

[Balancing the public budget](#) [1]

Written by [Dr Eamonn Butler](#) [2] | Monday 7 June 2010



UK coalition government leaders Nick Clegg and David Cameron have been talking to the media about the inevitable budget cuts, but trying to put their own spin on it to please their respective parties. Cameron says the cuts must be deep and effective; Clegg says they can't be as painful as Mrs Thatcher's

They are both right. We need to balance the public budget now. Debt weakens a country, cutting down its options at home and unsettling international investors. Government overspending ? and half Britain's budget deficit is 'structural', that is, chronic ? has to be paid for somehow, either by borrowing (which just worsens the problem) or taxation (which raises bills for consumers, employers and investors, which damages business). And you cannot rely on the Treasury's rose-tinted growth forecasts to save you. Our customers, Europe and America, have problems of their own.

So we have to cut the public budget. The key thing is to do it in ways that are as least painful and damaging as possible. The last thing we want is a cheese-slicer approach that just lops a bit off every programme and service, good and bad. Rather, we need to re-think the structure of government itself. Why do all these departments exist? What are they trying to do? Is that outcome actually important, supported by the public, and worth the cost and effort? And if it is, can it be done in better ways, or even be done by folk other than civil servants?

We need to balance the budget, but the best way to do that is not by thinking of the whole things as a 'cuts' exercise. Think of it as a reform exercise. Focus government on what it really needs to do, re-engage with the public, stop creating new programmes and quangos just because they capture a day's headlines. Rethink the whole thing. Then re-boot, and and you find your government running much more efficiently and cost-effectively.

Dr Butler's paper *RE-BOOTING GOVERNMENT: How to deal with the deficit without cutting vital services* will be published by ASI this week.

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