

liberator



In this issue

- 💣 Recession destroys Lib Dem tax policy — Bill Le Breton
- 💣 Problems for Wales's new leader — Russell Deacon
- 💣 How will Obama govern? — Dennis Graf

CONTENTS

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Liberator Publications
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24 Alexandra Grove
London N4 2LF
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Liberator is printed by
Lithosphere 90 Queensland Road N7 7AS

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* 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

* welcomes written contributions on relevant topics, up to 1800 words.

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Commentary 3

 **Radical Bulletin** 4..5

PLEASE IGNORE US 6..7

The Liberal Democrat response to the economic crisis is wrong and might have been designed to pass unnoticed by the public, but the answer is staring the party in the face, says Bill Le Breton

WHEN THE MARKETS FAIL 8..9

Spontaneous disorder is a stimulus to rediscover and restore radicalism to liberalism, says Ed Randall

THE CHANCE OF A LIFETIME 10..11

The economic crisis has overthrown the political assumptions of the past thirty years. Why aren't the Liberal Democrats exploiting this opportunity, asks Simon Titley

LEADING THE MIGHTY ATOM 12..13

Two female candidates have fought for the Welsh Liberal Democrat leadership, and winner Kirsty Williams faces some fundamental problems, says Russell Deacon

WILL OBAMA GOVERN FROM THE CENTRE? 14..15

Barack Obama confounded received wisdom to win the US presidency, but do his accommodations with Democrat power brokers really herald an era of change, asks Dennis Graf

WHO'S THE REAL CONSERVATIVE? 16..17

Does Jeremy Browne think that change for its own sake defines liberalism? Matthew Huntbach takes issue with him

KEEP THE CUSTOMERS SATISFIED 18..19

Pressure to treat citizens as customers has destroyed social capital, says Rob Wheway

CATS, BIKES AND AN OLD BOY NETWORK 20..21

A liberal party has been launched on the Isle of Man to tackle its ossified political system. Not a moment too soon, says Kate Beecroft

POPULAR PATH 22

Economic conditions mean the Liberal Democrats could not deliver tax cuts even if they wanted to. Time to rediscover popular ownership, says Jonathan Hunt

LETTERS 23

CHRISTMAS BOOKS 24

Cover illustration - Christy Lawrance

COMMENTARY

GUARDING THE GUARDIANS

As 2008 ended, there had been a warrant-less police raid on an MP's office in the Palace of Westminster, and Labour had announced its intention to press ahead with its idiotic proposal for directly-elected crime and policing representatives.

Not long before that, Metropolitan Police commissioner Sir Ian Blair had fallen on his sword, the victim not just of his real or imagined shortcomings but of chaotic arrangements for political oversight.

The commissioner is appointed by the home secretary but responsible to a body chaired by the mayor of London.

This ludicrous arrangement of overlapping mandates is set to be replicated if directly elected crime and police representatives start to dispute with local authorities over who has the superior mandate in the innumerable areas in which they overlap.

Labour's policy is a variant of the Conservatives' idea of directly elected 'sheriffs'.

These elections would probably be contested by the same sorts of exhibitionists and celebrities who are attracted to elected mayoralities.

While their efforts to prove who was the toughest on crime might produce the entertaining spectacle of an election fought between the 'Wire Their Genitals To The Mains' party and the 'Flog Them It's The Only Language They Understand' party, the consequences for effective policy would be dire.

Since the Liberal Democrats cannot nowadays see a consensus emerge between the other two parties without leaping to join it – while at the same time devising policies of incomprehensible complexity – direct election is now also party policy.

In true modern Lib Dem style, this involves councils becoming police authorities where their boundaries chance to coincide and “Where police forces straddle more than one council, two-thirds of the members of police authorities should be directly elected once every four years by the single transferable vote, and one-third of the members should be nominated by councils that are crime and disorder reduction partnerships in the force area”.

Everyone clear about that? As with party proposals on tax and the accountability of health services – and, if certain people have their way, on tuition fees next March – the Lib Dems lumbered themselves with a policy that is wrong, incomprehensible except to specialists, indistinct from the other parties and likely to be neutral in its electoral impact since voters will be unaware of it.

These stances are symptomatic of two wider malaises. The first is a wish to offend no-one because ‘we can win everywhere’. We can't. The idea that such a thing is possible for any party in such a diverse country as the UK

is self-evidently ludicrous, but this thinking has for years inhibited any political boldness and definition in the party, with the exception of its stance on the Iraq war.

The second is a misunderstanding of the role the party should play. The Liberal Democrats, like their predecessor parties, were long derided as a protest party. As the party has grown at local and parliamentary levels, there has been an understandable desire to be seen as a ‘party of government’.

But in its haste, the party has tried to omit the intervening stage of being a party of opposition.

Instead of campaigning for distinct policies that will win the support of those most likely to share its core values, the party acts as though it were already in power, forced to make ‘tough choices’ (which it is not), to have mastered the detailed intricacies (which it is not either) and obliged to act within government spending plans (which it could do, but need not).

Both Labour and the Tories have embarked on courses that will make them unpopular by being seen to wish to politicise the police overtly. And the Liberal Democrats? Well they want to do the same, in some places but not others, and only two-thirds of the authority, and probably only on Tuesdays when there is a ‘q’ in the month.

There is indeed a democratic deficit in the present police authorities, and letting councils, or groups of them, replace those authorities would seem not merely a sensible and democratic solution but would be the one the party defended when the police were removed from top-tier councils' oversight in the mid-1990s.

The Damian Green affair showed just how far Labour has gone in turning Britain into a police state – when the police can raid the Palace of Westminster without troubling even to get a warrant. Taken with ID cards, the government's last ditch defence of the DNA database until overruled by the European Court of Human Rights and its ‘snooping’ legislation, it was another sign of what a menace to liberty another term of Labour government would be.

Amid all this, the infuriating thing is that the Lib Dems got the reaction to the Green affair right in defending MPs' independence, even if they happen to be Tories.

The party does have the right instincts and it can take moral stances based on those. It is just that, most of the time, it refuses to do this because it is too mesmerised by polls, by doomed attempts to satisfy conflicting interests and by a wonkish obsession with policy detail.

RADICAL BULLETIN

CARELESS TALKS COSTS CREDIBILITY

Nick Clegg's indiscreet remarks to manifesto coordinator Danny Alexander on a flight to Inverness (Sunday Mirror, 30 November) will no doubt have inflamed suspicions among MPs who think they do not enjoy the leader's favour.

Reshuffles are not normally planned within earshot of tabloid journalists and several dozen airline passengers, but the partial denials that followed in this case look thin.

For what possible reason would a tabloid journalist invent such a conversation, given that most of the Lib Dem MPs mentioned would be unknown to his paper's readers? Even Clegg's comment, "A lot of the Mirror article is frankly fiction," invited people to speculate as to which parts were not fiction.

The most puzzling aspect of Clegg's reported comments was those concerning his dislike of energy and climate change spokesman Steve Webb.

Clegg owes Webb a substantial favour, since the latter would have been a credible contender for the leadership last year had he not stood aside and endorsed Clegg.

Given Clegg's narrow margin of victory over Chris Huhne it might reasonably be surmised that the allegiance of Webb supporters mattered.

Yet Webb's initial reward was to be shifted from manifesto coordinator to environment, not exactly a demotion but a job less at the heart of things.

Clegg's reported remarks about Webb didn't end there. "We have to move him. We need someone with good ideas. At the moment, they just don't add up. Give David [Laws] a day and he'll come up with more good ideas than Webb has come up with in a year."

Doubtless he would, but a good many party members would regard that as part of the problem.

Clegg is also said to have discussed shifting communities and local government shadow Julia Goldsworthy – always a rather odd appointment given her lack of any previous local government involvement in a parliamentary party with plenty of it.

One interesting point, which would not have concerned the Sunday Mirror, is why Alexander replaced Webb as manifesto coordinator.

Alexander is widely considered a pleasant and competent MP, but he was elected only in 2005 after stints in public relations for Britain in Europe and the Cairngorms National Park Authority – not the most obvious CV for such an influential position.

Is he there for the same reason that Willie Rennie holds the mysterious post of chair of parliamentary campaigns – that Clegg prefers to have young people around him who are dependent on him for advancement, and doesn't like to give positions to those such as Paul

Holmes against whom he has personal grudges, no matter what their expertise and effectiveness?

A PERIOD OF SILENCE

It is time for Lembit Öpik to decide what he wants to do when he grows up. That one of the party's best-known MPs could be so thoroughly defeated in the party presidential contest by a relatively obscure peer must count as a humiliation.

With Ros Scott taking 20,736 votes to Öpik's 6,247, the party has said pretty clearly what it thinks of the member for Montgomeryshire.

Öpik's trouble has long been that he has masses of political talent but absolutely no judgement. He was unable to see that party members might not want a president whose media profile is built mainly in the gossip columns, who flaunts himself in celebrity lifestyle magazines and appears undignified in public.

It also might not have been wise for Öpik to remind the party that he was the only MP who thought Mark Oaten a fit person to be leader and who also called for Charles Kennedy to remain in post long after it became clear that Kennedy was not medically fit to do so and most other MPs had lost confidence in him.

Very late in the campaign, Öpik issued a bizarre open letter in which he said: "And with some humility, I can tell you I've learned to see why some folk are concerned about my presidency. Some fear I'll be unpredictable, a wild one, or too involved in a profile outside politics. Or they think I'm too much of a joker, or a political lightweight. Or they believe I want to be president for my own self-promotion."

Whose fault could it be that people might have formed such opinions about an MP who, when elected, appeared to have such talent and promising prospects?

If Öpik wants to recover his political career, a period of quietly slogging away on important issues would seem to beckon. Otherwise, it's the sofa on chat shows.

MISSING PRESUMED LOST

The presidential election turnout was a respectable 47.8%, but the total number of ballot papers issued was a rather less respectable 60,357.

That compares with 72,868 the last time the presidency was contested in 2004 and 101,768 even in the doldrums after the 1992 general election. The 2007 leadership election saw 64,713 ballot papers issued, that in 2006, 72,064 and in 1999 there were 82,867.

These figures show that the party has lost 27.2% of its membership in the past decade, a period during which it has done quite well electorally.

It is true that membership is falling among the other main parties, and Cowley Street claims things have stabilised since a fall-off in the period following

Kennedy's departure. Even so, to lose 11,707 members between the 2006 leadership election and now seems to signal some wider malaise. There cannot surely be that many Kennedy diehards affronted at their hero's fate?

DEEP FREEZE

Among the stranger results of the Lib Dem internal elections was the defeat of Duncan Greenland in the ballot for Federal Executive members. This is awkward, as Greenland has chaired the crucial Federal Finance and Administration Committee since being installed two years ago in a coup masterminded by Archy Kirkwood.

Kirkwood had wanted a reliable supporter of Ming Campbell in the post in place of David Griffiths, a Huhne supporter, and duly found Greenland, who, in the fullness of time, became a prominent donor to Nick Clegg's leadership campaign and private office.

Defeat does not make Greenland ineligible to chair FFAC but it would be unusual to have this post held by someone not elected to the FE.

BROWN STUDY

The conviction of Lib Dem donor Michael Brown for theft and perverting the course of justice is deeply embarrassing for the party, not least as it is still not clear who decided to take Brown's money and what checks were made. For the moment, the Electoral Commission's ruling that the party accepted the money in good faith still stands but, even if it does not have to repay the money, the whole affair has been damaging.

Brown appeared from nowhere during the 2005 general election campaign and donated £2.4m. As the court that tried him in absentia heard, plenty of rich people well versed in investments were taken in by him, so it is little surprise that the party was too. At the time of the election, the treasurer post was vacant, Reg Clark having resigned three months earlier. Tim Clement-Jones took the job later that summer (*Liberator* 306).

Who decided Brown was a fit and proper donor, and what checks, if any, were carried out on him, has never been made clear.

It is easy to see how in the midst of a general election such largesse might not attract very close scrutiny. But the issue has dragged on for three years and undermines the party's claims to be free of sleaze when compared with its competitors. Nothing like this should happen again.

MORE OF THE SAME

What is the point of Centre Forum, or 'Centre For Um' as it is sometimes known? Hard on the heels of a policy paper on education – which lined up with the Labour and Conservative parties in uncritical praise of academy schools – there has come one on tuition fees.

This clearly seeks to influence the debate due at the Harrogate conference in March by urging the Lib Dems to ditch the only remaining clear and popular policy they have by dropping their opposition to fees. The party would, no doubt, also drop a large number of MPs in university seats were it to renege on this high profile commitment.

There is nothing wrong with Centre Forum seeking to influence debate, but it tries to have it both ways.

Although its 'thought' fits firmly within the spectrum of other free market think tanks (as though there were not

more than enough of them as it is), when it suits, it also seeks to be counted as part of the party.

Centre For Um was created when hedge fund millionaire Paul Marshall, co-editor of the infamous *Orange Book* in 2004, in effect took over the old Centre for Reform. The late Richard Wainwright, who set that up, must be rotating in his grave.

THEM'S THE RULES

Stand by for another dispute between those Liberal Democrats who think the present economic crisis is all a bit of an unfortunate temporary malfunction in the system, and those who think that 'light touch' regulation was a large part of the problem.

The party is expected to set up a working group to review city regulation and already there are signs of a tussle between those who view this as a purely technical exercise and those who think the degree of regulation employed is a political matter.

Economic liberals – never mind the libertarian loonies who have lately attached themselves to the party – have been left looking pretty silly by this autumn's meltdown. That doesn't mean they have given up on their efforts to turn the Lib Dems into the equivalent of one of those continental liberal parties (such as Holland's VVD or Denmark's Venstre) that, while liberal on social issues, also take a position on free markets with which few Lib Dems would sympathise.

HOW THEY ARE RELATED (PART 2)

Since the economic crisis began, many Liberal Democrats have been puzzled why Nick Clegg continues to pursue such a cautious and conservative line.

Some MPs are alleging that a significant part of the reason is the influence of Peter Riddell, chief political commentator for *The Times*. Nick Clegg is said to be in thrall to Riddell and seems to steer the party in whatever direction Riddell suggests. It is not clear why Riddell should exercise so much more influence than any other journalist. Might it have anything to do with Riddell's role as chair of the Advisory Council of the Hansard Society?

As we reported previously (RB 328), membership of this body is a common factor among several inhabitants of the Clegg bunker. Clegg himself was a member of the Advisory Council before he became leader.

SPLENDID ISOLATION

Anthony Jacobs's decision to leave the Liberal Democrats is a regrettable error on his part. Jacobs has long been a generous donor to the party but has not been one who stumps up money in the expectation of a rapid peerage – he has been fully engaged as a party activist for decades.

His move will no doubt puzzle Lib Dems who know him, but his motives, while unusual, appear sincere. Jacobs has for some years been touting a tax policy which he has derived from his years of expertise in business.

This has not yet found favour with the party leadership (or any previous one) and is too complex to go into here. However, Jacobs believes in it strongly and feels that he can press this case only if he is seen to be politically neutral. He has therefore chosen to sit as a cross-bencher but whether this will convince others that he has no party allegiance remains to be seen.

PLEASE IGNORE US

The Liberal Democrat response to the economic crisis is wrong and might have been designed to pass unnoticed by the public, but the answer is staring the party in the face, says Bill Le Breton

We create the world with our minds. Shortly after the Liberal Democrats left the Bournemouth Conference Centre this September, our psyches changed and with it the way the social world works.

That which influenced our policy decisions there and then should not be what influences our policy decisions here and now. We are strangers in a strange land where the expectations that arise from 0% interest rates, deflation, falling asset prices and fear of unemployment create new reactions.

As we arrived in sunny Bournemouth, we'd seen a large former building society unable to meet the demands of its depositors. We'd seen the kind of queues outside the branches of Northern Rock that we'd only read about in history books or seen in the jerky black and white images of long ago.

For each of us, the psychological 'tipping point' will have been different. Perhaps it was witnessing HBOS all but going the same way as Northern Rock that suddenly convinced us. In this situation, no bank or building society, no deposit or savings account, was safe.

It was the fear of fear itself. The reasons, sometimes rational, more often irrational that lie behind individual economic decisions had changed in those days of mayhem. Not only had the certain become uncertain, but uncertainty had become certain. Was there a compass for this strange land?

KEYNES'S COMPASS

Today, after Bank of England interest rates were lowered to 2%, fear, apprehension and caution remain the psychological realities for most people in Britain of whatever age, of whatever point of view and of whatever position in our society. People who are this frightened about the future behave very differently.

This was the great insight behind the thinking of John Maynard Keynes. The usual reactions that accounted for the re-equilibriums of classical markets do not operate in times of exceptional fear. Worse, our standard reactions to fear and uncertainty – saving for the future, hoarding, putting-off investment decisions – make sense for the individual reaching for certainty, but actually worsen the economic situation for all.

Keynesians identified the importance of our propensity to consume and the propensity for firms to invest. These were the determinants of aggregate demand and in bad economic situations they caused demand to spiral downwards. Falling wages did not bring a new equilibrium

but further eroded demand, which further discouraged investment and increased unemployment.

Like us, Keynes, faced problems that could not be answered by policies that had worked for decades. Reduced interest rates did not lead in that special time to spontaneous economic activity. Reduced government expenditure (balancing the books) was a contributory factor in deflation. Tax cuts did not stimulate demand.

It required new thinking and a great deal of persuasive power to overturn orthodoxy. It was possible only by developing further the ideas of the New Liberalism. It was a cause. It required a campaign. It needed to generate a movement. Millions of people all over the world were given power because they were given the opportunity to work, to build, to reconstruct, to earn, to spend, to learn, to be themselves in a new liberty.

I have laboured the point about us now inhabiting a different world from the one we inhabited when we met in Bournemouth, because I don't want it to be thought that I am trying to reopen a debate held there and indeed one held before that in Liverpool. I am only asserting that in changed times we must review our assumptions, test our former convictions and reformulate our conclusions.

Nervously, we look across and back to Japan, the star of the post-war global economy that entered a long-term decline, frequently dipping into recession, until 2005. Both share and house prices fell over that period as Japanese workers refused to spend in the face of falling prices in the shops – a deflationary spiral. A sustained period of 0% interest rates had little impact.

This prospect of a deflationary spiral casts its shadow over the present. In a deflationary environment, will individuals spend their tax cuts? Will firms invest? Will High Street spending kick-start demand? Will fearful individuals and firms reduce their borrowing, stash the cash under the floorboards and wait for prices to fall further? Will 'rational' consumers put off spending when prices will be lower tomorrow?

On 12 November, Nick Clegg sent party members an email announcing a commitment to tax cuts and asking us to 'spread the word'. We were directed to the party's website.

The *Fairer Future Economic Recovery Plan* shown there has three action points, none of which are exceptionable. Dated 30 September but mentioning the Pre-Budget Report, it must be an evolving plan.

On taxes it promises: "The Liberal Democrats will cut taxes for people on low and middle incomes, raising them for the richest so the tax cuts are affordable. We will fund

this by ending upper rate tax relief on pensions, clamping down on tax avoidance, harmonising income and capital gains taxes, increasing green taxation and trimming overall central public spending. These proposals would not increase the government fiscal deficit; that means they are affordable now. This tax cut is now urgent to get money to people who are struggling the most, helping them to pay for essentials and keep spending money in the high street.”

Two cheers for this. Why not three? Note the echo of Freedman rather than Keynes in emphasising that, “These proposals would not increase the government fiscal deficit.” Its other two points are: lowering energy bills and keeping people in their homes. Both essentials. More cheers, surely?

So why am I reluctant to spread the word?

The Action Plan has a short preface. Close your eyes and ask someone to read you this: “Families are facing a difficult winter. Rising mortgage bills, the fear of unemployment and high heating costs mean that the shockwaves of the financial crisis are being felt in households across Britain.

“When the banks were in trouble, they got rescued. Millions of families who are finding themselves in trouble must be helped too.”

Now, who did that sound like? A panel on the right of the page sums up the Plan in this ‘sound bite’: “The Liberal Democrat Economic Recovery Plan would cut taxes for people on low and middle incomes and cut energy bills”

Would Gladstone, Lloyd-George, Churchill, Grimond, Sear or Penhaligon have set their sights so low? Among the living giants, would Shirley Williams, Bob Maclennan or Alan Beith prioritise a recovery plan, thus? Have we abandoned an ideology going back more than 100 years, just when its value is greatest?

My reluctance comes from three sources. The first economic, the second political and the third ideological.

Economically, I believe that, in these very special conditions, low and middle income earners would be better served by public expenditure than by tax cuts. I understand the argument that public expenditure may take a little more time to stimulate demand but I think a talk with a few local authority leaders would show that there are many infrastructure projects, housing initiatives and training opportunities that could be brought forward expeditiously.

MORE POPULIST NONSENSE

The argument that tax cuts will help people pay for heating this winter would be better answered with strong action against energy companies that do not lower prices and that continue to charge much higher tariffs to those using pre-payment meters. That is what causes fuel poverty. The championing of tax cuts to keep people spending in the High Street is just more populist nonsense.

Politically, modern media deals in issues that divide – wedge issues. Put simply, there are only two sides of an

“Have we abandoned an ideology going back more than 100 years, just when its value is greatest?”

issue in today’s studio. Take sole possession of one side and you are guaranteed the chance to communicate.

Try to steer a carefully considered course on fiscal neutrality and you disappear without trace between the red-blue divide. Criticise a cut in VAT but advocate other tax cuts, and who will listen when a much more powerful wedge divides ‘future tax bombshell’ from ‘they think unemployment is a good thing’?

Above all, ideologically, there’s a whiff of the importance of Whitehall with its command of big levers. It’s a power play.

Recession, unemployment, fear, poor housing, cuts in essential services, monopolies in food, energy and transport and the stress that all these create threaten an individual’s power to act in their community and a community’s ability to live in harmony. But just as great a threat comes from a political system that depends for its support on central solutions always working.

A National Recovery Programme must have at its core the drive and ability to help people take and use power. It must necessarily be decentralised in its delivery. It must be locally lead and locally delivered.

It will be people in their communities, not national institutions, that deliver recovery, that build new infrastructure, that learn new skills, that translate a myriad of local visions into reality. It will be people taking and using power who will do these things.

Westminster may have little confidence in local government, but it is unfettered local government that is best placed to deliver with local people most of the public expenditure on infrastructure, training and welfare that is needed. And it is local political leadership that is best placed to inspire, encourage and co-ordinate the citizen action that is required.

Local councils must be set free to act. They must be set free to employ people locally, to procure locally, to respond locally, to involve locally, to step in locally and to decide for itself when to step back again.

Land prices, labour and building costs have never been lower. The power to insist on local recruitment, local procurement and training provisions has never been greater. The opportunity to help people stay in their homes by buying to rent or equity sharing has never been better. It is local government that can help people through difficult times.

Liberal Democrats and other parties have some great civic leaders. The three party leaders would do well to listen to them, have confidence in them and to make it possible for their expertise and the expertise of local government staff to serve their citizens. Let them be the architects of recovery and their citizens the inspired, informed, resourced and united builders of a better future.

Now that is a message – and a traditional message – that a few thousand campaigners and councillors might willingly spread.

WHEN THE MARKETS FAIL

Spontaneous disorder is a stimulus to rediscover and restore radicalism to liberalism, says Ed Randall

The last few months have been a most extraordinary time for liberals and for Liberalism. The notion – a seductive one for some Liberal Democrats – that the efficient operation of markets can largely be taken for granted, has been brutally assaulted. The assumption that the business of the state and the business of businesses can (and should) be treated as separate domains has become utterly unconvincing.

The proposition that Britain's liberals can simply proclaim economic freedom as their philosophical birthright, while differentiating themselves from illiberal (conservative) proponents of free markets by concentrating on championing personal, political and social liberties, has become wholly unconvincing.

A little over a year ago, I collaborated with 20 others in the production of a volume entitled *Reinventing the State*. I cannot claim that we anticipated the speed with which the world's most developed economies would be overtaken by a perfect financial storm.

Though I had an inkling of what was coming – something I attribute to having been a regular (indeed an avid) reader of Nouriel Roubini's 'GlobalEcono Monitor' – I had no means of telling just how dramatic the bursting of the bubble would turn out to be or the scale of the state bailouts that would follow.

What I can confidently assert is that my scepticism about economic nostrums, which encourage uncritical acceptance of the superiority of market mechanisms over nearly all forms of government intervention, ran (and runs) deep.

DISEMBOWELLING LIBERAL POLITICS

It was a scepticism that had been nourished by the writings of New Liberals – especially Hobhouse and Hobson – who were never afraid to expose the limitations of Liberal thought. John Hobson's *Confessions* – an autobiographical account of his life as an 'economic heretic' – brilliantly expresses the unease I have long felt about the disembowelling of liberal politics by economic fundamentalism; a fundamentalism that has – in our own times – been most strongly associated with the writings of FA Hayek and Milton Friedman.

Liberals of all kinds must open their minds to the possibility that many of the supposed axioms of Liberal economic thought cannot bear the weight that has routinely been placed upon them. What are the ideas that need to be critically reconsidered?

The first is that the price mechanism must be treated uncritically as simply the best means human societies have for conveying information about the risks, costs and benefits of economic activity. We know now – though many have long suspected it – that the price mechanism can serve us very badly. The trading culture that produced a credit default swap market, capable of collapsing the international economy, has only recently been recognised as a clear and present danger. It now serves as a terrifying illustration of the way in which culture can interact with markets to amplify rather than moderate exuberant and irresponsible behaviour.

Hayek's assumption that free markets necessarily underpin a spontaneous or emergent order, one that is effortlessly superior to any product of planning, has also suffered a great setback. The asymmetries embedded in financial markets – made plain in recent times – have helped market sceptics to reassert a political truth that had been lost sight of.

Markets do not prevent the strong from taking advantage of the weak – they can, and often do, increase the ability of one group of economic actors to do down another. What is more, those most deeply engaged in commodity, energy and financial markets have been exposed as ill-equipped to help us negotiate not just the rapids of international commerce but the economic challenges created by climate change and declining oil reserves.

A third assumption – a cornerstone of Hayek's constitution of liberty – embraces the proposition that it is markets, rather than politics, that supply the only truly liberal means of balancing rival claims to income and wealth. If politics cannot fashion a notion of fairness that is anything but a mirage ('social justice' having been exposed as an illegitimate claim to special knowledge based on suspect transcendent values), it may seem reasonable to call on politicians to abandon the goal of 'social justice'.

However, the claim that market distributions are reasonable – the best we can hope to achieve – because they reflect, in some incontestable way, the unsullied valuations of market exchange, has justifiably been banished to the farther shores of inanity.

A fourth idea – that laws and regulations, which underpin market order, must go unquestioned, because they enable market societies to operate efficiently and without regular and cavalier recourse to government interventions – has also been met with growing scepticism. While Liberal jurisprudence entails a constant search for universal rules, which can be applied without fear or favour, the idea that particular laws ought not to be

challenged and refashioned, if their consequences are repugnant, is itself increasingly repugnant to many liberals.

As LT Hobhouse explained, in his *Liberalism*: We must not assume any of the rights of property as axiomatic. We must look at their actual working and consider how they affect the life of society.

Hobhouse understood very well that there could be no divorce between economics and politics; that politics could not be exiled, while unfettered markets were left to deliver the best of all possible worlds.

James K Galbraith, the son of John Kenneth, is perhaps the most persuasive contemporary spokesman for the view that liberals must throw off their intellectual inhibitions and critically examine economic dogma if they want to be able to champion the good society. Galbraith's *The Predator State* is the most complete, accessible and convincing presentation of the case for radicalism united with economic realism. He insists that defending liberal society should never be confused with preserving capitalism. Rather, we should feel empowered by our close encounters with spontaneous disorder, enduring social injustice, economic inefficiency and dysfunctional regulation to examine Liberal economic dogma afresh.

How do we make the most of the riches of what Galbraith insists we should describe as *mixed*, rather than *capitalist*, economies? The former are economies in which Galbraith believes a large public sector contributes to "financial stability, environmental safety, social security and [– in large measure – the satisfaction of the educational, medical and housing needs of the whole population]".

MARKET OBSESSED LIBERAL DUPES

Market obsessives (the prime target of Galbraith's *Predator State*) – conservatives and their liberal dupes – have huddled together, he believes, to facilitate and encourage governments "to build monopolies... block regulation, crush unions and divert [public funds] into private pockets". We have, he argues, lived through a "30 year attack on government" in which not only the efficient operation of the state has been imperilled but the effective operation of markets has been sacrificed in the name of a dogma, which conservatives have never taken seriously and liberals have been reluctant to question, for fear of being cast as enemies of liberty.

It is, as Barack Obama and his adviser James Galbraith both assert, time for change; and change must begin with a more convincing explanation of liberal purpose and candid acknowledgement of market failure as well as the pivotal role that intelligent and diligent government plays in the good society. In Britain, that task falls to Liberal Democrats. There are no realistic alternatives.

New Labour has accommodated Galbraith's predators just as willingly and venially as the Conservatives. Neither can be trusted to remove themselves from the clutches of predators – foreign and domestic. Liberal Democrats have to be much bolder. Electoral strategy and party policy have to be bolder, if we are to forge a progressive alliance capable of generating the political momentum needed to change Britain's political geography and shift the centre of its political gravity.

The recession which is about to engulf the UK may well turn out to be the worst in the developed world, as the IMF has recently predicted. Britain will shortly experience what Keynes called 'magneto trouble'. He diagnosed the trouble

and provided a remedy: 'an unsatisfactory market for capital investment' necessitates the provision of fresh capital for new enterprises.

Keynes knew, in the special circumstances of the 1930s, his remedy would work only if there were a close partnership between enterprise and government. He was also aware that talk of fiscal prudence would serve as a cover for those who were unwilling to challenge either conventional wisdom or entrenched and vested interests. When the United States rejected fiscal discipline, in order to prosecute a world war, it finally revealed the potential of the American economy.

Rather than waiting to deplore the idleness, want and squalor that disfigured an earlier era, the Liberal Democrat task is to present both their diagnosis and remedies – to the woes that are currently overtaking the UK economy – as part of an unrivalled opportunity to wrestle with giants (climate change and clean energy production) that Keynes and Beveridge could not have anticipated (alongside those with which they were all too familiar).

It has become possible, in the course of the last twelve months, to do more than contemplate the collapse of the world's financial architecture. The very real possibility that multiple market failures might undermine polity and society, not just economy, has encouraged us to think the unthinkable. We can begin to advocate policies designed to change business culture; policies that aim to overturn the obsession with short-term gain and introduce rewards (pecuniary and non-pecuniary) that focus attention on the longer-term, on social responsibility and on human creativity.

It has become possible to advocate shifts in taxation from labour and investment – things almost everyone believes and expects will benefit the commonwealth – to economic rents that accrue solely from the ownership of assets. The US auto firms that killed the electric car did so for obvious commercial reasons. But, just as it has become easier to explain why we cannot rely on such enterprises to lead the design of new transport systems, technologies or the development of alternative energy sources, it has also become easier to pursue the change we now desperately need.

The result of a remarkable presidential election in the United States has shown that political imagination and bravery can bring great rewards. Barack Obama may have been a novice but he was widely perceived as the only serious presidential candidate. He won by tapping a reservoir of support amongst potential electors who had appeared detached from politics.

There is a great – and as yet – untapped reservoir of support for similarly intelligent radicalism in Britain. To tap it, Liberal Democrats must show that they are willing and able to explain why responsible political leaders have to reinvent and strengthen the state at the same time as they wrench it from the hands of predators that have, for far too long, had their wicked way with Britain's two conservative parties.

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THE CHANCE OF A LIFETIME

The economic crisis has overthrown the political assumptions of the past thirty years. Why aren't the Liberal Democrats exploiting this opportunity, asks Simon Titley

If the comedian Peter Cook were alive today, and in the unlikely event he were an advisor to Nick Clegg, one can imagine his advice in the current economic crisis.

Cook: "Need I say with overmuch emphasis that it is in the testicle division that you are deficient."

Clegg: "The testicle division?"

Cook: "Yes, the testicle division, Mr Clegg. You are deficient in it to the tune of two."

When you've been in politics as long as I have, you get to notice these little things almost instinctively. I mean, here we are, with our world turned upside down by the worst economic crisis since the 1930s. This crisis is testament to the failure of Reagan-Thatcher economics, of the anti-social values that accompanied it, and of the craven politicians on the centre and left who chose to glide into its slipstream. This dismal consensus is now finished and it won't be coming back any time soon.

Neither Labour nor the Conservatives are prepared to admit the end of this orthodoxy. Gordon Brown has been forced to tear up the New Labour rulebook but remains adamant that his actions are a pragmatic response to the crisis and do not represent an ideological shift. Peter Mandelson assures the media that New Labour is alive and well. Meanwhile, the Tories accuse the government of returning to traditional tax-and-spend socialism without offering any serious alternative.

GOLDEN OPPORTUNITY

You might think this is a golden opportunity for the Liberal Democrats to show they have some balls, break free from the old consensus, and make a bold and distinctive stand. If now is not the time for advocating a radical alternative, when is?

Instead of seizing this opportunity, Nick Clegg presses on with his 'new' tax policy even though events have left it in tatters. You have to admit that the timing of the party's conference debate on tax, on 15 September, could not have been more exquisite. The vote was initially seen as a triumph for the *Orange Book* tendency and the cretins seeking a 'Clause Four moment'. Yet the very same day, Lehman Brothers filed for the largest bankruptcy in US history, heralding the current economic crisis. Events have thoroughly discredited the ideology of blind faith in markets and have left the party's self-styled 'modernisers' looking distinctly un-modern.

Worse, the party leadership – hamstrung by a stubborn refusal to abandon the redundant ideology of the *Orange Book*, the fundamentalism that got us into this mess – is

reluctant to confront the moral issues at the heart of the economic crisis. Apologists for unbridled markets have conceded that perhaps some tweaking of banking regulation is necessary in the short term while believing that, within a year or two, it will be back to business as usual.

The old regime of 'light touch' regulation has proved inadequate and reform is essential. But as Nobel Prize-winning economist Paul Krugman pointed out in the *New York Times* (27 November), "Consider, in particular, what happened after the crisis of 1997-98. This crisis showed that the modern financial system, with its deregulated markets, highly leveraged players and global capital flows, was becoming dangerously fragile. But when the crisis abated, the order of the day was triumphalism, not soul-searching... In effect, everyone declared a victory party over our pullback from the brink, while forgetting to ask how we got so close to the brink in the first place."

Krugman adds, "Because we're all so worried about the current crisis, it's hard to focus on the longer-term issues – on reining in our out-of-control financial system, so as to prevent or at least limit the next crisis. Yet the experience of the last decade suggests that we should be worrying about financial reform, above all regulating the 'shadow banking system' at the heart of the current mess, sooner rather than later. For once the economy is on the road to recovery, the wheeler-dealers will be making easy money again – and will lobby hard against anyone who tries to limit their bottom lines. Moreover, the success of recovery efforts will come to seem preordained, even though it wasn't, and the urgency of action will be lost."

The crisis is not just a question of inadequate regulation. One must also ask why western consumers, particularly the Americans and British, needed to borrow so much money in the first place. Robert Reich, former Secretary of Labour in the Clinton cabinet, points to the deeper problem of increased inequality of incomes (robertreich.blogspot.com; 25 July 2008).

Reich notes that, for most Americans, earnings have not kept up with the cost of living. "This underlying earnings problem has been masked for years as middle- and lower-income Americans found means to live beyond their paychecks. But they have now run out of such coping mechanisms."

The first coping mechanism, adopted in the 1970s, was to send more women into paid work but there is a limit to how many mothers can maintain paying jobs. The second coping mechanism was to work longer hours but there is a

limit to how many hours anyone can work, “so Americans turned to a third coping mechanism. They began to borrow. They turned their homes into piggy banks by refinancing home mortgages and taking out home-equity loans. But this third strategy also had a built-in limit. And now, with the bursting of the housing bubble, the piggy banks are closing. Americans are reaching the end of their ability to borrow and lenders have reached the end of their capacity to lend. Credit-card debt, meanwhile, has reached dangerous proportions. Banks are now pulling back.

“As a result, typical Americans have run out of coping mechanisms to keep up their standard of living. That means there’s not enough purchasing power in the economy to buy all the goods and services it’s producing. We’re finally reaping the whirlwind of widening inequality and ever more concentrated wealth. The only way to keep the economy going over the long run is to increase the real earnings of middle and lower-middle class Americans.”

In this context, it is interesting that Nick Clegg raises the issue of the unjust tax burden on the low paid without mentioning the underlying problem of low pay. Salaried people tend not to appreciate the problem because the minimum wage is expressed in terms of hourly pay. The current statutory minimum wage in the UK for people over 22 years old is £5.73 per hour. Assuming a 40-hour week and a 52-week year with paid holidays, that is equivalent to an annual salary of only £11,918.40. Could you live on a salary of less than £12k?

There is a deeper problem still, which is essentially spiritual (and I say this as an atheist). At the very heart of the economic crisis is the reality that – fun though material consumption can be – buying stuff is not sufficient for a satisfying life. For most people, the key to a good life is healthy companionship with other human beings. The growing emphasis since the 1960s on consumer greed and instant gratification, and the corresponding atomisation of society, are at the heart of our economic problems as well as our social ones.

STAND OUT FROM THE CROWD

There is plenty here to enable the Liberal Democrats to stand out from the crowd on the economic crisis. The case for doing so is both moral and strategic. So if you’re wondering why Nick Clegg isn’t getting much media coverage (and the reason is not – as some in the bunker insist – because Vince Cable is stealing the limelight); why the Liberal Democrats are flat-lining in the polls; why the party is being squeezed in by-elections instead of winning them; why the spread betting markets are predicting 44 seats for the party (a net loss of 19); there is an explanation.

The party is failing to be distinct. This failure is not accidental but is the result of a deliberate strategy, to compete with the Labour and Conservative parties for the same ‘middle ground’ of Daily Mail readers. This approach is being combined with the ‘we can win everywhere’ strategy adopted at local level, to disastrous effect. The overriding desire is not to cause offence but the overall result is not to enthuse anyone. This strategy is more than foolish; it is tragic.

The biggest electoral danger to the Liberal Democrats is of being blanded out. That is what is happening right now. It is why the party’s ‘middle ground’ + ‘we can win everywhere’ strategy is such a failure. Advocates of converging on the same narrow territory as the other parties

seem to believe that political credibility comes from blending in with the scenery. This focus on orthodoxy is a bad enough strategy in good times but, when the scenery has fallen over, it is absurd.

To escape from this mess, the Liberal Democrats must recognise that the world has changed. And as Vince Cable has demonstrated time and again, plain speaking works. There is nothing to gain from worrying what the Daily Mail thinks.

The party’s policy towards the crisis should start from the moral standpoint that ever-growing material consumption is simply not sustainable – economically, socially, environmentally or psychologically. Beyond this, there are a number of distinct policies the party could adopt. Elsewhere in this issue, Bill Le Breton talks about the need to promote local action, to which I would add the creation of a network of publicly-funded social entrepreneurship investment banks, to enable local people to bring their business ideas to life.

The Liberal Democrats should support investment in infrastructure as one means of reviving the economy, but the nature of this fiscal stimulus is vital. The party should be arguing for smart investment so that we emerge from the crisis better equipped to thrive in the longer term. Given the role that the greed of the ‘baby boomer’ generation has played in creating this crisis, the party must consider in particular the long-term interests of the younger generation, who are likely to be the ones burdened with paying off government debt. Because global warming hasn’t gone away, the party must also emphasise investment in green technologies, such as insulating buildings, sustainable energy and public transport.

And sooner or later, Britain will join the euro, so let’s say so. The likely growth of the euro as a major reserve currency in a reformed global economic system, and the decline in the status of sterling, will make this inevitable. The Liberal Democrats supported this policy for a long time but then, without warning, came an *ex cathedra* statement that the party was dropping its commitment. In what turned out to be a spectacularly ill-timed move, Chris Huhne told the Independent on Sunday (14 September): “The truth is, within the British debate, it’s completely off the radar and there is simply no point in regarding it as a runner worth investing political time in.” I confidently predict that, before the end of 2009, the position of the UK vis-à-vis the eurozone will look so bad that this volte-face will be forgotten and the party will revert to Plan A. By then, however, so many others will have leaped aboard the euro bandwagon that the party will have missed the opportunity to sound distinctive.

The history of the Liberal Democrats has been one of missed chances. Is this economic crisis to go down as yet another missed chance? Will the party seize the moment, and advocate a range of bold and radical policies? Or will this be recalled as the occasion when Nick Clegg ignored his liberal instincts and preferred to follow the old-fashioned advice of Peter Riddell, John Sharkey and Paul Marshall?

Simon Titley is a member of the Liberator Collective

LEADING THE MIGHTY ATOM

Two female candidates have fought for the Welsh Liberal Democrat leadership, and winner Kirsty Williams faces some fundamental problems, says Russell Deacon

Whichever of the two female candidates contesting the Welsh leadership were to have won, she would have already been well aware of the limitations of the party she will lead. At times, the party gives the impression of being similar to the cartoon super hero, the Mighty Atom.

On occasions over the last decade, it has punched well above its electoral weight both in local government and in the National Assembly of Wales. It was part of the National Assembly government between 2000 and 2003, and from 2005 has controlled through coalition arrangements a number of Wales's largest metropolitan authorities, including the capital Cardiff, and sits on the council executive boards of a number of rural counties. Yet, like the Mighty Atom, it remains a tiny part of the overall Welsh political arena.

The party therefore remains small even by Welsh standards. Electorally, it is currently the second Welsh party at local government level (in terms of the councils in which it leads coalitions) and at Westminster in terms of the number of MPs it has (four). But to put this second position into some perspective, Labour, in the number one slot, has 29 Welsh MPs, 25 more than the Welsh Liberal Democrats. Thus the number two slot doesn't look so grand after all. The Liberal Democrats need to increase their MPs by 700 per cent to match Labour. In Europe, the party does not have and never has had an MEP, and in the Welsh Assembly elections it has been stuck on six Assembly members since 1999, through three elections.

Barring their relative successes in local government, the Liberal Democrats remain in reality the fourth party of Welsh politics and the only one that does not appear to have the potential to harness effectively any anti-government protest vote. Since 2003, the party has remained in opposition in the Welsh Assembly and, after the disastrous suspension of coalition talks in 2007 resulted in a Labour-Plaid Cymru pact (the Red-Green pact), it has been marginalised in the Welsh Assembly.

Michael German has led the Welsh Liberal Democrats since 1998 although technically, until the constitution was changed last year, he in fact only led the party in the Welsh Assembly. It was the MPs Richard Livsey from 1997-2001 and then Lembit Öpik who had the official title of the 'leader of the Welsh Liberal Democrats'.

INEVITABLE CRITICISM

In reality, of course, German has been seen as the Welsh leader by both the party members and the media since his

election in 1998. Despite the inevitable criticism a leader gets, German has done well to avoid the damaging splits other Liberal Democrat and government and opposition leaders often experience. He has managed to keep the party together and, under him, it has enjoyed its most prosperous electoral period since the 1920s. Even to keep the party at the level left by Mike German will involve considerable leadership skills. Yet no political party, let alone the Liberal Democrats, is ever happy with the status quo. Its elected members and activists are anxious for new victories to take them forward.

The new leader Kirsty Williams is Assembly Member for Brecon and Radnorshire and her opponent was Jenny Randerson, the Assembly Member for Cardiff Central. Both are politicians with considerable political gravitas within and outside of the Welsh party. Both also have considerable political strengths, which they will need to use to the full to move the party forward. They have some considerable challenges ahead and a number of questions they will need to answer. Let us have a look at just a few of the main ones.

The new leader will also need to address internal party matters. Some constituencies, after moving forward in the earlier years of the decade, have since retreated in terms of members, activists and electoral abilities. In many South Wales valley constituencies, the party's share of the vote is between 3% and 5%, which means it often gains fewer votes than independents or 'fun parties'. It is clear therefore that the image of the Welsh Liberal Democrats is failing to register here. As a result, membership and party activity is low. How can these problems be addressed effectively by a new leader?

The Welsh Party has also become more professionally run than ever before. It has had a series of effective chief executives and administrative staff. But to what extent has it become a bubble that excludes the talents of the wider party and Liberal supporting establishment? A wider range of faces appearing as the party's nominees on Assembly Commissions rather than the same few faces would be welcomed. The new leader should therefore seek to broaden participation from wider sections of the party. Can she do this or will she continue to rely on the same faces?

The new leader will have to work, for the next few years at least, with a group of six Assembly Members who will have been together for almost a decade, with no fresh blood. This group will include the former leader Mike German and also a losing leadership contender who thinks she can do the job better than the new leader. How will you

get this group to work together as a team under your leadership? How will you also turn this group of six into one of seven, eight or even nine AMs in 2010? In 2007, the Liberal Democrats list vote fell from even the poor vote of 2003. In North Wales, the party came within 3,000 votes of losing its list seat to the BNP. How will you redress the problem with the decreasing list?

The Assembly itself is going through a revision of its law-making powers, which is likely to go to a referendum in 2011. Yet the Welsh Liberal Democrats

know that, to make the legislative process effective, there need to be around 20 more Assembly members. It is likely that the party is already preparing its plans to support this referendum without this additional number of members to facilitate the legislative process. The new leader needs to question whether the party should be bold and commit to a 'yes' vote only if the additional members are provided – a case of the old adage, 'give us the tools and we'll finish the job'. Will the party have the political guts to do this?

The Welsh party has two main electoral goals over the next few years. The first is to win a European parliamentary seat in June 2009. Alan Butt Philip aims to be the party's first Welsh MEP. Yet the most pro-European of the Welsh parties is squeezed by the other three and normally fails to enthuse its own membership to campaign effectively for the European elections. Can it make history and put the first Welsh Liberal in the European Parliament? The next Westminster elections also need to see the Welsh party not only hold its four existing seats but also gain the two possible wins of Newport East and Swansea West. Judging by the Welsh Assembly election results, both Plaid Cymru and the Conservatives are likely to make a significant number of gains. Unless the Liberal Democrats can do likewise, they will regain their status as the fourth party of Welsh politics, a title they lost in 1997.

WELSH SPEAKERS

Kirsty Williams is not a fluent Welsh speaker – nor is Randerson – which means she will be unable to project the Welsh language message to the quarter of the population that regularly uses it. Both Labour's and Plaid Cymru's leaders are fluent Welsh speakers. How will the party redress this imbalance and get its message across to the Welsh speaking electorate?

The Welsh party has little impact or influence on the federal party. Welsh MPs are never closely aligned with the federal leaders or hold significant portfolios. There is little or no Welsh input to federal policy or the Liberal Democrats' English think tanks such as CentreForum. Is this by accident or design? The new leader needs to investigate this and put a Welsh stamp on these and other relevant federal bodies or related organisations.

The Welsh party focuses only on the present and the future, and ignores its significant anniversaries such as the

“They remain in reality the fourth party of Welsh politics and the only one that does not appear to have the potential to harness effectively any anti-government protest vote.”

Liberal landslide of 1906, when the party gained 33 of the 34 Welsh seats. It remains the only Welsh political party not to have a history section on its website. It therefore ignores the wider membership, public and media interest that it could gain from reminding them that it was the party whose MPs introduced such things as the old age pension and the start of the welfare state.

The new leader could

also address the past more effectively as well as the present and the future.

There is a specific question for Kirsty Williams, who rejected the Welsh party's moves to go into a coalition government with Plaid Cymru last year. The party, however, has hardly prospered as a result. In the Assembly, it is marginalised to the extent that members often wonder if it is worthwhile turning up at all. Electorally, every county council by-election since then has seen the party fail to win new seats or, worse still, lose seats to either Labour or Plaid Cymru candidates. Now that the party is out of government at least until 2010, how is she now going to take advantage of this? Kirsty also has to answer the question of how she can gain more Liberal Democrat council seats, when in her own county of Powys, despite holding both parliamentary seats, the party has been unable to expand its local government base by more than a handful of councillors in the past decade.

As the new Welsh Liberal Democrat leader, she will need enthusiasm, resilience, the hide of a rhinoceros and the patience of Job. For the first time, not only in Liberal history but Welsh political history, this contest was a case of 'may the best woman win'. In this respect, the Welsh Liberal Democrats are leading the rest of Wales and the Federal party.

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WILL OBAMA GOVERN FROM THE CENTRE?

Barack Obama confounded received wisdom to win the US presidency, but do his accommodations with Democrat power brokers really herald an era of change, asks Dennis Graf

The long agonising political year is over. George W Bush is on his way out. Barack Obama will be the new president.

John McCain, his Republican opponent, has long been the most admired man in American politics and probably the closest thing we have had to a national hero. The election was not close, certainly not by American standards. I believe that it had always been McCain's to lose – and lose he did. Because of his record, he was able to distance himself from the wildly unpopular Bush administration, but at times he appeared befuddled and even angry.

Obama was a big story: an unknown and funny-looking guy with big ears comes out of nowhere with the wrong skin colour, no real political base and a lack of money, yet he outwits and outperforms not only the Democratic first family, the people who owned the party machinery, but he also outguns the “vast right wing conspiracy.” That's real news. The media loved the story.

Obama's national rise started in the small, rural state of Iowa – the first place where ordinary people can cast a vote. Iowa is a caucus state where only the more politically informed people gather on a cold January evening. It was absolutely essential that Obama win in this unlikely place and he did. Hillary Clinton was the choice of establishment Democrats including the governor, the former governor, and the long serving Democratic senator. In the vote, Mrs Clinton came in third – behind Obama and the former vice-presidential candidate, John Edwards. Edwards did not do well in other states and he soon dropped out.

Obama had a huge and highly effective organisation and he raised money from millions of small donors, an unprecedented achievement. There are few blacks in Iowa so Obama had to win the white vote. Many Iowans saw Obama as culturally white and, indeed, he probably is. He always seemed very self-assured and measured; “no drama Obama” was a common quip. He could give poetic and eloquent major speeches but at first his platform and television appearances were careful and not emotional – sometimes a bit dull.

The Republicans, as well as Mrs Clinton, found Obama difficult to attack – he had a thin record and, while his

position papers were broad, he was careful on specifics. At first, McCain said that this inexperience was dangerous, but he forfeited that approach when he picked Alaska governor Sarah Palin, a woman with far less. Rumours spread that Obama was a secret Muslim. When opponents said that the pastor of his black church hated America, Obama used this as an occasion to give a magnificent speech on race relations, a very risky thing to do in America.

Then the right wingers focused on elderly Bill Ayers, a socially prominent university professor of education who had been a left wing student radical 40 years before. Obama had served on a number of Chicago charitable boards with Ayers.

ADOLESCENT BEHAVIOUR

Finally, they started whispering campaigns suggesting that we “really don't know Barack Obama”. People were expected to fill in the blanks with their own prejudices. None of this seemed to stick and Obama's unflappable image during the start of the economic crisis contrasted with the unpredictable, almost adolescent behaviour of McCain.

The next test after Iowa was New Hampshire, another small state with a tradition of retail politics and an independent and unpredictable electorate. Hillary had to win this state – and, thanks to an emotional outburst, which ‘humanised’ her, she did. Troubling to many was Clinton's insistence on changing the rules midstream. The Democratic National Committee had agreed to disallow primaries in Florida and Michigan, which were held too early: by mutual agreement, none of the candidates campaigned there. When these states went for Hillary, suddenly she insisted that the delegates be counted.

There was then a string of primaries in northern industrial states that she won. Obama was being urged to change his campaign, to become more cutting, sharper, even maybe a touch nasty and ‘tough’, but he continued his quiet, almost placid way until the end. The political pundits were starting to think that, while Obama might possibly wrest the nomination away from Mrs Clinton, he would

most certainly not keep the white working class Democratic base.

After it was clear that Obama was going to succeed, the big question was “What are Bill and Hillary Clinton going to do?” These are highly competitive people and this was probably her one chance to run for the highest office.

After the Democratic convention, Obama seemed to be making a slow start. Shortly after, the Republicans met in Minnesota and chose John McCain, with Sarah Palin as his vice-presidential candidate. We were outside the convention in the warm streets of Saint Paul when Palin was introduced. She hit the nation like an unexpected bolt of thunder. Palin electrified the convention – at the very least, it was clear she knew how to read a speech. The media loved her story and gave her immense attention. She was new and fresh. She was colourful. She was charming and charismatic. Alas, most voters finally concluded that she was completely unqualified and she probably helped to cause John McCain to lose. The press was not allowed access to her at all and rumours started to spread. Eventually, she gave two interviews to the national networks. The first one showed a shocking unpreparedness for the presidency; the second was even worse. One television comic did a deadly impression of her, once even using her exact words. It became clear that, in choosing Governor Palin, McCain was looking cynical and not serious. People were calling his judgment into question.

We’ve never had anyone quite like Sarah Palin in American political life. She comes out of the more radical fringes of the Fundamentalist Pentecostal movement, definitely not part of the religious and social establishment. Palin shoots wolves from airplanes and kills and cooks moose. Her husband, the ‘First Dude’, is part Eskimo. He belongs to a union. He’s a champion snow machine racer. Governor Palin did demonstrate some strong appeal to conservatives and she wants to run for president in four years. I think it unlikely – the powerful men who run the Republican party, what is left of it, dislike her. Their candidate is former Massachusetts governor Mitt Romney, a patrician and a highly successful financial manipulator. He’s also a member of the conservative and rather distrusted Mormon religion. His performance in the last Republican primary season was disappointing.

For several weeks, though, Palin seemed an inspired choice. She brought extraordinary excitement to the race and overshadowed McCain’s own appearances. It was common for large numbers of people to leave the rally as soon as he started speaking. McCain was pulling even in the polls and was even overtaking Obama for a time.

By tradition, there is one debate between vice presidential candidates. Palin was forced to confront Obama’s choice, Senator Joe Biden, an older, rather dignified man with a long service in government. The television audience was immense. Palin was charming. She flirted, even winking at the audience. Biden was not sure

“A blind faith in deregulation and a worship of the unfettered free market seem now as quaint a dogma as Marxism”

how to behave, but he tried to be gallant while reserving his barbs for the Bush administration.

As expected, McCain ran strongest in the southern and south western states, though he lost Virginia, the seat of the confederacy, as well as North Carolina, a major southern state. It was astonishing and moving to see a black man win these southern states. In the south, McCain did win the majority of the white vote, but Obama did far better than what one would have imagined.

FLAWLESS CAMPAIGN

Obama ran an almost flawless campaign and he ran it with a minimum of mudslinging. His only real challenger throughout for his party’s nomination had been Hillary Clinton, a polarising figure in the United States, who demonstrated deep appeal among the working class, especially those in the troubled northern industrial states. Many women passionately supported her. It was thought that Obama might have great trouble with these two groups. In the end, he won them over.

Democrats won in unexpected places: Senate seats in Alaska and in North Carolina, where Elizabeth Dole, the wife of Bob Dole, a former presidential candidate and herself a one-time star in the Republican party, lost. The Democrats won a second Senate seat in Virginia. However, it appears that they will not have the 60 seat majority, which would have allowed them to override Republican opposition.

It appears that Obama will govern as a centrist. His appointments are familiar and experienced. Most are former Clinton officials. Hilary Clinton will be secretary of state and Bush’s secretary of defence, Robert Gates, will stay. Obama may have run as an agent of change, but his choices so far haven’t really upset the conservatives in either party. Many of his original left wing activists, though, are uneasy.

Most Americans will probably not expect great immediate progress and the financial crisis will delay or even postpone some of Obama’s changes. His proposals to change the health care system, to reform the public schools, to introduce a major energy initiative – these may have to wait.

Ronald Reagan said that government is the problem, not the solution. The American people no longer believe that. A blind faith in deregulation and a worship of the unfettered free market seem now as quaint a dogma as Marxism.

Denis Graf is Liberator’s American correspondent

WHO'S THE REAL CONSERVATIVE?

Does Jeremy Browne think that change for its own sake defines liberalism? Matthew Huntbach takes issue with him

Jeremy Browne, in his article in *Liberator* 329, criticises the Conservative Party as “a preservation society masquerading as a political party”. This seems to me to be unfair. Conservatism is a respectable political philosophy and I see no reason why a political party based on it should be considered any less valid than a party based on any other philosophy.

The basis of conservatism is that society is complex yet it works; we should therefore be extremely cautious of any change for fear of breaking something that makes it work, even those aspects of society that seem strange or redundant may have vital purposes, which we would discover only if they disappeared.

Or to put it colloquially, “if it ain't broke, don't fix it”. Politics needs a movement that sees its prime role as looking critically at any proposed change and arguing the case against, just as it needs a movement that sees its prime role as safeguarding individual liberty.

I would be rather happier with the Conservative Party if it were indeed a conservative party, but I disagree with Jeremy Browne: it is not. The Conservative Party in Britain is consistent in wishing to conserve the wealth of the rich; it is rarely so interested in conserving much else.

Any more general conservatism within it is sacrificed if it comes before the prime duty of making the rich richer. We can see this in the recent Conservative governments, which, in their joyful smashing of industrial Britain, of council estates, of the gentlemanly regulations that governed the City, and of much else was profoundly anti-conservative. Rampant free market policies, which have been the defining feature of the modern Conservative Party, are inherently anti-conservative. They have led to immense changes in the way society is organised, the way people relate to each other, people's daily habits, people's expectations for the future; some of these are to the good and some are to the bad, but a true conservative party would have opposed the lot of them.

KEEP THE RICH RICH

The Conservative Party is confused because, while there is undoubtedly a conservative tendency within it, that tendency has lacked any sort of intellectual organisation and has been uneasy even in presenting its case. It may be the case that Conservative Party workers on the ground still tend to fall within the conservative tendency, but its leaders have cynically made use of them to further their real goal of doing whatever is necessary to keep the rich rich.

Perhaps that was always the case. Perhaps, given that conservatism is now such a despised ideology that it is

hardly worth even pretending to support it, the rich may cynically turn to other ideologies and use poor and rather stupid enthusiasts for them as their cheerleaders, unwittingly furthering the true goal. These days it seems to be rather popular to call oneself a “nineteenth century liberal”, ignoring the fact that we don't live in a nineteenth century economy, and what may be liberal in an economy of largely small scale local providers is illiberal in an economy dominated by multinationals.

Stupid conservatives can easily be kept at bay by those cynically using them through diverting their attention to small or token issues, sexual matters or punishment of criminals being obvious ones. And stupid liberals can...

Jeremy Browne tells us that liberalism “embraces change” and that liberals believe “our best days are yet to come”. Such views fall into the trap of change for change's sake, and I believe a true liberal should be cynical of that. It is true that liberals have often endorsed change because change has often been in a liberal direction, but that should not fool us into making endorsement of change a first principle.

A minor element within British liberalism has been the radical conservative streak which has been sceptical of change, identifying the push for change as often controlled by the powerful in society who are using it to enhance their own power and wealth and take away the liberties and sense of control and natural self-assurance of the masses. William Cobbett and GK Chesterton are the historical figures most strongly associated with this element. Its modern version is perhaps most strongly identified with EF Schumacher of *Small is Beautiful*. Many of those involved with the revival of the modern Liberal Party in the 1970s were strongly influenced by this form of thinking. The Liberal Party community politics movement owed at least some of its origin to communities resisting planning which involved large scale demolition, tower blocks, urban motorways and other bleak and inhuman architecture.

Jeremy Browne's article puts support for change in the Liberal Democrats and resistance for change in the Conservative Party as the distinguishing factor between the two in the contest for who will govern after Labour. But he says nothing about what sort of change he wants or supposes the Liberal Democrats should endorse. This is ridiculous. A party whose ideology is resistance to change has at least a firm foundation; we know what it is for. A party that can only say it is “for change” but can't say what it is changing, why it is changing it, and what it is changing it to, is deserving only of contempt.

The idea that there is only one way to change, and that therefore change in itself is a sufficient ideology, is a

dangerous one, because it often has been used to push through poorly considered policies. It is illiberal because it denies choice. If we are told that change is inevitable, and that one policy represents change and another does not, then the argument is shut down – those who oppose the policy which is put as “change” are condemned as resisting the inevitable.

The promotion of a policy because it is “modern” rather than because of its intrinsic merits is a common feature of unsavoury politicians. The shadowy figures who determine what is “modern” and what is not are often those who have a vested interest in the “modern” policy succeeding. Change for change’s sake is also often a way of exerting control. If people are taken out of a familiar environment where they know how things work and what needs to be done to get what they want, and placed in one where they know nothing and are reliant on experts to guide them, they have lost control of their lives.

OLD FASHIONED OR MODERN?

In reality, what is “modern” and what is “old fashioned” varies over time. For example, we have become used to the idea that open attitudes to sexuality are “modern”. But Victorian prudishness over sexuality was at the time seen as modernising, a progression from the looser sexual standards of the Georgian era. In the first half of the twentieth century, a planned economy, whether on socialist or fascist lines, was seen as modern; liberal economic freedom was seen as old-fashioned. Now the reverse is the case.

Real conservatism is untenable as we live in a situation which is unsustainable both physically and socially. We have reached where we are through change, and the processes that have taken us there will, through their own devices, take us away. For this reason, part of the problem of unquestioning acceptance of change is that it can be

“A party which can only say it is “for change” but can’t say what it is changing, why it is changing it, and what it is changing it to, is deserving only of contempt”

acceptance of lazy change, that which is inevitable if we do nothing to consider what we really want. In this way, it is really a form of conservatism. If there are things we want to keep but it would require action to stop us losing them, is it really “conservative” to take that action? What we really require as liberals is for the options to be clear and the choice between them to be free. It is enslavement by conformity and ignorance if we are led to believe there is just one way society may develop and it is inevitable we must accept that – the notion of “progress” often takes this form.

Liberals should not be afraid of change and certainly not afraid of enquiring about

change, but we should be sceptical about it, particularly when pushed as an ideology in its own right. I disagree with Jeremy Browne’s claim that endorsement of change is central to liberalism, rather I see it as a by-product of liberalism in some situations. I also cannot agree that the best is yet to come in human development. I regret the crises in reaching the earth’s physical limitations mean that our best days may have passed; in what way does saying this make me less of a liberal?

Jeremy Browne’s article strikes me as a rather desperate attempt to explain why he is not in the Conservative Party, from someone who is struggling to think of better reasons. It was rather like someone explaining he is not New Labour because he dislikes all that cloth caps, trade unions, and up-the-workers stuff. Browne may call me a “conservative” for what I have written, but I call him a “Conservative” for what he has written.

Matthew Huntbach is a former Liberal Democrat councillor in Lewisham

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KEEP THE CUSTOMERS SATISFIED

Pressure to treat citizens as customers has destroyed social capital, says Rob Whewey

Councils run by all political parties boast of having a ‘customer focus’, yet such a focus will lead to spiralling public expenditure and will also disempower the citizen. Though this approach leads to profligacy, the Audit Commission praises it

It is a legacy of Thatcherism and will lead to the public being dependent from cradle to grave. Thatcher, following Hayek and Friedman, failed to understand everyday economics (particularly of the grocery store) and had a fairly jaundiced view of human nature.

Thatcher correctly identified that both public officials and elected representatives were not spending their own money and so were tempted to raise public expenditure and therefore taxes. Public services were provided inefficiently; national and local government had a reputation for wasteful expenditure.

Her solution was competition, which would drive down prices; the rigour of the market place would, she felt, mean that the taxpayer would not be paying for that wasteful expenditure.

What Thatcher failed to realise was that the private sector would also drive up expenditure.

Supermarkets have indeed attracted people, because of low grocery prices. Their success, however, is because more of us spend more money, buying more things, more often at those supermarkets. Total expenditure has risen, as indeed has waste, as people buy more than they need.

There is no reason at all to believe that the same public officials and elected representatives, who increase their own wasteful expenditure at supermarkets, will behave differently when offered an attractive array of privately run public services. The almost unchallenged argument that they are getting better value for money is a persuasive lever to increased expenditure and taxation.

The assumption, therefore, that competition and the use of the private sector will automatically lead to savings in public expenditure is as flawed as the previous belief of socialists that if all services are performed by the state, with no profits to shareholders, then this will be the most efficient use of public expenditure.

CUSTOMER OR CITIZEN?

Not only will this ‘customer focus’, rather than a ‘citizen focus’, increase institutional costs, it will, at the same time, disable individuals and communities from doing things for themselves.

The difference between being a citizen and a customer can be seen in a simple example.

If the members of a sports club, or a church or community organisation, have a social event, someone will bring the sandwiches, someone else the cakes and another will make the tea. At the end volunteers will wash up.

In this way, neighbourliness is encouraged and people are empowered to help each other. The benefits to health and well-being of being part of such groups are well documented, indeed it sometimes attracts the title of social capital.

On the other hand, a member of a private club or a visitor to a pub sees a sign that declares that you cannot bring your own food to consume on the premises.

This is not a criticism; it is absolutely legitimate for the provider of a service to make the customer dependent on that service. There are benefits: how many have gone for a Sunday pub lunch and thought that they couldn’t do it at home for the same price? Some even give up doing it for themselves.

It is not too serious a problem if we all lose the ability to make Sunday lunch. If, however, we lose the ability to care for our children and our elderly relatives, the ability to help our neighbour or the ability to organise our own leisure, then we are seriously damaged as social, caring, human beings. Not only that but if we then expect that, as customers, all these should be provided by the state or local authority, then the costs rise astronomically and we all become institutionalised.

The ‘customer focus’ also means that local authority officers are encouraged to provide, or contract out, services rather than to empower communities.

If a community wants to run its own street party such as at the Coronation or Jubilee, then for the officer there is no service to be delivered to customers. There is no credit to the officer in assisting as there are no outcomes that can be measured in conventional management terms.

On the other hand, if the officer decides that these are to be delivered as a service, then there are contracts to be drawn up, tenders to be sought, services to be delivered, all of which can be measured. The larger the amount of money spent, the more important and therefore highly paid becomes the job of that public servant.

There is no direct benefit to the public official from people who look after their own children or elderly relatives. On the other hand, those that can be persuaded to

go to a staffed institution are then customers whose number and time demands can be measured.

The same approach also gives an incentive for the official to apply health and safety checks, and quality criteria to neighbourly activities, more rigorously than is necessary and sometimes more rigorously than they apply to their own provision.

What is needed is a focus on the public as ‘citizens’ rather than as ‘customers’, that is as active participants in the processes by which we organise our society rather than as customers dependent on what is on offer.

Contrary to the idea that there “is no such thing as society”, people do not want to be isolated competitive individuals, but rather members of caring, sharing communities.

There is a long way to go. We have had nearly a century of increasing centralised control where the public has been offered either state-controlled or state-commissioned services. Insufficient thought has been given to what factors in both the social and physical environment encourage people to engage with each other for the benefit of all.

We know, for example, that in residential roads where traffic speeds are very slow, children play outside and get more social interaction, and more exercise, and that parents talk of “keeping an eye out” for each other’s children and of increased feelings of neighbourliness. Yet successive governments ignore this and erroneously inform us that roads are safer. If they are safe, why do children no longer play out on them?

We know that small community organisations wilt and die under the barrage of over-egged health and safety and criminal records bureau diktats. Yet we never ask if we are prepared to accept a small increase in risk against the certainty that our children will grow up without experiencing a society where it is the norm to organise social opportunities and help for each other.

We know that people want to have time to be with and bring up their children, yet government declares employment to be the only reality and offers only institutional care.

“CAN’T DO” ADVICE

There are no measures for the multiplier effect that can be achieved by council officers offering advice and encouragement to community groups to run their own activities. In fact, most groups see their council as offering “can’t do” rather than “can do” advice.

There is a veritable army of nearly 100,000 parish and community councillors who are the closest interface between the public and the political processes, yet they are not part of any coherent strategy of community empowerment.

“What is needed is a focus on the public as ‘citizens’ rather than as ‘customers’, that is as active participants in the processes by which we organise our society rather than as customers dependent on what is on offer”

The Audit Commission is encouraging poor management as it concentrates on the tangible outputs of service delivery rather than the real outcomes of healthier, happier communities, more equipped to play their part as citizens.

Charities have an honourable tradition of contributing to our society, but successive governments have missed the point when they talk of ‘volunteers’ or ‘the third sector’, and hand out contracts for service delivery. When a person helps their neighbour out of friendship, it cannot be measured in service delivery terms. If a

community group organises an activity, then the success for the participants is measured in terms of wellbeing, of fun and friendship, not in service delivery.

The more we are part of that communal friendship or social capital, the happier and healthier we are and the more support we give each other – for free.

I am not necessarily advocating low taxation; in fact, in neighbourly organisations with high social capital, people tend to be more generous than in their current attitude to taxation. Churches exhort members to give money sacrificially or what in politics has been described as “taxation until the pips squeak”. People are less generous when they feel their money is going to pay high salaries or high profits; they are more generous when they feel part of the process.

Nor am I advocating the end of services by local or national government; but I am arguing against the idea that service delivery to a customer should be the automatic assumption for meeting needs. It also follows that, even where there is a service, the recipient need not necessarily be treated as a customer.

An approach based on the citizen rather the customer will give much more diverse results than those to which we are used. In short, it will be more ‘messy’. We cannot, however, pretend that the idea of providing an increasing number of institutional services, on a universal basis, is economically sustainable.

A citizen focus would empower the public, build social capital, be economically sustainable and re-engage the public with the democratic processes.

Rob Whewey is a former Liberal councillor, and coordinator of the Liberal Institute. In his professional life, he advises on play opportunities for children and young people

CATS, BIKES AND AN OLD BOY NETWORK

A liberal party has been launched on the Isle of Man to tackle its ossified political system. Not a moment too soon, says Kate Beecroft

Many people know the Isle of Man for its tail-less Manx cat and the TT motorbike racing festival. What most do not realise is that it is not part of the United Kingdom.

Until the early 1960s, it was controlled by the colonial forces of the UK through a governor. This resulted in many complaints from the general public, which started the long process of creating some sort of democratic accountability which the island is still a long way from receiving.

In the intervening years, there have been many changes. In the early 1960s, one of the biggest critics of the day brought about legislation that prevented the speaker from also being the chairman of its executive council. This had been a fundamental flaw in what is generally recognised as an important principle of the separation of power in order to make a healthy democracy flourish. It is sad, but not surprising, to note that the speaker of the house before the last general elections is now chief minister (Manx prime minister). This was accurately predicted by the leader of the party and others before the elections took place.

The Isle of Man has a very chequered political history but has always managed to retain its parliamentary assembly. It has not only the oldest continuous parliament in the world but one that is unique in that it operates a tri-cameral system of government.

- **The House of Keys**

The island is represented by 24 elected members of the House of Keys (MHKs). They and the members of the Legislative Council (MLCs) elect a chief minister who then selects nine MHKs to form the Council of Ministers.

- **The Legislative Council**

The primary function of the Legislative Council is that of a revising chamber. There are eight MLCs elected by the House of Keys, plus the bishop and the attorney general, who sit ex-officio.

- **Tynwald**

When both the House of Keys and the Legislative Council sit together, they form Tynwald, which is the highest court in the Isle of Man.

The ministerial system came into being in 1986, replacing most of the previous statutory boards. Ministers are governed by the ministerial code and under it 'collective responsibility' has some unusual features. These include:

"A minister may speak against any proposal in the Council of Ministers, but he must subsequently either support the policy decided upon or resign.

"Where the policy of a particular minister is being challenged, it is the Council of Ministers as a whole which is being challenged. Thus, the defeat of a minister on a major issue represents a defeat for council."

"Every minister must be prepared to support all Council of Ministers' decisions both inside and outside Tynwald, the House of Keys and Legislative Council

"Collective responsibility does not apply to a minister's responsibility for his personal mistakes."

"Any major shift of policy proposed by a minister must be cleared by the Council of Ministers before it is announced."

The Council of Ministers decides which MHKs are offered positions in government departments and on the remaining statutory boards.

DIFFERENT REALITY

While the public perception is that the ministers are independents, as that is the basis on which they were elected, the reality is dramatically different as can be seen from the above.

Without ministers' support, no politician can progress their career and this has created a one-party state by patronage. Combined with this, their block vote in Tynwald also means that any truly independent politician has great difficulty in progressing any legislation.

Due to changes in taxation legislation, the 1960s saw the start of an economic upturn that continued and has become the biggest the island has experienced in the last 200 years. This contrasts starkly with the situation in earlier years, when we were experiencing problems similar to those in the Outer Hebrides. One example of how dire matters were is that, in one year in the late 1950s, there was only one new house built on the whole island. Prior to our economic upturn, any employee on the island would expect to be paid less than his counterpart in the UK. Power rested with a small circle of people and if one of this circle took exception to you they could ensure that you never worked again on the island. While the economic boom has brought great benefits to the island, it has also masked the incompetence of the government. Huge sums of money

have poured into the island and have been scandalously wasted and misspent.

Politics has never been conventional on the island, and after the 1986 general election there was an alliance between what could be classed as Tories and Labour to form a government. This did bring some sort of order for a very short time until everyone bedded into the political system. Since then the island has seen, in essence, the same government passed on through the old boy network. Many of the liberal thinking people of the Isle of Man are very concerned that the system has turned the island into a one-party state by patronage.

There are also concerns about the media on the island, and many question its independence. The government is the largest advertiser in the newspapers and therefore the largest contributor to profits. The national radio is supported by an annual subsidy from the government in excess of £1m and an ex-government minister is the chairman of its board of directors. Given the above, it is not surprising that there is little or no investigative journalism on the island.

Political liberalism is in its infancy in the Isle of Man and was reintroduced by one of the longest serving MHKs, Peter Karran, who had desperate concerns about the current political system. All the major social improvements that had been developed during the financial boom are now in danger of being undermined in order to protect the pretensions of the government.

Mr Karran has been an MHK for 23 years and is extremely concerned about the ever growing economic madness that is taking place because of the total lack of any audit and accountability. Scandal after financial scandal is rocking the island with no-one being held to account.

FIRST LIBERALS SINCE 1901

He decided that a political organisation was needed to develop policies that were best for the nation, and not just for the select few. He formed the Liberal Vannin Party in August 2006 and in that year's general election the first Liberal MHKs since 1901 were elected.

The initial period has been difficult, but the party has the commitment of its members to fight for the basic principles that the public service should serve the public, and not vice versa, and that the government cannot have half of the money in the economy under its control without ensuring that it is both transparent and accountable for its decisions.

These fundamental principles have brought about alliances with a number of people who would not normally be political bedfellows in the UK. With these alliances, the Liberal Vannin Party gained ground in the local elections this year, taking representation in a large number of local authorities on the island. This year, the Liberal Vannin Party gained observer member status in Liberal International.

Due to its size and infancy, the party has, as yet, only three constituency branches: northern, southern and central, with the latter being the largest as it includes the capital, Douglas. It has an executive committee, which will be arranging a first conference to develop new political policies for the benefit of the island.

Liberalism has been reborn on the island with its sincere commitment to ensure that government is based on a diverse economic package that is not totally dependant on the finance sector, which accounts for approximately 70% of the economy. Were it not for the income from the finance sector, government would not have the spending power to employ what it admits to being one in four of the working population, but which some people claim is closer to one in three.

Like most political parties, Liberal Vannin is struggling with a lack of financial support and with its leaders and a few faithful members doing 90% of the work. However, membership is growing and it is determined to develop into a mature political party where the ordinary voter can have input into political decisions and have a government that looks after the electorate rather than the other way round.

Kate Beecroft is party chair of Liberal Vannin
Party website: www.liberalvannin.org

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POPULAR PATH

Economic conditions mean the Liberal Democrats could not deliver tax cuts even if they wanted to. Time to rediscover popular ownership, says Jonathan Hunt

OK, so it was Bournemouth and not Torquay, but the tax-cutting debate bore some resemblance to Fawlty Towers. No-one mentioned the war, or the recession, as we can now call it openly. Debate centred on its unspoken role in hanging on to Tory seats. Little or nothing was uttered about the imminent financial crisis.

Despite that, the new policy stance has proved a useful fig-leaf for party spokespeople, in a way that was never part of its original design. Its true purpose, as Simon Titley so accurately observed in *Liberator* 329, was all a matter of positioning.

In a debate as packed with party big names as it was devoid of clear thinking, tax-cutting was kept strictly within its contextual box as a policy document.

Even Captain Invincible, Dr Cable himself, stuck rigidly to *Make it Happen* arguments. Elsewhere, he accepted what some of us sought to point out, that tax and interest cuts along with high borrowing would be the major economic tools for fighting recession.

And, as we all know, by the time of the next election, the same economic orthodoxy will require government to raise taxes again to pay off the debt.

That sets a scenario of going to the voters in the 2009/10 election perceived as being nasty Tory tax-cutters and spending-slashers, with no prospect of implementing any of it. In short, promising populist measures we can't deliver.

Lib Dems, even Tory-entryist Lib Dems, are not very good at playing Tory games, and should stop doing it.

The earliest opportunity for promoting tax-cuts as a realistic redistributive option would be 2014/15, assuming the economy is by then back on the road to recovery. If Vince is correct in saying recession could last a decade, it would be two elections after next before we can offer tax cuts to a different electorate, coping with very different conditions.

So what hope have the Lib Dems of making that breakthrough over the next 18 months, given that the possibility of a hung parliament has not looked so likely since 1974?

Firstly, we have to be honest about tax cuts. Is it realistic to talk about "our tax cuts being permanent"? Who is going to thank us for re-wrapping last year's budget prezzies? Giving people what they already have. And it won't help in recruiting former Labour voters, who look to us for principled and radical measures in return for pushing up our vote into the late 20% range.

Our salvation should be in selling tax cuts as part of an overall programme embracing the Lib Dems' three Rs: Redistribution, Redistribution and Redistribution.

Firstly, redistribution of wealth on a much larger scale, from rich to poor directly, without touching the sides of government intervention. The poor aren't usually the main beneficiaries from higher state spending. We could try trusting them to cope sensibly with more money in their pockets.

Secondly, redistribution of power, from institutions to people as individuals and in their various communities, where they live, at work, and in their interest groups. People in power rarely know best.

And thirdly, an opportunity to bring about simple but highly radical changes though a redistribution of rights and responsibilities. Most readers of *Liberator* will have their own ideas of what should be included. There is the whole arena of consumerism. But let us start by introducing forms of democratic capitalism.

Most of us own quoted companies through our pension funds and insurance policies. They invest our money in the stock market and are thus able to vote at company annual meetings.

As members of those funds, we should be consulted where our money is invested, stipulating permitted and forbidden sectors, and policy on bonuses and ethical issues. Investment managers should be bound to follow our voted guidelines.

A long time ago in the fabled Yellow Book, Keynes and others proposed that workers should own shares in the companies that employ them. High time to dust down that volume, and throw away siren orange versions.

We don't have to go back quite so far to remember mutuality. Like me, you probably have some worthless bank share certificates rotting in your Jacuzzis, just as the working class once kept coal in their baths.

Now that the state has acquired too many banks at too high a price, we should refloat them as mutual housing or industrial societies, owned by their members and operating for their benefit, not those of shareholders and greedy managers. Lending policies would be strictly controlled, and slick get-rich-quick activities banned.

Let the supply of homes meet demand, and the market will keep down house prices. They must be held down to affordable levels, to prevent too high a proportion of resources being diverted into such unproductive holdings. That, and greedy overpaid bankers, caused the credit crunch.

It is the way of the future, and much, much more enticing than tax cuts. We once called it popular ownership. Its time has come, and with it so has ours.

Jonathan Hunt is a former Southwark Liberal Democrat councillor

IT'S THE FEES, STUPID

Dear Liberator,

I have just read David Howarth's article on tuition fees in *Liberator* 329. I have to say my heart sinks at Stephen Williams's talk of getting rid of our opposition to the damned obstructions to education – my own daughter owes £16,000 – that they are.

My ward includes the main student village for the university and several hundred more students live in my ward as well. We have a successful Freshers' Fair every year run by me with the help of, among others, Winchester's PPC Martin Tod, where we regularly run campaigns featuring scrapping of tuition fees and we have students queuing to sign with us, handing out around a 1,000 stickers every year.

This year, with Martin's help we have formed the Winchester University Liberal Democrats and started off with an all-night event for Obama's election triumph. Those students that do vote, vote for us because of our opposition to fees and, bearing in mind Mark Oaten's majority of two in 1997, they are vital to us. Please Stephen don't take this 'idea' any further as it can only do us harm. To remain opposed to tuition fees can only do us good.

Cllr Ray Love
Winchester

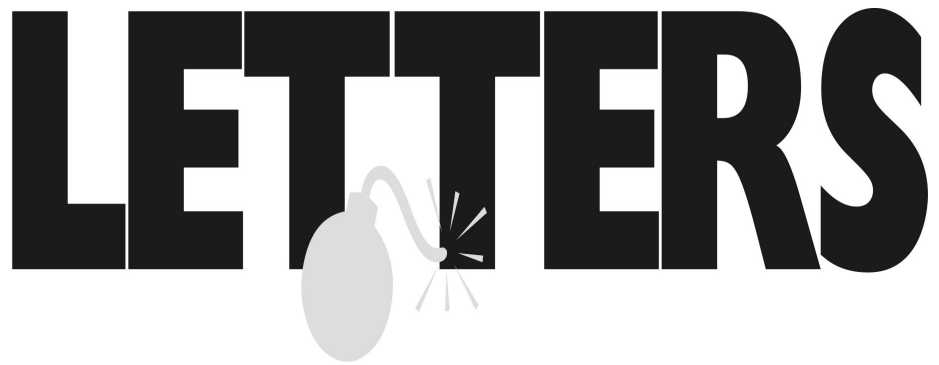
IVORY TOWER

Dear Liberator,

While agreeing with David Howarth that the party should not drop its commitment to eliminate tuition fees (*Liberator* 329), some of his arguments suggest he is living in an ivory tower.

To regard recovering from an illness as being on par with receiving the benefits of higher education is absurd. Medical treatment is a necessity, higher education isn't and whereas someone receiving treatment for a medical condition might enhance their earning power, recovery benefits the community at large by the individual returning to the workplace.

He does not appear to have considered the issue of whether funding higher education students is regressive, in that they tend to come from better off families. However, any charging is likely to make it more regressive. Ironically, it is the



large-scale expansion of higher education that has become regressive in that, if the target of 50% of people in higher education is to be achieved, it requires either higher levels of taxation or higher fees. It has also resulted not only in jobs that once required A-levels for entry becoming all-graduate professions but also some that once required only O-levels or GCSEs.

Given the cost of studying for a degree, the large scale of expansion is decreasing not increasing equality of opportunity.

David Howarth ignores one of the major problems of higher education; the lack of financial support for older students. Given the current costs, better facilities should be available for people to enter higher education later in life when they have earned some money to lessen the impact of debts.

However, the crucial issue is that public services have to be paid for by higher taxation if necessary, as Simon Titley has pointed out in *Liberator*. Critics of higher taxation have yet to explain why Scandinavian countries have successful economies and taxation levels considerably higher than the UK. I would be interested to know how David Howarth voted in the *Make it Happen* debate.

Andrew Hudson
Leyton

TREADING A NEW PATH

Dear Liberator,

In 2003 I became Councillor for the Greenhill Ward in North West Leicestershire, the constituency's most deprived ward.

Ever since, I have got more and more frustrated with bureaucracy and officers with a 'can't do, won't do' attitude, but it is also extremely rewarding when eventually you achieve even the smallest gain.

Local pavement politics is the key to many of us being elected and should never be forgotten.

We can't get any support or finance from the council, money is tight and government dictates priorities and capping levels. We must get off our butts and look elsewhere.

One prime example in which I have been involved is that a mud track used by local children travelling back and forth to school. Parents complained that their children became muddy, and no solution was forthcoming from the council.

The reality is that issues like this are bread and butter to Lib Dems. Luckily or unluckily we have a quarry right next door to our ward. The effects are quite profound; dust, noise and sometimes disgusting odours from a commercial firm, which is making substantial profits from the works

The first step to achieving some successes is to get local businesses involved from the onset.

Approaching a multinational company with a wish list can be seen as a cheek, but the key is working and living together in partnership, and surprisingly when approached local companies are keen to help.

Each community needs a champion who will fight for better services, and every community deserves a good neighbour who will invest and work in partnership with local people to make the area a better place.

We achieved with the help from Bardon Aggregates a new footpath. I'm not ashamed to admit that I went with my begging bowl asking for more, but see for yourself how a little cheek can achieve such good results,

Cllr Michael Wyatt
North West Leicestershire

XMAS BOOKS

Once again, Liberator has invited leading Liberal Democrats to recommend their favourite books of the year

Danny Alexander MP

Plane travel is getting an increasingly bad press these days, so I'm keen to learn about the alternatives. Fans of train travel tell me I should read a new book called *The Man in Seat 61*. I shall be interested to see whether it will help me avoid the man in seat 62.

Steve Webb MP

Christmas is a time for reading more light-hearted fare, so I shall relax with a humorous tome such as *Things Overheard on Planes*, an hilarious account of the careless remarks people make on board aircraft.

Brian Paddick

I went to Waterstone's the other day to get a book to help with my television career and found it hard to choose between two of them. There was *Basic Jungle Survival* by Smith and Jones, which was very good, and *Jungle Survival: The Basics* by Jones and Smith, which was very good too. I am sure all the authors put a lot of work into writing these books so it did not seem fair to choose between them. I bought both and I suggest you do the same. I also bought *Advanced Astrophysics* because the girl on the till looked unhappy and I wanted to cheer her up.

Mark Littlewood

This Christmas I shall be re-reading *The Rise of Militant*, a brilliant study of a group under shadowy external control that once tried to take control of a major political party. Are there parallels in the Liberal Democrats today?

Vince Cable MP

One doesn't wish to gloat, but this year I have taken a modicum of grim satisfaction from the fruition of my predictions about the economy. Accordingly, this Christmas I shall be reading the works of JK Galbraith and reflecting that we are all Keynesians now.

Lembit Öpik MP

Since my surprise defeat in the Liberal Democrats' presidential ballot, I have been reading Walter Bagehot's classic *The English Constitution* and contemplating the iniquities of various electoral systems. The single transferable vote is somewhat overrated, I find.

Stephen Williams MP

I'm a big fan of Steve Coogan's student-hating comic creation Paul Calf, and Christmas is a time to relish some of Calf's gems: "There was a student, he was acting up, he got a slap. But I was under severe provocation. There I was, having a quiet pint, when a student walked past and nudged me, causing me to spill a bit. I did what any fine,

upstanding citizen would do. I followed him to the toilet and kicked his head in. Perhaps I should have stopped kicking him when he was in the ambulance. But I did what I did because I want to live in a world where we can have a pint without fear of being nudged by a student. Is that a crime? Is it a crime to want to live in a world of peace and harmony? Is it a crime to live in a world of love? Is it a crime to hit a student across the back of the head with a snooker ball in a sock?"

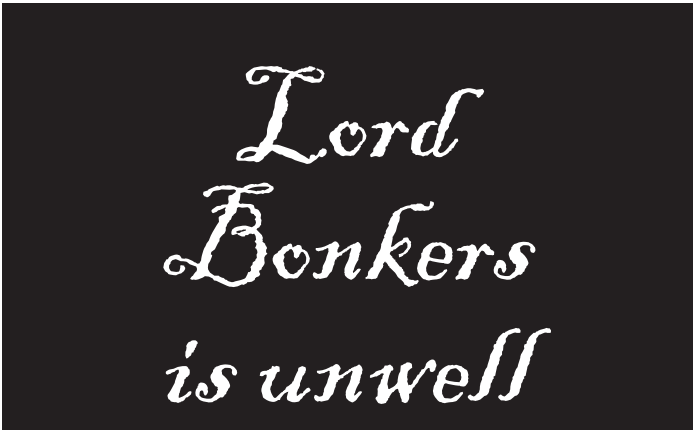
Chandila Fernando

Tolstoy's *War and Peace* – what a load of rubbish! It is far too long to start with and he should have put the battle scenes at the start to grab people's attention. In today's 24/7 media environment, no one is going to waste time reading unless there is a clear payback on the bottom line. And the other day I learned that Tolstoy originally wrote it in Russian. Can you believe it? If he had taken the time out to Google he would have found there are 322 million English speakers in the world and only 170 million Russian speakers. It's a no-brainer!

Nobby Shuttleworth

A northern stand-up comedian like me has to be versatile and these days a lot of folk go for impressions. Any road up, I says to the wife, I need to brush up my impressionist act so can you get me a book about impressionists? The daft old bat gives me this book full of paintings by some frog bloke called Monet! Next thing I know, I'm booked to do a turn at Inverness Liberal Club and they want me to do an impression of Nick Clegg. With no time left for rehearsals, the only thing for it was to practice on the plane up to Inverness. Luckily, I were sat next to Danny Alexander and he thought I sounded just like the real thing.

Book recommendations compiled by
Jonathan Calder and Simon Titley



Lord
Bonkers
is unwell