What Alistair Darling should say.. [1]

Written by Jan Boucek [2] | Monday 22 March 2010



Honourable Members,

Last week?s statistics on employment and public sector borrowing underscore our nation?s predicament: a continued rise in public sector but shrinking private sector employment and pay coupled with a borrowing requirement that is still far too high. This country?s public services and increasing numbers of pensioners need a growing and flourishing private sector.

We recognise that and we?re going to do something about it. I begin by declaring that this budget contains no new tax or spending initiatives so my speech will be the shortest on record.

Effective with the fiscal year 2010-11, all budgets and salaries of government departments and quangos are frozen at 2009-10 absolute levels. Yes, all: health, education, defence, the lot. We have poured billions into all the departments over the years but the evidence is incontrovertible that productivity and efficiency gains have been poor. It?s time to take stock before allocating yet more money.

If our government is re-elected, we will immediately create a new independent Financial Policy Committee (FPC) whose remit will be to ensure that government and quango spending in the first instance is no greater this coming financial year than the current year and that future spending is capped at a specific percentage of the nation?s output. At best, spending for 2011-12 will be little changed from 2010-11 but the ambition is to make it less.

The precise level of overall government spending will be the remit of the FPC which is to deliver by Christmas of this year a comprehensive bottom up, zero-based, budget analysis of all departments and quangos. All public sector managers are urged to put summer vacation planning on hold? we have work to do.

The FPC and its mandate is our immediate short-term initiative to assure financial markets that we mean business and to judge us accordingly.

While this is going on, another independent Entitlements Policy Committee (EPC) will be created with the mandate to produce an agenda, also by Christmas, to ensure entitlements like job seekers allowances, housing benefit, child benefit, fuel allowances and the lot are streamlined and consolidated to reach those who truly need it. This Committee will also be charged with setting a new retirement age that is consistent with the demographics and longevity of the 21st century, not the mid-20th. Sooner rather than later, the retirement age is going up and going up meaningfully.

The EPC and its mandate is our long-term initiative to ensure the government is no longer a milch cow for all comers.

That?s the government?s side of the bargain. For the private sector to deliver its side, we recognize it needs long-term stability and simplicity in the tax code and regulations and this will be an urgent priority for my department. It is to deliver an urgent plan of action, also by Christmas, with the objective of setting business tax rates that are more than competitive with the rest of the world.

All these reviews will be transparent to all, much like the Monetary Policy Committee?s deliberations. As the FPC and EPC present their recommendations, we will act.

Honourable members, I would like to move faster on all fronts and, if possible, I will. But I pledge to this House that, if this government is re-elected, a new budget reflecting our urgent root and branch review of spending and taxation will be delivered by mid-January at the latest.

I promised a short speech and I have now delivered it. We have been an active government that now freely admits our ambitions have run too far ahead of our nation?s capacity to deliver on them. With this budget, we pledge to reassess all that we have done with the intention of redressing the imbalance that has arisen between the public and private sectors.

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