

# Under scrutiny...



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## Summary

- The focus on the Liberal Democrats, as their conference begins this weekend, will show that they are out of touch with Britain's families and that their plans for Britain's future simply do not add up. While Nick Clegg claims this week to appeal to the centre-left, the truth is he would cut tax credits, abolish the Child Trust Fund, scrap universal child benefit, cut public services, and introduce a new local income tax which would cost working families hundreds of pounds. His party's economic policy, such as it is, is made of up a series of failed attempts to get attention – with expensive spending commitments one minute and promises of tax cuts the next. The only issues on which the Liberal Democrats don't flip flop are crime and terrorism: they remain ideologically committed to soft punishments for criminals, introducing an amnesty for illegal immigrants, and putting up barriers to convicting the guilty.
- It is easy to dismiss the Liberal Democrats as unlikely ever to be a party of government, but this should not mean their policies are free from scrutiny. This document identifies some of the key risks and inconsistencies in their policies.
- The Liberal Democrats have promised to make "tough choices" to cut public spending. They have announced plans to make cuts which would hurt families all over the country – cutting tax credits, scrapping the Child Trust Fund and making cuts in the NHS. In a major u-turn, they have dropped their flagship manifesto pledge to provide free personal care for the elderly – even though Nick Clegg campaigned for the party leadership promising to keep it. But despite all these cuts, the sums still don't add up.
- Their plan for a local income tax would raise the basic rate of income tax by 6.6p – costing families around the country hundreds of pounds a year. They claim they can make £20 billion in savings – but they refuse to say how they will do this, and any savings they can identify are more than covered by their expensive promises of extra spending. While the Liberal Democrats continue to make opportunistic promises of whatever they think will be popular – regardless of cost – their leader now says that "a lot of cherished Lib Dem policies will have to go on the back burner" and "you can't carry on promising the same menu of goodies".
- Nick Clegg has said that education is his "biggest enthusiasm" in politics, but his education policies, funded by cuts to families, are far from progressive. They would give more money to wealthier areas than to the least well off, and would even cut the schools budget of Tower Hamlets, one of the most deprived boroughs in the country, by £1 million.
- Meanwhile their higher education policy – a critical issue which they used to target university seats in the 2005 election – is now in disarray. In a double u-turn, since last September the Liberal Democrats have been in favour of scrapping university tuition fees, then against it, then in favour of it again, then against it again – to the point where nobody in the party now seems to be sure what their policy is. All we know for certain is that they want to cut the number of university students and restrict access to higher education.
- The Liberal Democrats are still as soft on crime as they always were. They have repeatedly voted against tougher penalties and punishments for violent offenders, and they say young people who breach an ASBO should never be locked up. They have kept their policy of ending jail sentences for drug possession and of legalising the growth and sale of cannabis. They campaign against the use of DNA evidence, which has helped the police to solve thousands of serious violent crimes. And they would allow suspected terrorists who cannot legally be removed from the UK to roam free without any controls on their movements or activities.

# Cuts for families

## Cutting tax credits

- The Liberal Democrats would make life more difficult for millions of hard-pressed families trying to balance their family budgets. They say they would scale back tax credits, which they admit would make millions worse off.

"We will better target tax credits by increasing the taper rate taking over 2.5 million people off means tested tax credits."

*Liberal Democrat policy paper 80, "Freedom From Poverty, Opportunity For All", passed by Liberal Democrat conference September 2007*

"We are saying that above average income families should be taken out of the tax credit system altogether."  
*Nick Clegg MP, GMTV Sunday, 27 January 2008*

"And that public money can be spent much better if, for example, we radically decentralise the NHS, or scale back Tax Credits."

*Nick Clegg MP, Speech to Policy Exchange, 20 May 2008*

"We have made similar arguments about tax credits, about which there has been a lot of discussion in the Chamber. I recognise that when they were introduced, they were an enlightened step forward and one of the Prime Minister's genuine creations, and one should not disparage them. They have been extremely complicated and faulty in their administration, but I do not deny the vision behind them. However, a system costing £20 billion that includes people with incomes of up to £50,000 cannot be sustained on its present scale, and we must consider how it can be cut back."

*Vince Cable MP, Budget Resolutions and Economic Situation, House of Commons, Cmn 751, 28 April 2009*

How many families would lose out from the Liberal Democrats' plan to scale back tax credits?

How much worse off would those families be from the Liberal Democrat cuts to tax credits?

## Scrapping universal child benefit

- Liberal Democrat Treasury spokesperson Vince Cable says that he is in favour "in principle" of no longer making child benefit universal.

"The simplest reform could be to taper the family element in tax credit which the Institute for Fiscal Studies estimates could raise £1.35 billion. This should occur. A more radical reform would be to target child benefit by assimilating it into tax credit. David Davis MP and others have advocated this approach. It is certainly incongruous to many people that the very rich receive child benefit. The IFS estimates that £5 billion or more could be saved by no longer making child benefit universal. The implication, however, of the tapering of child tax credit and the loss of universal child benefit, would be a loss of income for some middle income families. Such a reform would be easier to make if income tax were cut for standard rate payers. I favour making this reform in principle, but more work needs to be done on how to manage offsetting tax cuts."

*Vince Cable MP, "Tackling the fiscal crisis: A recovery plan for the UK", 15 September 2009, p. 41.*

How many families does Vince Cable believe should lose their child benefit?

How much money would this save if it were offset with tax cuts?

## Scrapping the Child Trust Fund

- Labour introduced the Child Trust Fund in 2002. The Child Trust Fund is a long-term savings and investment account created especially for children. Each family automatically receives a tax-free £250 CTF voucher when they claim and start to receive Child Benefit for their child. Children in lower income families receive an extra £250. There is a further automatic payment of £250 when the child turns seven – again with an extra £250 for children in lower income families. Families can choose to pay more into the account, up to £1,200 per year. The money is locked away until the child turns 18, when they can choose to use the money, plus the interest they have earned over 18 years – or they can carry on saving.
- The Liberal Democrats call the Child Trust Fund a “gimmick”, and say they would scrap it.

“We maintain our commitment to recruit more teachers to cut class sizes, funded through the abolition of the Child Trust Fund.”

*Liberal Democrat policy paper 80, “Freedom From Poverty, Opportunity For All”, passed by Liberal Democrat conference September 2007*

“The hon. Gentleman is right that the evidence shows that the investment has to be made in the early stages of a child’s life, so does he agree that the Government should abandon their gimmick of the child trust funds? Billions of pounds are tied up in them, although 18-year-olds get a payment of only a few hundred. Should we not spend that money on early-years education, because that will make a difference to people’s life chances?”

*Greg Mulholland MP, Liberal Democrat health and older people’s spokesperson, Hansard, Column 739, 11 Dec 2008*

How many young people would lose out from the Liberal Democrats’ plan to scrap the Child Trust Fund?

## Scrapping Labour’s help for mums-to-be

- Labour introduced the new Health in Pregnancy Grant in April 2009. This is a one-off tax-free payment of £190 for all mums-to-be, paid after the 25<sup>th</sup> week of pregnancy, along with advice from a health professional, to help them at this important time.
- The Liberal Democrats call this “little more than a gimmick”, and say they would scrap it.

“A recent report found that obesity will cost £45 billion a year by 2050 if the epidemic is not brought under control. Yet the latest Government proposal to make a one-off payment of £190 to all expectant mothers smacks of little more than a gimmick.

“To help secure the health of all children, particularly those in deprived areas, and to ensure healthy eating and regular exercise are encouraged at an early age, we believe the money the Government proposes to invest in this one-off payment should be invested in school nurses – whose numbers were massively depleted under the Conservatives – to visit schools on a regular basis providing health services and teaching children and parents about the merits of a healthy lifestyle.”

*Liberal Democrat policy paper 84, “Empowerment, Fairness and Quality in Health Care”, passed by Liberal Democrat Spring Conference 2008*

How many families would lose out from the Liberal Democrats’ plan to scrap the Health in Pregnancy Grant?

## Cuts to the NHS

- Liberal Democrat Treasury spokesperson Vince Cable has refused to rule out cuts to what he calls “the sacred cow of the NHS”.

“In every department there are things which should be questioned. Take the sacred cow of the NHS – we take a very jaundiced view about the NHS IT scheme. I find it difficult to defend activities like the IT schemes and the functioning of strategic health authorities. These are not frontline services so the idea that there are some departments which must never be touched is not sensible.”

*Vince Cable MP, Independent, 13 September 2008*

- Vince Cable is wrong to say that the NHS IT scheme is not a frontline service – it is key to improving patient care by making it quicker, more convenient and more efficient. New IT systems in the NHS, including digital imaging, electronic prescriptions and “Choose and Book”, are delivering better care for those who use and work in the health service.

By how much do the Liberal Democrats plan to cut the NHS budget?

## Letting hospitals go bust

- The Liberal Democrats want to allow NHS hospitals to raise money by borrowing against their own assets.

“We believe Local Health Boards should decide how to finance capital projects, in particular whether or not to use PFI for capital projects. The Labour Government’s obsession with PFI and its use without proper budgeting has been very damaging to the finances of the NHS. Local Health Boards could alternatively issue Health Bonds to raise funds for capital projects, subject of local referenda. In the USA, decisions of this sort are put to local communities by way of a ‘proposition’ on the ballot paper at election time. The community would be asked whether they approved the issuing of a Health Bond to raise funds for a particular capital project such as the building of a new hospital or health centre. Bonds would be secured against assets.”

*Liberal Democrat policy paper 84, “Empowerment, Fairness and Quality in Health Care”, approved at Liberal Democrat spring conference, March 2008*

- Under Liberal Democrat plans, hospitals would be encouraged to raise money without the backing of Treasury guarantees.
- This means that if a hospital got into serious financial difficulty after using its assets as security on loans, NHS assets such as buildings and land, as well as expensive medical equipment, all currently owned by the taxpayer, could be lost to the NHS. This could put essential NHS services at risk.

What would happen to NHS patients under the Liberal Democrats if the hospital they relied on went bust after using its assets as security on loans?

Would hospitals be forced into quick sales of assets in the event of getting into financial difficulty under Liberal Democrat plans?

# Soft on crime

## Liberal Democrat voting record

- The Liberal Democrats have repeatedly voted against tougher penalties and punishments for offenders.

	Labour vote	Liberal Democrat vote
Five year minimum sentences for carrying an illegal gun <small>(Criminal Justice Bill 2002, Division No. 211, Hansard, 20 May 2003)</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tougher sentences for murder, sexual and violent offences <small>(Criminal Justice Bill 2002, Division No. 211, Hansard, 20 May 2003)</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Powers to keep dangerous offenders who continue to pose a risk in prison for an indeterminate period <small>(Criminal Justice Bill 2002, Division No. 211, Hansard, 20 May 2003)</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Powers to break up teen gangs <small>(Anti-Social Behaviour Bill 2003, Division No. 251, Hansard 24 June 2003)</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Increase the maximum penalty for causing death by dangerous driving <small>(Criminal Justice Bill 2002, Division No. 211, Hansard, 20 May 2003)</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Increase the maximum penalty for causing death by careless driving whilst under the influence of drink or drugs <small>(Criminal Justice Bill 2002, Division No. 211, Hansard, 20 May 2003)</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Increase the maximum penalty for aggravated vehicle taking resulting in death <small>(Criminal Justice Bill 2002, Division No. 211, Hansard, 20 May 2003)</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Why did the Liberal Democrats oppose minimum sentences for carrying an illegal gun, tougher sentences for murder, sexual and violent offences and tougher penalties for dangerous driving?

Would they reverse this legislation in office?

## Penalties and sentences

- The Liberal Democrats would replace prison sentences of less than three months with community service.

"We propose: Establishing a presumption against the use of custodial sentences of less than three months, which reinforce criminal behaviour and fail to cut re-offending. To be replaced by rigorous and visible community sentences – of not less than twice the length of the custodial [sic] sentence which would have otherwise been imposed – which make criminals work to repay their crimes and stop reoffending."  
*Liberal Democrat policy paper 78, "Together we can cut crime", passed by Liberal Democrat spring conference, March 2007*

- The Liberal Democrats would never lock up young people who are convicted of breaching an ASBO.

"Remove the possibility of a custodial sentence for juveniles convicted of breaching an ASBO. ASBOs have contributed to the criminalisation of young people by blurring the lines between civil and criminal proceedings."  
*Liberal Democrats, "A Life Away From Crime: A New Approach to Youth Justice; Proposals from the Liberal Democrat Justice & Home Affairs Team", August 2008*

- The Liberal Democrats have still not dropped their pledge to end all jail sentences for drug possession, to legalise the sale of cannabis, and not to penalise those who grow it.

"Our policy of non-prosecution for possession, cultivation for own use or social supply of cannabis would shift police resources away from targeting the users to cracking down on the dealers and drug traffickers. In the longer term, we would seek to put the supply of cannabis on a legal, regulated basis subject to securing necessary renegotiation of the UN Conventions."  
*Liberal Democrat Manifesto for Law and Order, 29 March 2005.*

"Liberal Democrats will reform unnecessary and counterproductive criminal penalties by:

- Ending the use of imprisonment as a punishment for possession for own use of illegal drugs of any class. Instead, non-custodial sentences such as community sentences and Drug Treatment and Testing Orders could be used. Reclassification would allow for a more credible education-based approach to deterring users."

*Liberal Democrat Manifesto for Law and Order, 29 March 2005.*

- The Liberal Democrats believe that "the punishment of offenders" should not be one of the purposes of sentencing.

"The difference between the amendment and the existing clause is that the amendment would miss out the punishment of offenders as the first mention of the purpose of sentencing, but it would leave in the other three purposes: the protection of the public, the reform and rehabilitation of offenders and the making of reparation by offenders."  
*David Howarth MP, Liberal Democrat justice spokesperson, Hansard, Column 311, 25 October 2007*

- The Liberal Democrats have described community punishments which use high-visibility jackets to enable communities to see offenders paying back for their crimes as "gimmicks".

"Things like naming and shaming and high visibility tabards are gimmicks...what we have to do is ensure that there is delivery. That is the function that the Home Office and, I'm afraid, the justice department have spectacularly failed to perform."  
*Chris Huhne MP, BBC News online, 28 June 2008*

"The real question about these fluorescent bibs is whether they help to reduce future crime."

"Since the Government has no evidence that this is the case, it should not have introduced them simply as a headline-chasing gimmick."

*David Howarth MP, Liberal Democrat justice spokesperson, Liberal Democrat press release, 6 May 2009*

Do the Liberal Democrats believe that punishment should be one of the purposes of sentencing?

Will the Liberal Democrats drop their pledge to end all jail sentences for drug possession, legalise the sale of cannabis and not penalise those who grow it?

## Convicting criminals

- The Liberal Democrats are campaigning against Labour's use of DNA evidence to convict criminals.

"I'm proud that we have argued consistently against the retention of innocent DNA on the biggest such database in the world. And I'm proud that with this motion today our party is leading the debate about the surveillance society."

*Nick Clegg MP, speech to Liberal Democrat conference, 20 September 2007*

- The DNA database is a vital crime fighting tool, identifying 390,000 crimes with DNA matches between April 1998 and September 2008 and providing the police with a lead on the possible identity of the offender. Last year a total of 17,614 crimes, including 83 homicides and 184 rapes, were detected in which a DNA match was available.
- The Liberal Democrats voted against giving the police powers to take DNA and fingerprints from people who have been arrested for a recordable offence and detained in a police station (*Source: Criminal Justice Bill, Division No. 204, Hansard, 19 May 2003*).

Why did the Liberal Democrats vote against giving police powers to take DNA and fingerprints from persons who have been arrested for a recordable offence and detained in a police station?

Are the Liberal Democrats prepared to accept that a reduction in the use of DNA evidence would result in some crimes going unsolved and unpunished?

- The Liberal Democrats would also reverse legal safeguards against guilty suspects escaping justice by refusing to comment in court.

### **Top ten laws to scrap**

The top ten laws the Liberal Democrats have identified which we don't need are:

...

9. Right to silence

Sections 34-39, Public Order Act 1994 – England and Wales

*Liberal Democrat Party, The Freedom Bill, www.libdems.org.uk, November 2006*

- The impact of this Liberal Democrat change to the law would be to encourage suspects to make 'no comment' responses to the police and to encourage defendants to remain silent at their trial, without fear that this could rebound to their disadvantage. This would make it more difficult to secure convictions.

Why would the Liberal Democrats legally encourage suspects to make 'no comment' responses to the police and encourage defendants to remain silent at their trial?

Are the Liberal Democrats prepared to accept that allowing suspects to refuse to comment in court would result in some crimes going unsolved and unpunished?

## Immigration, security and terrorism

- The Liberal Democrats would scrap ID cards, including ID Cards for foreign nationals,.

"We would restore the right to protest in Westminster, we would scrap ID cards and we would make sure that the money saved from ID cards goes towards making a difference to citizens."

*Nick Clegg MP, Hansard, Column 720, 23 November, 2006*

"We all want to see a firm but fair immigration system, but indulging in repeat announcements and expensive gimmicks, such as the trialling of ID cards for foreign immigrants, will not inspire public confidence."

*Nick Clegg MP, Liberal Democrat press release, 29 March, 2007*

- The Liberal Democrats would scrap control orders to tackle suspected terrorists who cannot currently be prosecuted or removed from the country. This would mean that suspected terrorists who cannot legally be removed from the country would be able to roam free without any controls on their movements or activities.

"That is why the Liberal Democrats were the only party to vote against the renewal of control orders in the House of Commons earlier this year."

*Nick Clegg MP, Liberal Democrat press release, 31 October 2007*

### Top ten laws to scrap

The top ten laws the Liberal Democrats have identified which we don't need are:

...

6. Control orders

Section 1, Prevention of Terrorism Act 2005

*Liberal Democrat Party, The Freedom Bill, www.libdems.org.uk, November 2006*

- Nick Clegg has proposed an amnesty for illegal immigrants.

"A measured, selective amnesty, as the Liberal Democrats propose is anything but 'soft' on illegal immigration."

*Nick Clegg MP, Independent, 19 September, 2007*

- He is unable to say how many illegal immigrants would gain the right to live in this country under these Liberal Democrat plans.

"The government's own estimate is that there are up to 600,000 people who are living irregularly in this country. It may well be more."

*Nick Clegg MP, BBC Radio 4, World At One, 18 September, 2007*

How would the Liberal Democrats deal with the risk posed by suspected terrorists who cannot legally be removed from this country?

How many illegal immigrants would gain the right to live in this country under Liberal Democrat plans for a selective amnesty?

Have the Liberal Democrats examined the record of immigrant amnesties in other countries, and considered the risk of creating an expectation among potential illegal immigrants that there will always be another amnesty around the corner?

# Confused on tax, spending and the economy

## Sums don't add up on cuts

- At the last election, the Liberal Democrats pledged to introduce a new 50 per cent top rate of income tax.

"We will introduce a new 50 per cent rate on the portion of individual income exceeding £100,000 a year."  
*Liberal Democrat manifesto 2005*

- Nick Clegg dropped this pledge, admitting would not have raised enough to pay for Liberal Democrat spending pledges, and that "we did our sums as did others and it worked out that it didn't raise as much as... we'd initially thought it had".

Sarah Montague: But why not just reintroduce the old proposal to introduce, to have a top rate, a new top rate of tax because that would have hit the highest earners and benefited those on lower and middle incomes?

Nick Clegg: For the simple reason that we did our sums as did others and it worked out that it didn't raise as much as it initially, we'd initially thought it had and we felt it was better to look at the tax system as a whole.

*BBC Radio 4, Today, 17 July 2008*

- Now, Nick Clegg pledges instead to cut taxes and to cut £20 billion of government spending.

"And to make that possible I'm asking my Shadow Cabinet team to look further, and deeper than before, and identify spending cuts equal to 3% of government spending. That means up to £20 billion a year of government spending that we will reallocate to our priorities – so we can deliver a more liberal Britain within the overall spending envelope."

*Nick Clegg MP, speech in the City of London, 12 May 2008*

"The Liberal Democrats are different. We want to challenge – not mindlessly accept – the basic principles of the Government's plans. We are not ready to accept the Government's proposed overall level of taxation, and will look in depth at whether it can, and should, be cut."

*Nick Clegg MP, speech to Policy Exchange, 20 May 2008*

"The other parties say tax cuts aren't possible. But that's because they're too flaky to take the tough choices to make tax cuts possible. Too weak to trim back on wasteful spending. Too in hock to wealthy non-doms to threaten higher taxes for the rich. Liberal Democrats are not afraid of tough choices. My shadow cabinet is identifying £20bn of government spending that isn't working effectively."

*Nick Clegg MP, speech to Liberal Democrat conference, 17 September 2008*

- Nick Clegg has refused to say where this £20 billion in cuts is going to come from.

Jeremy Paxman: You said ... hang on ... you chose the figure of £20 billion. So far we've been able to identify about five, four and a half, five billion, five and a half billion in specified things that you think you can save money on. Where's the rest?

Nick Clegg: Yes which is ... well, I'm not going to tell you the rest because if I did that, first if they were a good idea the other parties would nick it and secondly because how spending is allocated by government and therefore we think we can save will of course be something we can only decide on finally at the time of the next general election. But what we are committing ourselves to as a party now is that £20 billion, 3 per cent of the total government expenditure of over £600 billion, will be identified. It will then be reallocated, redirected to our spending priorities on the elderly, on the young, on housing and the remainder will be handed back in tax cuts to people who need a break at a time of real economic hardship.

*BBC2 Newsnight, 15 September 2008*

- Despite not being able to say how would find £20 billion in cuts himself, Nick Clegg says that “to be taken seriously”, politicians who argue for less public spending must explain where their savings will come from:

“If David Cameron is going to be taken seriously he has to identify what cuts he will make. How many fewer police officers will there be on the street and who will have a smaller pension?”  
*Nick Clegg MP, Yorkshire Post, 6 January 2009*

- Any other savings the Liberal Democrats could offer through cuts would be more than offset by the cost of even just a few of the expensive spending pledges which Liberal Democrat frontbenchers offer on a regular basis. Liberal Democrat spokespeople regularly make uncostered promises of additional funding for a wide range of things, including for the Post Office, for prisons, for courts, for the police, for pensioners and for railways. The Liberal Democrats rarely even attempt to suggest how these policies might be funded, even though their promises over this Parliament add up to billions of pounds.
- Nick Clegg has acknowledged his party’s practice of fighting elections with a “shopping list of commitments”, and has said that at the next election this “will be far, far, far, far, far shorter”. However, he has not yet given any indication of which of his party’s many spending commitments are now to be dropped. His party’s policy on tuition fees is now totally unclear (see p. 18) and he has even indicated that pledges on personal care, already revised since the last election after the “free care for the elderly” policy was dropped last March (see p. 14), are “aspirations”.

“The circumstances are utterly different from anything in the last 15 years. Our shopping list of commitments will be far, far, far, far, far shorter,” he said. “We will have to ask ourselves some immensely difficult questions about what we as a party can afford. A lot of cherished Lib Dem policies will have to go on the back burner. They will remain our aspirations. They will remain our policies. But we are not going to kid the British people into thinking we could deliver the full list of commitments we have put to them at the last three or four elections.”

Asked if that meant watering down pledges on tuition fees, personal care and pensions, Mr Clegg replied: “Some of these might be retained as policies that we could not honestly place at the forefront of our manifesto because we could not honestly claim they could be delivered in the first few years of the next parliament.

“I hope people will understand these are aspirations we will maintain but that, in these completely different circumstances, you can’t carry on promising the same menu of goodies. It is just not plausible.”

The Liberal Democrat leader insisted he had not drawn up a hit list of policies to be dropped. “The blunt truth is that everything is vulnerable. All the aspirations remain. We are setting out the criteria by which the Lib Dems will pick and choose from that menu.”

*Independent, 22 July 2009*

Where will the Liberal Democrats find £20 billion in savings?

What proportion of these £20 billion savings would the Liberal Democrats reallocate to their own public spending priorities, and what proportion would go on tax cuts?

What are the full costs of the Liberal Democrats’ additional spending promises?

## U-turn on free personal care for the elderly

- At the last general election, the Liberal Democrats campaigned on a manifesto promising to provide free personal care for elderly and disabled people.

"Liberal Democrats will provide free personal care for elderly people and people with disabilities, for as long as they need it, funded out of our new 50 per cent rate on that part of people's incomes over £100,000."  
*Liberal Democrat manifesto 2005*

WE OPPOSE: Selling your home to pay for care  
WE PROPOSE: Free personal care for the elderly  
*Liberal Democrat manifesto 2005*

- Nick Clegg repeated the pledge during his leadership campaign in November 2007:

"We would supplement this support with Free Personal Care for elderly and disabled people."  
*Nick Clegg MP, reply to questions to the Liberal Democrat leadership candidates from the Fawcett Society, November, 2007*

- Since the 2005 election, however, the Liberal Democrats have dropped their commitment to a 50 per cent top rate of tax (see p. 12) – which means that they can no longer fund this spending promise.
- Just weeks after Nick Clegg was elected leader of the party, the Liberal Democrats quietly dropped the policy of free personal care for elderly and disabled people, and replaced it with a policy of sharing the cost of personal care between the state and the individual.

"Secondly, in order to achieve a sustainable and fairer solution, we believe that the funding of personal care must be a shared responsibility between the state and the individual. Neither central nor local government can provide for the full extent of care and residential costs that many elderly people face, but they should provide a basic level of care (according to assessed need) and then encourage individuals to top up with their own contributions."

*Liberal Democrat policy paper 84, "Empowerment, Fairness and Quality in Health Care", approved at Liberal Democrat spring conference, March 2008*

- However, in July this year, Nick Clegg indicated that even the current Liberal Democrat policies on personal care might be under threat, saying that they "might be retained as policies that we could not honestly place at the forefront of our manifesto because we could not honestly claim they could be delivered in the first few years of the next parliament."

Asked if that meant watering down pledges on tuition fees, personal care and pensions, Mr Clegg replied: "Some of these might be retained as policies that we could not honestly place at the forefront of our manifesto because we could not honestly claim they could be delivered in the first few years of the next parliament."  
*Independent, 22 July 2009*

Why did Nick Clegg campaign for the Liberal Democrat leadership with a pledge to introduce free personal care for elderly and disabled people, and then drop the policy just weeks after being elected?

Does the revised Liberal Democrat policy on personal care still stand, or has it been downgraded to an "aspiration"?

## Confused on schools spending

- On 18 September 2009, Nick Clegg told the TES that "it would be madness to cut support for schools", and that "We won't cut".

"We won't cut. Absolutely nothing could be more important. We've got this ballooning structural deficit, which means we will not be able to pay for things in the way we did before. That is a fact and we need to learn to abandon some policies and funding pledges we've made in the past. That will be painful for us and painful for all of the parties.

"But one of the things that I'm absolutely adamant about is that it would be madness to cut support for schools in order to deal with the poisonous legacy of this recession."

*Nick Clegg MP, "Clegg: Lib Dems will ring-fence education cash", TES, 18 September 2009*

- But on the very same day, Vince Cable told the Today programme that there should be no areas immune from cuts, and that "one has to look at everything".

"Well one has to look at everything. It isn't sensible, as I think the Conservatives are doing, to say that you know, there are certain areas we can't go anywhere near, which of course means that the pain everywhere else is much greater. I think we have to look at everything, we have to look at it from first principles, everything has to justify itself, and it's got to be done in a democratic way by discussing this publicly and openly rather than waiting until after the next election and doing everything behind closed doors."

*Vince Cable MP, BBC Radio 4 Today, 18 September 2009*

Do the Liberal Democrats plan to ring-fence school spending, or not?

Who is right about Liberal Democrat school spending plans: Nick Clegg or Vince Cable?

## Confused on VAT

- Labour is helping families and businesses with a reduction in VAT from 17.5 per cent to 15 per cent from 1 December 2008 until the end of 2009, as part of the fiscal stimulus package. The VAT cut is about putting £12.4bn back into the pockets of shoppers and shopkeepers - providing extra income for people on both sides of the till right through 2009, with households benefiting by £275 a year on average.
- The Liberal Democrats are opposed to this cut in VAT.

"We would not waste £12.5bn on the VAT cut which the Prime Minister has delivered, which we don't think makes much difference."

*Nick Clegg MP, BBC Radio 4 Today, 3 January 2009*

- Despite opposing the VAT reduction now, Liberal Democrat Treasury spokesperson Vince Cable described it as "positive" before it was introduced:

"We would prefer to do tax cuts in a different way. A big tax cut's desirable - that's certainly the case - and a VAT cut would act very quickly, which is positive."

*Vince Cable MP, BBC 1, The Andrew Marr Show, 23 November 2008*

- Vince Cable even said he would "certainly... support a tax cut" if it was put to a vote.

Andrew Marr: You've had to live for some time in an imperfect world where the Liberal Democrats are not in power. You have to look at what the Government does. So I ask again, if the VAT cut is what is on offer, it seems to be, will you vote for it or against it?

Vince Cable: I don't think it's putting to the vote, but certainly we would support a tax cut but we have alternative proposals which we think are better, which are fairer and more sustainable and have a better way of introducing spending into the economy over the long-term, so that the tax isn't clawed back.

*BBC 1, The Andrew Marr Show, 23 November 2008*

- But in fact Nick Clegg, Vince Cable and the Liberal Democrats voted against the temporary VAT cut in parliament (*source: Division No. 9, Hansard, 17 December 2008, column 1157*).

Given that cutting VAT is the quickest way to get money into the economy, why are the Liberal Democrats against it?

Why did Vince Cable support a VAT cut and say he would vote for it in November, and then vote against it in December?

## Confused on Bank of England Independence

- In his speech to the Liberal Democrat conference in September 2008, Liberal Democrat Treasury spokesperson Vince Cable was clear that the independence of the Bank of England must not be compromised, and that interest rates should not be cut.

"The Government must not compromise the independence of the Bank of England by telling it to slash interest rates and generate another dangerous inflationary 'bubble'."

*Vince Cable MP, speech to Liberal Democrat conference, 15 September 2008*

- Yet just three weeks later, Vince Cable argued for the Government to intervene in the decisions of the Bank of England's Monetary Policy Committee and instruct it to cut interest rates.

"What is required is for the chancellor to write to the governor saying that on a temporary emergency basis the committee should assume a central role in countering the crisis with a large cut in interest rates. A big cut – conceivably as much as two percentage points – would have a big psychological impact on consumer and business confidence when it is most needed."

*Vince Cable MP, Sunday Times, 5 October 2008*

Vince Cable: I mean I've been a very strong advocate of the independence of the Bank of England, supported them throughout the last ten years, and we're going to need an independent bank, but these are very exceptional circumstances and I think the Chancellor is going to have to write to the Governor of the Bank of England and say instead of worrying about whether inflation's 2 or 3 per cent, the issue is the collapse of the financial system and the collapse of confidence. I mean the Americans have cut interest rates by 2 per cent. I mean arguing here about a quarter or a half is neither here nor there.

Andrew Marr: You think a big cut?

Vince Cable: A big cut is going to have to happen, and the Chancellor of the Exchequer's going to have to clear the way in order to enable them to do it.

*BBC 1, The Andrew Marr Show, 5 October 2008*

Does Vince Cable believe that the Government must not compromise the independence of the Bank of England, or does he believe that the Chancellor should intervene and instruct the Bank to act in a certain way?

# Cuts and confusion on education

## Double u-turn on scrapping tuition fees

- At the last election, the Liberal Democrats waged an aggressive campaign against tuition fees in marginal seats in university towns. It was a critical plank in their campaign against Labour MPs and they took every opportunity to push their promise to scrap tuition fees for university students:

Liberal Democrats will abolish all tuition fees and make grants available to help poorer students with maintenance costs. That will build on the achievements of Liberal Democrats in government in Scotland. No one will be denied the opportunity of a university education because of the fear of debt, while universities will receive the increased funds they need.

*Liberal Democrat manifesto 2005*

- But now, in just one year, the Liberal Democrats have been in favour of abolishing university tuition fees, then against it, then in favour of it again, and then against it again – although their frontbenchers hint that they may be in favour of it again soon.
- In 2005 they estimated the cost of scrapping tuition fees at £1.2 billion, and promised to fund it by introducing a new 50 per cent top rate of income tax.

### **1. Scrapping tuition and top-up fees for students.**

Cost: £1.2 billion per year.

*Liberal Democrat manifesto 2005*

“Funded from part of our new 50 per cent rate on incomes over £100,000, Liberal Democrats will abolish all tuition fees and make grants available to help poorer students with maintenance costs.”

*Liberal Democrat manifesto 2005*

- Since the 2005 election, however, the Liberal Democrats have dropped their commitment to a 50 per cent top rate of tax (see p. 12) – which means that they can no longer fund this spending promise. As a result, they have scrapped their flagship “free personal care for the elderly” policy (see p. 14).
- Nevertheless, their tuition fees policy remained in place until September 2008, when it was reported that the Liberal Democrat leadership intended to drop the party’s opposition to tuition fees too, on the grounds that the policy was not sustainable.

The leaders of the Liberal Democrats plan to abandon the party’s opposition to student tuition fees. Stephen Williams, Lib Dem Shadow Secretary of State for Innovation, Universities and Skills, said that the policy was not sustainable.

In an interview with Times Higher Education, as his party gathered for its annual conference in Bournemouth this week, Mr Williams said that Nick Clegg, the leader of the party, had come to this conclusion after “long internal discussions”.

*Times Higher Education, 18 September 2008*

- Stephen Williams MP, Liberal Democrat higher education spokesperson, defended the policy review against critics from within the party by saying that Liberal Democrat policy should be relevant for the 2010 general election.

"The policy review I am leading is to get a policy that is relevant for the 2010 general election, not a rehash of what we have said at previous ones... I am all in favour of simple to understand policy messages, but they must be rooted in the reality of contemporary circumstances, not those of 5 years previously."  
*Stephen Williams MP, Liberal Democrat Voice, 7 October 2008*

- However, the leadership was forced to back down in January after strong opposition from within the party against the proposed policy change.

"I am delighted that last night at the Liberal Democrats' Federal Policy committee we decided to retain our policy of abolishing tuition fees."  
*Steve Webb MP, 7 January 2009, <http://webbsteve.blogspot.com/2009/01/tackling-student-debt.html>*

- Stephen Williams confirmed in July this year that the Liberal Democrats were, once again, committed to scrapping tuition fees.

"I am entirely happy to provide the Minister with that clarification. The official position today is the same as it was yesterday, a year ago, and at the time of the 2005 general election. My party remains opposed to the tuition fees method of funding higher education; at the next general election I, like all my fellow candidates, will be standing on that platform. Just as at the last general election, our manifesto will be a fully costed document in which we set out how we would fund our commitments to students and graduates."  
*Stephen Williams MP, Hansard, 6 July 2009, col. 735*

- However, just 16 days later Nick Clegg suggested that the tuition fees policy might be one of a number of "policies that we could not honestly place at the forefront of our manifesto because we could not honestly claim they could be delivered in the first few years of the next parliament". He said that "the blunt truth is that everything is vulnerable" and that key policy commitments were now being downgraded to "aspirations".

"The circumstances are utterly different from anything in the last 15 years. Our shopping list of commitments will be far, far, far, far, far shorter," he said. "We will have to ask ourselves some immensely difficult questions about what we as a party can afford. A lot of cherished Lib Dem policies will have to go on the back burner. They will remain our aspirations. They will remain our policies. But we are not going to kid the British people into thinking we could deliver the full list of commitments we have put to them at the last three or four elections."

Asked if that meant watering down pledges on tuition fees, personal care and pensions, Mr Clegg replied: "Some of these might be retained as policies that we could not honestly place at the forefront of our manifesto because we could not honestly claim they could be delivered in the first few years of the next parliament."

"I hope people will understand these are aspirations we will maintain but that, in these completely different circumstances, you can't carry on promising the same menu of goodies. It is just not plausible." The Liberal Democrat leader insisted he had not drawn up a hit list of policies to be dropped. "The blunt truth is that everything is vulnerable. All the aspirations remain. We are setting out the criteria by which the Lib Dems will pick and choose from that menu."  
*Independent, 22 July 2009*

- Despite this, Liberal Democrat frontbench transport spokesperson John Leech MP says he remains "confident" that his party will go into the next election promising to abolish tuition fees.

John Leech: I've always campaigned to abolish tuition fees and I still remain confident at the next election we'll go into the election promising to abolish tuition fees.

Jim Hancock: But what Mr Clegg is saying is that the economic situation is now so serious that that policy obviously clearly has to be reviewed?

John Leech: Policies always get reviewed but I stick by what I say, at the next general election I firmly believe we will go into that general election planning to abolish tuition fees.

*BBC Radio 4, Beyond Westminster, 15 August 2009*

- Nobody can quite be sure whether the Liberal Democrats are currently committed to scrapping university tuition fees. It is certainly true, though, that if they keep the policy then they will be left, on their own calculations, with a £1.2 billion unfunded spending commitment, having scrapped their plan to pay for it.
- Labour continues to aim to get half of all young people into higher education – surveys say more than 50% from all social backgrounds aspire to higher education and more young people than ever before are going to university.
- The Liberal Democrats refuse to support the aim of half of young people attending university. While their flagship policies on tuition fees are designed to appeal to students (although it is now very unclear, even to the Liberal Democrats, whether or not scrapping tuition fees remains Liberal Democrat policy), the reality is that they would deny the ambitions of thousands of young people to attend university at all.

“But how much longer can we pretend that it is sensible or affordable to chase the government’s target of half our population studying full time at university?”

*Vince Cable MP, speech to Liberal Democrat Spring Conference, 7 March 2009*

“I have argued that we cannot continue with the commitment to 50 per cent. in higher education. Whatever the arrangements for the fee-paying structure, the numbers are not feasible and all parties must retreat from the commitment to one half of the young population going through higher education. That is simply not sustainable. I will happily add that to my list.”

*Vince Cable MP, Budget Resolutions and Economic Situation, Cmn 752, 28 April 2009*

Are the Liberal Democrats currently in favour of scrapping university tuition fees, or against it?

Is the policy of scrapping tuition fees a Liberal Democrat commitment or an aspiration?

Was Stephen Williams MP, the Liberal Democrats’ higher education spokesperson, right to say last year that the policy of scrapping tuition fees was not sustainable?

Why do the Liberal Democrats want to reduce access to higher education, even though more than 50% of young people aspire to go to university?

## Cutting £1m from Tower Hamlets schools

- Nick Clegg has said that education is his "biggest enthusiasm". But his schools policy, funded by cuts to tax credits and the Child Trust Fund, would give more additional money to many affluent areas, while giving less additional resources to many areas with higher levels of deprivation – and even taking money away from one of the most deprived boroughs in the country.

"New Liberal Democrat leader Nick Clegg has described education as his 'biggest enthusiasm' in politics."  
*BBC News online, 22 December 2007*

- In February 2009 the Liberal Democrats announced a policy to bring funding for pupils on free school meals up to the average level of funding for private day schools. They costed this policy at £2.5 billion, and said that most of this money would come from cutting tax credits.

"The Pupil Premium would initially be set at around £2.5bn per year, which would allow us to bring the funding of the most disadvantaged pupils – those entitled to free school meals – up to the average level of funding in private day schools. This would involve extra money for schools. The majority of extra funding would come from taking those above median earnings out of tax credits. This £2.5bn would initially help around 1 million children."

*Liberal Democrat policy paper 89, "Equity and Excellence: Policies for 5-19 education in England's schools and colleges", 5 February 2009, p. 11.*

- The Liberal Democrats have also pledged to abolish the Child Trust Fund, a long-term savings account which gives two £250 payments to every child, and an additional £500 to families on low incomes.

"We maintain our commitment to recruit more teachers to cut class sizes, funded through the abolition of the Child Trust Fund."

*Liberal Democrat policy paper 80, "Freedom From Poverty, Opportunity For All", passed by Liberal Democrat conference September 2007*

- Since the Liberal Democrat plans involve increasing the overall schools budget by £2.5 billion at the expense of tax credits and the Child Trust Fund, the funding breakdown they published for each local authority shows increases for most areas – including big increases for some of the most affluent parts of the country, and areas where the Liberal Democrats have some of their greatest concentrations of MPs and councillors.
- But these increases are much smaller in many less affluent areas, and in Tower Hamlets, one of the most deprived boroughs in the country, the Liberal Democrats would actually cut the education budget by nearly £1 million. This is despite the fact that the Liberal Democrat figures show that Tower Hamlets has the third largest number of pupils on free school meals in the country, behind only Manchester and Birmingham, which are both much larger.

	Per pupil funding for pupils aged 3-19 2008-09	Free school meal data			Distance between current funding levels and private school levels	Total additional amount required to fund all pupils with free school meals at private school levels
		Nursery and Primary Schools	Secondary Schools	Total		
		Number of pupils known to be eligible for free school meals	Number of pupils known to be eligible for free school meals	Number of pupils known to be eligible for free school meals		
Tower Hamlets	7,350	11,735	8,190	19,925	-50	<b>-996,250</b>

*Liberal Democrats, Pupil Premium Regional Breakdown, 5 February 2009*

- This means that the Liberal Democrats would hit families and young people in Tower Hamlets by
  - Cutting the schools budget by nearly £1m
  - Scrapping tax credits for families earning above average incomes (see p. 4)
  - Scrapping the Child Trust Fund (see p. 5)
  - Scrapping universal child benefit (see p. 4)
  - Scrapping the Health in Pregnancy Grant (see p. 5)
  - Reducing access to higher education (see p. 20)
  - Introducing a local income tax that would cost working families hundreds of pounds more than their current council tax (see p. 23).

Why do the Liberal Democrats want to cut the education budget in Tower Hamlets, one of the most deprived boroughs in the country, by nearly £1 million?

## Putting 6.6p on the basic rate of income tax

- The Liberal Democrats have proposed introducing a local income tax to replace council tax.

"Our proposals to replace council tax with a simple local income tax, and localise business rates, will make it possible to transfer power over people's taxes to their own communities and give real impetus to our efforts to localise power in Britain."

*Nick Clegg MP, speech to Policy Exchange, 20 May 2008*

- They have said that their local income tax would be charged for the local area in which you live, but collected through the Inland Revenue – even if you live and work in different local authority areas.

### Q1. How would local income tax work?

Much like national income tax. People will pay local income tax through the Inland Revenue, which will administer and collect LIT, with national income tax, passing the money to councils depending on their rate.

### Q11. I live in one council area and work in another: which council would charge me LIT?

LIT would be charged for the local authority area in which you live.

*Liberal Democrat Axe the Tax campaign website, Local Income Tax - Frequently Asked Questions,*

[http://campaigns.libdems.org.uk/axe\\_faq](http://campaigns.libdems.org.uk/axe_faq)

- The independent Lyons Inquiry into the future of local government found that a local income tax would mean adding on average 6.6p to the basic rate of income tax.

"A full replacement LIT offset by the £3.15 billion currently paid in CTB (at current levels of take-up) could be set at 6.6 pence on the basic rate."

*Sir Michael Lyons, "Place-shaping: a shared ambition for the future of local government – Lyons Inquiry into Local Government – Final Report", March 2007, p. 267*

- That means that families earning average incomes across the country would be hundreds of pounds a year worse off under Liberal Democrat plans. Families in Liberal Democrat-run Islington would pay as much as £1,700 more tax per year.
- Full time students do not currently pay council tax. Any full time student earning a total of £8,000 (from part time work or while working in university holidays) would have to pay an extra £100 a year under the Liberal Democrats.

Local authority	Median gross pay	Cost of an extra 6.6% local income tax for a two earner couple	Band D council tax for 2009/10	Extra tax with the Liberal Democrats
Sheffield	£19,247	£1,685.90	£1,452.22	£233.68
Manchester	£18,519	£1,589.81	£1,315.64	£274.17
Liverpool	£19,084	£1,664.39	£1,511.12	£153.27
Chesterfield	£19,170	£1,675.74	£1,424.75	£250.99
Oxford	£22,763	£2,150.02	£1,542.27	£607.75
Cambridge	£25,286	£2,483.05	£1,400.82	£1,082.23
Rochdale	£21,016	£1,919.41	£1,426.36	£493.05
Islington	£29,094	£2,985.71	£1,271.69	£1,714.02
Bristol	£20,868	£1,899.88	£1,532.59	£367.29
Newcastle	£18,696	£1,613.17	£1,488.89	£124.28
Tower Hamlets	£28,505	£2,907.96	£1,195.34	£1,712.62

Median gross pay by local authority

[http://www.statistics.gov.uk/downloads/theme\\_labour/ASHE\\_2008/2008\\_res\\_la.pdf](http://www.statistics.gov.uk/downloads/theme_labour/ASHE_2008/2008_res_la.pdf)

Council Tax Sources

<http://www.sheffield.gov.uk/council-tax/what-you-pay>

[http://www.manchester.gov.uk/site/scripts/documents\\_info.php?categoryID=200028&documentID=1726](http://www.manchester.gov.uk/site/scripts/documents_info.php?categoryID=200028&documentID=1726)

[http://www.liverpool.gov.uk/Council\\_government\\_and\\_democracy/Council\\_tax/How\\_much/index.asp](http://www.liverpool.gov.uk/Council_government_and_democracy/Council_tax/How_much/index.asp)

<http://www.chesterfield.gov.uk/Site/1/Documents/Homes/Council%20Tax/Charges%202009-2010.doc>

<http://www.oxford.gov.uk/files/seealsodocs/82279/Council%20Tax%20Bands%202009-10.pdf>

<http://www.cambridge.gov.uk/ccm/content/benefits-and-council-tax/council-tax/about-council-tax.en>

[http://www.rochdale.gov.uk/advice\\_and\\_benefits/council\\_tax/council\\_tax\\_charges.aspx](http://www.rochdale.gov.uk/advice_and_benefits/council_tax/council_tax_charges.aspx)

<http://www.islington.gov.uk/council/counciltax/howmuch.asp>

<http://www.bristol.gov.uk/ccm/content/Advice-Benefits/Council-tax/charges.en>

<http://www.newcastle.gov.uk/core.nsf/a/cthowmuch#this>

[http://www.towerhamlets.gov.uk/lgs/51-100/57\\_council\\_tax.aspx](http://www.towerhamlets.gov.uk/lgs/51-100/57_council_tax.aspx)

- The Liberal Democrats claim that Sir Michael Lyons' estimate of the cost of a local income tax is too high because Lyons did not include the savings from abolishing Council Tax Benefit or taxing unearned income.

"However, this [Lyons' assessment of the level of local income tax required to replace council tax] is based on certain assumptions – that the existing funding for Council Tax benefit would simply return to the central Treasury, that LIT would be limited to the basic rate of income tax, and that unearned income would be exempted. In our policy on LIT however, Liberal Democrats propose to transfer Council Tax Benefit funds to local government, and not to limit coverage to the basic rate and earned income. We therefore calculate that the replacement level of LIT would be closer to 3.5p in the pound."

*Liberal Democrat policy paper 81, "Reducing the Burden", passed by Liberal Democrat conference, September 2007*

- In fact, Lyons specifically attached the savings from abolishing Council Tax Benefit to his 6.6p figure (see above), and concluded that "the additional revenue to be raised from taxing savings and dividends would probably be outweighed by the additional cost" of collecting these taxes locally.

"7.202 In the present system, income from savings and dividends is dealt with through deduction at source by financial institutions, so that for the majority of taxpayers the process happens automatically. Higher rate taxpayers pay any additional amount due through self-assessment. However, to deduct a variable amount according to local rates would either require financial institutions to have variable deduction systems, which would be extremely complex, or would need taxpayers to fill in individual tax returns. CIPFA concluded in 2004 that the only way to tax income from savings and dividends would be to introduce universal tax returns, which would be a significant change to our current system of deduction at source for most taxpayers. CIPFA further concluded that the additional revenue to be raised from taxing savings and dividends would probably be outweighed by the additional cost of moving to universal tax returns, and I have seen no evidence to contradict this."

*Sir Michael Lyons, "Place-shaping: a shared ambition for the future of local government – Lyons Inquiry into Local Government – Final Report", March 2007, p. 266*

- In 2005, the Lib Dems promised to spend £2 billion mitigating the harsh effects of their planned local income tax on working families. This policy was supposed to be funded by their new 50 per cent top rate of tax.

"Three of our key policies will create a fairer distribution of the costs of public services:

**1. Scrapping tuition and top-up fees for students.**

Cost: £1.2 billion per year.

**2. Introducing free personal care for elderly and disabled people.**

Cost: £1.7 billion per year.

**3. Keeping down local taxes (as well as basing them on ability to pay).**

Cost: £2.0 billion per year.

These three items will cost £4.9 billion and we will pay for them with one tax change. We will introduce a new 50 per cent rate on the portion of individual income exceeding £100,000 a year."

*Liberal Democrat manifesto 2005*

- But the Liberal Democrats have since dropped their top rate tax policy because, as Nick Clegg said, "it didn't raise as much as it initially, we'd initially thought it had".

Sarah Montague: But why not just reintroduce the old proposal to introduce, to have a top rate, a new top rate of tax because that would have hit the highest earners and benefited those on lower and middle incomes?

Nick Clegg: For the simple reason that we did our sums as did others and it worked out that it didn't raise as much as it initially, we'd initially thought it had and we felt it was better to look at the tax system as a whole.

*BBC Radio 4, Today, 17 July 2008*

- The Liberal Democrats claim to be able to cut 4p from the basic rate of income tax through abolishing Capital Gains Tax taper relief and relief on pension contributions.

"Although the 2007 budget does use some of the additional revenue we had proposed in *Fairer, Simpler, Greener* from environmental taxes, our proposed changes to CGT taper relief and relief on pensions contributions are now projected to raise increased future revenue. This means that we have an approximately similar total amount available for tax cuts."

*Liberal Democrat policy paper 81, "Reducing the Burden", passed by Liberal Democrat conference, September 2007*

"Our main proposal is to end taper relief, which stems from the Government's belief that personal investment behaviour should be changed to encourage long term holdings of assets. It is far from clear that there is a serious economic rationale for what is a very expensive tax relief costing £4.5bn in 2005/06".

*Liberal Democrat policy paper 75, "Fairer, Simpler, Greener", passed by Liberal Democrat conference, September 2006*

- But the Government abolished Capital Gains Tax taper relief from 6 April 2008, leaving no additional revenue for the Liberal Democrats to allocate to reduce the impact of their 6.6p increase in the basic rate of income tax.
- Any other savings the Liberal Democrats could offer through changes to relief on pension contributions would be more than offset by the cost of even just a few of the expensive spending pledges which Liberal Democrat frontbenchers offer on a regular basis – for example, for the Post Office, for prisons, for courts, for the police, for pensioners and for railways. The Liberal Democrats rarely even attempt to suggest how these policies might be funded, even though their promises over this Parliament add up to billions of pounds.

How many people do the Liberal Democrats believe would be worse off under a 6.6 per cent Local Income Tax?

Why are the Liberal Democrats raising a completely new tax on students?

# Under scrutiny...

## The Liberal Democrats