

[The debt and deficit cost of political policies](#) [1]

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UK Conservative Party Co-Chairman Grant Shapps MP has started "deficit alerts" on his Twitter account whenever a Labour politician appears on television to demand more spending on this or that. Here is a sample:

@grantshapps: "Deficit Alert! Ed Balls calls for £16.5bn more borrowing "this year" on #Murnaghan - same old Labour answer would mean soaring interest rates."

I am glad that politicians should be so focused on the debt and deficit implications of public policy. But we need to make it systematic.

As ASI Fellow Miles Saltiel has pointed out in the past, the UK's official national debt ? about £1trn but who's counting? (precious few in Westminster, that's for sure) ? is about one-sixth of the government's total liabilities. Most of those commitments are 'below the line', unseen. They include the cost of nuclear decommissioning, of Network Rail's debts, of future pension obligations, plus future commitments on healthcare, education and (more recently) social care and childcare.

The trouble is that politicians propose measures without any review of their cost, other than the cost in the current year. The full financial impact ? next year, the year after and the year after that in perpetuity (since government spending programmes are almost never abandoned) ? is never expressed.

I propose that whenever any measure is introduced into Parliament, the Office for Budget Responsibility should audit its future financial burden. New health treatments? Fine, but the Bill has to include the price tag of what it will cost in the decades ahead and an analysis of what that will do to the national debt and interest rates. Better social care? School leaving age raised to 18? Green technology subsidies? All fine if we choose them, but we must be told the long-term price.

Of course, knowing the future cost of their measures would not stop politicians from introducing things that look small but have a big future impact on the budget. But it would at least provoke a healthy national debt about what is and is not affordable.

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