

[Popular Protests Against Financial Austerity]

Providing an Unified Rationale

Introduction and overview

Popular protests against cuts to public services and other social provisions have erupted across Mediterranean Europe and been echoed in more moderate form by the North European Left. Movements like M5S have put forward what look like a ragbag of demands – stop the cuts; stop expensive construction like high-speed rail; end corruption; care for the environment; extend political participation. I argue here that these demands require more of a coherent justification to make them stick, otherwise they will be defeated piecemeal, one by one, just as they have been made. Convincing potential supporters that there is indeed a strong theoretical and intellectual justification into which each of these demands fits, is an important part of the current political battle. Most protest movements have not even attempted this yet.

They need to do so however because governments enforcing austerity *do* have a coherent theory behind them, in the shape of classical economics. Their argument is that to enhance financial confidence, the precondition for creating credit and thus stimulating economic growth, governments have to reduce their debts and deficits. Regrettably this means cutting welfare, education and public services generally. The long term reward (they are a bit vague about *how* long term) is however renewed economic growth. By providing jobs this will do more for the population than State assistance can. However, since ordinary citizens are more concerned about their immediate well-being than jobs ten years down the line, the power to decide must be kept in the hands of the current political class who can be convinced, cajoled or coerced into taking a long term view of the need for austerity.

To be fair, the established European Left oppose orthodox budget-cutting with a coherent argument of their own – Keynesian economics. By depressing economic activity budget cuts simply reduce growth and government revenue, this perpetuating the deficit. The solution is to slow down cuts to services while spending more on large infrastructure projects and cheap credit. This will produce jobs now and provide a basis for future growth. Even government creditors are beginning to be convinced that immediate growth is necessary for deficit reduction.

I argue here that popular protests have to counter both these well-reasoned arguments with a coherent set of ideas of their own. This is that globalisation renders governments only marginal economic actors within their own territory. So there is little they can do to directly stimulate growth whether by cutting or spending. Government austerity in particular is largely irrelevant. What governments *can* do however is to act decisively to tackle the socio-political crisis produced by contemporary economies by extending services such as welfare and education. They should do this because they are good in themselves, rather than because of any imagined economic effects. The rest of this essay fills in this argument for alternative policies, starting with the failures of economics and economists in the face of our contemporary global world. This makes direct *political* action by governments indispensable to protect their populations. It also brings together most of the demands of protest groups in a coherent rationale for such action.

Given the marked interest and topicality of the two interviews published in this Section, the Editors of CAMBIO invite readers' comments on one or both articles, which will be printed in this same Section of our next issue.

Globalization and the utter failure of conventional economics.

The first step in any argument for political action unimpeded by fear of economic consequences must be to discredit the two theories which claim to be able to predict these: financial orthodoxy on the one hand and Keynesian demand management on the other. Discrediting these is easy because of the abject failure of their predictions over the last ten years. Not only did economists fail to foresee the financial crisis of 2008: they have consistently failed even to anticipate economic developments over the next three months!

The reason for their failure can be found in the flawed basis of economic reasoning in the first place; and secondly in the development which has rendered this even more damaging to any analysis than in the past – globalization.

The basic problem of economic forecasting is – paradoxically – that it does not deal with economies! Instead it defines economies in purely political terms as countries and States. A territorial economy is not defined politically. It surely has to be taken as a contiguous cluster of businesses and enterprises which have more to do with each other than with other businesses across their boundaries.

In the 19th and early 20th century as national territories were consolidated and internal transport systems improved by their governments (often for military reasons) there was probably a time when national economies existed as largely self-sufficient entities – probably never in Britain or the Netherlands but very likely in Germany, Italy and Spain. With globalization however autonomous national economies have largely ceased to exist. It is probably only the continental – sized economies – the US (plus Canada and perhaps Mexico: China: and India) – where internal transactions outweigh cross-border exchanges and where Government action can affect economic functioning in the way Keynes envisaged. Possibly Germany with the Low Countries, Baltic Scandinavia, and Central Europe also forms an economy in this sense. However the EU and Britain clearly do not.

Economics as a discipline simply passes over this difficulty and assumes that contemporary States in some sense *are* self-contained economies. It is convenient to make this assumption because governments are the only bodies collecting economic statistics for territorial units. But it is fallacious to assume that this in itself is enough to create a separate national economy.

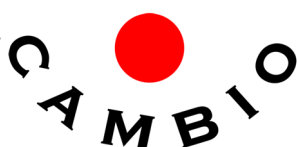
True, governments are major economic actors within their own territories – perhaps the single most important in some cases. But this does not enable them on their own to dictate the whole course of economic events there. These days heavy spending by governments is more likely to suck in cheap foreign imports than to stimulate business within the State, while profits made there are channelled out by multi-national corporations. Spending cuts cause immediate misery to citizens while doing little to reassure foreign bondholders and investors about the health of the tax base.

Globalization has abolished most national economies. But it has done more. It has shifted the structural economic balance between different areas of the world. As China and India acquire ever more sophisticated skills and technology to combine with their cheap labour and natural resources areas like Western and Southern Europe will be less and less able to compete even on services and innovation, let alone manufactured goods. Governments cannot do anything to prevent this and are indeed best staying out of expensive, doomed infrastructural and technological projects aimed at reversing economic decline. Investing in citizens' well-being and education is the limit of what they should do. They more adaptable individuals are, the better they will be in working with the global economy. Governments with their failed mega projects are not.

What else can be done?

Social and political crises are hardly likely to reassure government investors and bondholders either. So a first task of governments as it always has been is to stabilize the political situation. This requires them to conciliate the opposition by actually taking their proposals seriously! They should accept their policies not only to disarm their crippling internal opposition but also because they represent exactly the policies which are within their power to pursue – and which they *should* be pursuing to provide immediate benefits to citizens.

This requires that cuts to services be restored and additional spending undertaken. However spending on services does not imply a full scale Keynesian reaction with massive expenditure undertaken without balancing



deductions elsewhere. It is only prudent to roughly balance the books, as opposed to undue austerity on one side and irresponsible extravagance on the other.

How can this be done? Protest movements have already suggested one way, by cancelling dubious projects like British and Italian high-speed rail and the British nuclear weapons programme. Wars and foreign interventions should be stopped. Such expenditure cuts have not even been considered as part of the austerity drive which has focused on social and personal services. They should however provide some immediate savings. On the other hand it must be a principle behind all government policies that no tax paying citizen should be worse off as a result of reforms and many should be better off. Such a guarantee is necessary to generate general public support. So cuts or down-scaling in Government Departments should be by natural wastage or transfers of personnel to more useful activities elsewhere.

This means that administrative reforms will produce long term rather than immediate fiscal returns. Another change which should be undertaken for purely ethical reasons will also produce only subsidiary economic benefits. That is, requiring that all imported goods and services meet the same health and safety and labour regulations which each country's own enterprises operate under. This should include inspection to the same standards as in the country concerned.

Such measures could be taken as disguised economic protection, designed to safeguard home industries against cheaper foreign competition. Actually however it puts international trade on the same footing as internal trade. If we think it is necessary to have national rules to protect our own citizens should we not apply them to protect South-East Asians or Latin Americans? We might also think of extending such rules to environmental protection. If we do not think natural degradation is right at home why should we tolerate it abroad?

Such measures would have the merit of putting international trade on the same basis as that at home. The decision to import cheap goods and so depress local industry and agriculture working under laws which we think are ethically justified is a political decision made by national governments or the EU. It should be discussed as such not disguised as economic inevitability.

Of course such decisions do have economic consequences in aiding local industry and augmenting the national government's tax base. They would hardly solve their fiscal crisis however and should not be undertaken to do so. Sovereign debt and fiscal deficits are in essence outcrops from this underlying problem. Governments are not raising enough money to pay for services they are morally obliged to provide for their citizens. How can they do so? How can they balance the books, which would remain unbalanced even if the suggestions made above were fully implemented. The answer lies in consolidating their tax base in two ways, while leaving individual tax-payers unaffected. The first way has already been suggested by Grillo and M5S – the massive personal and corporate tax evasion which exists across Southern and Eastern Europe. This can only be done by transferring the power of assessment to the fiscal civil servants, enforcing payments even if judicial appeals are in process. All calculations and figures should be published on the Internet so that everyone involved including officials can be kept accountable.

In countries where corruption and outright evasion are not so much of a problem governments still lose massive amounts of revenue through legal, mainly corporate, tax avoidance. In essence multi-nationals and rich individuals create fictitious domiciles in low tax countries and outright tax havens. This is bad for the companies themselves – with 500 deposits throughout the world and opaque transfers many do not know what they are doing themselves, often laundering criminal revenues. But it is even worse for national governments who find revenue from their own territory diminishing and cut spending as a result.

This is however entirely their own doing. All they have to do is tax multi-nationals as they do national companies, on the basis of the profits earned in their territory. Where companies refuse to provide their own figures they can be simply assessed by taking local economic activity as a proportion of their total activity and taxing declared profits in proportion to that. Again the revenue raised should go to governments during any appeal in progress, any final adjustments to be made at the end. Total transparency on both sides should be enforced by publication and scrutiny on the internet.

Any such national action to secure a proper tax return would of course invoke international complications and reactions. These could be met by the argument that foreign companies are being treated in exactly the same basis

as national ones. It is a fair bet that many other countries would immediately follow the pioneer that made the breakthrough, creating an irresistible force at international level and blunting the argument that companies would transfer their activity elsewhere.

A further refinement would be to put companies on a monthly tax-paying basis to avoid government revenue drying up at particular times of the year and avoiding unnecessary borrowing.

Conclusion: governments should act now to resolve the crisis for their own citizens.

This essay provides a coherent underpinning for protest movements' political demands which goes far beyond the simple restoration of public services and social provisions. On the one hand Governments fallaciously see themselves as major economic actors, able to restore health and growth to a non-existent national economy. On the other, they refuse to undertake the necessary political actions by which they could at least restore *themselves* to fiscal health and finance their services to the population. The choice is theirs. Either they can negotiate with their internal opposition to produce a reasonable social outcome in the present situation. Or they can continue to drift, blaming external events, the EU, Germany or immigration for their current ills and refusing to do anything about them. It is unlikely that they can continue to do so for ever. One can only hope that protest movements will bring them to their senses sooner rather than later.

A MODEL MANIFESTO: ACT – AGAINST CRISIS TOGETHER *

A non-political Programme for concrete policies, with immediate results, bringing benefits to all, giving real freedom of choice, putting ordinary individuals at the heart of things rather than last to be considered

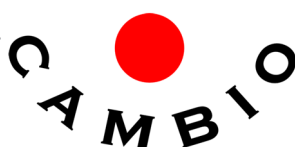
Crisis and Recession – ACT's Diagnosis

Who is really suffering from the deepening recessions which governments of all parties have brought upon us? Not big business and the banks. It is the ordinary individuals like ourselves who are enduring unemployment debts and cuts. Big banks and businesses have actually benefited from the mess, notching up unprecedented profits. Too big to fail they have been bailed out by ordinary taxpayers and small businesses - since they themselves don't pay taxes anyway.

Why should we continue this way?

Surely it can't be the right. A sane society would be run so as to benefit everyone, not just those at the top.

* The following text was put together to summarize the demands made on governments by protest movements across Europe in the face of austerity measures to counter the present crisis. It is a kind of "model manifesto" for all these movements though applied to the British context. While I agree with the substance of its arguments and demands it is deliberately written in rather colloquial and strong terms, in order to mirror the way in which protest movements present their case. So I do not necessarily endorse all the details of the text. This exercise has been carried through because I think there is actually a strong underlying rationale for the various demands which have not yet been formulated but which provides a convincing alternative to the financial orthodoxy or debased Keynesian theories on which governments currently base their policies. I am trying to systematize this rationale in other papers. So the "model manifesto" can be regarded as a "working paper" produced for the overall project.



Family farms and entrepreneurs should be helped not exploited. They are the people who create the real wealth. Yet in the current ordering of things they get beaten down so supermarkets can outrace competitors to the bottom in terms of food, health and hygiene and working conditions.

Why has this happened?

Mainly because governments of all kinds have overreached themselves in terms of State interference and planning, crediting themselves with an infallible knowledge and control of events. In fact they have just demonstrated that they know nothing of what the future will bring (even next month), and excuse their failures by blaming other people or circumstances beyond their control – in the Eurozone for example Osbourne and Clegg are just as bad as Miliband in thinking they can use austerity to produce their desired recovery. In fact the economy is out of control. All they have done with their grand plans for reducing the deficit is create general misery and chaos – far from the traditional Conservative and Liberal aims of a stable society and individual freedom.

What freedom do we have from the banks and multinationals?

Our financial and economic crisis has in fact been matched by a political one as governments everywhere fail to tackle anything effectively. Their failure is also a failure of economic advisers who failed to spot the crisis coming and can't even tell us what will happen next month. If they can't even get this right, how can they tell us how to run it? Yet Osbourne and his cronies want even more cuts and misery as the "road to success"! Jam in 5 years or perhaps 10! – but scrapings today and next month and next year. Lacking any informed advice (there isn't any!) government policy is now a knee-jerk reaction to financial markets – which they have managed to boost, temporarily at least. Bankers do well out of closures and bankruptcies and continuing recession, but we don't.

Unfortunately the men pulling the strings (few women) want both cuts and growth – contradictory policies which impoverish and confuse citizens. That's where the old political parties want to leave us while they mishandle things at the top. They have no real answer to our ills. Closed-minded and rigid they just want to carry on in the same old way without any real consultation or debate which might shake them out of their blinkers. More cuts, slightly less cuts, reshuffle the NHS and schools faster or slower – they have no real alternatives to more misery and pain.

Our plan does give an answer – Do what we can and need to do politically – now – where we can really help people. This is not because of the far-fetched and long term economic consequences such action might bring. We just don't know what these are. But we do know that expanding the NHS gives more people the care they need: adequate local services improve life in cities and villages, and help small farmers to survive. By axing grandiose projects like the High Speed Rail we can protect property-owners and our beautiful countryside and stop a rush of immigrants into surrounding towns and villages which can't cope.

We can stop this destruction *now*, immediately we have some political power. This would also help us fight the massive tax evasion by multinational companies which would help us pay for better services and quality of life without increasing our debts like the coalition is doing.

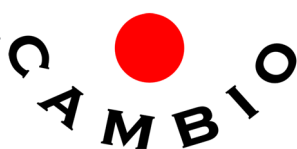
These are only some examples of the immediate action we need to take to improve our lives. To do this we must first decide our priorities rather than letting Miliband, Cameron and Clegg define them for us.

ACT on Priorities

Most people will agree with what we want to do. Basically they are the things governments of all parties wanted to provide in the good years of the Fifties and Sixties. After we define the priorities for political action we show how to pay for them by cutting unnecessary spending – as on the wars most people oppose – and reforming business taxes. We want to make sure that nobody is worse off as a result of the changes but many are better off – and things are also put on a better basis for the future. As for long term economic effects, nobody can guarantee them. But neither can the unending cuts and misery proposed by governments and parties. Our proposals benefit everyone immediately - whatever happens with the economy. The first step in achieving our priorities is to define

them. Here they are:

1. *Security.* The first job for the State is to provide order and security for individual citizens. Don't believe them when they say we can get this by cutting the police! It can only be done by strengthening the policing and emergency services in your neighbourhood. We can pay for this by withdrawing from expensive wars far away and spending the money at home, on the police and Armed Services in our own patch. Doing this will also help us to give long-owed support to the war victims – our own brave veterans who labour under horrific disabilities with little help from the swollen and bureaucratic Ministry of Defence.
2. *Health.* Disease and illness are silent killers who threaten us all. The only way to fight them is to make sure everyone has the best medical care. That can only happen if everyone is looked after by the NHS if they want to be. Cutting services and going for cheapness over quality is a queer way of providing this. It is a plan thought out by rich folk who are able to buy care for themselves.
3. *Wellbeing.* The foundation for good health is enough money to feed and house our families properly. For self-improvement through work, education, sport culture, volunteering, everyone needs enough to manage with dignity and without anxiety. All citizens therefore should be guaranteed a basic income to cover old age and spells of misfortune and hardship. A universal entitlement to this should replace the present ragbag of State payments - producing cuts in administrative costs and greater efficiency in reaching citizens in need. We can pay for it all by stopping unnecessary expenses like hopeless wars and useless construction projects and catching the big tax evaders.
4. *Education.* Education is the great investment we can make for future generations – and for improving our own. This is not just an economic benefit – even if it is the surest long term way we can improve the future economy through better skills, self-confidence and knowledge. Education of all kinds – specialised, basic, general, training in skills or just acquiring knowledge – all make us better people, for ourselves and for others. Reducing educational opportunities diminishes us both as individuals and as a society. Current policies are cutting the branches we sit on – education at all levels should be free. An income guarantee will help many more take it up – and this will benefit everyone. For a better, more humane (and more interesting!) society we need to be able to educate ourselves at all times of life.
5. *Culture.* We educate people so they can share in a wider culture, whether technical, architectural, artistic, historical, musical – folk or pop, sporting, or carried by TV, theatre and film. Britain as a nation actually leads the world in all of these – but usually in spite of Government rather than because of it. Instead of cutting support for Arts, sport, community societies and clubs it should be increased. Talent should be encouraged and brought out, wherever it occurs. Instead of the shambles most football is in we should make sure that clubs belong to their supporters, not to greedy speculators who load them with debt. Sport should be a crusade, not a business. The same goes for all our cultural activities – night-schools,, adult education – and broadcasting. The BBC is the envy of the world and has kept up standards in Independent TV. But even it has deteriorated under government discrimination and vendettas while the Media Circus barons get away with their profits – power and profits being mostly what they care about.
6. *Land and People.* We live in our districts and communities, our cities, towns and countryside. Terrible things have happened to them all in the last 50 years. The full forces of commercialisation have been unleashed by the EU, commercial chains, multinationals, developers and the uncaring forces of globalisation. Families were promised homes which they now can't afford. Perfectly good houses stay empty till values rise. Whole streets and districts get demolished instead of renovated, because of centralised planning. Community protections are removed so developers can move in for a profit. Most of southern England is to be bricked over while houses in the North are left to rot. Small family farms are gobbled up by combines as prices for their products are forced down by supermarket barons. Sensible controls to safeguard our traditional way of life are weakened. The government not only sells off our heritage of



woods but everything else it can, all in the name of cutting bureaucracy and creating construction jobs!

Most of these go to foreign workers like the Olympic development. Ask the East Enders what they got out of it except evictions and new commercial developments which clearly don't benefit them. Clearly it's time to stand up for the small woman and man and for local decision-making, now restricted and cut to the bone.

How do we do this? The first thing is to guarantee everyone security through the income guarantee. This will give everyone the basis for participating in their own communities which they need to do to defend themselves and make sensible laws for their own protection. We need to slow down or stop disruption and change. This is so often justified on the basis of creating jobs. Wrong. Foreigners are recruited to work more cheaply and drive down wages. As for speeding economic growth – this is just a con because nobody knows what the economy will look like in 10 or 20 years. One thing is sure: it won't be like today. The best example is the high speed railway through the Cotswolds, destroying the property and way of life of tens of thousands of people, nature reserves and beautiful landscapes – all to cut the train journey by half an hour! We need to get our priorities right – to slow down and take stock. Instead of subsidising foreign giants to build more nuclear power stations – with taxpayers paying to clean up afterwards – we should put our money into house-insulation (which the government has just cut) using less power and distributing it better and giving local business a boost. Nobody should suffer from cold.

Conservation is also the best answer to extreme weather, which everyone knows is coming as icecaps melt and the seas rise. Globalisation spreads new diseases – for trees, animals and people. These need to be controlled and combatted. Governments have done absolutely nothing about this but sat back and let it happen. Half our trees are going: sheep and cattle are incubating diseases, and all the Coalition can do is cut research and let it rip. Probably nobody can get sensible international action to fight these foreign plagues and epidemics. But that's no reason for doing nothing here and now to protect our own people and land.

7. *Politics & Democracy.* None of these good things are going to happen unless we open up ways to make them happen. We are not going to get action from the rich playboys (few girls!) who control our destinies in Government and Parliament. The last thing they want is to have their gravy trains derailed, bringing down their high salaries and expenses and the chance of benefiting friends who can be useful to them afterwards.

There is no difference between any of the parties on this. So we need to change the way politics is done – by letting the people in on it. Democracy means the people making laws and policy. The way to do this is by giving ourselves a vote when we want one rather than when the government permits us. Democracy is not a privilege to be doled out on a few special occasions. It should be the normal way of doing things. So let's not just vote on staying in the EU. Let's vote on going to war or staying out: on having good health services and a minimum income guarantee.

In fact, given the way governments have been chipping away at all of these, we need democracy not only to vote these policies in but to guarantee that they stay. If enough people want a referendum they should be able to get it through a popular initiative signed by a hundred thousand people. The results of referendums should be binding on the Government and Parliament.

Making sure these do what the people want is also a problem. The parties were supposed to secure this by running for election on published programmes and putting them into effect if they got a majority. All of the establishment parties have cheated on this in the last ten years. Labour went to war in Iraq although most people opposed it. The Liberals and Conservatives cut the NHS and sold bits off after saying in the General Election that it would be safe in their hands. They said nothing about selling off woods or starting new wars and interventions. Why couldn't they consult us?

Keeping decisions away from popular debate and is helped by the secrecy which shrouds all of British government, particularly the Civil Service. If you don't know about decisions you can't influence them. So from the Cabinet to Cobra (state security) down to Communications(!) we have no inkling of what is

discussed – except when it is selectively leaked by somebody who feels it is to their advantage or revealed by courageous journalists. Channel 4 and the BBC are hated by parties and governments because they so often reveal what is going on.

But this is not enough. To really decide you have to know all that is going on, rather than relying on a few selective leaks. Nobody should say in secret what they would be ashamed to say in public. Freedom of information should not be doled out in small doses. It should apply everywhere. The Welsh government puts its cabinet minutes on the internet. Scottish MPs do the same with expenses claims: eliminating the need for a special office to scrutinise and edit them. These practices work: so let's do the same in Britain as a whole.

Open discussion will be a great advance. Having decided what we want, though, we need to make it stick. The political parties are too shiftily and tied to special interests to guarantee that they will pick policies for the general good. For that we need to have ACT in Parliament to keep an eye on them and push the public interest.

One of the things that can be discussed is whether the current way of electing MPs is best, given that it gives the existing parties a cast iron guarantee of a seat in most constituencies. If we don't want to abandon our constituencies at least top up candidates should be elected in line with national voting shares. This works in Germany – and in Wales and Scotland. So why not Westminster as well?

Before this can happen we need to get public-spirited citizens, fed up with the existing spoils system, elected to Parliament to keep the parties in line. So we need to organise and fight existing constituencies to get enough non-partisans into Parliament to stop special interest governments being formed.

Our first priority is to work out how to do this in detail. There is nothing to stop citizens with clean records – even members of existing parties fed up with broken promises and harsh measures – putting their names down and starting to organise locally, using their own homes as a base if necessary. They face an uphill struggle against entrenched, well-funded party machines. But a big popular movement can succeed. By focusing purely on getting our policies through they can avoid the perks and profits that have corrupted our existing MPs.

Where would we get our money from? – and avoid being corrupted in our turn by the big payers? A first thing is to require our elected office holders to pay any salary over our guaranteed minimum income towards election expenses. That may not raise much but it will show our representatives are not fat cats like the others.

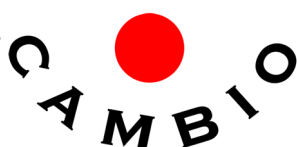
Generally we would rely on supporters' contributions with a limit on any one donation of £1,000 to make sure nobody buys undue influence. Mostly though we'll base ourselves on individual dedication and effort, exploiting new low cost techniques like online and the internet.

8. *How do we pay?* We've said how we'll pay to organise and fight elections. What about the cost of policies such as health, education and the minimal income guarantee? These will bring together a lot of existing public payments that are being made anyway, without the costs and bureaucracy they entail. For example, how much is being spent to administer and chase up student loans? Most will never be recovered. So the government is giving out money anyway but in a mean, cack-handed way that encourages waste and makes people feel bad about it.

Even though we operate more efficiently and spend existing money better, there's no denying that doing what we want to do for people will cost more money. Where do we find it? We don't have to be high level economists to see that we should broadly balance spending with income otherwise we'll run into trouble.

We mean to do this. But we have to discuss things in a crazy financial context where the Bank of England has printed £400 billion new notes and given them to the banks. The idea was that the banks would lend this to small British business, thus stimulating the economy. In the end of course they just sat on it and paid it out as tax-free profits.

In a world like this it's clear that paying for policies is not like paying in a shop, where if we produced



our own money we would likely get arrested! We shouldn't defraud the public even if we could. So we should balance spending in one area with cuts in others or increased revenues.

Taking balanced cuts first. Usually when you hear about cuts these are to public services which help us all individually – in health and education, culture and policing. *We* should rather increase spending there and on teachers, police and fire services. The areas to cut are the wasteful ones like wars and the preparations for them, often involving grotesque over-spending of one or two thousand per cent by the swollen and incompetent MoD. Punching at our real weight and concentrating on our security on the North East Atlantic would result in trillions of savings. By not invading other countries we stop stoking terrorism and concentrate on real security at home. Do we really need Embassies with a big staff in 200 capitals throughout the world? Why don't we just keep a welfare officer to help citizens in trouble and fly out expensive diplomats to rented offices as and when we need them?

The cost of prisons is another example. Each prisoner costs £50,000 a year to keep – and there are 90,000 of them! Enormous numbers keep on coming back and no wonder with free board and lodging! We need to make crime less attractive by taking control of assets on arrest (to be released if not guilty) and vastly increasing police and probation services – stopping crime rather than mopping up afterwards. Supervised hostels, education and work – that is what ordinary offenders as opposed to fat cats need and that is what will stop them going back to crime. We need to rethink our whole approach to tackling the causes of crime so that law abiding citizens are really protected - not just throwing money at the problem by building ever more expensive prisons. What's wrong with tents and huts if the facilities for education and work are there?

Cuts even to the most expensive of these programmes will never pay for all of the benefits we intend to introduce. So we need to find new money to pay for them without increasing ordinary people's taxes. They certainly pay enough already. Our guarantee is that nobody will be worse off as a result of our changes. So everyone paying taxes now at ordinary levels can opt to stay with the existing system if they think they will be better off.

Where do we find the money? – especially since previous governments have sold off public assets cheap or even given them away to donors and cronies. The answer is of course to change the tax laws to prevent non-payment especially by large corporations. Under existing laws paying taxes is entirely voluntary for anyone who can hire expert lawyers and accountants. Big companies – whether British or foreign – can set up offices in low tax countries and route their profits through them - paying nothing in taxes even though they make all their money here. They account for the massive decline in government income over the last five years.

They must be made to pay. Faced with popular anger the Coalition has made noises about tightening tax rules “after getting international agreement”. Of course this means waiting until the cows come home and the people perish. The Coalition doesn't want to tax its friends and Labour has little appetite for it either.

Getting taxes from profits made in Britain is simple. We assess them if companies can't or won't provide their own figures and tax them here. Companies can then deduct the tax as an expense against profits wherever they do pay them. This is a simple and easy way of making sure companies pay adequately for the services they get from us other taxpayers.

Of course we can expect other countries to follow this lead and tax British companies operating abroad in the same way. That is only fair. It shouldn't affect our revenue much since big British companies evade our taxes just as much as foreign ones.

Will this make firms leave for lower tax countries? This is what the established parties say as an excuse for not doing anything at all. In fact the biggest offenders are mostly service providers and sellers like Starbucks and Amazon. They make some of their biggest sales in Britain. We are the open marketplace for the world to flood with their products. So multinationals are unlikely to leave in a hurry. If they do British firms will replace them – hopefully smaller ones which do pay their taxes, thus providing better local employment.

ACT on the Message

Don't believe those who say that getting a decent deal for everyone is impossible and we just have to suffer more misery until something turns up. There is certainly nothing any British government can do about the British economy (if there actually is one left and not just a set of foreign-owned subsidiaries). Because of the situation Labour and then the Coalition have allowed to develop, we depend economically on growth in the Eurozone or the US or China. Don't believe them when they announce bold new initiatives like High Speed Rail. All that does is put money in the pockets of big foreign owned construction companies and draws in more foreign workers.

Against this grim reality we have a message of hope. Help people because it's good to help them, not because there's a vague hope it will stimulate the economy. Our programme has just as much chance of doing this as any of the crumbling initiatives announced by governments with such fanfare – only to be forgotten in a year's time. But that's not the point. Rather we should take immediate action to get ourselves out of our problems because this will give immediate relief to individuals here and now – and we can achieve this now. So - reform tax rules, review public contracts, cut spending – all to pay for better health, education and welfare – not to mention sport, culture, recreation and entertainment.

Whether we get them depends on ourselves and our willingness to take political action.