



Liberal Democrat Autumn Conference

“Delivering for Britain”

Liverpool 18th – 22nd September 2010

NICK CLEGG’S SPEECH

Check against delivery

Two and a half years ago, I stood in this very hall to make my first speech as Leader of our party. I said that the chance for change was within our reach, and we had to seize it. That chance came. Perhaps not quite in the way many of us could have expected.

But the chance came and you – we – responded with real courage and conviction.

Cynics expected us to back away. Instead, we confounded those who said that coalition Government was impossible. We created a Government which will govern and govern well for the next five years.

Of course there are those who will condemn us. We are challenging years of political convention and tradition and our opponents will yell and scream about it. But I am so, so proud of the quiet courage and determination which you have shown through this momentous period in British political history.

Hold our nerve and we will have changed British politics for good. Hold our nerve and we will have changed Britain for good.

Just think what we’ve done already. We’ve ended the injustice of the richest paying less tax on investments than the poorest do on their wages. We’ve guaranteed older people a decent increase in their pension. In November, we will publish a Freedom Bill to roll back a generation of illiberal and intrusive legislation. By Christmas, Identity Card laws will be consigned to the history books. From

New Year's Day, the banks will pay a new levy that will help fill the black hole they helped create. On 1 April, 900,000 low earners will stop paying income tax altogether. In May, the people of Britain will get to choose their own voting system. And this time next year, there will be a pupil premium so the children who need the most help, get the most help.

We've always been the face of change. We are now the agents of change. And every single person in this room is part of that change. Actually there's one contribution you all made to the success of the coalition negotiations that you probably aren't aware of. Our formidable negotiating team got all the training they needed battling out policy right here on the conference floor.

Some things are different in government. Some are the same. I still think the war in Iraq was illegal. The difference is lawyers now get anxious when I mention it. I still believe in our commitments to the developing world. The difference is I get to make those commitments at a UN summit and make them happen. I still campaign for political reform. The difference is I'm now legislating for it as well. The only real problem is I'm still trying to explain to my children that going from leader to Deputy PM isn't a demotion.

We will take risks in government. But we will never lose our soul. We haven't changed our liberal values. Our status is different but our ambition is the same.

Remember the four big promises we made in the election campaign? For the first time in my lifetime, Liberal Democrats are able to deliver on those promises.

We promised no tax on the first £10,000 you earn. We've already raised the personal allowance by £1000. And in the coming years we will go further to put money back in the pockets of millions of low earners.

We promised more investment in the children who need the most help at school. It will happen at the start of the next school year.

We promised a rebalanced, green economy, a new kind of growth. Already we're taking action on the banks. We've set up a regional growth fund. There will be a green investment bank to channel money into renewable energy. These are the first steps to rewire our economy. New jobs, new investment, new hope.

And we promised clean politics. We're giving people the chance to change our voting system, cleaning up party funding and finally, a century after it should have happened, we are going to establish an elected House of Lords.

Those pledges we made, together, in the election of 2010, will be promises kept in the election of 2015. The Coalition Programme, which commits the government to making all these changes, is not

the Liberal Democrat manifesto. But it is not the Conservative manifesto either. It is our shared agenda. And I stand by it. I believe in it. I believe it will change Britain for good.

Now, some say we shouldn't have gone into government at a time when spending had to be cut. We should have let the Conservatives take the blame. Waited on the sidelines, ready to reap the political rewards. Maybe that's what people expected from a party that has been in opposition for 65 years. People have got used to us being outsiders, against every government that's come along. Maybe we got used to it ourselves. But the door to the change we want was opened, for the first time in generations.

Imagine if we had turned away. How could we ever again have asked the voters to take us seriously? Labour left the country's coffers empty. So the years ahead will not be easy. But you do not get to choose the moment when the opportunity to shape your country comes your way. All you get to choose is what you do when it does. We chose a partnership government.

The truth is I never expected the Conservatives to embrace negotiation and compromise. But they did and it does them credit. David Cameron showed he could think beyond his party and help build a new kind of politics. The election result didn't give a single party the mandate to govern. It gave all parties the mandate to govern differently. We answered that call. And one of the most remarkable surprises of this Coalition Government is that our parties are not, despite so many cynical predictions, simply settling for the lowest common denominator between us.

Instead, we have become more than the sum of our parts. For those of us who believe in plural politics, that's not a surprise. In life, two heads are usually better than one. And in politics, too, when the country faces grave challenges – the deficit, the threat of climate change, a war in Afghanistan, millions of children trapped in disadvantage – two parties acting together can be braver, fairer and bolder than one party acting alone.

The new politics – plural politics, partnership politics, coalition politics – is the politics our nation needs today. The Liberal Democrats and the Conservatives are and always will be separate parties, with distinct histories and different futures. But for this Parliament we work together: To fix the problems we face and put the country on a better path. This is the right Government for right now.

Our first job, however, is a difficult one. Balancing the budget. I did not come into politics to make spending cuts. But it is the only choice if we want to steer Britain out of the economic mess Labour made. The only choice if we want to bring back hope and optimism to our nation. We are gripped by a crisis, and it's the worst kind: it's invisible.

You can't see the debts mounting up.

Walk the high street, go to work, talk to your friends, you won't see the signs of our debts or our deficit. The numbers sound alarming, but in the end they're just numbers. It doesn't feel like we can't afford things.

So how did this debt crisis happen? Put simply, over the course of the recession, 6% of our economy disappeared. The shock was so profound that even now the economy is growing, we are poorer today than we thought we would be. All the old predictions about our future economy – predictions on which spending plans had been based – have turned out to be wrong. We can't keep spending money as if nothing had changed.

The problems are there. They are real. And we have to solve them. It's the same as a family with earnings of £26,000 a year who are spending £32,000 a year. Even though they're already £40,000 in debt. Imagine if that was you. You'd be crippled by the interest payments. You'd set yourself a budget. And you'd try to spend less. That is what this government is doing.

This isn't new for Liberal Democrats. Speak to councillors who've led councils across the country; they know what it's like to pick up the pieces after Labour spent a community dry. Newcastle, Sheffield, Lambeth, Southwark, and right here in Liverpool. Our Council leaders know the poorest are the ones that suffer when the finances get out of control and money has to be spent on debts. They know there is nothing fair about denying you have a problem and leaving it for the next generation to clear it up. Would you ask your children to pay your credit card bill?

I've heard some people say that the cuts we are making are somehow taking Britain back to the 1980s, or the 1930s. Dismantling the state. It isn't true. Even when all the cuts have happened, we will still be spending 41% of our national income – the same amount we were spending in 2006.

The Spending Review is about balance and responsibility not slash and burn. Of course, I wish there was a pain-free alternative. Who wouldn't? But whatever Labour say now, there isn't one. Not even in Alistair Darling's old plans – they too would have meant massive cuts. Delay won't solve the problems – in fact, it would make them worse.

We could have decided to go more slowly but it would have worsened not eased the pain. Because every day you ignore a deficit, it gets harder to fix. The debts mount up and you have to pay interest on them. Already we are spending £44bn a year on interest alone. Under Labour's plans, that would have risen to nearly £70bn. A criminal waste of money that shouldn't be lining the pockets of bond traders. It should be paying for police, care workers, hospitals and schools.

That's why this government's aim is that by the time of the next election, our debt problems will be solved; our debts falling as a proportion of national income. We will have wiped the slate clean for a new generation.

In making these changes we will learn from the mistakes of previous recessions.

We will not repeat the mistakes of the 1980s in which whole communities were hollowed out. I know from my constituents in Sheffield how worried people are that cuts will hurt the North in the way the industrial changes of the 1980s did. So let me say to everybody in those communities, in

Scotland and in Wales, many of whose lives were torn apart. Yes, it will be difficult, but it will not be like the 80s. We will not let that happen. We will make these cuts as fairly as possible.

Finding money for the pupil premium to help children get the best start in life. Reforming welfare to help people get back to work.

We will not let capital spending – investment in new buildings, infrastructure and repairs – be swept away as it has in the past. We have a billion pound Regional Growth Fund targeted specifically at creating growth in those areas of the country that have been dependent on public sector jobs. We've offered a National Insurance tax break to employers who set up new companies outside London and the wider South East. And we are determined to wean the economy off Labour's lop sided obsession with financial services in the City of London. Rebalancing our economy - so opportunity is never again concentrated only in the south east corner of our island. So no matter what your background or where you live, you have the opportunities you crave.

The destination is the right one but getting there is going to be hard. To those thousands of people who work in the public sector, who do such an outstanding job in our schools, hospitals, police forces and local councils, I say this:

I know these are very unsettling times for you. I will not disguise the fact that we need to take difficult decisions today to ensure there are good, affordable public services tomorrow. We have protected the funding for the NHS, the biggest public service of all.

We will provide more, not less, money for the children in our schools who need the most help. But I know you will be thinking: why should you have to make any sacrifices to deal with a recession you didn't cause?

Why are the bankers who helped create the mess not taking more of the blame? Why should you have to accept a pay freeze, or changes to your pension, when the richest still get away with paying little or no tax at all? I agree.

That's why we imposed a levy on the banks in our first budget. It's why we're working hard with our friends in Europe and beyond on the idea of a financial activities tax on profits, pay and bonuses. It's why we're going to be forcing the banks to own up about the ludicrous pay and bonuses they give out. It's why our Banking Commission is looking at whether to split the banks up completely to keep our economy safe. And it's why we're working flat out to get the banks lending again to small businesses, the lifeblood of our economy.

We have done more in five months than Labour ever did to sort out the greed and the recklessness of the banks. Our approach is simple: they helped bring down our economy. It must never happen again.

People who avoid and evade paying their taxes will no longer get away with it either. We all read the headlines about benefit fraud. We all agree it's wrong when people help themselves to benefits they shouldn't get. But when the richest people in the country dodge their tax bills that is just as bad. Both come down to stealing money from your neighbours.

We will be tough on welfare cheats. But unlike Labour, we'll be tough on tax cheats too. We will crack down on the super rich who hide away money overseas. We will take on organised crime gangs set up to avoid tax. And we will prosecute five times as many tax cases as Labour ever did.

So the message is loud and clear: Just as the public sector must be made affordable, the banks must be held to account. And tax avoiders and evaders must have nowhere to hide.

I want to make something crystal clear about the coming Spending Review. It is not an ideological attack on the size of the state. There is one reason and one reason only for these cuts: As Liam Byrne said in that infamous letter: there isn't any money left.

It's not smaller government I believe in. It's a different kind of government: a liberating government. This government will transform the state. Reversing generations of centralisation. Putting power into people's hands. Because the job of government is not to run people's lives. It is to help people to run their own.

I want Britain to have the best schools and hospitals in the world. But that doesn't mean we should be controlling them all from Whitehall. Governments that have the arrogance to imagine that 100 ministers and 1,000 civil servants can fix the country all by themselves. Governments like that fail.

So we will restore power to people, families, communities, neighbourhoods and councils. Turning the tide of centralisation and for the first time giving power away. Councils, like all parts of government, are going to have to make do with less money in the years ahead. But they will have more freedom than ever before.

Labour rattled on about decentralisation, but they held the purse strings tight. We are different; we are liberal. Because we will put local government back in charge of the money it raises and spends. That's why in our first budget we unlocked more than a billion pounds of ring-fenced grants. That's why we will end central capping of Council Tax. That's why we will allow councils to keep some of the extra business rates and council tax they raise when they enable new developments to go ahead.

And I can announce today that we will be giving local authorities the freedom to borrow against those extra business rates to help pay for additional new developments. This may not make the pulses race, even at a Liberal Democrat conference. But I assure you it is the first step to breathing life back into our greatest cities.

Our leaders in Sheffield say it could allow the redevelopment of derelict mines in the Don Valley; our leaders in Newcastle believe this could help them create a new science park; in Leeds they argue the Aire Valley could be transformed. But whether in Newcastle, in Sheffield, in Leeds or indeed in every city in the UK. What matters most is that finally, they will be in the driving seat, instead of waiting for a handout from Whitehall. Local people, local power, local change.

The same approach – financial freedom – is governing our relationship with Scotland and Wales, too. That's why we are taking forward the Calman Commission to give Scotland real freedom and responsibility over its own money. And why, if the referendum for more devolution in Wales is successful, we will take forward a similar process for the Senedd. Giving the nations of the UK the freedom they deserve.

Putting power in local hands is one of the many things Labour never really understood. The Labour leadership candidates are trying to rewrite history. But we remember. Civil liberties destroyed on an industrial scale. A widening gap between rich and poor. Failure to act on the environment. Locking up more children than anywhere else in western Europe. Kowtowing to the banks. A foreign policy forged in George Bush's White House. The invasion of Iraq.

And then, on top of all that they brought the country to the brink of bankruptcy. Writing cheques, even in the final days of their government that they knew would bounce. This country could not have borne five more years of Labour.

Has anyone else lost track of the books Labour people keep publishing? Never in the field of political memoirs, has so much been written by so few about so little. They went from nationalisation to serialisation. From The Third Way to a third off at the book shop.

And the next generation is still fighting the same backstabbing battles instead of talking about the future for Britain. We held a public consultation about the Spending Review.

We had 100,000 ideas from members of the public about how to cut waste and do things more effectively. And not a single idea from the Labour Party.

I want to say something to whoever is elected as the next Labour leader. You cannot duck difficult choices forever. All you have done in the last four months is carp and complain. But a decent opposition has to provide a decent alternative. Your party let people down in government. Until you face up to your responsibility for the state we're in you'll let people down in opposition too.

Labour did some good things, of course they did. But just think what they could have done. With enormous majorities, 13 years and money to spare. The best opportunity for real fairness there has been in my lifetime. But imprisoned by timidity they squandered a golden age.

We must now take up the challenge that Labour ducked. We must do more, even though they left us with less. When faced with the daunting task of reducing our deficit, the temptation might have

been to go slow elsewhere. One difficult task at a time – that would have been the cautious response. But it wasn't our response.

Because I believe at times of great difficulty, great things can still be done. At times of great difficulty, great things must be done. Some say we've bitten off more than we can chew. I say there's no time to wait. We could wait to solve the welfare crisis, but every day people struggle to get back into work. We could wait to give our children a better start at school, but they only get the chance to grow up once. We could wait to reform our prisons, but every day offenders leave prison and go straight back to crime. We could wait to cut the deficit, but every day, we spend £120m servicing our debts, and that's £120m we can't spend on our children.

We have four years and seven months before the next election. 1690 days. We're not going to waste a single second. There is no time for the old go-slow, timid governments of the past. We're keeping our eyes on the horizon, not on the headlines. Building, brick by brick, day by day, the changes Britain needs.

Of course the ambition of these reforms will provoke controversy. I know some people, for instance, are worried about our plans for expanding Academies, as we heard this morning.

It wouldn't be Liberal Democrat conference if we didn't have a motion that provoked strong passions on both sides. The great thing is that all Liberal Democrats share a passion for education. When it comes to lasting fairness education is everything.

So I want to be really clear about what the government is proposing. It's not Labour's academies programme: a few schools singled out for preferential treatment - a cuckoo in the nest that eats up attention and resources. We're opening up the option of Academy freedom to all schools. Because if one head teacher is free to run their classes in the way they know is best, why shouldn't all head teachers be free?

My vision is that every school, in time, will be equal, every school equally free. But there's one freedom new schools shouldn't have. Freedom to select. The whole concept of our reforms falls apart if you use it to expand selection – because instead of children and parents choosing schools, you get schools choosing children. So we have made it absolutely clear: we will allow people to set up new schools but we will not allow them to pick and choose the brightest. No to more selection.

Welfare reform will be controversial too. Benefit reform is difficult in times of plenty, but essential when money is tight. Labour's welfare system simply isn't fair. It pays people to live without hope of a better life instead of paying to help them build a better life. A liberal welfare system is different. It's built around work. I believe in work. Work is essential to a person's sense of self worth, their identity.

We will only build the fair, mobile society we want. If we make it easy for everyone to get out to work and get on in life. And that's what this government will do.

So the immediate future will not be easy, but the long term prize is great. I want you to imagine what you will say to people when you knock on their door at the next General Election.

Imagine how it will feel to say that in Government, Liberal Democrats have restored civil liberties, scrapped ID cards, and got innocent people's DNA off the police database.

Imagine how it will feel to say that our Government has taken action to cut reoffending, and cut crime, while stopping Labour's mass incarceration of children.

We will have withdrawn our combat troops from Afghanistan, our brave servicemen and women having completed the difficult job we asked them to do.

You will be able to explain that finally, we have a fair tax system where the rich pay their share, and the lowest earners pay no income tax at all.

Our banking levy will have raised £10bn, reckless bonuses for short term gain will have ended, and banks will be lending responsibly again.

Imagine how it will feel to visit home after home that our Green Deal has made warm and affordable to heat.

You'll be able to tell people they have a new right to sack MPs who do wrong, and that the party funding scandals of the past are history.

You'll be campaigning alongside Liberal Democrat candidates for the House of Lords.

And if the British people say yes to the Alternative Vote in the referendum next May – forcing MPs to work harder for your vote – then you will also be able to say that the clapped out politics of First Past the Post is gone for good.

To those who are angry now about the difficult decisions needed to balance the budget you'll be able to show that those decisions have set us on a better course with new growth and jobs that last.

And, finally, you'll be able to say that all this has been delivered by a totally new way of doing politics. Never again will anyone be able to frighten the voters by claiming that coalition Government doesn't work. Liberal, plural politics will feel natural; the sane response to a complex and fast-changing world. Just imagine how different our country will be.

Britain in 2010 is anxious, unsure about the future, but Britain in 2015 will be a different country. Strong, fair, free and full of hope again. A country we can be proud to hand on to our children. That is the goal we must keep firmly fixed in our minds. That is the prize.

The years ahead will not be easy but they will make the difference our country needs. Stick with us while we rebuild the economy. Stick with us while we restore our civil liberties, protect our environment, nurture our children and repair our broken politics. Stick with us and together we will change Britain for good.