

Speech by Ed Randall in debate on Fairness and Austerity at Liberal Democrats conference in Liverpool September 2010

I have asked to speak in favour of the motion...BUT I am well aware that what really matters is what Liberal Democrats who are in government do in government.

Earlier in this conference I listened to a speech by David Waller from Kingston. David told us that after years of sofa government Cabinet mattered again. Well, when it comes to deficit reduction, Liberal Democrats must make Cabinet work if they want fairness in a time of austerity.

But, I confess, I'm not confident about what will happen in Cabinet.

Why is that?

Despite Danny Alexander's obvious determination to do what is right he employs a rhetoric that disturbs Liberal Democrats brought up on Keynes.

Danny talks about cutting public debt so it doesn't fall on our children. Portraying Britain, quite rightly, as a place where, until recently, the housekeeping was in the hands of Labour wastrels, he makes the case for uncompromising Gladstonian budget discipline.

Danny's rhetoric is hard to resist but it distorts the role of government in a modern economy.

John Maynard Keynes spent the greater part of his adult life trying to escape the clutches of Gladstonian fiscal rectitude. He did so in a supreme effort to make the case for a liberal government able to save capitalism from itself.

How can the party of Keynes keep silent if misguided anxieties about public debt are used to justify savage cuts and harsh treatment of the most disadvantaged?

We must be prepared to explain that what really matters is not how much red ink we can clear and how quickly we can clear it BUT how we manage demand at a time of great peril to our national economy.

What most threatens the vulnerable? I'll tell you: ill-timed and excessive reductions in public expenditure and investment.

I do not question, for a moment, the scale of Labour's irresponsibility in office. But if we are to avoid burdening future generations, minimise economic losses and begin to restore balance sheets - we must tackle the fiscal deficit in ways that limit waste of human resources.

Production lost in the course of the next four years will be gone forever. Those who could have been employed, who could have been busy in building better lives for themselves and their families, who could have been meeting the needs of others, will form part of a great field of waste. Liberal Democrats should do all they can to limit its extent.

A few weeks ago the UK was compared to Greece. That was nonsense. Now we have a far more instructive comparison, one between Ireland and Spain, EU

member states choosing different strategies to balance the risks of debt reduction against those arising from failing demand.

The comparison is revealing and it ought to disturb any Liberal Democrat preferring Gladstone to Keynes.