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A promise worth breaking [1]

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As cuts are announced today in nearly all government departments, the promise to ring-fence the NHS is being shown to be a nakedly political move made for electoral gain that will hurt the country. (I?ve written about the other ring-fenced department, International Development, here [3], and called for the department to be scrapped altogether.)

This chart [4] from The Guardian?s excellent DataBlog shows the amounts of government spending by department in 2009/10. The government spends £100bn annually on the NHS ? more than £1,600 for every person in the country. Massive amounts of this are wasted on bureaucracy and potentially huge savings could be made, even with modest reforms. For example, a privately-run NHS clinic in Nottingham that has experimented with delegating managerial powers to health staff has made efficiency savings of 20%.

Clearly, significant savings can be made across the board, even through modest and politically viable reforms like the expansion of internal markets within the NHS. But the government?s promise to ring-fence NHS spending means that, whatever the savings made through reforms, there will be no wider budgetary gain ? the money will simply be ploughed back into the NHS.

There is no objective reason that the NHS should be given special treatment when it takes up such a massive portion of the government?s budget already and is so clearly ripe for efficiency savings. At a time with a budget deficit of £154bn per year, it is irresponsible not to allow savings in the NHS to have an impact on the overall fiscal imbalance. The government's logic suggests that, at a time when it has had to make sharp and necessary cutbacks in benefits and education, the health service is in need of even more money.

The Conservative Party?s promise to ring-fence the NHS?s budget was nakedly political and irresponsible. The Liberal Democrats have had to eat their words on many of their own silly policy pledges ? to oppose any rise in university tuition fees, for example. It is time that the Conservatives do the same ? not to do so would be to put party political interests ahead of those of the country.

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