

Funding the Future

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All parties hope to start elections well. The result is a reflection of how things continue. For the LibDems I have to say credibility disappeared on Friday. The [Independent reported late on Friday night that](#):

The government should run a permanent spending surplus, the Liberal Democrats have said in a bid to position themselves as the toughest party on public finances.

Laying out the party's economic pitch in a speech in Leeds, deputy leader Ed Davey insisted the Conservatives and Labour were offering "fantasies" which would wreck the public finances.

Sir Ed said that if they got into government, the Lib Dems would run a 1 per cent surplus on current spending - meaning that day-to-day costs of public services would be lower than the amount raised in taxes. He claimed a "Remain bonus" would help shore up state finances.

Borrowing would only be allowed to pay for capital investment projects judged by an independent watchdog to generate more money for the taxpayer than their initial cost.

Let me summarise what this means.

First, it means that the government will perpetually reduce the UK's money supply, because government spending creates that supply. That guarantees either vulnerability to commercial banks, who will have to lend more to make good this deficit and so make the economy more unstable at a time when we know private debt is already dangerously high, or it means there will be credit squeezes.

Second, it means that the government will run perpetual austerity. That's the state we're in now and since there are no serious LibDem proposals to alter the tax take in the country, barring a token 1p on income tax, that means this is the state we must stay in. This is the core of the plan, whatever esle is said.

Third, this means that what the LibDems are saying is that in the event of another crash resulting in reduced government revenue, as happened in 2008, they will cut all spending to balance the books, so reinforcing the downturn in the economy, whilst

leaving millions of people without the help they will need, including the essential public servants like teachers and nurses, careworkers and those in the fire service who would have to be made redundant to achieve this goal of a balanced budget in that case.

Fourth, it means that spending policies - like the Green New Deal - would have to pass commercial viability tests, no doubt enforced by an unaccountable 'great and good' drawn from the ranks of commerce because politicians like the LibDems clearly do not have any confidence in their own judgement (which begs the question as to why we should when they don't?), when such a criteria would clearly not be fit for this purpose.

I could go on. But let me summarise instead. This is hard-core, right-wing neoliberal economic illiteracy. It manages to make George Osborne look left-wing. And it shows not the slightest understanding of economics, the role of government in society or the nature of money and its relationship to tax. It's also callously indifferent to society, the role of government, all who work in it and all who are dependent upon it.

For all those who had, like me, considered voting LinDem for tactical reasons I do seriously wonder whether it might be time to think again. The idea that the LibDems should ever be trusted near government ever again does look to be in doubt once more, although I am aware that for many the doubt never went away.