

["Sorry, We Have No Money" ? Review](#) [1]

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It was a note left by the departing Chief Secretary to the Treasury as a joke (and quite a funny one), but the words have come to express the truth about Britain's economic position. Now Warwick Lightfoot, himself a former Treasury Special Adviser, has written a [book under that title](#) [3].

The problem, in a nutshell, is too large a public sector. While the author stresses the benefits of some public sector activities, he concludes that there comes a point when its costs and the damage it does outweighs those benefits. The rough figure at which this happens in a developed economy comes when it exceeds 30-35 percent of the economy. Britain passed this figure in the 1960s, and has been in negative benefit territory since then. The New Labour splurge pushed it to nearly 48 percent, with little commensurate improvement in output.

Warwick Lightfoot suggests that the coalition's strategy of reducing the public sector to 40 percent of GDP will resolve the UK government's borrowing problem but is insufficient to deal with its medium and longer-term structural public expenditure problems. It should be taken down to 35 percent, he suggests. He claims that 2 percent can be taken from public sector pay and pensions, and another 2 percent from the social security bill, and that the performance of the economy will yield an added bonus as it improves as a result.

The book is well argued and packed with supporting detail. Lightfoot makes a powerful, but reasoned, case that we have been living beyond our means at a level that has damaged the ability of the private economy to generate wealth. Cut back the public sector to a manageable level, and our wealth-generating capacity will increase.

One can only say "Yes, please!" and hope that Coalition ministers have copies of this book on their desk.

"Sorry, We Have No Money ? Britain's Economic Problem" by Warwick Lightfoot is published by Searching Finance and is available now.

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