important activist base, making it clear that the majority were instinctively opposed to a deal with the Tories.

What effect did this have? At the very least, it must have strengthened the resolve of the party's MPs and negotiators to hold out for the best possible deal with the Tories. But, for the longer term, it highlighted one of the most important facets of social media – that to be truly effective it has to be about conversation and not about preaching. The only party that showed an awareness of this during the campaign was Labour, which consistently invited views through Twitter.

The relationship between new media and old media is also crucial and was never more evident than during the three leaders' debates. In the first debate, 184,000 tweets were posted by 36,000 people. This may seem a modest proportion of the total viewers but many of these people are considered influential commentators as well including a sizeable sample of engaged ordinary voters. So in every debate – or in the news programmes immediately following – hundreds of these comments, not just from Twitter but Facebook too, were shown to millions of viewers. It just shows that no major party can afford not to be highly proactive in this area.

These lessons will be digested because, as Joe Trippi, probably the top US expert in political campaigning through social media, pointed out at an event organised by the Personal Democracy Forum in London a week after the election, social media was never going to have the impact here that it did in the US in 2008 because we are an election behind the States. What the main parties did this time, said Trippi, looked much more like the US presidential campaign of 2004 than the one of 2008.

We have quite a long way to go but the trends are there for all to see if only they open their eyes. 2015 will be the key test for social media as tool of political campaigning in the UK.

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David Worsfold is a financial journalist and a member of the Liberal Democrats

# NO DETERRENCE FOR THE LIB DEMS

## Why won't the Liberal Democrats debate Trident at their conference, asks David Grace

Deterrence is a wonderfully flexible concept. At the height of the Cold War, the doctrine was MAD (Mutually Assured Deterrence). If you nuke us, we'll nuke you. Later the doctrine was reversed. Now, the threat was deliberate uncertainty. You nuke us and you can't be sure whether we'll nuke you back. We might.

Today it's the threat that is uncertain. The future is uncertain, the argument goes, so what's the answer? Don't be stupid, the answer is more nukes. Like the Irish in *1066 and All That*, the supporters of nuclear deterrence keep changing the question. They have to, because they've already decided what the answer is.

The evolution of Lib Dem policy has been dictated by uncertainty and deterrence – the desire to deter uncertain voters from floating away from us towards other parties. The Liberal Party had a long history of opposing a British nuclear deterrent while most Social Democrats firmly believed in one. In 1986, Davids Steel and Owen attempted to square this circle by sticking a European badge on the bomb with no support from the rest of Europe or, indeed, the Liberal Party.

The Liberal Democrats have always attached themselves to multilateral disarmament, which has never worked. Bilateral disarmament can work as Reagan and Gorbachev, Obama and Medvedev have shown because there is a balance. Can the British multilateralists tell me who we are expecting to reduce their nukes in return for ours? I only ask.

In 2007, Ming Campbell came up with a new form of uncertainty. He proposed that the Liberal Democrats should fight the next election with a policy on nuclear weapons that said, "It's too early to decide. Come back and ask us after the election." There was no need for Blair's unseemly haste in getting a decision before he left and Ming's line was designed to maximise Labour rebellion in the Commons. It was not designed for fighting an election and only just survived conference by a 40-vote majority.

In 2008, our motion on global security announced that "Britain should... fulfil its obligation under the Nuclear Non-Proliferation Treaty to negotiate in good faith towards nuclear disarmament..." Originally it said we would do this by playing an unspecified leading role at the NPT Review Conference but I got an amendment accepted that Britain would announce "...its willingness to renounce the Trident system and any successor by agreement at the 2010 Non-Proliferation Treaty Review."

Last year, Nick Clegg decided on a new position. He announced on late night television news and in the Guardian that Liberal Democrats would not replace Trident with "a like-for-like" system and that Ming Campbell would conduct a review of the alternatives.

This carefully-placed story had disappeared by the midday news on the following day. September conference approved this change, hidden away in the pre-manifesto document. Shortly before the election, Ming duly produced his review, which set out a range of options including no nukes and which quickly dropped below the horizon of political reporting.

The Conservative-Liberal Coalition is held together by a kind of MAD. If one side or the other rocks the boat, we'll all sink. However, the Coalition Agreement did allow for some argument about which way the boat should head. The parties agreed four points on defence (my numbering):

- ☛ "[1] The parties commit to holding a full Strategic Security and Defence Review alongside the Spending Review with strong involvement of the Treasury."
- ☛ "[2] The Government will be committed to the maintenance of Britain's nuclear deterrent, and have agreed that the renewal of Trident should be scrutinised to ensure value for money."
- ☛ "[3] Liberal Democrats will continue to make the case for alternatives."
- ☛ "[4] We will immediately play a strong role in the Nuclear Non-Proliferation Treaty Review Conference, and press for continued progress on multilateral disarmament."

Note that Trident appears in point 2 but not point 1. So uncertain is the future, apparently, that both the Tory and Labour parties are absolutely certain that Trident or its replacement is the answer. The existence and purpose of the replacement requires no review. We'll just look at value for money. So desperate is our financial situation as a country that we must reduce the value of pensions and benefits, we must cut all government spending except for one thing – Trident.

When the House of Commons debated the Queen's Speech, the final day was devoted to economic matters including an amendment from Alistair Darling saying what a wonderful job the Labour government had done. The Speaker also selected an amendment from the SNP, which called for Trident to be included in the Strategic Security and Defence Review (SSDR).

The Commons remains a bizarre assembly; nobody moved the amendment, nobody opposed it, nobody even referred to it throughout the debate. They did however vote on it. The Labour Party, whose official position was not to include Trident in the review, nevertheless whipped its MPs to abstain. Most did. The Liberal Democrats however were whipped to vote against the amendment, while in fact they surely agree with it. So "Liberal Democrats will continue to

make the case for alternatives” but not in the House of Commons apparently, at least not now.

Meanwhile, the Review Conference of the Parties to the Nuclear Non-Proliferation Treaty (NPT) rolled on in New York at the end of May. The NPT is a bargain between nuclear weapon states, which promise to negotiate in good faith to get rid of nukes, and non-nuclear weapon states, which promise in return not to develop them. So what was the UK’s “strong role”? For the first time we announced how many warheads we have (225) and, as part of the Strategic Defence and Security Review, the government committed to re-examine the circumstances under which the UK might consider using nuclear weapons (N.B. when to use them, not whether to have them). William Hague was proud of this: “The coalition agreement pledged a strong UK role in the NPT Review Conference and I am delighted to be able to make these announcements today, delivering on that pledge and showing our commitment to working towards the long term goal of a world without nuclear weapons.” Well, we can all sleep soundly in our beds now.

The assembled diplomats also congratulated themselves on agreeing to a final document, something they didn’t manage at the last review. The document lays out some aspirations and “most of the states have explicitly advocated comprehensive negotiations as well as incremental steps”. So, 40 years after the NPT was signed, the original five nuclear weapons states still have them and Britain and the USA propose to upgrade theirs. India, Pakistan and North Korea admit they have nukes but Israel does not. Stockpiles remain in Belarus, Kazakhstan and Ukraine. But don’t worry because they have agreed a document.

How unfortunate then that the Liberal Democrats’ Federal Conference Committee has decided that it’s not worth debating Trident this year. I do hope they were not afraid of embarrassing the government. Even Ming has challenged the Tories saying, “Maybe it’s the shape of the missiles but every time Trident is mentioned there is an outbreak of priapism on the Tory backbenchers. There is a real risk that the whole strategic defence review will be skewed because of the obsession with Trident. It makes no sense whatsoever to exclude Trident, the strategic deterrent, from a proper strategic review.”

Here are the arguments that conference should be considering but won’t get the chance to:

#### ☛ **The ethical argument**

No ethical basis exists for the use of nuclear weapons, which would kill millions of innocent civilians. The ethical argument for keeping nukes is the belief that their existence deters others from using theirs. This argument depends upon a radical contradiction: we would never use nukes but we must convince our enemies that we might.

#### ☛ **The environmental argument**

Liberal Democrats pride themselves upon their green policies. The use of nukes would have disastrous and persistent consequences for the environment, well beyond the lifetimes of the antagonists and over a wider area than their own part of the planet. By the way, nukes are not the answer to the uncertain future that climate change may cause.

#### ☛ **The non-proliferation argument**

Hans Blix and Kofi Annan have warned that nuclear weapons states, like the UK and USA, are not keeping their side of the bargain that is the Nuclear Non-Proliferation Treaty. If safe countries like the UK keep nukes, what can we say to unsafe ones, like Iran, who want them? The weak conclusion of the NPT Review shows that it’s time to end the hypocrisy of “Do as I say, not as I do”.

#### ☛ **The military/strategic argument**

Trident cannot be used for war-fighting. Nukes have not kept UK and its territories free from attack nor has a lack of nukes exposed others to attack. Many of those closest to nukes now oppose Trident. One retired general summarised Trident as: “useless, expensive and dangerous”. The defence of the UK actually requires more and better equipped infantry and air and naval transport. Trident is a bad use of scarce resources.

#### ☛ **The independence argument**

Trident is dependent on US co-operation; the US provides us with nuclear weapon designs, the missiles are stored and serviced in the US, and the US provides the launch codes and the satellite guidance system. This dependence influences UK governments to follow US foreign policy to the detriment of our country’s true interests and our relationships with the rest of Europe and the Middle East.

#### ☛ **The insurance argument**

Britain is more secure from direct threat from foreign states than at any time in history. If Trident is an insurance policy, the premium is far too high, the insured risk far too unlikely and the cover provided dubious. Our country’s security depends not on Trident but on working with allies in the UN, the EU and NATO to make the world a safer place.

#### ☛ **The financial argument**

New submarines would cost £20bn (capital), £75bn (capital and running costs). These were the original figures and would increase. Retired generals Bramall (former Chief of the Defence Staff), Ramsbotham, Sir Hugh Beach and Patrick Cordingley wrote to the Times in April pointing out that we already have a £35bn hole in the defence equipment budget. They recommended the Trident money be used instead to strengthen our overstretched forces and equip them properly. Some of us could find other uses for the money here in Britain. The coalition government asks everyone to make financial sacrifices but will not look at cutting our nuclear deterrent.

As the Special Conference in Birmingham agreed, we remain an independent party, free to develop our policy through our usual democratic channels. We have our own NPT – the Not Neutralising our Party Treaty. The deal is we accept our leaders can’t get everything we want from a coalition and in return they accept that we can go on saying what we want. Don’t be deterred.

# THE SPIRIT IS WEAK

‘The Spirit Level’ gained a following among Liberals for its argument that more equal societies always do better. Simon McGrath begs to differ after reading Policy Exchange’s critique

Want to reduce suicide rates? Lower divorce levels? Increase the amount of charitable giving from individuals? Reduce HIV infection rates? Simple, just increase the amount of inequality. Lower higher rate taxes, cut welfare payments and slash inheritance tax. Not convinced? Me neither, but all of these are just as (in fact rather more) statistically valid than the statistics in the immensely influential book *The Spirit Level*.

The book’s theme is a simple one; more equal societies are healthier, have less crime and are happier than less equal societies. This message has been immensely popular among socialists for reasons that are entirely understandable – it provides a ‘scientific’ excuse for doing what they want to do anyway and means that, instead of going through the messy and difficult business of changing individuals’ behaviour, you can achieve the same ends by taxing better-off people.

The simplicity and attractiveness of this is breathtaking. If you believe that people in Glasgow have short, unhealthy, unhappy lives because people in Surrey live in four-bedroom houses and have a Range Rover, then there are two possible approaches. You can either try to help the Glaswegian to stop smoking, drinking to excess and eating deep fried Mars Bars or you can tax the person in Surrey even more and, through some unexplained (and unimaginable) process, people in Glasgow will feel better and change their behaviour. Even better *The Spirit Level* suggests that the person in Surrey will be happier as well.

What seems very odd is that so many Liberals have been attracted to the book. Dealing with people as a mass rather than as individuals seems to be the opposite of the Liberal approach to poverty, which should surely focus in getting people out of poverty rather than telling them that they are still poor but someone else is also poorer so they should feel better. None of this of course should mean that poor people should not have proper support. The odd thing about *The Spirit Level*, though, is that the authors have little interest in actual poverty; it is differences that interest them.

So even if the book’s statistics were correct, Liberals should not be attracted to them. But they are in fact almost a case study of how to choose your data in order to prove what you want to prove. A number of publications have looked at the data but I will look at the most recent: *Beware False Prophets* by Peter Saunders, published by Policy Exchange. This study is the most interesting because Saunders has systematically looked at the data used in *The Spirit Level* and re-examined it. He identifies three basic ways in which the data are misleading.

## SKEWED STATISTICS

The first is that they ignore the effect that a very small number of countries can have in skewing the statistical correlations that are at the heart of the book. Take the data on homicide. *The Spirit Level* finds that 22% of the variation of homicide rates is caused by inequality. However, one country, the US, stands out dramatically – if you exclude the US, the correlation disappears. Indeed, without the US, the highest homicide rate is in (highly equal) Finland and the lowest in (unequal) Singapore. In fact, the US itself shows how nonsensical the theory is as homicides have dramatically declined over the last 40 years at the same time as inequality has risen.

A similar effect is found in the link between equality and longevity, which depends entirely on the Japanese. Exclude Japan and there is no correlation. One final example is that of literacy. Even in *The Spirit Level*, the link between literacy and equality is weak. It rests however on Israel; if excluded, the effect vanishes. Is it possible there are other factors affecting literacy in Israel?

The second way is which the book misleads is in the measures it chooses. Take crime; a link is made between inequality and the number of people going to prison. This is an odd variable to choose because the number of people going to prison is not an absolute; it is a construct of public policy. It is possible that a society that elects governments that believe strongly in redistribution is also one where the same governments send fewer people to prison. The book does not look at crime itself, which is fortunate as the Policy Exchange data shows there is no correlation between crime rates and equality.

Third, *The Spirit Level* includes data on only 23 countries. It says this is because the authors ignored countries with populations lower than three million and where they could not find data on income distribution. The authors of the Policy Exchange report have included six countries with between one and three million people (such as Estonia) and a further 21 countries such as Poland and South Korea where income distribution data was in fact available. The effect of *The Spirit Level* having used such a small sample is that, as described above, the figures tend to be skewed by a small number of countries. This matters because one of the oddest features of the book is that it completely ignores cultural differences between countries and the difference between Anglophone countries like the US, UK and Australia at one end and Scandinavian countries at the other tend to dominate. If you look at teenage births, for example, there is a very clear pattern that the US, UK and NZ have high rates and the Scandinavian countries have low rates. No correlation in the other countries.

Is it really likely that it is the levels of income inequality that account for this difference? Or are we likely to find the reasons in broader cultural factors?

The Policy Exchange report goes through all of the correlations in *The Spirit Level* and finds that out of 20 only one, infant mortality, appears to stand up. Even here, though, there is no reason to believe that correlation is the same as causation, although of course that it exactly what *The Spirit Level* does suppose.

As I mentioned in the introduction, *The Spirit Level* also excludes any variable that might show the opposite of what the authors believe. Data on racist bigotry, alcoholism and fertility all show a correlation between these factors and equality. I should say that there is no suggestion that this is a prescription for public policy, merely to show how absurd such statistics are.

### **ODD DEFENCE**

It would only be fair to say that the authors of *The Spirit Level* have been defending their book (on the Equality Trust website). Their defence is rather odd, though, as they make no attempt to debate the statistics in the Policy Exchange report, relying instead on the assertion that other peer reviewed papers have shown the same thing and (bizarrely) accusing Saunders of racism (always a bit of a giveaway that someone is desperate).

*“Dealing with people as a mass rather than as individuals seems to be the opposite of the Liberal approach to poverty”*

One thing that Liberals who were impressed by the book should think about is the ideological agenda behind it. The authors do give an example of a country with a ‘quality of life’ with ‘an ecological footprint which is globally sustainable’. The name of this paradise – Cuba.

So to the many Liberals who have been impressed by *The Spirit Level*, I would ask three things.

First, please read the Policy Exchange report and consider whether the case has actually been made. Second, think about

whether you really believe that, if you gave the UK the same income distribution as Sweden or Japan, we would really solve many social problems or whether the differences are really cultural.

Third, even you were happy on the first two counts, would you be happy with a society where individuals don’t count and with the methods that would be needed to deliver such a society. If the authors of *The Spirit Level* regard Cuba as a model, perhaps it tells us that the only way in which such a society could be brought about would be through denial of political, human and economic rights.

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Simon McGrath is a member of Wimbledon Liberal Democrats

Collective note: *The Spirit Level* was discussed by its co-author Professor Richard Wilkinson in *Liberator* 336

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# INTO IRRELEVANCE

## Being in coalition destroyed the nearest thing Ireland had to a liberal party, explains Peter Humphreys

Surely I am not alone in feeling a state of shock and humiliation, yes humiliation, when Vince Cable appears on British TV justifying the unjustifiable and fronting Tory policies that run against Liberal Democrat Party policy and were campaigned against but a few weeks ago by his very self. This is the nonsense the party leadership has imposed upon us all and for which we will all suffer in due course, very badly I fear.

I first joined the Liberals in the Jo Grimond years as a 13-year old Young Liberal in “the vanguard of radical change storming the barricades of the establishment,” as we believed ourselves to be then in Liverpool Wavertree. Over the years, having worked in the government service, both in the UK and Ireland, party affiliation was not helpful but voting Liberal then Liberal Democrat was always unquestioned. But now I am retired I do really wonder, no, question deeply, what has happened.

I will stick it out for the long-haul. But, examine the fate of minority coalition partners. It received some transitory coverage in the indecent haste to get into bed with anyone we could, but really much more consideration should have been given before signing our own death warrant.

Friends in Germany ask me, why did ‘you’ do that, just look at what happened to the Greens? But closer to home, the exact same situation is likely to happen here in Ireland with the Green Party, which is just about still holding together a fragmented and divided party for a few to enjoy the luxury of being ministers in one of the most deeply unpopular governments in history.

I am not saying that the Greens have not had a benign impact on the Fianna Fáil majority party, especially in areas of environmental policy, but their fate will inevitably await them when the next election comes around. The precedent is obvious here. Just look at the Progressive Democrats, fellow members of the European Liberal Democrat and Reform Party (ELDR) in the European Parliament.

For an all too brief time, the PDs were a remarkable, and for many welcome, innovation on the Irish political scene, which was dominated by two centre right parties (Fianna Fáil and Fine Gael) and a largely derelict (at that time) Labour Party. The PDs were a conservative free-market liberal political party here in Ireland. Launched in 1985 by the well-respected Dessie O’Malley and other politicians who decided to split from Fianna Fáil and Fine Gael, the Progressive Democrats were a breath of fresh air in an Ireland that was only just slowly emerging from the suffocating dominance of nationalistic politics and an immensely powerful majority church. Especially amongst the urban middle classes, they became highly attractive because they took liberal positions on divorce, contraception and other social issues. They were also

consistently strong in opposing remaining sympathies to nationalistic violence in Irish politics.

While being socially liberal, the party also advocated free market economics, along the lines then predominant in the UK, and were strongly in favour of measures such as lower taxation, fiscal conservatism, privatisation of public services and the drastic reform of social policy. They took the staid Irish political system by storm and won 14 seats in the Dáil in 1987, relegating Labour to fourth place.

Although the Progressive Democrats never again won more than 10 seats in the Dáil, they formed coalition governments with Fianna Fáil from 1989-92 and 1997-2009.

Partly because of the strong and talented personalities involved in the PD leadership, these years as a junior coalition partner gave the party an influence on Irish politics disproportionate to its small size. Its free-market dogma had contributed markedly to the policies that encouraged the ‘Celtic Tiger’ years, but Ireland was also changing in many other ways. The government’s achievements in the peace process and the rapid secularisation of Irish society undermined the middle-class affiliations upon which their strength had been based. The other political parties also rapidly adopted those elements of PD policy which had been electorally successful, making the PDs themselves an irrelevance.

After a period of slow decline, the party was formally dissolved in November 2009. The two remaining former Progressive Democrat TDs remain in the Dáil as independents. So in less than 20 years, the PDs had emerged from the ether of political stagnation to present a challenge to existing power politics in Ireland. But as the country itself changed, and as the PDs became invariably associated with Fianna Fáil, their freshness rapidly waned. Their vitality and originality was soon adopted by other parties so that they became an irrelevance.

I will not press the obvious points home. I hope they are evident from my portrayal of the Irish political scene. But the events of recent months in the UK were so familiar for me, from the outside looking in, but still an inside member of the Liberal Democrats. I was frankly amazed how fools rushed in, encouraged by a media frenzy against ‘minority governments’, into what will prove to be, I fear, one of the most foolhardy stratagems by the party leadership that I can recall in the 45 years of my involvement. Other parties may steal Liberal Democrat policies but hopefully not its soul.

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Dr Peter Humphreys spent his career in social exclusion work and lives in Dublin.

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## GIGGLING AND POINTING

*Dear Liberator,*

I write as someone who favours coalitions because I believe that only by taking more than one party's proposals into account can the country be run in a way that brings the greatest good to the greatest number.

While I do disagree with the size of the public sector cuts in the budget, and the rise in VAT (which, after all, we did campaign against in the run-up to the election), I accept that a predominantly Tory government was never going to agree to reduce the budget deficit by doing anything that harms the City – that being the place they all expect to retire to when they finally get voted out.

However, having watched the budget debate, I am writing to express my complete disgust with the childish schoolboy giggling and finger pointing with which Nick Clegg, Vince Cable and the rest of our frontbench members greeted Harriet Harman's excellent, if biased, speech against the budget. This behaviour appeared to be entirely undertaken to emulate and suck up to the oiks such as George Osborne and his ilk, who appear to think erroneously that this gives the people who run our country any credibility at all.

Could you imagine Barack Obama giggling at a Republican speech? The Americans would think that he had gone insane. Do you think that Vince Cable used to giggle when he was in discussion about the future of oil when he worked at Shell? I don't think so.

Please may I ask our parliamentarians to insist to our ministers that, even if the Tories think that being seen as insensitive public school children is not a handicap to running our country's economy, actually the people of this country think that it is.

I would like one outcome of the Liberal Democrats being in a coalition government to be that they give an example to the Tories of thoughtful professionalism in the debating chamber. Please will you ask them to take the opposition's reasonable arguments seriously, and to make equally reasoned explanations for their decisions in return? After all, it may not be too many years before we are again in opposition, and we may be glad if such an example is taken up by other parties too.

Hilary Leighter  
London



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## A LESSON FROM INDIA

*Dear Liberator,*

Dinti Batstone correctly identifies the problem as 'not enough women want to be MPs' (Liberator 339). Campaigning is hard work and is absolutely incompatible with rearing a family while holding down a job. To promote a democratic house, all candidates need government subsidy, reliable paid assistants and a guarantee that their jobs will be there on their return (as they would be in pregnancy).

Those elected find themselves in a demanding job with no recognition of family responsibilities or child care (why is there no crèche in the House of Commons?), not to mention the favoured yah-boo form of debate held in a ludicrously outmoded and confrontational style of architecture. It's hardly an alluring job description.

Coalition with the Tories never crossed my mind, I have to say, but here we are – and coalition does suggest a saner style of government. If it works, more women may see the point of standing for election and the many other urgently needed electoral reforms may follow. Meanwhile, let us salute our few women MPs and how they work for change to help their sisters.

If changes do not follow, Indian women have provided an interesting alternative. They have campaigned since 1993 for the statutory ruling that one-third of seats at parish level be reserved for women, to be extended upwards to state and national parliaments.

They continue to be frustrated, so they have set up their own federal parliament. It met for the first time earlier this year in Delhi and debated the issues being debated in the federal parliament. Debates were democratic and seriously considered alternative views. Their different decisions show what an alternative style and outlook can achieve.

Elizabeth Sidney  
Islington

## ***END THAT NO LIBERATOR MISERY!***

**COME TO OUR STALL AT THE LIBERAL DEMOCRAT CONFERENCE IN LIVERPOOL (18-22 SEPTEMBER) TO RENEW YOUR SUBSCRIPTION, BUY THE SONGBOOK, BROWSE THE BOOKLETS, TAKE PART IN THE PLOTTING AND BE ROUNDLY INSULTED IF YOU SHOW ANY RELUCTANCE TO OPEN YOUR WALLET.**

**WE'LL HAVE FACILITIES TO BUY OR RENEW A SUBSCRIPTION FOR JUST £25 BY CASH, CHEQUE OR PLASTIC (PAYPAL).**

Lions pad across the parched grassland as a Paramount Chief of the Zulus hefts his assegai.

Yes, summer has come to Rutland. The days flow into one another – hence the rather freehand nature of this Diary. I am modelling my literary technique upon the “stream of consciousness” pioneered by Virginia Woolf (or was it Ruel Fox?)

It has not rained for quite some time; hence the dry grass. I shall certainly be selecting a second spinner in home fixtures until further notice.

The lions? I always suspected that we had not crated up all of them when the Bonkers Safari Park was obliged to close so suddenly. (I still maintain that those nuns were the authors of their own misfortune). For years there has been a tendency for fielders at deep fine leg to disappear when the bowling is from the Pavilion End, but this summer they have grown tired of lurking in the undergrowth and they now wander about the old demesne as though they own the place. (They don't, of course – I have consulted my solicitor). Still, their very visible presence does serve to discourage Health and Safety inspectors and Conservative canvassers.

And the Zulu chief? He turns out to be quite a big cheese: as far as I can make out, his role in Africa is something like their equivalent of being Lord Lieutenant of Lincolnshire (without, one hopes, the cannibalism). He is here to make a documentary about the Dimbleby family, and when he first arrived at the Hall I had to explain that in primitive societies – and the BBC is a good example – positions are awarded not on merit but on a strictly hereditary basis. Because Richard Dimbleby commented upon every occasion of state from the launch of the Queen Mary to the conception of Princess Anne, today it is impossible to turn on the moving television without seeing one of his many sons. (They do, however, wear lounge suits, rather than the penis gourd their father favoured).

I have ever been one to rejoice in giving hospitality, but there is a particularly fat bluebottle in the ointment. My Zulu friend is a little overfond of blowing his vuvuzela. Normally, I would simply adopt a smaller calibre of ear trumpet, but when Meadowcroft heard him playing he took the Chief by the shoulders, hurried him to the potting shed, took out his clarinet and staged a ‘jam session’ that went on all night. Its plangent tones could be heard for miles around.

They are planning another one for this evening. I shall set up my base camp in the Bonkers Arms.

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In the bar, the talk is all of Ruttie, the Rutland Water Monster – everyone claims to have seen her recently. I would put this down to an excess of Smithson & Greaves Northern Bitter if it were not for the fact that I saw her myself the other day when I fled Meadowcroft and the Chief's first ‘jam session’. She was close to the shore – rather closer than usual – and I remember idly wondering if she might scare the lions off.

Eventually, conversation turns to other subjects – England's failure in the World Cup, the fortunes of this new coalition government and whether it might

# Lord Bonkers' Diary

be possible to farm psychic octopi on Rutland Water (“Why not ask them?” I suggest) – and then it is time for the quiz. I have set a particularly sporting set of questions on Liberal by-election candidates of the 1970s and a good time is had by all. By the time the contest is over, the lovely Hazel Grove had called “last orders” and, after a chorus of ‘The Land’, it is time to have myself driven home.

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A letter arrives from a cove I know at the Natural History Museum – he spends his holidays in the village and gets excited and waves his arms about when Ruttie puts in an appearance. This morning's screed is full of speculation about a “high-pitched, warbling mating call” and gives the old girl a rather grand Latin name. I think this rather farfetched: if I had had any reason to think that Ruttie knows Latin, I should have sought her assistance when I was a schoolboy. Believe me: a chap needed all the help he could get with the dratted language in those days. Anyway, I acknowledge his letter with a postcard and forward the whole thing to the Professor of Cryptozoology at the University of Rutland.

Then Meadowcroft appears, muttering and cursing. It transpires, as best I can make out, that something has been “a-trampling his botanicals” around the potting shed and snapped his hollyhocks clean off.

In the midst of all this, the telephone is brought to me and I find the Deputy Prime Minister on the other end – he often calls when in want of advice. Today he is worried that he is in a bit of a fix: committed to five years of coalition with a Conservative Party committed to taking bread from the mouths of widows and orphans and all that. I am able to reassure him that it is often possible to get out of what appear to be a quite impossible predicament. Why, I tell him, I once saw the great Houdini! The fellow had himself bound hand and foot and then sown into a mailbag which was wreathed in chains and hung upside down in a tank of water. Just as I am telling him how the illusionist got out of it, I drop the receiver. By the time I retrieve it from under the sideboard, Clegg has gone.

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This evening I walk by the shore, trying to ignore the entwining tones of clarinet and vuvuzela. Suddenly Ruttie rears from the water with what can only be described as a spoony look on her face: goo-goo eyes isn't the half of it. She lollops across the field, making a beeline for the Hall and it is all I can do to keep up with her. Skirting the cricket pitch in front of the old place (she is nothing if not a lady), Ruttie bursts into the my walled garden and then into the kitchen garden.

With a beatific smile upon her face she leaps into the air and lands smack upon the potting shed amid an appalling sound of splintering wood. I do hope Meadowcroft and the Paramount Chief are all right.

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Lord Bonkers, who was Liberal MP for Rutland South-West 1906-10, opened his diary to Jonathan Calder