

New generation of politics

Leaders must show that without cuts there can be no real growth, no new jobs, no real hope

This Parliament is a balancing act between austerity and hope for our country. How does the coalition sell the need for unpalatable and unprecedented public spending cuts? Can it convince voters the deficit requires the ministering of tough medicine today in order to have a stronger economy and bigger society tomorrow? As David Cameron said at this year's party conference, 'the Big Society means that we must face up to this generation's debts, not shirking responsibility'.

The figures speak for themselves and serve as eloquent testimony to the appalling mess the Government has inherited. Not only is there no money left, but just servicing the current eye-watering levels of sovereign debt costs us all £120m every day.

So, the fact is that something drastic needs to happen, and the always realistic and resilient British public – if not the new Labour leadership and their union kingmakers – instinctively knows it. That's why the most radical welfare reforms in decades are under way, why a higher income tax rate has to stay (for now) and why painful cuts will need to be made to the armed forces.

For all these reasons (and £950bn more), the next six months will make the last six look like a walk in the park. The in-tray is piling up: for example, what to do with the big retail and investment banks and their bonuses; the referendum on the Alternative Vote; the funding of higher education and the immigration cap.

Notwithstanding the huge public policy issues the Government faces, my feeling is that nexus of the coalition is, at the moment, a stable one. The key reason for this is that, counter-intuitively, the deficit – and tackling the challenge of the deficit – helps the coalition stay together. It gives the two parties a shared and indissoluble



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sense of purpose and restricts either of them from launching any potential policies that could be self-implosion.

There are, though, some problems at the margins: how will the social democratic wing of the Liberal Democrats react to the cuts at a time when City bankers are once more quaffing their Krug? How long will the right-wing of the Conservative Party live with a higher tax burden, alongside assaults on party shibboleths like defence and police spending, before they begin to give vent to their frustrations? And how will both camps react to a 'no' or 'yes' on the AV referendum?

Now is not the time for political consultants to make extravagant and foolish predictions, but it does require that clients have expert counsel from consultants who understand the coalition and its constituent parts.

It is the time for judgement calls; for insights into the strategic intent of the coalition; the consequences for, and interactions with, Parliament and Whitehall; and how to advise businesses to ensure they get a chance to shape the agenda in a way that ensures the recovery is sustainable and generates jobs and wealth once more.

For without strong businesses, the perception will be that the austerity was without purpose, that the pain was without gain; that there is no light at the end of the tunnel. Our political leaders have to convince the people that without the cuts there can be no real growth, no new jobs, no real hope. And, without hope, the coalition will fail. That is something neither Cameron or Clegg can contemplate.

Rarely in the post-war era has the challenge facing an incoming government been so clear-cut. The execution of the solution makes politics today more fascinating, and more unpredictable, than it has been in a generation.

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Views in brief

Which public sector budget cut is likely to be the toughest for the Government to push through?

Politically, defence. Publicly, the benefits the middle classes claim. Tax credits next?

Who would make the better lobbyist – David or Ed Miliband?

Politician turned lobbyist doesn't really work. Whereas the other way round ...!

Which public sector organisation has made the best case for ringfencing its budget or minimising any cuts?

The nationalised banks – because, at the end of the day, we all want to get our money back.