liberator

- How to Really Face the Future – David Boyle and Simon Titley
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- The great pensions grab – Janice Turner

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COMMENTARY

FUTURE IMPERFECT

We've done something unusual with this issue of Liberator in that we've printed in full the *Really Facing the Future* paper, published on our website in September by David Boyle and collective member Simon Titley.

Devoting this much space to a single subject might seem strange but this is the document the party should have produced in its *Facing the Future* exercise.

There was little that was specifically wrong with *Facing the Future* but it came across, as suggested in Liberator 348, as sterile and timid, anxious not to offend anyone or cause controversy.

It was kind of OK at a time when the party needs something of greater substance to help equip it to fight a general election in which it will simultaneously have to defend its record in the coalition (as opposed to the coalition's record) and offer something that gives people a reason to vote for it beyond the rather desperate argument that the Lib Dems will 'moderate' someone else.

No one will agree with everything in *Really Facing the Future* but they should at least recognise that the issues it identifies are those that will shape political debate over the coming few years.

Where the conference motion that endorsed *Facing the Future* ended up with a list of 17 priorities (which means that everything and nothing is a priority), *Really Facing the Future* found five: climate change; the global financial crisis; the increasing scarcity and price of oil; the corrosion of society; loss of trust in democratic politics.

It concluded that none of them is beyond humanity's capacity to solve and that it is the party's job to produce a coherent and distinctive idea of how they should be tackled.

That task requires imagination, courage and leadership, in all of which the party's recent policy work has been deficient.

It also argued that, since 1989, mainstream politicians have stopped competing on ideological grounds and have instead tried to agree with public opinion as expressed by opinion polls and focus groups.

The result has been the replacement of a contest of political ideas by one of brand loyalty, which has alienated voters, made mainstream political parties sound much alike, and led to falling voter turnouts and falling trust in politicians.

For the Liberal Democrats to break out of this, the party needs to stake out a position without being inhibited by a fear of causing offence, and must think more about how it can inspire people.

Really Facing the Future is an attempt to kick-start this process. Parties that end up facing the past rarely get far.

HARD BUT NECESSARY

When direct elections to the European Parliament began in 1979, the constituencies used were gigantic and the Liberal Party's chances of winning any of them remote.

Those running the party at the time must have been tempted to think: "Stuff this waste of time and money, let's leave these alone and concentrate on the local elections".

But they didn't. They realised that the party's credibility demanded that the Liberals had to fight, even if the results would be indifferent.

Similar sentiments are now around with regard to the police and crime commissioner elections in autumn 2012.

It goes without saying that the creation of these posts is absurd and that, if the whole thing blows up in the Tories' faces, the results will be richly comic.

However, that is not a reason to fail to field official Liberal Democrat candidates, even though most constituencies will be geographically vast enough to be inconvenient to fight and unpromising in outcome.

There are those who argue that the party ought instead to back 'well respected' independents. Who, exactly? The constituencies will be so big that it would be remarkable were anyone well-known, never mind respected, across the whole of them. The only people remotely likely to come into this category are retired chief constables, and does the party really think they, as a matter of course, deserve support?

There is already every danger that these elections will attract as candidates hangers, floggers, posturing buffoons who promise to 'get tough', frustrated amateur detectives, would-be vigilantes, and cranks and loonies of every kind.

Their chances of victory will be greatly enhanced if the main political parties withdraw from the battle.

Even if one's local police commissioner ends up being an official Conservative or Labour candidate, they are at least accountable for a party manifesto and can be kept under control by their party. Independents lack even those safeguards over their actions.

It may well be that Liberal Democrat police commissioner candidates struggle to get heard when presenting a rational platform aimed at actually reducing crime, rather than grandstanding about it.

Tough. That is what sometimes happens. We are lumbered with these posts, and the party's next manifesto should commit it to abolishing them.

RADICAL BULLETIN

IT COULD BE YOU!

Those seeking a successor to Chris Fox as Liberal Democrat chief executive are not leaving anything to chance. They are trying to headhunt party members who are of some standing and have held senior management posts.

Unfortunately, the response given by many of those thus identified involved bargepoles, since, whatever the official job description says, the postholder is likely to be held responsible for the result of the next general election.

Fox announced in the summer that he would be going, soon after the forcible departure of most of the campaigns department (Liberator 348).

One source told Liberator that a factor in Fox's decision was the row over the reorganisation of campaigns, which saw part of the work farmed out to ill-prepared and ill-financed regional parties, to the considerable anger of MPs who rely on these staff.

These staff had previously been paid by both the English regions and the Federal party but, when the latter pulled out, it left the regions to make up the missing £150,000 as best they could.

Aggrieved regions were ready at conference to vote to change the levy paid to the Federal party from membership subscriptions by an equivalent amount. A concession therefore had to be made, and the regions were promised that funding would continue somehow after all.

Anyone who fancies dealing with this kind of imbroglio is directed to the job application pack for the chief executive post.

This document is much as one would expect, apart from a silly reference to "building world-class policy, communications, campaigns and marketing teams". 'World class' is now so casually used as to mean nothing.

It shows eight directors and service heads directly reporting to the chief executive, though this does not identify a mysterious personage said to be styled the 'director of human resources', who is reported to have appeared at headquarters just when there are fewer humans than ever to direct.

The party offers 'a competitive package'. It will have to. Since the merger, only Graham Elson (1989-97) and Chris Rennard (2003-09) have managed more than five years in the job, and it is not much less than that until a general election.

ALL OF ONE MIND

The Liberal Democrat conference occasionally passes motions unanimously, but for one to be rejected by all but three people in the hall is unprecedented.

So there has been much puzzlement about exactly what rush of blood to the head induced Jeremy Hargreaves and Judith Jolly to submit a standing order amendment to September's conference that would have stripped conference of its right to decide which emergency motions it will debate.

This proposal would have merely allowed the Federal Conference Committee to put emergency motions to conference and allowed, rather than required, it to ballot representatives to decide which would be debated.

There would be little chance of persuading conference to give up this right at the best of times, and none whatever at a conference marked by rows about which emergency motions would be taken.

FCC members were quick to distance themselves from the hapless Hargreaves, saying that the whole thing had been his idea and nothing to do with the committee itself. They, at least, can recognise a stiff when they see it.

Standing orders can still have some bite. The opening day of this autumn's conference saw a rare attempt to suspend them to allow a debate on a Social Liberal Forum motion on the Health and Social Care Bill.

This followed on from the drubbing administered to the Bill at the spring conference, which led to Nick Clegg and Paul Burstow (to the apparent relief of the prime minister, who seemed not to understand the original version either) hurriedly making substantial changes to it.

There were those who wanted conference to decide whether these were substantial enough.

FCC was clearly leant on from on high not to reopen the whole thing, and the vote to suspend standing orders ended up with the worst possible result, with 235 voting in favour and 183 against, a majority but not the required two-thirds.

Thus the leadership failed to convince the majority of conference that it had done a good job on revising the Bill, while the conference was unable to make its view properly known.

Bad politics all round. If the party leadership had said, "we've got a good deal, and are more than happy to commend it to the conference", and made some robust speeches, they would almost certainly have won.

Even if they hadn't, the party could then have said in future that it had pressed for further improvements to the Bill only to be thwarted by the Tories.

Instead, the debate was ducked, leaving no-one happy, and the implication that the leadership so lacked confidence in the changes secured to the Bill that it lacked the courage to defend them.

PLODDING THROUGH

The row about police accreditation for conference duly made it to the agenda in Birmingham, where representatives who had just been subjected to

the process were able to make their displeasure known.

Amendments were rejected that said, in terms, that accreditation was either not needed or was unproblematic, leaving the main motion to be passed easily.

This noted that the party's general election manifesto had said: "The best way to combat terrorism is to prosecute terrorists, not give away hard-won British freedoms."

It condemned the system of accreditation used at Birmingham, because this required personal data to be disclosed to the police, and called on the parliamentary party to seek to change Home Office guidance on holding political events.

Federal Conference Committee was urged to "negotiate security arrangements for future conferences which protect the privacy of members' personal data and which respect the party's constitution and internal democracy".

Among the grievances was not merely the accreditation process but also the way registration was run.

The website used was cumbersome, and many people (especially those with the misfortune to have names from the far end of the alphabet) had no way of knowing whether their accreditation application had been accepted in a reasonable time to book affordable transport and hotels.

Norman Lamb's media briefing on conference a week before the event was, for example, diverted by angry journalists who had still not been told whether or not they were accredited.

On arrival, there were three separate photo identity checks within the space of 20 feet and some genius had decided that the badge lanyards would have metal clasps, which meant that every delegate set off the detectors, necessitating a full frisking.

There has also been some discontent about the cost of attending. Anyone not in a position to decide until late whether they could attend faced a swingeing £130 registration fee, and city centres do not have the cheap accommodation found in holiday resorts.

It will be interesting to learn how many delegates there were, since one minister reported unprecedented and alarming chasms of empty seats for the leader's speech.

Surely the massed ranks of lobbying spivs could be screwed for even more to keep down the costs to delegates?

LOSING THE BLUES

Here is a genuine congratulation to Federal Conference Committee. The stage set in Birmingham contained not a trace of the hideous 'aqua' colour. It was proudly yellow throughout and thus self-evident to television viewers which conference they were watching.

This was a welcome change after the catastrophic set used in Sheffield, which was all aqua and made the event look like a Conservative rally.

Now that this slightly paler-shade-of-Tory has been ditched for one conference, it should be ditched entirely. It is visually vile and makes the Liberal Democrats look like Conservatives at a time when the party is trying to establish some distance from its coalition partner.

Aqua distorts the party's political message, and is not worth using just because some politically-illiterate designer thought it looked nice.

SICK LIST

"Buzz, buzz", went parliamentarians' mobile phones. Did any of them fancy standing in for Charles Kennedy, who had been due to address a fringe meeting but was absent from Birmingham due to a family illness? Kennedy was not seen in Birmingham, giving rise to predictable speculation as to why.

This is not the only speculation surrounding Kennedy. With Scotland due to lose a large number of parliamentary seats in the boundary changes, will he retire to the House of Lords and make way for Danny Alexander? Their seats, plus that of John Thurso, are in effect merged into two.

If Kennedy declines to budge, there is another scenario. His luckless successor as leader Sir Menzies Campbell could be told that ermine beckons for him, leaving his winnable seat looking for, say, a displaced Liberal Democrat cabinet minister.

GOT THE MESSAGE?

The extraordinary result of the ballot of Liberal Democrat members for a London mayoral candidate saw Brian Paddick defeat Mike Tuffrey by just 1,567 votes to 1,476 in the second round.

In the first round, Lembit Öpik slumped to a derisory 8.1% of the vote, falling to fourth place behind Brian Haley, of whom few outside Haringey had heard before the campaign started.

Everyone, of course, had heard of Öpik. And that is his problem. Everyone has heard of his loss of his parliamentary seat, embarrassing cavorting on reality television shows and in celebrity magazines, work for the Iranian government-owned Press TV and recent association with fringe libertarians.

Many will also have seen his bizarre post-defeat statement to the BBC: "I think like every great politician you have to have some wilderness years. Nelson Mandela had them. Many other people had them."

Perhaps Mandela once compared himself to Öpik, but Google searches suggest not.

Öpik was once, and may one day be again, a figure of serious political weight and ability. But he is also one who now utterly lacks political judgement and, until he recovers it, his run of losing his seat, being soundly thrashed twice for party president and now this humiliation in London will surely continue.

One unexplained peculiarity of Öpik's behaviour concerns Merton party member Simon McGrath.

McGrath served as chair's aide at the borough's hustings for mayoral candidate and wrote an even-handed account of the event for Liberal Democrat Voice. Öpik subsequently tweeted: "I am amazed at your comments Simon McGrath. Why did you chair last night's meeting given that, in your own words, you were already against me?"

Local councillor Mary Jeanes, who has rarely been mistaken for McGrath, in fact chaired the meeting, at which Öpik was present.

OFFSHORE STATE

A fiscal union across the eurozone threatens to leave the UK in limbo, says Andrew Duff

Britain's relationship with Europe is about to enter a new phase. Salvaging the euro and laying the foundations of economic recovery forces the EU into much deeper political integration. What is likely to emerge, and rather quickly, is a fiscal union in which the larger part of the sovereign debt of the member states is mutualised and collateral shared.

This union will enjoy a larger budget than now. It will need political solidarity among EU electors and taxpayers, and a credible federal economic government working by majority vote, including a treasury. My guess is that, by next spring, there will be a new constitutional convention shaping the radical treaty revisions needed.

The EU has long resisted such a development. The governance of the eurozone was left weak on purpose at its foundation, and has not been strengthened since. British prime ministers have had a star role in all this, participating in EU treaty and legislative negotiations only to limit the scope and force of change. At Maastricht in 1991, John Major fought to oppose the insertion in the new treaty of the 'F-word' – ironically leaving everyone to this day stuck with the centralising 'ever closer union'. Major also started the habit of extracting for Britain a clutch of opt-outs including from the euro.

A decade later, Tony Blair refused to allow the words "on a federal basis" to be put into the new constitutional treaty (now Lisbon). Although he ditched Major's opt-out from the social chapter, and looked and sounded more agreeably European, Blair marshalled his troops behind 'red lines' to defeat the federalist tendencies of the mainland Europeans. The UK has therefore evaded the passport-free Schengen area; it has assembled a fistful of derogations from most of EU justice and interior affairs policy; it tries to ignore the EU's Charter of Fundamental Rights; and, worst of all, it has bred a popular culture of deep animosity against Europe. This is not a class or generation thing: much of the British political establishment, including the media, is ignorant and prejudiced about the EU.

Now we enter the age of the coalition government. To be fair, Cameron, Osborne, Hague and Fox are not just posturing as eurosceptics: they are all wholly genuine in their hostility to the UK's participation in any further European integration. Unlike Gordon Brown, David Cameron seems relaxed at being uninvited to eurozone heads of government meetings. He has let slide hitherto good relations with other EU non-euro states, notably Poland, which are clearly still committed to their countries' eventual membership of the euro. In an astonishing turnaround of British policy, coalition ministers no longer argue that further limitations must to be placed on the powers of 'Brussels' but that political integration on the mainland must proceed apace. This is a reversion to the policy of Winston Churchill who, as early as 1946, promoted the idea of a federal Europe without Britain.

George Osborne talks of the 'remorseless logic' behind fiscal union. Former prime minister John Major said on 9 July: "It is not hard to look ahead and imagine a eurozone with fiscal – as well as economic – union, in practice if not in name."

He added; "By choice and with majority public approval, we are semi-detached members of the EU." He recognises that the development of a transfer or fiscal union on the continent would push the UK "further away from the mainstream of the EU".

That the Tory party is happy to drift apart from Europe poses a big dilemma for Liberal Democrats. Nick Clegg tries to put new energy and emphasis into the campaign to complete and sustain the single market. This is certainly in the national interest. But only so much can be done at the level of all 27 member states. A key issue in the new treaty negotiations will be how to link the three concentric circles of 'ins', 'hopefuls' and 'outsiders' in a legal framework that does not shatter the cohesion of the European Union.

Thanks to the coalition government's folly of the EU Act, there will surely be a referendum in Britain on such a major reform package. Nobody can expect the answer 'yes'.

Britain's partners are well aware that the EU Act effectively imposes a UK veto on the constitutional evolution of the European Union. So evasive action will have to be taken. First, the new treaty will have to enter into force before all states complete their national ratification. Second, a new category of associate membership needs to be created for those countries that choose not to participate in the new federal political entity. The coalition partners must now begin to question whether they have either the moral authority or the political will to stop this parting of the ways between Britain and Europe.

Clegg should be wary. Major's view is that "every recent prime minister has ended up less European than he, or she, began". Cor blimey.

Andrew Duff MEP (www.andrewduff.eu) is president of the Union of European Federalists. His pamphlet 'Federal Union Now' has been published by the Federal Trust (www.fedtrust.co.uk)

MONEY MAD

Why the obsession with GDP when it fails to measure what is really important, asks Julian Huppert

Gordon Brown began his 2007 budget speech with a rather impressive fact: his budget was "built on the foundation of the longest period of economic stability and sustained growth in our country's history" – his assertion justified by Britain registering positive Gross Domestic Product (GDP) figures for its 59th consecutive quarter.

With the benefit of hindsight, the strength of these economic foundations was deeply overestimated. But, more importantly, the disconnect between growth in GDP and progress in British society has now been brutally exposed. GDP is of course not the only measurement of progress but each of these analyses used measure relative economic success based on comparative monetary values, and then equates 'growth' with 'progress'. This is not how humans view their own successes, and it is not how we should view progress in society. By coupling economic growth with progress, and measuring it obsessively, we have warped how we view achievements in our own lives and the societies in which we live.

The public debate surrounding the London riots was defined by an obsession with money. The media asked what was the exact cost of the riots, and how would people be reimbursed? Were existing wage differentials, or benefit dependency, to blame? Was the level of unemployment, or private household debt burden, a factor? It is much more useful to ask what these economic indicators actually mean to people. Is your well-being sufficiently improved by receiving the exact monetary value of the property that was destroyed? What is the impact on you, and your well-being as a person, of having a drastically lower wage than the richest in society, or of living in a household in which no one works? Is it more relevant how much you earn, or how much you earn relative to those around you or on the TV? How is your well-being affected by being out of work, or being heavily indebted?

Not only does GDP cause us to ask the wrong questions; it measures a lot of things that don't improve our well-being.

If it wasn't that the rioters hurt retail sales and small businesses, the riots could very well have had a positive impact on GDP – creating jobs for those who repaired the damage, funded from a mixture of insurance and government money. It would be morally reprehensible for anyone to suggest that this subsequent rise in GDP is a good thing, so why are we so fixated by those quarterly statements?

GDP doesn't take any account of the environment in which we live, but studies have shown that good air quality and access to natural environments can dramatically improve a person's life. Indeed, as I highlighted in my maiden speech, the clean-up operation from an oil spill has a positive impact on GDP – but we wouldn't consider more oil spills something to aspire to.

So rather than simply promoting economic output, and just trying to close the gap between the wealthiest and the poorest in society, we also need to assess and influence things like well-being, and how people feel and flourish. There is now a lot of good research to show that many psychological factors are a much better determinant of happiness and well-being than yearly income. The recent Liberal Democrat 'Quality of Life' policy paper outlined a large number of areas where understanding well-being in this way can drastically improve public policy.

The debate at conference surrounding the paper reminded us that there is a real danger that such policies can be viewed as nannying and bureaucratic. In encouraging people to 'flourish', there were concerns that governments could begin to force people to be free, something that liberals have always guarded against.

But this is not the intention, and liberty is more than just the most basic Lockean form: freedom from imprisonment, and freedom from oppression. Personal agency and an ability to live your life in the way that you choose are crucial to the success of individuals and society as a whole – and to liberal thinking. To highlight just one example, assessments of happiness and well-being have shown that people thrive in strong local communities that have an identifiable social focus, such as a pub.

It is certainly not the role of the government to force people to build pubs, let alone go to them. But the government can make it easier for people to defend them; they can send a clear message, through planning regulations and local authority powers, that such community assets contribute to well-being. They can ensure fair pricing, and adjust the playing field to favour pubs – or other social foci.

In my constituency of Cambridge, residents are fighting to preserve the independent shops along Mill Road because they value what it adds to their lives, not simply considering what a new range of superstores could do to GDP.

Human progress is not, and never has been, the sum of our physical output. Money is a tool, not an end in itself. The post-war consensus has made it difficult for policy makers to realise this fact, but by having regard to advances in psychology, and thinking about what actually matters to people, we can start to understand and encourage personal well-being, and measure our progress in a meaningful way.

Julian Huppert is Liberal Democrat MP for Cambridge

THEIR HANDS IN YOUR PENSION POT

The party that introduced old age pensions cannot stand by while the other two main parties destroy reliable provision, says Janice Turner

On 30 November, millions of public sector workers will be taking strike action in protest at our coalition government's proposals to cut their pensions. It is entirely possible that it will be the biggest stoppage since the general strike.

The proposals to which they object include increasing pensions by the consumer prices index rather than retail prices index, which on its own will wipe more than £100bn off the value of public sector pensions. They also oppose increasing pension contributions during a pay freeze, which is itself reducing pension liabilities, and the move from final salary schemes to career averages.

Currently, everyone with an occupational pension has, in effect, two pension ages; one for an occupational pension and another for the state pension. Thus, linking public sector workers' occupational pension scheme retirement age to the state pension age means that, whenever the government raises the state age, six million public sector workers will suddenly have to work longer before they can retire on their full pension. The private sector does not have pensions linked in this way.

So are these public sector pensions so expensive that they have to be cut? The short answer is 'no'. In the public sector, the average pension is a mere £7,800 a year, which is beneath the poverty threshold. The average for women is half that.

And what makes these proposals deeply unfair is that, only three years ago, public sector workers accepted substantial changes that made their pensions a lot cheaper for the government.

I have been a private sector pension scheme trustee for more than 16 years and a study of public sector schemes indicates that they are now no more expensive than private sector defined benefit schemes.

Changes already accepted have lowered the government's contribution below the amount private sector employers tend to pay for final salary pensions, between 11 and 16% of salaries. The bill for all public sector pensions will fall as those with the older, more generous, pensions die off.

The changes so far mean that many public sector workers already pay more than typical private sector workers. If contributions increase, as the government proposes, to a 50% increase for many, they will pay more than pretty well everyone else for their pensions.

Increasing prices and the pay freeze mean that many public sector workers will be unable to afford to continue in the pension scheme. Funded pension schemes depend on each subsequent generation to keep the contributions coming in, so this could spell disaster for the Local Government Pension Scheme, for example.

Currently, when a public service is contracted out, those employees who transfer to the private sector have to remain in their existing pension scheme or a broadly similar one. A proposal in the Open Public Services white paper would scrap this to encourage privatisation.

MEAN AND INDEFENSIBLE

Removing this obligation will guarantee that private sector bids undercut the public sector and so lead to a vast expansion of privatisation at the expense of thousands of people's pensions. This mean, indefensible idea can still be defeated.

Sadly, this government's public sector proposals betray the same opportunism and short-termism that private sector workers suffered at the hands of both Labour and Tory governments over the last 30 years. They have all seen pensions as a convenient way to save money by creating a massive problem that will only emerge when someone else is in government. They, particularly the Labour government, allowed the private sector pension system to be run in the interests of the pensions industry and not scheme members.

Defined benefit (DB) pension schemes (final salary and career average schemes) in the private sector have to plan decades into the future. We have to plan now to ensure that our schemes will have enough money in 30 years' time to pay the pension of someone who is 35 today.

The pensions industry would have you believe that private sector DB schemes are dead. Not true. There are still 2.4 million people in them. But what is true is that they are all under threat as a result of previous governments' policies.

In the 1980s and 1990s, the Conservatives allowed companies to take contribution holidays and reduce pension surpluses. This prevented pension funds from building up enough assets to get through the last decade when the markets crashed.

But worse was to come. One of the first things Gordon Brown did was to help himself to billions of pension fund assets by abolishing tax relief on the dividends pension funds got from their investments.

Then he really undermined DB schemes by introducing fashionable accounting rules that instantly made these schemes unstable and forced them into short-termism. Schemes have to be revalued every three years, and the effect meant that your pension scheme could survive or close purely on whether it was valued on a good or bad day on the markets.

This is fairyland economics. According to the Pension Protection Fund, on 12 July schemes in total had

combined deficits of £8.3bn, but six weeks later it was £117.5bn. Companies can't create a business plan when they've no idea whether their pension fund deficits are going to be zero or £500m.

As if things couldn't get any worse, the Pension Regulator is trying to make companies pay off these deficits within ten years. Don't forget, all this money is needed to pay future pensions, not immediate ones, so all this does is make many companies choose between shovelling a lot of money into the pension fund, or closing it.

When DB schemes close, they still have to carry on going, investing the money and paying pensions. But members stop building up benefits in them. So even though the scheme has closed, the pensions industry still gets paid, administering the schemes, investing the money. And the scheme members are then advised to make additional provision – so the industry gets paid a second time.

Defined contribution (DC) schemes have been introduced when DB schemes closed. The only thing you can define is how much is put in; your pension depends on the performance of the investments. The risk is entirely on the ordinary scheme member, and many people believe that these schemes are not fit for purpose.

First, many employers have reduced the amount they pay in – the total contribution from employer and employee averages 11%, half the average payment into DB schemes. So these schemes aren't going to pay out anything like the amount that DB schemes do.

They are not really collective schemes: each member has their own pot of money and has to choose what to do with it. Most people would rather not have that level of responsibility; DB scheme members don't. It's a huge burden.

In August, if two people were retiring on the same day and one had moved into less risky investments as they got older, but the other had not, the first one would not have suffered too much but the second would be in despair.

DC pensions now have such a risky reputation that some do not join a pension scheme. Those who claim that people with good pension schemes today are being unfair to the next generation don't understand pensions. If we don't make provision today, it's tomorrow's workers who'll have to pay up to keep poverty-stricken pensioners off the streets.

Our party has one hell of a reputation to live up to. A century ago it brought this country the old age pension.

Working people have been let down by the other main parties. The excuses being used by the Conservatives to attack public sector pensions are the same as those with which Labour attacked private sector schemes. Last time it was gold-plated private sector schemes. This time the gold-plated public sector schemes are said to be unfair on private sector workers, and the only reason they look good is because Labour attacked the private sector first.

RACE TO THE BOTTOM

The way both parties have behaved has made this a race to the bottom and the losers are going to be in both the public and private sectors. Only our party, if it has the vision and the courage, can sort out this mess. What do we do?

First, we have to honour the commitment in the coalition agreement to safeguard key benefits and pensions, and our fundamental principle that none shall be enslaved by poverty. The government's public sector proposals don't do this.

We have to take the same long-term view that Asquith and Lloyd George did, to ensure the long-term survival of DB schemes in both the public and private sectors. Dumping Brown's fairyland accounting rules would transform private sector DB schemes overnight.

We have to allow the private sector to explore fairer, more dependable models of provision for those not in DB schemes. All people want is to pay their money into a scheme and be certain that they'll get a decent pension when they retire, and that isn't something they have right now. They don't want 'lifestyle' or 'default' options. Trust-based collective defined contribution schemes, big enough to incorporate a promise of at least a minimum pension, are the direction to take.

And we also need the government to get tough on fees, charges, disclosure and transparency in the pensions industry. There is something deeply wrong when a pensioner has to think twice about turning up the heating while the investment banks sit in glass palaces in the sky.

There's a lot of talk about sharing risk but it is very hard to see where the investment banks bear any risk. The institutions that invest your pension fund's assets usually take the same cut even when they fail to meet their targets. While billion pound-plus schemes have the muscle to negotiate, the vast majority are very small and the City just sets the fee and shrugs its shoulders. I don't see why an investment company shouldn't share the pain when its failure to provide a return has caused the fund members to have to work longer or get a smaller pension.

We need to take back control of the private sector pensions system and ensure that it is run in the interests of the members, not the industry. Vince Cable's call for shareholder activism, and against short-termism in pension fund investing, must be supported, though if he is to succeed it will take more fundamental reform.

The last time our party took action on pensions, it changed British social history for ever, and it's fantastic that our pensions minister Steve Webb has proposed to increase the state pension. We should remember that, when we introduced the old age pension, the Tories said it was unaffordable. The courage, vision and determination of the Liberals then ensured its success. Now, the Tories are trying to cut public sector pensions by saying they cannot be afforded, though they believe a cut in the top rate of tax can be afforded.

This is one area of public policy where the Liberal Democrats can, and should be, putting forward policies radically different from both Tories and Labour. And God help the working people of Britain if we don't.

Janice Turner is an executive member of the Social Liberal Forum and co-chair of the Association of Member-Nominated Trustees, whose members are responsible for some £200bn of pension fund assets

NO FIGHT TO DUCK

Failing to run official Liberal Democrats as police and crime commissioners will hand these posts to right-wing populists, warns Nick O'Shea

Policing in this country has a tradition of being separate from the political establishment. As crown servants, the police are responsible to the local police authority; even the home secretary has limited ability to give direction.

However, look at what happened when Cameron and May dashed back from holiday to 'take charge' during the riots in August. Presumably this involved giving the police advice or perhaps even instructions. The president of the Association of Chief Police Officers, Hugh Orde, and his members were neither impressed nor happy. How many elected commissioners would not do the same, or get involved with high profile investigations, particularly ones with a 'people' angle such as a child sex abuse case, so as to be seen to be earning their pay and improving their chances of re-election?

Most election campaigns run on a set platform of issues covering the responsibilities of the role being elected. I cannot think of a more boring set than managing crime prevention, the police budget and occasionally appointing a new chief constable.

How on earth can this be made into a headline grabbing, sexy political campaign? The answer is that the campaign may have nothing to do with the role, but act a referendum on the government, or if the main political parties do not nominate candidates, a contest to see who can appear hardest on crime, exploiting the most vulnerable and appealing to the most reactionary forces.

This will be exacerbated if the Tories do not stand candidates but offer support to suitable independents, a clear attempt to portray conservatism as 'non-political' and painting those of us who oppose this as 'politicising' an otherwise non-political election. At the Labour conference, suggestions were made that Labour too may not stand official party candidates. This bogus 'de-politicisation' will make it even harder for the public to choose who to elect, and make the campaign harder all round.

What sort of person will want to become a police commissioner? On the surface, the duties hardly sound either full-time or too demanding, or glamorous. Would they therefore attract the right sort of people, and would they have enough to fill their day and earn the £100-125,000 salary without feeling the need to get involved in the operational side of policing?

The real role of the commissioners will probably not really crystallise until the first have got their feet under the table. However, anyone elected will not expect just to sit in an office and help the chief constable manage his budget. Whatever the law says and the police need, these people will see themselves as elected to manage and direct the police. Expect lots of arguments between elected commissioners and chief constables, and the departure of more senior police offices as control of the police becomes more politicised.

This will go completely against the ethos of non-Metropolitan policing in this country, with the police authority made up of a mixture of elected and appointed members, none really holding huge sway, most doing other things in life, and with the police accountable to the public.

Few police authority areas are really coherent political units. None have the trappings of a natural 'constituency', with widely read or viewed local media.

Local media are inadequately organised or placed to provide fair coverage of a dozen or so individual campaigns in their areas. Local newspapers probably have the best coverage and reach, but they generally have a fairly reactionary "flog 'em and hang 'em" style and so will provide an excellent platform for populist candidates, skewing any chance of having any real debate on the issues, especially if the main parties do not get involved.

Consequently it will be difficult for candidates to get their message across, a problem exacerbated if the major political parties do not stand official candidates. This is particularly challenging given that there is now little more than a year for any candidate to build recognition.

The result will be that those who bother to vote will have relatively little knowledge of the individuals or their policies. They are very likely to be swayed by candidates who run highly populist campaigns with the support of the generally reactionary local press. The results are almost a foregone conclusion.

The temptation for the party to follow suit if the Tories and Labour do not nominate candidates is doubly worrying.

Do we alone stand official candidates, to see them swamped by anti-government protest votes (again), standing and falling by our principles while others hide behind 'non-politicisation' and bolster the forces of reaction? There is no real alternative other than to stand as Liberal Democrats, promote genuine liberal policies for policing and reducing crime (and the fear of crime) and to fight the 'independents' put up by the Tories.

Nick O'Shea was a Liberal Democrat councillor in Mole Valley (Surrey) during the 1990s, and stood again last May. His grandfather and father were both police officers in Surrey, as is one of his sons

FIGHT FOR EUROPE

If a referendum on EU membership comes, the Europhobes will offer a future only of naked impotence and posturing irrelevance, says Dirk Hazell

Andrew Duff generously shared erudition and integrity in his recently published pamphlet *Federal Union Now*, but there are two big caveats.

First, dismay at the European Union Act 2011 must never become broken acceptance that the UK and EU will part. *Courage, mon vieux*!

Second, while Andrew rightly sees carbon taxation as viable funding for the EU, taxing financial transactions could further damage one of the EU's most significant – if historically under-regulated – economic assets: London's financial services centre.

When British voters were directly tested on British participation in the European project, the verdict was massive endorsement. The next British referendum to determine Britain's future participation in Europe will be the political fight of a lifetime. The stakes are huge but the outcome can be positive and cathartic, and can refresh Britain's discredited political class.

Those of us wanting Britain to shape Europe's destiny from within must energise ourselves in a different mind-set. We must demonstrate that engagement in Europe is in Britain's overwhelming national interest and we must confront shibboleths with greater political energy than has been expended since Britain helped to win the Cold War.

For Liberal Democrats, our case is substantially federal; the public interest lies both in restoring transparency on which politicians take which decisions, and also in subsidiarity, with decisions taken as close as practicable to people. Our case for Britain in Europe is not for an omnipotent EU level of government. An important part of our case must make good the democratic deficit.

Keeping Britain in Europe also amounts to sustaining the UK, albeit in more federal form. Is it conceivable that Scotland would for any significant duration be foolish enough to remain part of the manifestly sinking ship that England outside Europe would become? Could today's miraculously delicate balance in the island of Ireland – so tragically hard-earned following the herd's rejection of Gladstonian Home Rule – remain undisturbed if England left the EU?

Consensus must often be challenged and must not substitute for the analysis the British people are entitled to expect from those seeking political leadership over them.

Britons soak under a deluge of mostly ignorant consensus about the euro.

When in the 1980s I helped to give Geoffrey Howe the ammunition he needed to persuade Margaret Thatcher to allow the Single European Act, my proposals for a single European market did not include a single currency like the euro. A British pragmatist, I instead pointed to a template more like the new 'eurobonds', currently being considered to pool sovereign risk within the eurozone.

When I spoke regularly to leading German bankers in the early 1990s, they all understood what was involved in swapping the Deutsche Mark for the euro, but the massive political decision was knowingly taken to proceed.

We are where we are. The euro is a fact of life. It is far more likely to become the world's dominant reserve currency than it is to collapse. Germany and France have such a massive interest in the survival of the euro that any alternative is inconceivable; the euro has become an essential component of a liberal Europe to which the only probable alternative is some form of fascism.

And whither sterling, once market sentiment grasps that the euro has been rescued as a strong currency with low interest rates? The British financial press is just starting to see glimmers of challenge to today's consensus that Britannia's sterling is a safer bet than Frankfurt's euro. One does not require the analytical refinement of a rocket scientist to divine circumstances in which the UK may, in less than 1,000 days, need to seek admission to the euro at parity with sterling.

English withdrawal from the EU would over time strengthen forces of fascism over those of liberalism. Withdrawal could herald no new golden age for England's current political class. Naked impotence and posturing irrelevance, buffeted by global events, would be on show for all to see – and ignore. The strong foundation of the 2010 Anglo-French military entente would be compromised.

England could become as controlled as Franquist Spain but without the sun. The inward investment of the 1980s would be a distant and unrepeatable memory. Very low Franquist wages for the many – surrogate insurance for prospective investors to offset England's being outside the EU – is no place to try to be in a world with seven billion mouths to feed and always someone somewhere willing to work for even less. Yes, there would be some extraordinarily wealthy and powerful people in standalone England, but most of us would be doomed to increasingly shabby and timorously introspective existence at odds with our national inheritance.

World wars devastated Europe's relative global status. European partners sharing some sovereignty created a European home in some ways much better for most people than ever before and in some respects, for example in environmental policy, the world's advocate for inter-generational and other justice.

Britain's destiny is to help sustain our Europe as a decent and sustainable beacon of freedom, prosperity and security. To those who say otherwise: *cui bono*?

Dirk Hazell is secretary of Liberal International British Group and a member of the Liberal Democrat International Relations Committee

BACK TO FRONT

Why do the Liberal Democrats talk up the past yet cast gloom on the future, asks Mark Pack

Hearing both Danny Alexander and Nick Clegg speak several times at local Liberal Democrat events over the summer, something not quite right about their speeches was nagging away at the back of my mind.

It was not the delivery, nor was it about the consistency of message. They managed that tricky balancing act of being consistent in the main messages without boring the audience.

Nor was it about ideology, for both – rightly – talk often of the importance of having a strongly liberal approach to government and the need to fight for that within the constrictions of coalition government. Moreover, the form of liberalism they espoused was an inclusive one that people across the party could be comfortable with.

So what was wrong? The problem is that the party's message is back to front.

The political messaging cliché is that you talk about how bad the past was and then offer hope for how good the future will be. The party, however, has slipped into doing the opposite: talking about how good the past was, in the form of 2010, and how tough the future will be, in the form of deficit-cutting.

The individual elements are all justifiable. 2010 was a good year for the party, with a coalition agreement negotiated that puts 75% of the Liberal Democrat manifesto into practice. For all the pain of some of that missing 25% – not to mention some of the Conservative Party's policies that have gone into the coalition agreement – it is worth remembering that this means in 2010 we got a majority in parliament signed up to implement more Liberal Democrat policies that have been implemented in total across most of the previous century.

But talking about how good a result the coalition agreement was is talking about the past. It was signed in 2010, in the past. Talk of our major policy achievements is also largely of the past. Yes, the pupil premium will bring much needed help to pupils for years to come, but getting the pupil premium started is a story of 2010. So too for the big increase in the basic income tax allowance and plans to increase it further. There will be news about that each budget for several years to come, but at heart it's a story about the past.

It is an impressive list of policies, but it is a list where the high-profile, attention grabbing events and decisions were in the past, not the future.

The future instead, as painted by such speeches as those I heard, is about tough decisions and unwelcome policies.

That too was the message at the party's Birmingham conference: lots about what the Liberal Democrats have done in the past (in fact too much, so that we ended up with too many things mentioned once and not enough concentration on a few key points that might start sinking into the voting public's consciousness) and little in the way of positive vision for the future.

It is right to be tackling the deficit and to be frank that, even in the most watered down Ed Balls's version of deficit reduction, there would be huge cuts that Labour shy away from talking about. Tough but necessary is not, however, a picture of a hopeful future.

So the party's strategic messaging is turning convention on its head: talk up the past, be downbeat about the future. Yet this is a case when conventional wisdom has it right.

There is, to be fair, a hint of optimism for the future when Danny, Nick and others talk about what those tough decisions will mean for how the public views the party. The hope is that the Liberal Democrats end up being seen as more economically credible than Labour and more socially fair than the Conservatives.

It is not a bad image to be aiming for, save for one problem: you could aim for that image even if you do not have the slightest liberal bone in your body. Fairness is a good value to aim for, especially given how highly the public values it in parties. But talking of fairness is something that non-liberals do just as much as liberals. Our visions of fairness may be very different, but it means talking of fairness does not in itself give people a reason to go for a liberal party. The same too applies of course to having economically credible policies – that too is something people of all ideologies can try to lay claim to.

What the Liberal Democrats are missing, then, is a hopeful vision for the future that is distinctively liberal. The answer lies with community politics. Giving people real power to shape the futures of themselves, their families and their communities is such a vision. Taking power away from existing elites and helping people shape their own new local power structures separates community politics from its pale cousins of localism and the Big Society. Of course, there are some overlaps, but when done right – when done with the original vision of changing our power structures firmly in mind – community politics is very different, very Liberal Democrat and very optimistic.

Dr Mark Pack is co-editor of Liberal Democrat Voice, and ran the party's 2001 and 2005 internet campaigns

REALLY FACING THE FUTURE

The Liberal Democrats' recent policy paper 'Facing the Future' was supposed to confront the major policy challenges for the remainder of this parliament. But it fails to face the future, say David Boyle and Simon Titley. This is their alternative

1. INTRODUCTION

The challenge

Do you sincerely wish to face the future? If so, you might consider some of the following significant trends:

- Climate change
- The global financial crisis
- The increasing scarcity and price of oil
- The corrosion of society
- The loss of trust in democratic politics

Each of these challenges can seem intractable. And there is a tendency to discuss them in miserablist, fatalistic, doom-laden terms. But actually, none of them is beyond humanity's capacity to solve.

Every political party has a duty to confront such issues and produce a coherent and distinctive idea of how they should be tackled. But to do so requires imagination, courage and leadership.

- **Imagination**, because the party must analyse fundamental problems, think radically about how they might be solved, and express its ideas in terms that engage and enthuse people.
- **Courage**, because the answers are often controversial, sometimes unpalatable or risk confronting vested interests.
- **Leadership**, because the party must persuade people to think and behave differently, not accept public opinion as a given.

And to persuade people, the party must relate its messages to the real world and the lives people lead.

This is an unfashionable outlook. The fall of the Berlin Wall in 1989 led to a widespread assumption that the major ideological questions had been settled for good. Politicians stopped competing with one another on ideological grounds and started competing to agree with public opinion. Hence the reliance on opinion polls and focus groups, the replacement of leadership by followership, and the transformation of politics into a form of brand marketing.

Far from satisfying public opinion, however, this trend has alienated people. It has hollowed out politics and stripped it of meaning. It has made the mainstream political parties sound pretty much the same. It has led to a decline in party membership and voter turnout. Trust in politicians and the democratic system is at an all-time low.

To really face the future, the Liberal Democrats must break out of this stasis. They must think outside the cosy worldview of the 'Westminster Bubble'. They must recognise the need to stake out a distinctive position and argue for it with passion. They should not be inhibited by a fear of causing offence but must think more about how they can inspire people. They must never allow politics to be subordinated to marketing.

In short, the party must rediscover its faith in its values and have the courage to express them.

Liberal values

Liberal Democrats are motivated by liberal values. The party believes in an open and democratic society, rooted in the values of the enlightenment. Unfortunately, it has a tendency to express its values in abstract terms, as if policy development were an academic exercise.

The party's sterile and detached language leaves people cold. It also plays into the hands of the party's opponents, who suggest that personal liberty is a luxury that gets in the way of security, social cohesion or economic prosperity.

So the party must express its values in terms that relate to real life. And it must show that liberalism, far from being tangential to the issues of the day, is a prerequisite for solving them.

Liberalism is a practical philosophy. It matters because of people's hopes and fears about their lives. Each of us has relatively few years of life. In the short time available to us, we seek to lead a fulfilling life. But each of us has a unique personality, so no-one else can prescribe a 'good life' for us. The decisions can only be ours, but we can't make them unless we have 'agency', which means people's capacity to make meaningful decisions about their lives and to influence the world around them. Indeed, there is evidence that the growing incidence of psychological distress is the result of an increasing sense of a lack of agency. (See *The Nature of Unhappiness* by David Smail, Constable & Robinson, 2001). And agency is something everyone should have, not just a privileged few. Everyone matters, so we should celebrate the ordinary life well-lived and reject the destructive celebrity culture that divides society into 'winners' and 'losers'.

While the Liberal Democrats promote individual freedom, however, they must reject selfish individualism. Most people can achieve what they want from life only in community with others. A healthy society is therefore vital to individual freedom, not a barrier to it. Unlike libertarians, Liberals believe

the atomisation of society is nothing to celebrate.

The Liberal Democrats are, above all else, about enabling people to take and use power for themselves. They are not a service provider, however well-intentioned, that treats people as supplicants.

Hence the party's political analysis should be rooted in an understanding of the distribution of power, its prescription should be based on the redistribution of power – and the enemy should be identified as the unwarranted concentration of power, where powerful people monopolise agency for their own selfish ends or deny it to others.

2. MACRO-ECONOMICS AS IF PEOPLE MATTERED

What is the purpose of the economic system? It is not an end in itself. It is a mechanism for serving higher objectives. John Maynard Keynes believed that purpose of the economic system is ultimately to serve our non-economic goals, notably personal relations, appreciation of beauty, contemplation. Bernard Greaves and David Boyle have expressed a similar view:

"In a democratic society, the role of politics is to enable its citizens to determine their political, social, environmental and cultural objectives; economics is the mechanism for achieving them." (*The Theory and Practice of Community Economics*, ALDC, 2008).

In other words, the things in life that really matter are human relationships (family, friends and neighbours), the natural world, and enjoyment of the arts, intellectual pursuits and other pastimes. Economic activity generates the wealth, goods and services to make these things possible.

It is vital to assert this perspective because, over the past thirty years, the dominant ideology of neoliberalism has done the opposite. It has made anti-social values all-pervasive. The market, previously regarded simply as a useful mechanism for exchanging goods and services, became an object of almost religious devotion, valued for itself, a metaphor for everything, an ethic that could guide all human action and replace previously existing ethical beliefs. Ethics was reduced to calculations of wealth and productivity. Values like morality, justice, fairness, empathy, nobility and love were either abandoned or redefined in market terms.

By relegating human values below monetary ones, neoliberal economics has corroded society and made people feel more insecure. While some people and communities have become wealthier, others have suffered and are told it is their own fault.

Quite apart from any ethical objections, the global financial crisis has proved neoliberalism a calamitous failure. In Adair Turner's famous phrase, it is "a fairly complete train wreck of a predominant theory of economics and finance" (interview in Prospect magazine, September 2009).

The economy became over-reliant on casino banking, inflated property values and consumer spending fuelled by easy credit. Earning a living by making and doing things seemed outmoded, and certainly less profitable than cashing in on the housing market. Inequality and indebtedness grew and the international financial system became increasingly unstable. This eventually led to the banking crisis of 2007/8.

It is therefore astonishing that a small but influential body of opinion within the Liberal Democrats sought to reorient the party around neoliberal values – and continues to do so. In particular, it is a travesty of history to suggest that neoliberalism (a post-war invention) represents a return to Gladstonian Liberalism. To accommodate this opinion, the party has pulled its punches when it comes to analysing the nation's economic problems or prescribing solutions. But the problems are too fundamental to be solved by regulatory tinkering.

In any event, the dominance of neoliberal ideology is coming to an end. The party needs to think about what should replace it. Without any positive debate or action, we risk drifting into a new orthodoxy of state capitalism – whether France, Russia, Singapore or Venezuela will provide the model remains to be seen. A combination of huge bank bailouts and cuts to public services – socialism for the rich and privatisation for the poor – suggests that this orthodoxy is already generating even more popular dissatisfaction than the previous one.

In framing an alternative economic model, the starting point must be an insistence that human welfare and human values come before ideological constructs. In particular, the party must consider how it can restore enterprise at a local level, to provide prosperity in local communities and reduce people's vulnerability to economic forces over which they are powerless. The party should also revive the Grimond-era Liberal Party's interest in co-operatives, mutuals and workplace democracy.

We need economic growth but the party needs to reconsider how it is defined and measured. GDP measures financial turnover rather than real growth, gives equal merit to unproductive or destructive activity, and promotes a pattern of consumption that is unsustainable in the long run.

The party needs to argue for a new Bretton Woods agreement, to establish a more stable international economic system and, in particular, to bring under control the ruinous speculation in currencies, bonds and derivatives.

The party should consider shifting taxation from work and value-added onto resource consumption and speculation. As a credit-fuelled property cycle was a major contributor to the financial crisis, it may be that land value taxation is a remedy for speculation in land values, as long as there are safeguards to prevent an excessive density of development in cities.

The party should build on the work of Richard Florida, who has discovered a strong correlation between liberal societies and economic prosperity (see www.creativeclass.com). Basically, cities with an open and tolerant culture and a healthy arts scene tend to thrive economically, whereas cities that are intolerant of ethnic minorities and gays, and which lack an arts scene, tend to perform poorly. This is because liberal cities attract the 'creative class', the creative people who really drive economic development, whereas intolerant cities repel them. This is an important means of demonstrating to people the tangible benefits of liberal values and policies.

The party should also answer the questions posed by Ed Randall (Liberator 348):

- What view does the party – as opposed to the

Treasury and BIS – take about the balance to be struck between monetary and fiscal stimulus in efforts to revive the British economy, and why?

- What ground does the party occupy – as distinct from DECC – when it comes to investing in new and in green technologies, and why?
- Will the party remain wedded to accelerated deficit reduction, even if economic recovery continues to falter?
- Does the party have a clear position of its own – based on its own analysis of the state of British capitalism and the condition of the financial sector in the UK – enabling it to respond confidently to the recommendations of the Vickers' Commission about the future of banking in Britain?

In short, "a crisis is a terrible thing to waste". We are at one of those major shifts in economic orthodoxy that occurs at roughly thirty-year intervals. If now is not the time for a radical reassessment of the party's economic thinking, when is?

3. RE-LAUNCH FREE TRADE

There is some evidence that there is a link between commitment to Liberal Democrats and self-employment. Certainly in the 1990s, the top ten constituencies for self-employment were nearly all Liberal Democrat local government strongholds. But for some reason, the party has lost its commitment to independence in employment, just as it has forgotten the central importance in Liberal thinking of small business, enterprise and vigilance against business monopolies and their abuse of market power.

In fact, over the past half century, the Liberal Democrats have drifted away from a distinctive position on economics or business, allowing the original Liberal idea of free trade – the right of equal communities to do business with each other – to be re-interpreted by the apologists for American multinationals as the right of the rich and powerful to ride roughshod over the powerless. The truth is that free trade was originally designed as the next stage in the campaign against slavery, fearing that restrictions about what we might buy or where we might buy it would lead to the kind of peonage, debt bondage and company store monopoly that did indeed follow the abolition of slavery in the USA.

The result of this abdication of the Liberal Democrats' traditional role is that enterprise, small business and self-employed people have had no effective political voice. Nor has there been a mainstream voice to resist monopoly power, which became an instrument of policy under Labour – giving huge privileges to Tesco, for example, in return for keeping food prices low (at the expense of the sustainability of British suppliers and farmers).

Now there is an urgent new reason for us to commit to this area of policy again. Our government is relying on small enterprise to drag the northern cities out of recession, aware that most people are employed in this way. But our dysfunctional banking system is unable to service them and Whitehall has little idea how to revive local economies. Apprenticeships will certainly help and so will devolving business rates income. But the Treasury remains committed to the old ideological approach that – if you get out of the way, clear away the foliage of bureaucracy – enterprise will rush in to fill the vacuum. That is true, of course, in some places, but we all know it tends not to happen where it really matters.

At local level, things are little better. Central government regards economics as its remit, but does not have the levers that can make a difference locally. Local government has some of the levers available but still believes it is dependent on the centre to shift local economic fortunes.

The future of the economy, and therefore of the party, now depends on not just a commitment to enterprise and self-employment but also an effective way of mentoring local entrepreneurs and an effective lending infrastructure capable of using local funds – for example from local authorities – to invest locally.

That means commissioning on a more local scale and developing a far tougher approach to monopoly power, recognising that monopolies will inevitably raise prices and drive out small competition, and that monopolistic supermarkets will siphon spending power away from the area and often corrode surrounding businesses (when an anchor store is nothing of the kind). It means developing a new kind of local economics, which maximises the proportion of the money flowing through that stays put re-circulating. That depends on diversity, energy, local enterprise and mutual support. It means using the resources you already have – the waste materials, space, buildings and people that a speculative economy ignores – to build a better local life.

4. THE POLITICS OF CLIMATE CHANGE

The party does not need to consider such questions as, "Is climate change happening?" or "What is the state of the current science?" or "What is likely to happen with climate change; what are the predicted consequences?"

They are reasonable questions but there is a growing body of scientific evidence and a growing scientific consensus about the answers. In any case, the party is not divided on such questions.

Instead, the party should focus on the politics of climate change, in particular how people can be persuaded to support meaningful change designed to limit or prevent the effects of climate change.

There is a widespread assumption that public opinion supports action on climate change. This is because opinion polls do not distinguish between 'expressive' and 'instrumental' opinion. The majority of people are happy to support statements in support of action on climate change. These are nice opinions to have. But as the fuel tax protests of 2000 showed, people are less willing to support measures that require action on their part, particularly if such change involves personal sacrifice in the form of increased costs or major changes in behaviour.

The logic of the argument for increased fuel taxation is irresistible when discussed in the rarefied atmosphere of party conference or middle-class dinner parties. But when it means going back to a rural constituency where taxation on transportation fuel is likely to hit at the core of the economy, and is often most painful for the poorest sections of the local community, matters take on a different appearance.

What this tells us is that any collective desire for environmental sustainability is easily thwarted by a well-organised minority that believes its financial

interests to be threatened. Such minorities tend to be geographically concentrated, which makes it easier for them to apply political leverage. And they are adept at amplifying their outrage via the media, which makes it more difficult to have a mature debate about the subject.

The political problem for the party is therefore that a general sympathy for environmental objectives will not necessarily translate into support for specific measures. And that, even where specific measures would benefit (or at least not harm) a majority, proposals can easily be derailed by a vocal minority.

All is not lost. Ken Livingstone successfully introduced the congestion charge in London, despite initial widespread hostility. He stuck to his guns and eventually the change won popular support.

To face the future, therefore, the Liberal Democrats do not necessarily need to change their policies per se. Instead, for any given environmental policy, the party must be prepared to face down initial hostility. Further, it must be prepared to issue coherent and consistent nationwide messages, even though some parts of the country will have a higher proportion of 'losers' who will be more vocal in their opposition.

In short, will the party stick by its core principles despite the demands of short-term electoral expediency?

5. FOCUS ON FOOD AND ENERGY

Unnoticed by mainstream politics, issues around food – its price, provenance, authenticity, quality and production – have been rising steadily up the political agenda. The allotments are full (belated thanks to the Liberal Allotments Act 1908) and the number of vegetable seeds now outnumbers flower seeds sold, for the first time since 'Dig for Victory'.

This is a largely middle-class response, and it has enormous energy – from Edible Todmorden to the new community orchards of London and elsewhere – but it is not just middle class. The price of food is politically explosive, yet political parties have not yet developed a policy response capable of tackling the combination of issues, from dependence on oil for food production and distribution to monopolies and financial speculators, that is driving up food prices.

A handful of international companies has built up unprecedented and illiberal control over key food industries. The top 30 food retailing corporations account for one-third of global grocery sales. Five companies control 90 per cent of the world grain trade and six control three-quarters of the global pesticides market. One UK supermarket chain takes a third of what we spend on groceries.

Once again, the Liberal Democrats need to go back to the spirit of their original commitment to free trade – not the illiberal interpretation that benefits only the powerful – but precisely the reverse. The party needs to assert the right of people to grow and consume fresh, local food if they want to, without being forced through Tesco or its multinational equivalents.

The same is also true of energy, and our communities are now equally dependent on a handful of energy conglomerates, without the ownership stake in local energy production that has made such a difference to neighbourhoods in Scandinavia. Developing local food and local energy production provides some insulation against the rising cost of oil, the effects of global warming and the food shortages both will bring. It provides economic insulation as well. It provides local income and local ownership stakes to neighbourhoods, which can be used to fund local services or buildings.

"Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist," said the great Liberal John Maynard Keynes. The truth is that Liberal Democrats have been lazily committed for too long to defunct economic orthodoxy that suggests that local economies need to compete with each other and specialise – which for most places is a recipe that suits the few winners and has no benefits for the majority of losers. The party needs to develop a Liberal Democrat local economics based on encouraging diversity and import replacement, because it maximises the way that money can flow around local economies. It is how the money circulates – as well as the amount of money coming in – that really keeps a neighbourhood or a city alive. (See *Ten Steps to Save the Cities*, New Economics Foundation, 2011).

6. OUR PLACE IN THE WORLD

The tenth anniversary of '9/11' is a good time to reassess the party's foreign policy. In particular, the question must be asked whether the 'War on Terror' should dominate thinking. The attack on the twin towers was said to "change the world forever". But despite the terrible death and destruction wrought by Al-Qaeda, at no stage have Islamic terrorists presented an existential threat to any western country. It could be argued that another event in New York City, the collapse of Lehman Brothers in 2008, has had a much more profound effect on our lives.

A sense of perspective is necessary because Britain faces no existential threat from a foreign power. There is no modern day equivalent of the Spanish Armada, Napoleon or Hitler; no conceivable threat of invasion or occupation; no likelihood of a conventional war being fought on British soil. Such threats preoccupied our ancestors. They do not preoccupy us (with the possible exception of nuclear terrorism, which has not yet emerged).

Further, none of the various international challenges that confront Britain confronts us alone. In every case, they are challenges shared by our EU and NATO partners and other allies. The main challenges are:

- Global environmental damage, in particular: climate change (with a medium-term threat of mass human migration and a long-term threat of inundation of low-lying parts of the country); marine and air pollution; and loss of biodiversity and depletion of fish stocks.
- Third world poverty, particularly in sub-Saharan Africa.
- The chronic instability of the global financial system, in which a virtual world of unproductive trading and speculation has a catastrophic impact on the real world.
- The rise in economic power of eastern and southern countries, especially the 'BRIC' nations, with implications both for economic competition and scarcity of resources, in particular: the growing stranglehold of Russia and China over energy supplies and rare earth elements

respectively; and the impact of the emerging middle classes in China and India on global demand for oil and food.

- Democratic uprisings throughout the third world, in particular the 'Arab Spring'.
- The Israel-Palestine conflict, amplified by its global role as a *cause célèbre* for supporters of both sides.
- Militant religious fundamentalism, the most obvious manifestation of which is Islamic terrorism, but it could have more profound implications if a 'Tea Party'-supporting candidate were to win the US presidency.
- The fate of Pakistan's nuclear arsenal.
- Cyberwar.

One thing becomes immediately clear. In none of these cases are conventional defence forces the main response mechanism. Indeed, the only cases where defence forces are any use at all are in the fight against terrorists in Afghanistan and the assistance provided to rebels in Libya.

In most cases, there are more appropriate tools in the box: diplomacy, trade agreements, overseas aid, intelligence gathering, and various forms of 'soft power' (such as the BBC, the British Council and places for foreign students at our universities). It really is time to ask some hard questions about our defence forces – to what extent are they appropriate to our needs and to what extent are they merely a vestigial national virility symbol or a form of corporate welfare for BAe?

But the main lesson is that, given all Britain's significant challenges are shared with its allies, a co-operative approach makes more sense. In any case, Britain is no longer a superpower and does not have the capacity to deal with these problems alone, even if it wanted to.

Which brings us to the vexed question of the European Union. The eurozone crisis is not a happy time for Europhiles and there remain valid criticisms of some of the ways in which the EU operates. Despite this, the Liberal Democrats should be prosecuting a more vigorous pro-European case, in line with the party's internationalist and cosmopolitan values. The party has basically solid pro-EU policies but is ashamed of them and seems overly concerned to mollify Eurosceptic opinion.

As a result, the party is failing to enthuse its base. And because Eurosceptics are setting the agenda, the political debate about Europe is being conducted at the intellectual level of a 'Commando' comic book, in which Germans are still (66 years after VE Day) portrayed as Nazis shouting "Achtung!"

Although it may seem paradoxical to Eurosceptics, the fact is that Britain would be stronger and have more prestige if we co-operated more closely with our European allies on a range of common issues. Party policy already recognises this reality, but the party can only 'face the future' if it stops apologising and starts arguing its case.

7. LIFE CHANCES

The starting point for Liberal Democrats is the freedom and liberty of the individual – not as an 'added extra' but as the prerequisite for a fulfilling life. To lead a full life, everyone needs not just political freedom but also freedom from poverty, ignorance and poor health.

Historically, Britain was disfigured by grotesque inequality, but the reforms devised by three great Liberals – Forster (state education), Lloyd George (old age pensions) and Beveridge (the welfare state) – laid the foundations for a fairer society.

Britain gradually became a fairer and more equal society until the 1980s, when the trend was thrown into reverse, a negative trend that has continued to this day. We see the consequences all around us, whether in a coarser and less cohesive society, increasing civic disengagement, the growing phenomenon of 'NEETs', the exaltation of material greed or the denigration of public service.

What should be the Liberal Democrat approach? In a just and fair society, each person would have equal 'life chances'. This concept, developed in a modern Liberal setting by Ralf Dahrendorf, is defined as the social conditions that determine how much individuals can realise their full potential. It is about the factors that determine one's life over which one has no control, such as social class, gender and ethnicity.

This is the main idea that should inform Liberal Democrat policy on education, health and work. The party currently talks about 'social mobility', which, while necessary, is not sufficient. Although the party wants everyone to be able to better their lives, there is a risk of seeing social mobility as a zero-sum game in which each winner is balanced by a loser. Likewise, Liberal Democrats often talk about "a good start in life"; again, this is necessary but not sufficient. Although the party wants everyone to have a good start in life, people need life chances throughout their lives, not just at the start.

The party needs to integrate its thinking and policy across four relevant policy fields:

- Educational attainment
- Health
- Work and material reward
- Status mobility

The Liberal Democrats neither believe in nor expect equality of outcome. What they should believe is that, to the extent that outcomes vary, these variations arise because of the choices people make as a result of the exercise of their free will.

This view is not unique to Liberal Democrats, but what should distinguish the party from social democrats or socialists is the belief that life chances are best achieved when control is exercised at the lowest practicable level. The party's key insight is that, where public provision fails, it is usually because power is centralised or exercised remotely.

Inevitably, if local people control local services, a wider variety of provision will be the result. This is not a problem. For example, Liberal Democrats should be relaxed about the emergence of different types of schools. The ruling principle should be that all schools provide a good education to enable all their pupils to optimise their life chances. Having said that, no publicly-funded school should be allowed to run discriminatory admission policies or hog resources at the expense of neighbouring schools.

The Liberal Democrats also need a clearer analysis of gender discrimination. Originally, women had

fewer work opportunities and lower incomes because of blatant sexism. Increasingly, the barriers are to do with the costs and responsibilities of childcare. The party seems unclear whether it regards raising children as a lifestyle choice or a social responsibility. If the latter, it is not clear what value the party attaches to this role and how it should be recompensed (for example, through tax breaks or a social wage).

8. AN AGEING SOCIETY

Britain is getting older. The proportion of retired people is growing for two reasons. First, people are living longer due to improvements in healthcare and living conditions. Second, the 'baby boomer' generation (those born during the twenty years after the Second World War) is now reaching retirement age and this population bulge will be felt until most of this generation has died (between now and the middle of the century).

When Lloyd George introduced the old age pension in 1908, there were 10 workers for every pensioner. With average life expectancy now about 80, the state must pay pensions for much longer. By 2008, the number of workers per pensioner had fallen to 3.3 and by 2030 there will be just 2.5 workers per pensioner.

Besides pensions, there are other increased costs. Retired people already account for over half of all spending on the NHS. They also receive various other benefits, including residential care, social services, winter heating payments, free bus passes and exemptions from council tax.

The growing burden on the country's finances is not sustainable without serious reform. The government is attempting to deal with this problem by raising the pension age and encouraging more people to make private pension provision. Even so, the cost for those still in work will continue to rise.

The political debate tends to focus on the welfare of older people but there is relatively little attention paid to the impact on younger people still in work who must pay through taxation for the welfare of retired people, even though about two-thirds of the retired are comfortably-off home owners.

The 'baby boomer' generation was lucky; it was the first generation to benefit from the NHS from birth and the first to benefit from the expansion of higher education in the 1960s (with no tuition fees to pay). Those baby boomers old enough to get on the housing ladder in the 1970s were able to do so cheaply before house prices took off. Many of this generation are entitled to final-salary pension schemes and many of those have been able to take early retirement.

Young adults (those now under 35) are not so lucky. If they went to university, they are saddled with student debt. If they can afford a mortgage, it is harder to get and house prices have risen out of control. If they can't afford to buy a house, they must enter the private rented market where rents often cost more than mortgage repayments. Final-salary pension schemes have been closed to new entrants and younger people must save far more to enjoy a good pension but, with all the other costs they face, it is much harder for them to save. And of course, this generation won't be able to retire until a later age and will face a growing tax bill for the cost of sustaining a growing retired population. There is a serious risk of Britain becoming a *rentier* economy, in which a younger generation in productive work is forced to hand over most of its income to capital-rich retired 'baby boomers', in the form of higher rents and taxes. This would have a disastrous effect on social mobility; younger adults who have not benefitted from gifts and inheritances will find themselves locked out of the prosperous middle class. The rest will face a future of indentured semi-servitude by mortgage, narrowing their ambitions and life chances.

More worryingly, this situation could threaten democratic legitimacy. 'Baby boomers' will use their numbers to vote for politicians who promise them increased benefits. The younger generation, meanwhile, with less voting power and no prospect of enjoying the same benefits as the 'baby boomers', will nevertheless be expected to spend a high proportion of its income on keeping 'baby boomers' in the style to which they have become accustomed. This younger generation will certainly feel resentful, maybe revolutionary. By the 2020s, generational inequity could become a defining issue in British politics, with all kinds of undesirable consequences for social cohesion. Such a situation is clearly untenable, so the party should consider a radical shift in taxation from work and value-added onto resource consumption and speculation. One possibility is the traditional Liberal remedy of land value taxation, since it is wrong for the majority of retired people to sit on capital assets worth six figures yet expect most of their costs to be met by younger and less affluent taxpayers. Safeguards could be introduced to ensure that retired people would not be taxed out of their homes, for example by allowing people to choose to defer tax payments until after they realise the asset.

9. MAKE PUBLIC SERVICES EFFECTIVE

Liberal Democrats have become deeply conservative about public services. They veer between consenting reluctantly to spending reductions and defending the existing form of public services, with all the bureaucratic processes – introduced by successive centralising governments – that have undermined their flexibility, reduced their effectiveness and frustrated the relationships between professionals and their local community that make services effective in the long-term.

There is a renewed invocation to increase the involvement of employee mutuals in delivering services. But this is not based on any distinctive analysis of what is wrong with services now, and the combination of 'rationalisation', the IT systems that reduce flexibility and ever more intricate systems of central targets, standards, specification, regulation and auditing.

This has constrained local management, allowing little flexibility to meet local problems and needs, setting wasteful processes in concrete with expensive central IT systems. It has constrained and wasted the experience and imagination of frontline staff. It has damaged our ability to tackle urgent problems like child abuse by creating inflexible systems that frustrate the ability of professionals to use their judgement. It has led to huge extra costs and externalities, over and above the costs of the infrastructure of central auditing.

Liberal Democrat councils like Portsmouth and

Stockport have showed ways of humanising their services and cutting their costs by ending the pretence that public services are made more efficient by borrowing from the techniques of 'lean' mass production. These techniques are inappropriate because they assume that public services are like manufacturing, dealing with identical units.

An urgent priority for the party is to set out more radical reforms of our services before our existing system becomes so inflexible and so expensive that it can achieve almost nothing. That means re-imagining services that are far more integrated at local level, but which are capable of reaching out into the surrounding neighbourhood and reducing, where possible, the needs that public services struggle to satisfy. This approach – of stitching local relationships together again, as pioneered by the Nobel Prize winner Elinor Ostrom – is known as 'co-production'. (See *Public Services Inside Out*, New Economics Foundation, 2010).

It means broadening and deepening services by developing ways that the users can work alongside professionals to deliver services. It means a more mutual approach to service delivering, sharing the responsibility with the people who use them, their families and neighbours – not by sitting on committees, but using time and skills to broaden the services that can be delivered.

One of the side effects of centralisation is that public services are increasingly distant from the people who use them, in terms of both accountability and geography. Health centres, police stations, schools, hospitals and courts have been rationalised and merged, often in pursuit of short-term financial benefits, but at the expense of long-term costs.

Research shows that bigger schools and police forces are less effective than smaller ones, and that bigger hospitals are more expensive to run per patient than smaller ones. It also means that the costs of consolidation fall on the public, especially those without cars, who have to travel further and more expensively just to use them. It means that services are much less able to bring human-scale flexibility to bear on problems.

Sharing back office services and sharing commissioning is also likely to lead to much higher long-term costs, and to alienation between the institutions and the people they need to serve. This also constrains the ability of public service professionals to build relationships with clients and to make things happen on their behalf.

It means that the demands on many public services, and call centres in particular, are between 20 and 80 per cent higher than they need to be, because these services are having to cope with failures elsewhere in the system. (See *Systems Thinking in the Public Sector* by John Seddon, Triarchy Press, 2007).

But the real challenge is to shape services so that they can prevent ill-health or other needs, as Beveridge believed they could. In practice, as we now know, his 'Five Giants' (want, disease, squalor, ignorance and idleness) come back to life again every generation and have to be slain all over again and at increasing expense. We need to start commissioning to reduce future demand, by asking those bidding for public service contracts to propose strategies, as part of their bid, that will reduce demand year on year – and provide incentives to do so.

10. RE-IMAGINE LOCALISM

Everyone says they are committed to localism these days. Liberal Democrats abandoned their recent attempt to construct a distinctive localism, so it is not clear whether their vision is different from others'. (See the policy motion on localism passed by the Liberal Democrats at their autumn 2010 conference). But there is no doubt that, despite the fight back from the Treasury and ill-disguised contempt for Big Society rhetoric from the apparatchiks of the Cabinet Office, the new Localism Bill will deliver important reforms.

The problem isn't with the localism, constrained as it will be; it is with the politicians. Politicians, even Liberal Democrat politicians, have found it hard to grasp that localism has to be about more than devolving decisions, important as that is (politicians tend to believe that committee work is the highest aspiration possible). (See *Localism: Unravelling the Supplicant State* by David Boyle, New Economics Foundation, 2009).

As a result, the other crucial elements of localism have been forgotten, because politics has only the language of centralisation with which to discuss it. But there is no point in devolving decisions unless you also give power and initiative back to front line public service staff. No amount of local decision-making is going to revive local life if the service staff are constrained by centralised standards, specifications or the coalition's version of targets, payment-by-results contracts. Nor will localism be meaningful unless there are local institutions to control. If local courts and police stations, hospitals and surgeries have become so consolidated that local relationships with professionals are meaningless, then devolving decision-making will be meaningless too.

Nor will it be meaningful if the political powers are devolved but there are no local economic levers to change the destiny of a neighbourhood, community or city. There is no point in devolving power if communities remain supplicants to Tesco or Barclays.

That was the Liberal contribution to the debate about cities in the 1870s, when Joseph Chamberlain and his Liberal supporters wrested control from the small clique who ran Birmingham at the time (the old guard met weekly in a pub called the Woodman, prided themselves on spending almost nothing, and called themselves 'the Economists'). Chamberlain turned the city into an engine of local pride and cultural renewal, with the profits from cleaning the water supply used to fund the new gallery.

So the urgent task for the party is to re-imagine localism as a bundle of policies capable of restoring life, enterprise, diversity and relationships at local level. The alternative is identikit, isolated, dependent communities, without the energy or means to solve their own problems and which therefore tend to sink under them. That requires re-thinking the establishment's absolute commitment to economies of scale. Of course such things exist, but they are very rapidly overtaken by the externalities and diseconomies – which provide some explanation of why services have become so ruinously expensive. That means not just technocratic localism, but localism with economic levers, where local relationships with public service professionals remain possible, and which have a recognisable local culture and local life.

11. RE-THINK COMMUNITY POLITICS

Liberals are individualists, but they are not just individualists. We believe that the right to link up with neighbours or friends to make things happen is both a guarantee of freedom, and an engine of possibilities that people simply can't manage on their own. The Liberal prescription has never been isolated individualism, but individuals in relationship with each other. We don't regard the atomisation of society we see around us as freedom. Quite the reverse. It is an affliction and, in practice, a corrosion of people's liberty. This is not a new interpretation of Liberalism either. Voluntary action has been at the heart of Liberal ideology from Bright to Beveridge. It also lay behind the community politics approach, which dominated party strategy in the 1970s and 1980s. (See *Communities, actually* by David Boyle, Local Government Association, 2008).

The idea was that party campaigners should stand alongside communities and neighbours and act as catalysts for change. Successful candidates still manage to do that, but community politics itself has largely been subsumed into its basic technique – a blizzard of leaflets styled as community newspapers, which are copied by every political opponent and seem now to leave many voters cold.

This is one reason why it is no longer good enough to say, as it has become fashionable to, that the party must revive its commitment to community politics. But there are other reasons too.

First, community politics is now too vague. We have learned a great deal over the past four decades about social capital, what makes it work and where it goes wrong, and have not yet incorporated that knowledge. The Liberal Democrats have not been clear how far community politics differs from the even vaguer Big Society, which often seems to be little more than an ambition for people to mix more (as you would expect from a lineal descendent of the Big Lunch).

Second, community politics has become muddled with New Labour's rhetoric about 'empowerment'. Empowerment is a nonsense for Liberal Democrats. People already have the power. It is not in the gift of political parties, even Blairites. The point is to encourage them to want to use their power, and to teach them how. Third, community politics became infected with the ubiquitous and corrosive language of the political class. Many Liberal Democrat leaflets, like those of the party's opponents, exist purely to vilify political opponents. Many people find them repulsive. The truth is that political approaches that are based on the vital importance of rebuilding local relationships, but which actually try to corrode them, will always be unsustainable.

So the urgent priority for the party must be to re-invent community politics for the decades ahead, aware that this must not just be a strategy for political change, it must also be a strategy for the survival of political membership (the total membership of all UK political parties is less than the circulation of a medium-sized women's magazine).

The power behind the old community politics was the idea of Liberal Democrat activists being catalysts for change. This is the muscular leverage that the Big Society lacks. In order to survive as institutions, political parties need to transform themselves further into training organisations – and this training in political and personal change must be made available on a much wider basis.

It requires Liberal Democrats also to be the change they advocate in a more fundamental way, especially when they take control of political institutions, rather than sinking with dignity into the mushy and pompous status quo, as so often happened before.

It requires the party to develop a powerful training programme capable of transforming neighbourhoods, and also of transforming individual lives. It means political activists need to be at the heart of the action, not just campaigning but also making change possible. They need to rescue formal politics by inventing a different way of doing it, and they need a far clearer idea of the objective – community politics was always too hazy about that.

Above all, it means Liberal Democrats being catalysts that are capable of creating relationships at every level – not just political relationships, but local relationships of mutual support. Because unless political parties are capable of stitching neighbourhoods back together again – after they have been ravaged by decades of patronising neglect, economic corrosion and dysfunctional welfare systems – then there is really no justification for their existence.

12. CONCLUSION

The ten new directions for policy set out here are not exhaustive or definitive. They represent the views of two Liberal Democrats (albeit with 68 years of membership between them). But they are an attempt to encourage Liberal Democrat policy makers to think more radically – partly because the challenges that lie ahead require more radical thinking and partly as an antidote to the idea that party policy is at its most effective when it tentatively suggests a few tiny changes that don't threaten the status quo.

Liberal Democrats believe the opposite is true. The justification for the party's existence is to think radically, to force the political establishment to recognise the real world, and to put radical change into effect. If the party does not do that, it will find that people lose interest and the supply of committed activists begins to dry up.

Because there is another problem here, which lies behind the policy vacuum. It is that the whole concept of political parties is beginning to unravel as membership and commitment shrinks. A sizeable proportion of the population is actively opposed to the whole idea of politics.

Worse, there is a real crisis for governments around the world. It is unclear whether they have the levers or the will to confront the problems we face, like looming global warming or looming financial collapse.

If the Liberal Democrats want to face the future, they must look at the real world as it is – not as it seems from the peculiar prism of Westminster – and respond. That is what we have tried to do here.

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A QUIET LIFE DISTURBED

Universities should have to demonstrate value for money and attract students' fees, says Tim Leunig

As Matthew Huntbach noted in Liberator 346, once university fees could rise to £9,000, it was entirely predictable that they would rise to £9,000. Vince Cable's claim that this would be exceptional never made sense.

Students make choices on superficial grounds, and were unlikely to be price sensitive. They don't pay upfront, or at all if things don't work out, and price is seen as a signal of quality. Even if students were price sensitive, no university would cut fees, because the government gives each university a quota of places, which it can guarantee to fill provided at least that it waits until clearing.

The question is: does it matter if all universities charge £9,000? Politically, the party has paid a high price, but as Matthew points out, in the end the fee system is pretty close to a graduate tax, and a progressive one with repayments only on income over £21,000. The new system may be complex and unpopular, but it is essentially a progressive way of funding universities. I think it matters if all universities charge £9,000 because I don't see any evidence that all university courses should cost that much. The private provider BPP is offering undergraduate business courses for £3,225 a year. Most universities offer graduate courses – where there is full competition – for less than £5,000 a year. St Paul's Girls' School fees per hour of tuition imply university fees of around £5,000. East Thames College, a private college, offers University of Sunderland courses for £1,000 a term. ETC is not some fly-by-night college offering bogus degrees. Its students have their papers marked in Sunderland, and graduate with Sunderland degrees. If they can do it, why can't others?

Many years ago, Nobel Prize winner Sir John Hicks remarked that the greatest of monopoly profits is a quiet life. How true for universities! Places like ETC demonstrate what can be done, but how many traditional universities are beating a path to its door, to find out what they are doing differently? Virtually none, because the university sector enjoys avoiding radical change.

University after university, famous and practically unheard of, has insisted that they are worth £9,000. Bluntly, many are not. For sure, if you want to be taught by world leading researchers, it will cost you, and that will remain true for so long as the government funds research and teaching together in a mish-mash-mess system that rewards research over teaching.

Student pressure alone cannot and will not bring fees down to sensible levels. But government can. It could have an economic regulator aiming for efficiency. That would be the new Labour managerial solution – OfUni to go with OfWat and so on. (OFFA looks only at access, not value for money).

I prefer a more liberal solution, in which the government acts on behalf not only of students, but also of taxpayers, who will end up paying much of the cost when loans are not repaid. This is exactly what Simon Titley was advocating (Liberator 346) when he wrote: "Democratic association is the only power most individual citizens have to stand up to giants".

Rather than giving out automatic quotas, based on how many students you had last year, government would ask universities who they wanted to teach, in what subjects, and at what price. If they want radically more students, or a radically different group of students to usual, they would have to demonstrate an ability to attract and teach such students. But otherwise the government would be looking for value for money, as measured by the losses to the taxpayer on the loans. In essence, if UCL offers to teach economics more cheaply than LSE, then the government will say to LSE, "Sorry, we are going to award the contract to teach these students to UCL". The prospect of losing students – and the income stream that goes with them – means that universities would have to think more about what they offer, and whether they can be more efficient. This is not a race to the bottom, but a way of making vice-chancellors put themselves in the position of students. They will have to ask whether they really are worth it.

Furthermore, we should enhance the power and agency of students by allowing popular universities to expand at the expense of those places that students do not want to go to. If an oversubscribed university has filled its places, but wants to take more students, then it should be able to grow at the expense of the university that students do not want to attend. Again, this reduces the extent of the 'quiet life', by giving prospective students more power and more control.

The individual interest over the producer interest. A reduction in unnecessary debts for individuals and the state. Government stepping in when markets fail, but doing so in a way that does not impose inappropriate uniformity. This, surely, is what liberalism are all about?

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HOW GREEN WAS MY BOOK

Steve Bradley explains why the Green Liberal Democrats plan a Green Book on sustainability to rival the Orange Book's impact

As the coalition government took its first tentative steps last May, the prime minister embarked on a tour of Whitehall to introduce his new team. Chris Huhne joined him for the visit to the Department for Energy and Climate Change (DECC), where Cameron declared that this would be "the greenest government ever".

This boast is also expanded further on the Liberal Democrat website, where the case is made for a green thread running throughout government: "We believe achieving sustainability cannot be done by one government department alone".

Eighteen months on, is the coalition really delivering the 'greenest government ever'? Is a green thread being tightly woven throughout Whitehall? And what role do the Green Liberal Democrats see for themselves in ensuring positive answers?

Tony Blair declared a similar intent to place the environment at the heart of his administration in 1997. Tackling global warming became a government target, the DECC was established, and the UK signed up to a 20% reduction in carbon emissions. Yet despite all this, Labour's 13-year reign was to prove a disappointment on green issues, with Blair rounded on by Friends of the Earth for breaking a number of pledges and allowing the environment to become marginalised.

By the time Labour left office in 2010, it had failed to reduce carbon emissions by its 20% target, while the UK had slumped to 25th in the European league table for renewable energy production. With the bar set so low on the environment, it would take some effort for this not to be the greenest government ever.

So let's start by considering what the coalition is doing right on the environment. After only 18 months, some significant progress has already been made, driven almost entirely by the Liberal Democrats. Chris Huhne is on top of his brief and delivering some excellent initiatives, such as the Green Deal (to improve energy efficiency in homes), energy market reform and support for renewables. Meanwhile, Vince Cable's BIS department continues to promise the imminent arrival of a Green Investment Bank.

But in my view, Huhne's report card has also been sullied by his continuing support for nuclear power – something the Liberal Democrats have long had policy against. And there is also disquiet amongst some party members that the new carbon tax – designed to place a levy on fossil fuels – also provides a de-facto subsidy to nuclear energy. Not only did the coalition agreement rule out any subsidies for nuclear, but last year Liberal Democrat conference also voted through policy specifically to rule out such windfalls for nuclear from a carbon tax. Liberal Democrats must remain vigilant that our ministers aren't using the coalition to advance their own personal viewpoints at the expense of party.

Balanced against these positives, there is also much to be concerned about within the actions of the coalition. The promise of a green thread running through all government departments shows little sign of actually being sown – so the marginalisation of the environmental agenda continues. With the Conservatives broadly ambivalent (and in some quarters hostile) towards issues of sustainability and climate change, it would perhaps be disingenuous to expect the likes of Pickles, Osborne or Gove to care much for the greening of their portfolios.

WINDING THE CLOCK BACK

There are also a number of policy areas where the coalition is arguably winding the clock back in sustainability terms. Changes to planning rules that create a preference in favour of development risk not only green belt, but also the ability to improve and manage the holistic sustainability of neighbourhoods.

The proposed increase in the motorway speed limit – a policy designed to appease the hard motoring lobby – has raised fears of increased transport emissions. And approval of a second generation of nuclear power stations will entrench the current oligarchy of energy supply and distract potential investment away from renewables, all at a time when policy elsewhere is seeking to tackle these problems. It is strange indeed that a government that justifies its fiscal policy through the plea that "we can't leave a burden of debt to the next generation" remains thoroughly indifferent to the prospect of handing countless future generations an inheritance of nuclear waste.

As these examples show, there isn't even a thread of consistency running across coalition government departments, let alone a green one.

So while early signs indicate that this may indeed be the greenest government ever, that is in large part due to the paucity of the challenge rather than the presence of a strong and radical agenda. Feeling like a giant in the presence of pygmies does not alone make one tall. And some coalition policies are arguably detracting from the government's overall environmental performance, while also exhibiting a lack of joined-up 'green thread' thinking. Liberal Democrats didn't wait decades for the chance to directly influence government just so we could be a little bit better than the failings of the last lot.

This leads us to the question of why a government containing Liberal Democrats – the greenest of the major political parties – is not delivering more on the environment.

An obvious response to this would be to look towards both the Treasury and our coalition partners. Money is tight, green initiatives often involve substantial up-front investment, and pay-back will usually benefit society and individuals rather than

government coffers. Allied to this is the fact that a substantial proportion of the Conservative party – including a number of its ministers – are sceptical on climate change and pessimistic about the economic consequences of a low-carbon economy. Liberal Democrats in government are having to push the sustainability agenda alone with both hands tied behind their backs.

But as a party, we must also look to ourselves for a large part of the answer. And that brings me back to the 'radical edge' concern. In 1979, the Liberal Party passed a motion that stated: "Economic growth as conventionally measured is neither achievable nor desirable". That statement may still seem controversial by today's political standards, even if we acknowledge that it is fundamentally correct. Yet 32 years ago, it was an epiphany for any political party to state that the 'growth is good and is all that matters' agenda was fundamentally flawed. It helped us stand out politically and drew new members, activists and supporters to our cause.

"This may indeed be the greenest government ever, that is in large part due to the paucity of the challenge rather than the presence of a strong and radical agenda"

HEARTS RACING

Compare that with our current policies. Energy market reform is vital, and will help change the balance within the cosy oligarchy of energy supply. But it is unlikely to set hearts racing, or inspire people to believe our party has the answers to some of the environment's greatest challenges. Nor, I fear, is it likely to win us many votes, or attract new members and activists to our banner. We are a much more mainstream force now than we were in the late 1970s, but that is not incompatible with pushing innovative and radical ideas that are both deliverable and desirable.

So where will a new generation of Liberal Democrat 'big ideas' on the environment come from, and who will generate them? This is where the Green Liberal Democrats hope to come in. They are a democratic, member-led 'Associated Organisation', recognised and incorporated within our party's constitution.

One of the largest campaigning groups in the Liberal Democrats, we have a purpose and a mandate to advance the environmental agenda from within. On our own, we won't be able to answer the challenge outlined above. But we can seek to establish and nourish processes whereby radical new solutions and policy ideas can be generated continuously to help re-sharpen our party's environmental edge.

The Green Liberal Democrats aim to do this firstly by establishing a group to act as a conveyor belt of new policy and campaigning ideas for all levels within our party. This policy panel will seek to combine senior party activists and elected representatives from all levels of governance, along with internal and external experts on environmental issues, to develop continuously motivating, radical, deliverable and distinctly Liberal Democrat policies and positions on the broad realm of issues within the sustainability agenda.

Our second initiative to help stimulate new policy ideas has echoes within recent party history. The Orange Book is an often mentioned, almost mythical, publication within the Liberal Democrats. Known by most yet read by few, it was a collection of right-of-centre economic essays penned by a variety of high-profile party contributors. Taken together, these essays encapsulated a view of government and economics that came to represent a mini political philosophy. Certain Liberal Democrat MPs became identified within the media as 'Orange Bookers', due to their adherence to the book's fundamental beliefs (similar to how Labour MPs were labelled Blairite or Brownite).

The Green Liberal Democrats believe that the time is now right for an environmental equivalent to the Orange Book. With a working title of 'The Green Book', it will seek to stimulate debate and policy formation through innovative thinking on sustainability issues from a series of high-profile individuals and experts.

It will tackle not just obvious topics, such as transport and energy, but will also offer innovative sustainability proposals for subject areas such as education and health. In this way, the publication will help identify seams in which to sow the green thread across all parts of government. And it will act as a rallying point and a banner behind which party members can align. We want a generation of Liberal Democrats to be identified as 'Green Bookers'.

Through these initiatives, we aim to stimulate the development of new environmental policies to feed into forthcoming party manifestos at all levels of governance. And we aim to create an enduring mechanism to ensure there is a continual flow of innovative and motivating new policy ideas in future years. With three and a half years left of the coalition, there is still time genuinely to make this the 'greenest government ever'. And there is undoubtedly a need to forge a distinctive, innovative and liberal set of green policies that will differentiate us clearly from both the Tories and Labour. As in 1979, the return of our party's radical edge on environmental issues has the potential to help put clear green water between us and the opposition once again. It's an aim that the Green Liberal Democrats will continue to strive for.

Steve Bradley is chair of the Green Liberal Democrats, and a councillor in Lambeth. His views on nuclear energy are personal

IS COMPASSION MORE THAN A SLOGAN?

The Liberal Democrats say they are compassionate but this claim won't convince unless it is made meaningful, says Matthew Gibson

What is the point in voting for the Liberal Democrats? The May 2011 elections gave a distinctive answer – "I am not quite sure". So the Independent (9 May 2011) offered some advice to the party to "retain a unique selling point – a belief in compassion" and the party may have taken them up on this advice.

Competence and compassion will be the slogan that the Liberal Democrats fly under in future elections, arguing that they are more economically competent than Labour and more compassionate than the Tories.

We see the Liberal Democrats making preparations to flesh out the competence strand with their tax proposals for 2020 underway, but very little in the way of fleshing out the compassionate strand. This may be because compassion has not been seen to provide a tangible benefit beyond a positive perception of those who espouse it. But perhaps we have missed the real benefits of what compassion can provide politics.

On realist terms, politics is about power, security and order, and the question of whether politics can practice compassion is often seen as irrelevant. However, where politicians are seen as compassionate, they have not only been successful politicians but have also genuinely made the country a better place for all. A politics of compassion is therefore possible and some would argue necessary to address human security needs.

WHAT IS COMPASSION?

Compassion is a concept that can bring up strong reactions in many – from Thatcher who said it was "a very patronising word" to Albert Einstein who said that "our task must be to free ourselves… by widening our circle of compassion". Yet if it is Liberal Democrat selling point and we are going to sell ourselves on it, then we must make it mean something, otherwise there will be no point to it.

Despite Thatcher's thoughts on the word, she still believed she was being compassionate, stating that "efficiency is the ally, not the enemy, of compassion". But this misunderstands the concept of compassion. Compassion is to recognise the suffering of others, then take action to help, and is very much 'suffering with'. Efficiency drives do not show that you understand someone's situation, let alone feel 'with' them, and there are many who will argue that you do not need compassion in politics to be successful or create a better society. Yet there is a very strong case for compassion in politics and one that the Liberal Democrats should meaningfully embrace.

COMPASSION AS VOTE WINNER

While stressing compassion in politics may have been seen as a 'fringe' activity, there are many examples where compassion has been, and continues to be, a defining element in elections.

Jack Layton was the leader of the New Democratic Party in Canada and took the party from being a minor party to become the official opposition for the first time in the party's history in 2011. The interesting thing about Jack Layton was how he was seen by the voters. A poll by Angus Reid Global Monitor asked voters to describe the party leaders. All were described as intelligent but, with the exception of Layton, they were also described as arrogant and out of touch, while Layton was described as compassionate and down to earth. This offered him a unique standing in Canadian politics. His leadership was a success for his party and turned the tide on its electoral fortunes; the view that he was compassionate played a significant part.

During his election night for Governor of Texas in 1998, George W. Bush announced his desire for a 'compassionate conservatism', only to be ridiculed by many at the time. While it was a controversial election, he campaigned on this theme heavily in the 2000 presidential election campaign, which swung many non-traditional Republican voters to vote for Bush. In such a tight race, this proved to be decisive. Fast forward eight years to the 2008 presidential election campaign and we saw opinion polls showing the presidential hopefuls on similar footings but with Barack Obama being viewed as the more compassionate candidate.

Tony Blair knew when he took over as leader of the Labour Party that he needed to be seen as compassionate and talked extensively about it in the run up to the 1997 general election. David Cameron tried his own version of compassionate conservatism in the 2010 general election and, while he did not win the election, he did manage to achieve the best result the Tories have had since 1992. The point about compassion being a vote winner is the fact that it reaches to a majority on both sides of the political spectrum as well as beyond traditional political boundaries; the Dalai Lama, Charles Darwin and Albert Einstein have all been advocates for a secular compassion in society.

COMPASSION AS A STRATEGY

Jack Layton and Tony Blair's skill was to turn compassion as an ideal into something more meaningful, so people could see it put into action. Here in the UK, the Human Rights Act 1998 and the minimum wage were just some examples of how this

was framed. Bush and Cameron do not quite have the same skill and have not tried to keep it on the agenda. This offers lessons for the Liberal Democrats to ensure that compassion is right at the heart of policy making, otherwise the claim that they are a compassionate party will only breed contempt and mistrust.

"The Liberal Democrats need to start making compassion mean more than just words or gestures"

There are also lessons for the Liberal Democrats from Ted Kennedy, one of the longest-serving senators in US history who has also been considered to be one of the greatest. For Ted Kennedy, it was his compassion that gave him his outlook, the causes he fought for and how he went about his business. He played a major role in passing many laws that have had a dramatic effect on people's lives, including apartheid, disability discrimination, AIDS care and civil rights. He stood out from others in his party, working with anyone, even those outside of his philosophical comfort zone. Compassion gives a sense of purpose that transcends party political lines to strive for a better society. It gives a framework on which to work with others, even when you do not agree with their politics. It provides principles by which to guide our policies.

As the Liberal Democrats have been seen as compassionate, and they have now begun to market compassion as a selling point of the party, they need to start making it mean more than just words or gestures. The Liberal Democrats need to begin to define what kind of society they offer and how compassion fits into this. A liberal society is not the same thing as a big society as there are no principles which guide a big society. Without guiding principles, a big society could mean anything, but a liberal society is a compassionate one.

SUPPORT THE CHARTER FOR COMPASSION

The first thing the Liberal Democrats should do is sign up to the Charter for Compassion, which is an international grassroots movement promoting a secular vision of compassion for the modern world. It is a document that transcends religious, ideological, and national difference. Supported by leading thinkers from many traditions, the Charter inspires worldwide community-based acts of compassion. The Charter demands people take action, recognising that our present policies – political, financial, environmental – are no longer sustainable, and that if any government, religion or person does not emphasise the compassionate ethos, they will fail the test of our time.

This Charter has been developed to be a grassroots movement so that everyone can get involved. It has begun to grow widespread support, with the Australian parliament recognising the Charter for Compassion and working to get it included in the educational curriculum. In the UAE, it has been introduced to the rulers and imams of the Arab world and they are beginning to sign up. In Malaysia, the former prime minister has formed an organisation devoted to implementing the Charter, and there are similar motions afoot in Singapore. It is a shame that there is not such recognition for it in Britain, considering the issues we have experienced in society; and that the idea came from Britain in the first place.

In April 2010, Seattle became the first city in the world to affirm the Charter for Compassion and the Mayor of Seattle proclaimed Seattle a 'Compassionate City'. The city has a group of committed people who meet citizens, non-profit organisations, educators, youth, businesses, and others to find ideas of how to make the city a more compassionate place. This has in itself spawned a whole range of local, on-the-ground initiatives to promote compassion and offers many policy initiatives that would fit very well into community politics and the Liberal Democrats' localism and community agendas.

There are distinct similarities between the Charter for Compassion and the Liberal Democrat constitution, and it offers the Liberal Democrats a chance to make the theoretical idea of compassion a practical reality. It would provide a more distinctive voice in local government by Liberal Democrat councillors and councils taking up the Charter for Compassion and setting up British Compassionate Cities/Councils. It taps into an established grassroots movement, which attracts many who may otherwise not get involved in politics, as well as those who might. But more importantly, it offers opportunities to make the places we live genuinely much better places to live. It offers a principle of how to use the Big Society – and it is this which is closer to a Liberal Society than the one currently on offer by the Conservatives, as compassion is a virtue and the cornerstone of greater social interconnectedness.

COMPASSION AS AN IDEOLOGY

Yet there is a bigger reason for supporting compassion in politics than just a tactical one; there is also a very strong moral case for compassion in politics. Without compassion, human sympathy or emotional identification with people, our politics would be a cold and brutal affair. Nelson Mandela could have taken a very different path to the one he did but he said that he learnt compassion from others while he was in prison. As President of South Africa, Mandela set out to transform the nation through compassion, which sought to bring understanding to those wronged by injustice as well as those accused of perpetrating the injustice.

So while technology moves rapidly forward with ever increasing ways to connect people, perhaps we should take a lesson in politics from Einstein. He believed compassion should be seen as a spiritual technology, and one which mankind needs as much as all other technologies that have connected us, as compassion is the only technology which provides us with the terrifying and wondrous possibility of actually becoming one human race.

Matthew Gibson is a member of West Bromwich & Warley Liberal Democrats. He runs the 'Solution Focused Politics' blog at http://solutionfocusedpolitics

I'M NOT BUYING THAT

Consumer boycotts are characteristically liberal, says Roger Jenking

A few issues ago, I read in Liberator of the copious supplies of Diet Coke consumed by a Lib Dem by-election team. Is this an appropriate consumer choice by socially conscious and discerning members of a radical political party?

Is there a view that consumer choices are merely based on taste and have no political and economic implications? I think this is not the case, and that such choices can be effective and particularly appropriate to Liberals with their commitments to justice, localism, individual decision making and participation.

Liberals have been at the heart of the Fair Trade movement. The guaranteed prices offered for producers and the premium for their communities have struck a chord with UK consumers. The attraction for Liberals of a system that combines fairness to the individual with local community cohesion within the market is obvious.

I've not read much criticism of fair trade from the stastist left, who would view fair trade as an amelioration of unfair capitalism. It's American free market ideologues who snipe, claiming that it "distorts the market".

Now one can criticise the 'multipliers' that retailers use in pricing Fair Trade products. And fair trade cannot be used as a substitute for trade justice. But for any Liberal consumer who can afford the price premium, the choice is obvious.

Consumer boycotts unite all those on the broad left. For some, it gets at the multinationals. For others, it's an expression of individual disdain for the behaviour of the Coca-Colas and Nestlés of this world. For many Liberals, I guess, it's a combination. Even for those new technocratic rather than ideological Liberals, they are attractively effective.

They draw attention to the activities of these companies. Well supported, they make the company divert resources to the support of their positions. At best, they change behaviour.

Nestlé would claim that changes in its marketing of infant formula are results of its own considerations. Boycotters would disagree. Many would continue to boycott Nestlé, even if its code of marketing was a model. People are subject to sanctions for their past behaviour!

Criticism of Coca-Cola has been led by socialists like Mark Thomas, specifically referring to its labour relations, disposal of sludge and closure of factories. Liberals with their history of support for labour justice and environmental concerns and their regard for communities should participate.

Going further, what about not buying products from certain countries? Liberals would probably consider that boycotting non-democracies is unfair because their populations do not have a voice in policies.

If Liberals believe that the US is still a rogue state and that Obama has made little difference to its behaviour abroad, then the country might be considered for the boycotting of its goods and services. Its dominance of technology and entertainment makes this difficult. But Liberals can still exercise preference.

Israel with its gulf between its standards of democracy and behaviour is an obvious target.

Of course purchasing is not always easy. Does a conscientious Liberal buy low food miles local honey, Fair Trade stuff from Africa or the organic product from distant New Zealand? What about animal welfare and environmental standards? Is a more expensive item of clothing produced by people in the Far East, who benefit from better pay and conditions than those who produce for Primark? Primark has been criticised but claims on its frontages to be doing its best. Perhaps Liberals should use ethical league tables.

'Greenwash' is a term used to criticise those corporations who use ethical and socially responsible practices as a marketing tool. Yes, I'm as cynical as you are, but this is better than nothing when the best is a long time coming. Slow incremental improvements are being made and this is through the sort of consumer pressure which is the forte of Liberals.

And where should a Liberal do the weekly shop? I'd be surprised if many Liberals who can afford to avoid them use Tesco or Asda-Walmart from choice.

Their hierarchies probably differ from affluent socialists who would, where possible, probably use the Waitrose employee co-operative or the consumer Co-op. With their concern for localism and more nuanced thinking about capitalism as well as *their* support for co-ops, Liberals might prefer the corner shop even if it's in a wholesale group. But if choice and better value are required, then Liberals, who could afford to, would and should (I venture) use the Co-op or Waitrose, perhaps in that order.

Liberals also spend money in groups. Which financial institution does the organisation use? I suggest that any who use the completely disgraced 'big four' should have a re-think.

This is not meant to be prescriptive. But Liberalism is ethical, local, participatory and fair. I suggest that we cannot parade these virtues if we do not consider consumer choices.

We might support state or corporate action against those organisations that behave irresponsibly and who just have an eye for profit, citing the catch-all defence that they have to optimise returns. But using our money responsibly as individuals and participants in society is characteristically Liberal.

Roger Jenking is a member of the Liberal Party in Oxfordshire

CAMELS, STRAWS...

The Liberal Democrats must be out of the coalition by 2013 to avoid electoral massacre, says Simon Hebditch

The coalition government, and the role of the Liberal Democrats, continues to astound me. The country is now hovering on the edge of another recession and the Chancellor of the Exchequer resolutely refuses to change direction in economic policy. The policy was wrong in the first place but to persist with it in the face of the current stagnation is amazing – and I don't hear any disagreement from Danny Alexander.

In terms of social policy, we have witnessed an assault on welfare benefits and a worsening of the position of people in the housing field – many will be forced out of London, for example, given the decline in benefits and the simultaneous rise in private rents. The debacle over tuition fees will continue to fester and will be brought up again in the context of the next general election – when we will be regaled with that party political broadcast showing Nick Clegg deploring the other parties' broken promises!

The party did assert itself over National Health Service reforms, although we will have to keep a close eye on the precise changes to be tabled by the government over the next few months, to ensure that there is no backsliding when the immediate pressure for change is put on to the back burner.

Changes to the banking system are also vital, and the Vickers Commission recommendations, and the government's response, will be fundamental to the relationship between the Conservatives and the Lib Dems. The principles of the motion passed at the Spring Conference must be protected in any final government policy pronouncements or the party leadership should be in trouble with the mainstream membership of the party.

The AV campaign was a disaster and there will be no realistic chance of another referendum for at least 20 years.

I accept entirely that the party is between a rock and a hard place. Many thought that there was no alternative to the creation of the coalition in May last year and that we would have to accept the benefits and disadvantages of that compromise arrangement.

There is no point in trying to rake over recent history but it will be vital for the Lib Dems to be able to show that they have a distinct approach and that they have protected the population from the worst effects of an uncontrolled Tory majority. But there is no evidence yet that the public accept that nuanced position. Despite recent efforts to illustrate that distinctive approach, the Lib Dems have not reaped any benefit from the polls so far.

I know that there is European experience, which would show that parties in coalition can have a distinct position which the public recognises but that is not happening yet in the UK. I am convinced that people see the government as one entity and that we are jointly responsible for its successes and failures.

Although there are exceptions, most of the local election results published in Lib Dem News show a steep decline in the percentage of the party vote and we are still in line for a further drubbing next year.

The Social Liberal Forum is an important organisation within the party and it claims to represent the mainstream of party opinion rather than being a minority faction. As a member, I value its policy work. But I think there will be a time when continuation of the coalition itself has to become a live issue. In my view, we must be out of it by 2013 if we are to stand a real chance of creating a new image and persona with the public. Otherwise, we have to be prepared to see our parliamentary representation cut to a rump and the need to build support yet again.

I am a firm supporter of community politics and the need to identify with people in localities and the representative function at a community level. However, we cannot simply bury ourselves in local politics as though what is happening nationally is nothing to do with us. The results of the next general election will reflect the public's view of us after a hard-hitting three-week campaign that will focus on national issues – especially the state of the economy and the current living standards of the majority. Whether we have been 'good' councillors or not will be an irrelevance.

Finally, it is true that it is possible that the era of coalition politics has arrived. If you look at national opinion polls currently, the Lib Dems may well hold a balance of power even with a reduced parliamentary party. In that case, we must have prepared a full political programme, which sets out our whole stall while simultaneously indicating clearly our priorities that would have to be met in any coalition. This must be part of our election manifesto – so that we never again get into the tuition fee farce! So we need to develop that policy programme and work with other potential partners between now and the next election on a range of campaigning issues, so that any future coalition actually reflects our ideology, beliefs and objectives.

Simon Hebditch is an active Liberal Democrat committed to realignment of the left. He was among Liberator's founders

LETTERS

TEMPORARY MIX UP

Dear Liberator,

I would like to clarify the statement in RB (Liberator 347) that the associated organisation status of Humanist and Secularist Liberal Democrats (HSLD) was recommended for suspension. This was a temporary mix up between the group and Cowley Street – and was promptly resolved. It has now been recommended that HSLD remain an AO.

I can assure readers that HSLD is alive and well and has over 100 members. Last winter, we ran a one-day conference with keynote speaker Baroness Kishwer Falkner and have had an active presence at every federal conference and some regional conferences.

At spring conference, we spoke up about equality laws and public services. At September's conference, we submitted amendments to the motion on Lords reform.

Anyone who would like to join should contact our membership secretary Richard Church at richardwchurch@btinternet.com – our yearly membership fee of £10 is nothing short of a bargain.

Peter Kunzmann
Chair, Humanist and Secularist Liberal Democrats

HUHNE CAPTURED?

Dear Liberator,

Chris Huhne (Liberator 348) appears to have been taken over by the incumbent big energy beasts.

He has caved in on atomic power stations. It's not just that one might go bang. I'm concerned that the land humans now live on might become out of bounds for as long as civilisation itself.

Then there is his green bank. It should have been up and running long ago, and with far more than £3bn. That's small change compared with what is needed to tackle climate change, boost employment, etc. It would hardly buy one new atomic power plant, which is perhaps just as well.

His 'contract for difference' sounds risky. How will he know he's not set this long-term guaranteed return so high that the big boys make a killing, maybe even worse than PFI?

But his piece is all about electricity. That's how the big boys like it. Electricity costs about seven times as much as gas to deliver. Hence juicy contracts and bonuses. 'Green Gas' could be a low-cost way forward. The coalition agreement supported anaerobic digestion but farmers find it uneconomic to feed into the gas pipes. We pay subsidies to wind farms, even when they are turned off. This surplus wind could be electrolysed and the hydrogen blended with North Sea gas to reduce our gas imports. If the Italians can do it when the alpine snows melt, so could we.

An even bigger source could be scaled up thermo-chemical gasifiers, which should be twice as efficient as anaerobic digestion. If the demonstrator at Guessing in Austria were scaled up an order of magnitude, this 'green gas' ought to cost no more than North Sea gas.

Then there are fuel cells and heat pumps. With these in our houses, electricity would cost the same as gas. Instead of heating the planet with cooling towers, we'd heat our houses and hot water. Instead of more energy, we'd need far less, so renewable energy and biomass would go much further.

Some 84% of our homes are heated by gas. They receive far more energy in the form of gas than as electricity. It must be obvious that, to meet our carbon reduction targets, we must make gas as green as electricity. How? If I were Chris, I'd put out an edict that the proportion of renewable content in delivered gas must increase at 2% per year. That would force the big boys to act, give them a clear timetable to invest, and save taxpayers a fortune.

Bill Powell
South Cambridgeshire

REVIEWS

Peace, Reform and Liberation edited by Robert Ingham and Duncan Brack Biteback 2011 £30

The editors and their 14 authors deserve congratulation for producing a readable one volume history of Liberal politics in Britain that is both erudite but perfectly accessible to any reader interested in the subject.

A short final chapter brings it right up to the Liberal Democrat conference in Sheffield last March, which makes this a book that most people will read in two different ways.

Almost every reader will have views on the records of Paddy Ashdown, Charles Kennedy and David Steel, and on the Lib-Lab 'project', the merger and the pact, and what the book says about them.

Few, I suspect, will hold strong views on, say, the Marquis of Rockingham, the Corn Laws or Lord Rosebery's disputes with, eventually, more or less his entire party.

We take on trust what historians tell us about events outside living memory, but readers will surely be driven to exclamations of support or disagreement with the chapters that cover more recent events.

The timeframe of the book is unusual, taking its starting point as the exclusion crisis of 1679, rather than some point in the nineteenth century. That chapter's author Mark Pack admits that one could choose any of a number of starting points for the emergence of party politics, and that 1679 is as good as any.

What emerged then was a more fluid version of a party politics that has remained recognisable (with the exception of the inter-war years) right up to the general election of 2010 – two main parties fighting it out with occasional periods of influence for other ones.

The process by which Whigs, radicals and others became Liberals is well explained but it is striking how quickly they fell apart again. A united Liberal party with no competitors lasted only from 1859 to 1886 and did not exist again until 1968, when the remnants of the National Liberals finally packed it in.

The irrevocable split in 1886 over Irish home rule is, I felt, less well explained. It is well known that Joseph Chamberlain and the Liberal Unionists went because they opposed home rule, but I was left to wonder why this subject should have mattered so deeply to a politician who was, in every other respect, and advanced radical. What attached Chamberlain so deeply to the union that he ended up a Tory?

David Dutton has to admit in his chapter that no-one has ever been able to say with certainty why, in the middle of the First World War, Asquith chose to admit opposition members to his cabinet.

That he did so marked the beginning of the end, leading to the Asquith-Lloyd George split and the further ruinous division of the inter-war years, which Dutton ascribes to a loss of credibility arising from this split, and to the rise of the Labour Party and the enfranchisement of millions of working people who had no attachment to the dwindling Liberals.

The story of the post-war party is fairly well understood – a fight for survival followed by periodic revivals, the collapse of each leaving the party in a better state than it was before, though whether the small loss of seats in 2010 and the formation of the coalition have done so remains to be seen.

What is striking about this period is that internal disputes were rarely about policy but about strategic options concerning relations with other parties, something that certainly has not gone away.

The book is, unlike most party histories, less than laudatory about Jo Grimond, with Robert Ingham concluding that Grimond's leadership was crucial to the party's progress but that he did not really understand what 'realignment of the left' meant, nor how to pursue it.

Jeremy Thorpe's failings, quite apart from his canine entanglements, are laid bare and, for those who care read a little between the lines, David Steel's utter hopelessness as a negotiator in the pact, the Alliance seat share-out and the merger is obvious.

Paddy Ashdown deservedly comes out of the book well for the period between the ditching of the 'Democrats' name and the 1997 election, but is also deservedly judged a failure in the period after that election, when he staked all on a deal with Labour that Tony Blair could no longer deliver even if he had wanted to, which is itself doubtful. In more recent times, Duncan Brack is fair to Charles Kennedy and Sir Menzies Campbell, while not sparing the former's lackadaisical approach and the latter's inability to connect to voters.

Something surely to inform, entertain and occasionally infuriate any liberal reader.

Mark Smulian

Tinker Tailor Soldier Spy [film] directed by Tomas Alfredson 2011

Director Tomas Alfredson was faced with two problems from the outset. John Le Carré's novel is so beautifully and intricately plotted that any alternative telling of the story is likely to be inferior to it, and the 1979 television adaptation still casts a long shadow. This is not just because of Alec Guinness's performance as George Smiley, but also because of its superlative supporting cast: Ian Richardson, Hywel Bennett, Beryl Reid.

Though the film has many strengths, Alfredson did not overcome either of these problems. There are too many clunky lines and the assumption seems to be that we need to see a murdered body at regular intervals to remember that the Soviets are the baddies. Colin Firth, playing

Bill Haydon, is made to bring his bicycle into the office to show he does not care for protocol. Richardson, playing the same part in 1979, could do that with a raise of his eyebrows.

Alfredson did manage to get the whole of the novel's plot into the film, which even in two hours is an achievement. However, Roy Bland might as well not have been there and, more importantly, the critical incident in which Jim Prideaux visited Czechoslovakia is mishandled. It is moved to Hungary and turned into a shooting outside a city centre café. The point of this incident is that the Soviets make it look like a barmy attempt to kidnap a general, and that ends Control's career. Here, it is the Soviets who seem to have behaved bizarrely.

And then there is Gary Oldman as George Smiley. Having watched the TV series twice recently, I suspect that the legendary status of Alec Guinness's performance had something to do with the fact that it was the first major television drama he had appeared in. When Oldman speaks, he is very good and very convincing, even if his voice does owe something to Guinness's Smiley. The trouble is that he is made to stay silent for a long time at the start of the film.

As a result, you start wondering, with his moon face, grey hair and glasses, whether Oldman's Smiley reminds you most of John Birt, John Major or Sven Goran Eriksson. And you wouldn't want any of them running the secret service.

Jonathan Calder

1688: The First Modern Revolution by Steve Pincus Yale University Press 2009 £30

"O stop, stop," cried the Mole in ecstasies: "This is too much!" as Ratty ran through the contents of his picnic basket (though you will recall that the Toad thought him a mean beast who cut things very fine). This is not the fault with Pincus. My main criticism of his book is that he eggs the cream; he makes his point over and over again.

However, he has a point to make; scholarship has been lazy on the Glorious Revolution. Liberal Democrats give little or no thought to the Revolution in their historic and ideological inheritance. Can we name the Whig leaders or account for their views?

Indeed, Liberator has paid little attention to the subject. Even at the tercentenary, we only reviewed one book on the subject, the Van Der Zees's *1688: Revolution in the Family*. There we have very much the conventional view, that James brought disaster upon himself by his headstrong promotion of Roman Catholicism and that the birth of his son was the catalyst to action by William of Orange. Although James brings a new energy and purpose into government, this is mainly analysed in the context of religion.

If 1688 didn't quite usher in the Whig hegemony in parliament (which would have to wait for George I), it set the train in motion. Pincus argues that the conventional Whig view, crystallised by Macaulay, is that of government Whigs, anxious to play down rebellion, which now lay firmly in Jacobite hands, as opposed to the more radical analysis of the opposition Whigs.

Macaulay's view is of a limited, largely bloodless revolution, which led to the establishment of a constitutional monarchy and parliamentary democracy, thereby saving Britain from the violent upheavals of a century later, a hindsight that benefited a reforming Victorian and probably still holds, at least so far as the national myth is concerned.

Pincus gives a rather different view. We know that the London mob (generally more dissenting and radical) could be spurred to anything, but levies were raised all over the country in support of James or William, and violence to one's opponents was commonplace, though battles between armies did not take place. Indeed, members of James's standing army at Hounslow, largely Irish Catholics, often had some trouble in getting home.

Pincus's James is a stronger individual than in most accounts; the problem leading up to 1688 was change. There was going to be change, whether along royal or Whig lines. Although Catholicism was a crucial part of James's agenda, it was not the only one, and was received critically in unexpected quarters. Barillon, the French ambassador, noted that "rich and established Catholics feared the future". James was not promulgating 'English' Roman Catholicism, rather a Jesuitical French strain, in key with his ideas of an absolutist monarchy.

So in 1688 we have a regime change, but William prudently backs more conservative forces in his government, rather than encourage Jacobitism. Yet for the best part of a century, a Stuart restoration would not seem out of the question, though the benefit of hindsight tells us otherwise. Henry Stuart's elevation to Cardinal in 1747 was fatal, but Samuel Johnson could still whisper to young Tories "Are you a Jacobite?" Although there is an arbitrary nature to fixing change to any one date in history, 1688 can conveniently mark a turn; the Bank of England was founded in 1694; the East India Company came under much greater scrutiny and was reformed – the ascendancy of the mercantile interest over the aristocratic becomes more evident from here on.

Pincus has given us a thorough assessment of the Glorious Revolution and it follows that it deserves a more elevated place in our intellectual antecedents on account of that.

Stewart Rayment

Birdbrain by Johanna Sinisalo Peter Owen 2010 £9.99

Tasmania has a tortured history; a brutal penal colony, the Van Diemen's Land of many a folk song. It took us a mere 30 years to wipe out most of the indigenous population, a process completed over the next 40 or so years. Conrad may have set *Heart of Darkness* in the Congo, but it might as well have been here.

Today, Tasmania's 26,000-odd square miles have a population of just over half a million, half of whom live in Hobart. It is said that the psychogeography of this past still plays upon the island, and Sinisalo has picked up on this. Tasmania is empty, much of it given over to nature reserves (although man did his best to wipe out other species as well as his fellow man) and is regarded as one of the great beauty spots of the world. Tourism is a major industry

and that is what brings the two Finns of our story to the Antipodes.

I think it was in *The Wild Boys* that Burroughs first invited us to read the chapters at random. Sinisalo has saved us the problem of selection, grouping her narrative part psychologically rather than strictly chronological. It isn't exactly comfortable reading as relationships disintegrate, but is elevated for that.

Stewart Rayment

Romantic Revolutionary: Bolívar and the struggle for Independence in Latin America by Robert Harvey Constable 2011 £20

El Libertador, the Liberator. How could we not review this book? And what is known of Simón Bolívar apart from this?

Very little, I would surmise, so Harvey gives us a useful introduction. The young Bolívar moved in liberal circles, but was more taken with the dissolute life that befits the young.

Humboldt did not think him up to the job of liberating Latin American from Spanish tyranny. He was proved wrong, yet right in many ways, since Bolívar was to go down the road of Napoleon. He kept his admiration of Napoleon under wraps, but he was at his best (and inevitably worst) as a military commander. His heart may essentially have been in the right place, but circumstances always seemed to go against his political ventures. Harvey speculates that Latin America has been bedevilled by the actions of Bolívar, San Martin and their like ever since, particularly the readiness to resort to a military coup, with the attendant bloodshed and repression.

The causes of the abolition of slavery and of equality before the law (though aware of its imperfections in early 19th century Latin American) set Bolívar as a radical and at odds with those with power and wealth.

They might be freed from Spain, but the conquistador mentality remains, even today if you consider the behaviour of the Sandinistas for example (the Miskito Indians were the first to leave that coalition, closely followed by the Liberals).

An anglophile, Bolívar was constantly frustrated by Britain's attitudes to his campaigns as our relationship with Spain changed. I didn't find El Libertador a particularly endearing man, but as a life of adventure, with its triumphs and tribulations, Bolívar's story is bound to be a ripping read.

Stewart Rayment

Between Authority and Interpretation: On the Theory of Law and Practical Reason by Joseph Raz Oxford University Press 2009 £45

Raz is a leading thinker on liberal jurisprudence. He has created this book by selecting some of his essays, dating from 1994, to look at the nature of law 'in the round'.

The book is not the introduction to legal theory it claims to be and is quite dense. It presupposes a familiarity with legal theory. It is more about examining the nature of legal theories and trying to establish criteria for establishing and comparing them, than expounding one particular theory of law.

Raz questions what law is and how we can find a theory capable of explaining its many 'dualities'. His essays repeatedly address the problem of calling all the widely-varying systems in the world 'law', and the dilemma of legal authority, which can only be granted by other bodies claiming to have legitimacy. These themes, which appear in many of the essays, give the book coherence but the way they are looked at from so many angles and in so many contexts can become confusing.

The first couple of essays look at methodological issues. *Can There be a Theory of Law?* presents various obstacles to establishing a theory, such as the conflict between an objective theory and constantly-changing reality, and the difficulty of understanding and synthesising 'alien cultures' into one theory of law.

Raz concludes, though, that these can all be reconciled and a theory of law established, which is just as well, because the opposite conclusion would make writing the rest of the book a bit difficult.

In the second section, Raz examines the interplay between law and morality, as moral values inform legal rules, and legal rules attempts to create moral duties. In *Reasoning with Rules*, he explains how rules can be used as a justification for certain actions, even though they may be chosen only by chance and will struggle to cope with the competing needs of different groups in society, including legal institutions themselves.

Raz emphasises that the centrality of rules in legal systems means interpretation is of paramount importance, and this is the focus of the final section of the book.

Part III deals with the reasons for interpretation and the values to be applied when doing so. This section is the most repetitive and clearly illustrates the problem of a collection of essays written at different times for different purposes. The essay *Interpretation: Pluralism and Innovation* begins with a discussion of why we need to interpret and what the purpose of this interpretation is, which is explicitly dealt with in the first essay of this section and touched upon in the others. What this essay does specifically offer, though, is support for novelty in interpretation, although Raz admits that this method will inevitably be limited by previous interpretations and the cultural context of the source material.

This book addresses a many problems associated with legal theory and its application to real systems of law. It is best suited for those who have already begun studying legal theory. The only obvious criticism is the inevitable one that, in a collection of essays on a small field of law, there are overlaps and repetitions, which could put the reader off. It is thought-provoking, possibly to the extent of making your brain hurt, and requires undivided attention, but is interesting and may spark off some new ideas.

Eleanor Healy Birt

Lord Bonkers' Diary

Monday

If I am up in town, staying at Bonkers House in Belgrave Square, and wish to know what is going on in the political world, I allow my morning constitutional to take me to St James's Park. For the tramps who frequent that pleasure garden form an unrivalled source of news and gossip. There, over a stiffener of Special Brew or white cider, one may learn who is up and who down at the Home Office, how trade negotiations with Paraguay are progressing and whom the Minister for Fish was seen with at a soirée last week. Quite why these gentlemen of the road should be so well informed has always been something of a mystery, but that mystery was solved this morning when I borrowed a footman's *Daily Mirror* for the racing tips and saw its front-page story. It seems a Conservative by the name of Letwind (one of the Dorset Letwinds, I imagine) has been in the habit of working on his red boxes whilst sitting in the park and then tipping their contests into the nearest litter bin when he has finished. I know office space is at a premium around Westminster, but this does seems a trifle eccentric. Now this practice has come to light, the Chief Whip will no doubt Have A Word with him, so I fear I shall have to fall back upon the National Liberal Club for political gossip in future.

Tuesday

I have, ever since serving on the Escape Committee at prep school, taken a keen interest in the latest developments in education and have been able to introduce many innovations to the village school. Vocational training, the teaching of foreign languages, shoes... we have been at the forefront of all of these. So I was intrigued to read of a school that will be drawing its staff from former members of the Armed Forces. Funnily enough, here in the East Midlands there was once a regiment that was drawn entirely from teachers. Though it had its successes – one fellow won the VC at Rorke's Drift for telling the encroaching Zulus to "Go back and walk" – on the whole the experiment was regarded as a failure. You see, rather than drill, practise throwing their blackboard rubbers or polish the leather patches on their elbows, the teachers generally preferred to sit around moaning about their pay and conditions.

Wednesday

The fashion nowadays seems to be to appoint prop forwards to conduct inquiries. Fran Cotton is to consider whether or not Market Harborough's most famous son, Martin Johnson, should be allowed to stay in charge of the England rugby XV, while Gareth Chilcott is currently working on his report on the United Kingdom's role in the Iraq War. In the latter case at least, I think this is an excellent idea – particularly after Len Hutton's bosh shot at investigating the death of Dr David Kelly.

Thursday

Who should I bump into today but Lembit Öpik? When I commiserate with him over his failure to become the Liberal Democrat candidate for Mayor of London (I tactfully fail to mention that he came bottom of the poll), he replies: "I think like every great politician you have to have some wilderness years. Nelson Mandela had them. Many other people had them." I may have been a little short with him after that, but who can blame me? My old friend Nelson Mandela spent his wilderness years imprisoned on Arjen Robben Island; he did not spend them appearing on 'Celebrity Coach Trip' alongside Michael Barrymore, John McCririck and someone called 'Wagner' from something called 'The X Factor'. (That said, if any television producer wishes me to appear, a letter sent to the House of Lords will find me).

Friday

Though they are too independent to be much use on the hunting field, I have a soft spot for cats – I recall giving a scientist fellow called Schrödinger the bum's rush after he tried carrying out an experiment on the stables tabby. Because of this, I have long been a donor to the Battersea Cats Home (a sort of Home for Well-Behaved Orphans of the feline world) and was delighted to see one of our alumni, Larry, employed as Official Mouser at 10 Downing Street. "Cor lumme!" he remarks when I meet him this afternoon, "I've fallen on me paws an' no mistake. Ol' Smoothy Chops knows 'ow to put a spread on an' it's all free for yours truly." When he adds "Mind you, you should 'ear the language he uses about that Foxy geezer," I realise that I may have found a substitute for the tramps of St James's Park.

Saturday

No Good Liberal will have cared for all those 'security precautions' at our Birmingham Conference – passport numbers, police with automatic weapons and all that rot. "There are people out there who want to do us serious harm, there are people out there who want to kill us," said one fellow in defence of them. That, however, was also true of the SDP in the Alliance years, and we never went to these extremes then. I fear we have lost our sense of proportion in recent years.

Sunday

To St Asquith's for Divine Service: "And the number of the army of the horsemen were two hundred thousand thousand: and I heard the number of them. And thus I saw the horses in the vision, and them that sat on them, having breastplates of fire, and of jacinth, and brimstone: and the heads of the horses were as the heads of lions; and out of their mouths issued fire and smoke and brimstone. By these three was the third part of men killed, by the fire, and by the smoke, and by the brimstone, which issued out of their mouths. For their power is in their mouth, and in their tails: for their tails were like unto serpents, and had heads, and with them they do hurt. And the rest of the men which were not killed by these plagues yet repented not of the works of their hands, that they should not worship devils, and idols of gold, and silver, and brass, and stone, and of wood: which neither can see, nor hear, nor walk: Neither repented they of their murders, nor of their sorceries, nor of their fornication, nor of their thefts." You know, I don't think the Revd Hughes is as keen on the Twitter as I am.

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