

Liberal Democrats Policy Consultation

Facing the Future

Consultation Paper 101



Background

This consultation paper is presented as the first stage in the Facing the Future review. It does not represent agreed Party policy. It is designed to stimulate debate and discussion within the Party and outside; based on the response generated and on the deliberations of the working group a full policy paper will be drawn up and presented to Conference for debate.

The paper has been drawn up by a working group appointed by the Federal Policy Committee and chaired by Norman Lamb MP. Members of the group are prepared to speak on the paper to outside bodies and to discussion meetings organised within the Party.

Comments on the paper, and requests for speakers, should be addressed to: Christian Moon, Facing the Future Working Group, Policy Unit, Liberal Democrats, 4 Cowley Street, London SW1P 3NB. Email: c.moon@libdems.org.uk.

Comments should reach us as soon as possible, and no later than 31st October 2010.

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Introduction

1.1 To adopt a strategic, disciplined and focussed approach to renewing our policy during the current Parliament, the Federal Policy Committee has decided to commission a major agenda setting exercise for policy development looking 5-10 years ahead. This will:

- a) Look at the major trends in the domestic economy and society, and the international situation, over the coming 10 years, and the challenges these will throw up for politics and the parties.
- b) Look at how party policy currently stands up to the likely challenges, particularly in the light of the experience of the general election campaign, and where it may need development and modification.
- c) Using this framework and applying fundamental Liberal Democrat principles, map out a more detailed programme of policy development for the next Parliament. Specifically, the FPC should draw up its schedule of policy papers based on this programme – not only in terms of simple subject headings, but also where appropriate giving a steer to the remits of working groups.

1.2 The facing the Future working group will consult widely within and outside the party. This consultation paper and the consultation session to be held at the Autumn 2010 Conference are the first stage of the group's work. The group will also seek expert evidence from think-tanks and other organisations involved in forecasting policy trends.

1.3 The group will aim to have its conclusions available for discussion with the FPC by April 2011, so that the FPC can begin to plan consequent policy working groups for 2012 well in advance. Once the group's final report is formally adopted by Conference in September 2011, FPC will confirm all working groups and other policy development work for the period to 2013/4. Their remits should be informed by the overall policy direction laid down by the 'Facing the Future' report.

Enduring Values

2.0.1 In looking at the policy challenges facing the UK and the Liberal Democrats over the next decade, we need to keep in mind our distinctive Liberal Democrat principles and values. The last full statement of Liberal Democrat philosophy was set out in Policy Paper 50 *It's About Freedom* – this section gives a summary of its main arguments.

2.1 Liberalism and Political and Civil Rights

2.1.1 The core of the Liberal Democrat intellectual inheritance is Liberalism. We start from the autonomy and worth of the individual. Any interference with the freedom of the individual to live as he or she chooses requires to be justified by reference to a system of values drawn from that primary recognition of individual freedom. But for individuals to flourish, they need to develop within an open and supportive society. The unavoidable tension between individual freedom and the supportive bonds and constraints of society is intrinsic to Liberal philosophy.

2.1.2 Individuals and groups have the capacity, by their actions, to take away the liberty of others. Therefore there has to be a system of law and institutions which protect individual freedom. Anarchy cannot protect freedom. Democracy is the best known means of achieving that protection through collective institutions, but if it produces simply the tyranny of the majority it is not Liberal Democracy.

2.1.3 Constitutional protection of minority rights, and barriers to the oppressive use of majority power are essential elements of Liberal Democracy. Experience of the way in which politically threatening power accumulates leads Liberal Democrats to argue that democratic processes should operate as locally as possible. In many cases the lowest possible level for a decision is the level of the individual, and we seek to keep decision-making at that level if possible. Where that is not possible, if a decision can be taken at the level of a local community, it should be taken there, rather than at national or supra-national level.

2.1.4 Equally, because some decisions have to be taken at the national, European or global level in order to be effective – for example in safeguarding peace, assuring human rights or protecting the environment – there need to be democratic and accountable institutions capable of taking decisions at those levels. Human rights are universal: the autonomy of the nation state does not take precedence over the human rights of its citizens and Liberal Democrats therefore accept that there are circumstances in which the international community can be justified in intervening, for example, to prevent genocide or to prevent the overthrow of democratic government by violent means.

2.2 Positive Freedoms

2.2.1 The freedom of the individual is, however, limited or non-existent if he or she is prevented by economic deprivation, lack of education, disadvantage or discrimination from exercising choices about how to live or from participating in the democratic process. It is part of a liberal society that institutions, whether state, voluntary, co-operative or private should have the capacity to meet these needs while being themselves governed by rules which prevent them from becoming oppressive.

2.2.2 Principles of freedom of access are central to the economic as well as the political sphere; free markets are a part of liberalism because they represent the extension of the concept of freedom into trade. They are also, in many proven respects, effective, but freedom in the market place is neither automatically self-sustaining nor sufficient to provide for all those things which a liberal society should have: institutions are required which keep markets free and prevent monopoly. Other mechanisms are needed to ensure that individuals have access to the things which markets are unable to provide.

2.2.3 Freedoms of present and future generations will be destroyed if we destroy or seriously damage key elements of our environment. Without sustainability we deny choice to future generations. Without respect for the environment we damage freedom today with problems such as flooding, or threats to health and livelihoods from pollution or food crises.

2.2.4 Liberalism is not confined to a system for preventing the abuse of power or the destruction of individual freedom. Those who believe in a better society, in which a high quality of life is available to all and people recognise their responsibilities towards one another, champion a Liberal conception of the good society. It is a characteristic of Liberal Democrats to be visionary in their view of what the good society could be like. Generosity of spirit and enthusiasm to achieve a better society are qualities to be expected of Liberal Democrats. Where Liberal Democrats must exercise care, however, is in ensuring that the means thought necessary to create a better society do not become means of enforcing one view of life and how it should be lived; we reject the use of the state or the law to enforce beliefs. It is not necessary to be a philosophical liberal to be a citizen in a liberal political system. Creating a society which is liberal is part of the contest of ideas within society: liberal democracy is a system which allows people to live together in peace and freedom in spite of divergent views and preferences. Liberal Democrats do not have a blueprint of how life should be lived, but we do have a set of principles with which to approach problems and decisions.

2.3 Liberalism and Equality

2.3.1 Social and economic inequalities are a key issue in debates on political principles. Liberal Democrats are strong campaigners for social justice, but it is important to recognise that we place the principle of freedom above the principle of enforced equality. What Liberal Democrats focus on is the extent to which poverty, inequality and lack of opportunity restrict freedom. These things can justify the use of public expenditure, redistributive taxation, and active community provision. The objective of such measures is to make people free, not to constrain them into absolute economic equality, which is unachievable in practice and undesirable because it would restrict the scope for individual ambition.

2.4 Freedoms in Conflict

2.4.1 Finally, rights and freedoms can come into conflict with each other. The right to free speech can conflict with the right of minorities or even majorities not to be the subject of campaigns to stir up hatred. Religious freedom can be in conflict with a desire to protect young people from oppressive pressures to conform to particular life styles, whether by extreme cults or by traditions such as arranged marriages if they become forced marriages. Taxation restricts the rights of those who believe that they should not be paying towards things to which they are deeply morally opposed, such as military expenditure or abortion.

2.4.2 Liberalism as a philosophy provides no automatic answer to these conflicts of rights: instead it provides mechanisms for their resolution. What it insists upon is the recognition that such issues have to be examined in terms of rights and obligations, and resolved by balancing rights and obligations, not by merely asserting preferences or prejudices.

Questions:

1. *What parts of our Liberal Democrat philosophical inheritance are most valuable in facing current and impending problems?*
2. *Are there any of our values which are seriously challenged by contemporary developments?*

Economy

3.1 Britain has experienced a severe financial and economic crisis. This brought the banking system close to collapse and produced severe recession including rising unemployment. The crisis was global but the Labour government made bad decisions. It allowed household debt to spiral out of control together with a massive housing bubble. The country has lived beyond its means. Meanwhile, Britain comes only 11th in the OECD's international ranking of productivity, behind countries like France, Germany and Sweden.

3.2 We need to limit the damage to future generations resulting from the mistakes made by politicians and bankers today. Britain's long term economic future has to be set on a sustainable path. That means not just repairing the public finances but developing a savings culture and rebalancing the economy. The loss of local enterprises, and local sources of investment and finance, has left Britain's economy too dependent on a small number of large corporations and banks.

3.3 The Coalition Government in its emergency budget set out a fiscal mandate to achieve cyclically adjusted current balance by the end of the rolling, five-year forecast period (2015/16). The clear majority of the fiscal tightening will be achieved by spending cuts. It has also started a Comprehensive Spending Review process which will report in October, setting out how spending cuts will be achieved.

3.4 The emergency budget also included significant progress towards the key Liberal Democrat objective of raising the personal income tax allowance to £10,000, although there is still a long way to go.

Questions:

3. *What is the right macro-economic policy framework in the new climate? Once the recovery is established, how can we avoid repeating the mistakes of the past, such as asset bubbles and an over-reliance on debt-fuelled consumption?*
4. *How should we be seeking to reshape international economic institutions?*
5. *How can we seek to improve the competitiveness of British business?*
6. *What policies will raise skill levels in the workforce and boost productivity?*
7. *If we cannot rely on the financial services sector to the same extent as in the past, what are the future long-term drivers of growth for the UK?*
8. *Should we be seeking to increase the proportion of the economy represented by manufacturing, and if so how? Or should we avoid any attempt by government to pick winners?*
9. *How can we make the economy more environmentally sustainable?*

10. *Should we be pressing for greater support for mutuals, cooperatives and worker participation?*
11. *Looking forward beyond the present crisis in public spending, how should we be seeking to change the balance of public spending between departments?*
12. *How can we take forward our commitment to tax reform? Should we consider greater hypothecation?*
13. *New technology and a globalised economy have made work more mobile than workers: how can or should we seek to plan employment?*
14. *What should our policy development priorities be in the field of economics?*

Environment

4.1 Climate change is happening faster and more aggressively than predicted. To avoid catastrophic climate change average world temperatures need to increase by no more than 1.7°C. To limit the increase in world temperatures we must cut global greenhouse gas emissions and ensure they decrease every year after 2015. That will require a comprehensive, ambitious and fair global agreement to reduce emissions and support action to adapt to the unavoidable consequences of climate change.

4.2 The UK, as a developed country and world leading economy, must take a lead in cutting emissions and tackling climate change. The Climate Change Act 2008 brought in a legally binding target for an 80% reduction in greenhouse gas emissions, off a 1990 baseline, by 2050. The carbon budgets established under the legislation set a target to reduce emissions by 34% by 2020. Liberal Democrats are committed to achieving a Zero Carbon Britain by 2050. However the Committee on Climate Change has reported that UK CO₂ emissions fell by only 0.6% annually in the period before the recession, relative to 2-3% annual cuts required in the period to 2020 to meet carbon budgets. UK greenhouse gas emissions fell by 1.9% in 2008 and 8.6% in 2009, but this was mainly due to the recession and other external factors (e.g. fuel price rises). A step change in the pace of emissions reduction is needed. But Ofgem says this will require private sector investment of up to £200bn in the electricity and gas sectors by 2020.

4.3 Liberal Democrats favour policies to increase the role of renewable energy and to reduce the amount of energy used – in the home, in business and industry and in the public sector. Under the EU Renewable Energy Directive, the UK has a target that 15% of all energy used – electricity, transport and heat - will come from renewables by 2020. But only around 5% of the UK's energy comes from renewables at present.

4.4 A healthy natural environment is crucial not only to our quality of life but also to the sustainability of life on the planet. We are using finite resources at an ever-increasing rate to such an extent that some key elements will be exhausted by the middle of the century unless net consumption is curbed. The burden on ecosystem services is now so great that water resources are being overwhelmed, soils are losing their fertility, fish stocks are disappearing and biodiversity is threatened with a mass extinction.

Questions:

15. *How can UK policies most effectively impact on global climate change? How much influence does the UK have, even working through the EU, on the policies of key economic powers like China? Should we concentrate on our own activities or our international influence?*
16. *Does the UK have the right overall policy framework for tackling climate change? How can it be improved?*
17. *How should the government use taxation, emissions trading, government investment and regulation to achieve our environmental policy goals?*

18. *How can we ensure that renewed growth in the economy is green growth?*
19. *What policies are needed to promote sustainable consumption of natural resources?*
20. *How can we resolve any conflicts between the critical need for urgent action and our respect for people's individual choices as citizens and consumers?*
21. *What policies are required to achieve the transformation required in the scale of renewable energy generation?*
22. *What new policies are needed to promote the efficient use of energy?*
23. *Given the costs involved in making the transition to a low carbon economy, how can we ensure that the most vulnerable energy consumers are protected?*
24. *How can we maintain and enhance the UK's energy security at the same time as meeting our emissions reduction targets? What energy mix do we need, and do we need to consider a role for nuclear power?*
25. *How can we take forward our longstanding commitment to environmental taxation?*
26. *New technology can reduce the need to travel, it can also increase demand for energy: how can we get this balance right?*
27. *What should our policy development priorities be in the field of the environment?*

Fairness and Social Mobility

5.1 After 13 years of Labour government, Britain remains a strikingly unequal society, in which 1% of the population hold 70% of the wealth. Inequality is not merely economic in its impacts, it has a profound impact on health, for example how long people live. There are 212 deaths before the age of 65 in the poorest tenth of localities, compared with 100 deaths at that age in the richest areas ten percent of localities. There is evidence that social mobility has actually declined. How well you do at school, a key driver of social mobility, remains hugely influenced by how well off your parents are. The poorest children are only half as likely to get 5 good GCSEs as other children. Too often, the poorest children start school at a great disadvantage and fall further behind as they grow older.

5.2 The Coalition Government has committed itself to some key Liberal Democrat priorities for addressing inequality and increasing social mobility – for example the £10,000 personal tax allowance and additional funding for the Pupil Premium. However, it will be very challenging to carry through a fiscal contraction on the sale envisaged and deliver progress on tackling inequality at the same time.

Questions:

28. *What do Liberal Democrats mean by fairness? How could it be measured?*
29. *What roles do social class, gender, ethnicity, disability and age play in inequality and lack of opportunity?*
30. *Should we be concerned with equality of opportunity or equality of outcome?*
31. *What policy areas are most important and relevant in advancing the struggle against unfairness?*
32. *How should we seek to redistribute wealth? What should be the balance between addressing inequality in terms of assets and in terms of income?*
33. *How do we tackle poverty and inequality without promoting dependency?*
34. *What particular challenges are presented by an aging population? How can we achieve social justice for older people? What issues of intergenerational equity should we be addressing?*
35. *Is digital inclusion key to social justice, or a diversion?*
36. *What should our policy development priorities be in the field of fairness and social mobility?*

Security and Liberty

6.1 Crime and the fear of crime remains one of the leading public concerns in the UK. This is despite the clear evidence that crime rates have been falling since the mid 1990s, with overall crime as recorded by the British Crime Survey down 50% since 1995, including a 9% fall in 2009 (even though there was a widespread expectation that the recession would lead to a rise in property crime).

6.2 At the same time, the number of people in prison has nearly doubled to 83,000 over the last two decades, while 92% of young men serving a short sentence re-offend within two years. Only one in a hundred crimes results in a conviction in court, with detection rates varying enormously between police services.

6.3 In response to public fear of crime and terrorism, the last government introduced a number of measures curtailing liberties including the national ID card system, greatly enhanced surveillance including CCTV, and detention without charge for up to 28 days.

6.4 The Coalition Government has committed itself to repeal many of the most illiberal measures of the Labour Government. The Justice Secretary has announced a new approach to Prisons policy based around reducing reoffending. There will also be a new structure for police authorities based around a directly elected individual.

6.5 The distinction between internal and external security threats has become blurred in an increasingly globalised world. Terrorist acts by British citizens may be driven by developments in distant states; groups within Britain provide financial and political support for organisations involved in conflicts overseas. The impacts of climate change may affect the security of British citizens both directly, for example via flooding, and indirectly, for example as a result of mass migration and conflicts over scarce resources elsewhere.

6.6 Responses to these globalised threats will need to be taken at a range of different levels, including national, European and global. They will also need to embrace functions which have not traditionally been considered as security tools, for example environmental and aid policy.

Questions:

37. *What policy measures are most effective in actually reducing crime?*
38. *Is there any reason to believe the downward trend in crime might be reversed?*
39. *How can we further take forward reform of penal policy and the development of restorative justice beyond the policies outlined in recent government announcements?*
40. *How can we make police services more effective, more accountable and better integrated with other local services?*
41. *What are the appropriate trade-offs between security and liberty, for example in the use of CCTV?*

42. *How can we ensure that new technology serves to include and empower citizens, not exclude or constrain them?*
43. *Where do we need to go beyond the Coalition Agreement in enlarging civil liberties?*
44. *How do we reduce fear of crime as well as actual crime?*
45. *How can we best respond to global threats to security and liberty?*
46. *What should our policy development priorities be in the field of security and liberty?*

Community and Wellbeing

7.1 Over the last fifty years, people in the UK have generally grown wealthier and healthier, yet many believe that we are not much happier. In a time of economic uncertainty, it is more apparent than ever that the pursuit of economic growth alone can have limited and sometimes detrimental effects on our broader quality of life. A growing body of scientific research is also now increasing our understanding about how public policy influences our wellbeing, making this an important topic for political parties to consider.

7.2 To achieve the changes we desire we may need to change and challenge the way that governments and communities measure success. The traditional method is Gross Domestic Product (GDP), which counts economic activity as a positive irrespective of whether the outcome of that activity is good - adding to people's quality of life - or bad - for example, by increasing pollution. We need measures that take account of non-economic factors.

7.3 Wellbeing is often determined by very personal individual choices which we would not expect the state to interfere in, so intervening in them can challenge our liberalism. However the state arguably has a role in shaping the context in which we make our decisions and providing the levers by which we can determine our own wellbeing. For example, employment legislation can help individuals achieve a sensible work-life balance.

7.4 While the nation-state is of course one kind of community, smaller geographical communities and communities of interest can be important sources of identity and arenas for addressing problems in a more sensitive way than is possible through national political action. Liberal Democrats have a strong commitment to community politics and empowering local institutions, including local government.

7.5 Given the importance of individual autonomy and community ties to well-being, local and voluntary activity will often present the best hope for tackling these types of problems. The party has working groups on the Voluntary Sector, Localism and Quality of Life all due to report next year which will take our policy forward in these areas.

Questions:

47. *What are the main social sources of happiness and unhappiness in modern society?*
48. *Which of these are amenable to public policy interventions and government actions?*
49. *What can central and local government do which would improve overall quality of life?*
50. *How can we best measure the impact of policies on well-being?*
51. *How can we ensure that new technology serves to include and empower citizens, not exclude or constrain them?*
52. *New technology has created new online communities that are no longer based on geography: how should our policies adapt to recognise that?*

53. What should our policy development priorities be in the field of community and well-being?

The Political System

8.1 As the expenses scandal showed, the existing political system in the UK is rotten. Hundreds of MPs have safe seats where they can ignore their constituents. Party funding rules mean big donors have huge influence. Power has been concentrated in Westminster and Whitehall by a succession of governments, at the expense of local autonomy. Although turnout increased in the last election, it remained disappointing at 65%.

8.2 The Coalition Government has set out an ambitious programme of political reform which will deliver many, though not all, of the Liberal Democrats' long held objectives for political reform. It includes:

- Fixed term Parliaments
- A referendum on the Alternative Vote
- A power of recall for MPs who have engaged in serious wrong doing
- A wholly or mainly elected upper house
- Implementation of the Calman Commission proposals on greater devolution in Scotland and a referendum on legislative powers for the Welsh Assembly

8.3 The Coalition Agreement also addresses the issues of party funding and the 'West Lothian' question although it does not make firm proposals at this stage.

Questions:

54. *Assuming the political reform programme in the Coalition Agreement is implemented, what are the key additional reforms that Liberal Democrats should be pressing for?*
55. *Given further rounds of devolution for Scotland and Wales, how should we address the English dimension of devolution?*
56. *How can we encourage wider public involvement and greater diversity of representation in the political system?*
57. *Should we look to new technology to play a central role in engaging people in the democratic process?*
58. *What legislative and administrative reforms are needed to liberate local government from central control?*
59. *What should our policy development priorities be in the field of community and well-being?*

International Affairs

9.1 In the coming decade there will be further changes in the patterns of economic and political and economic power. China is imminently expected to become the second largest economy in the world, and emergent economies like India and Brazil will likely overtake European countries like Britain and France in the next few years. While there has been a growth in democratic institutions and a consumerist middle class world-wide, it is not clear that there has been a growth in liberal values. Western liberal democratic states will have to adjust to a world in which they are not dominant and in which their values are not automatically seen as the international norm to which other countries aspire.

9.2 Global population growth and climate change will pose acute challenges to sustainable consumption and the global environment. Greater economic interdependence and enhanced transport and communications technologies create increased risks of economic instability and international terrorism. The demands placed on international policy-making and conflict-resolution institutions can therefore only be expected to grow.

Questions:

60. How can Britain and the EU best continue to promote liberal values in the changing world situation?

61. What reforms are needed to international institutions to meet the new challenges?

62. What should our policy development priorities be in the field of international affairs?