

RW/GM

28<sup>th</sup> September 2010

Mr D Alexander MP  
45 Huntly Street  
Inverness  
IV3 5HR

Dear Mr Alexander

We are writing to you to express our extreme concern at the long term damage to people, families, communities and society which will be caused by the cuts and austerity measures which the UK government plans.

We believe that propaganda, distortion and misinformation is being pushed to drown out key facts as part of an ideological attack on Public Services and the Welfare State ;the same Public Services and Welfare State which Liberal Politicians did so much to create.

We wish to point out the following **facts**:

UK Government Debt is approximately 68% of GDP. This is high but not without precedent. UK Government debt was always above 100% of GDP from the period 1920 to 1960. Only in the last decade has a target level of 40% of GDP been seen as normal.

At the end of the Second World War UK Government Debt was 250% of GDP to cope with a once in a generation economic situation. We believe that we are living in our once in a generation economic situation today.

Comparing UK Government Debt with that of other countries we see from the International Monetary Fund World Economic Outlook Database April 2010 that the UK has the **lowest** government debt as a proportion of GDP in the G7 most developed countries.

Indeed the UK's 68% level compares with France at 77%, Germany 73%, Belgium 97%, United States 83%, Greece 115% and Japan 217%.

The UK Government debt is also spread over a much longer term unlike that of many other nations. Furthermore, 80% of the debt is held within the UK, so it is sustainable. The UK, importantly, has a lower proportion of public spending than France, Italy, Austria, Belgium and all Scandinavian Countries. The UK spends less on Health & Education proportionately than most developed countries and lags behind the US, Germany, France and most of Western Europe.

All of the above facts run contrary to the story being peddled that we have a huge unprecedented debt, a bloated public sector and must make deep immediate cuts.

Only the UK and Argentina out of the 20 most developed nations are withdrawing financial stimulus from the economy.

A number of reputable economists have warned of the dangers of undermining economic recovery and a disastrous double-dip recession.

We believe that there is a 'Better Way'; that rather than cuts that will hurt the ordinary man and woman, damage our communities and create a harsher meaner society while allowing the rich to continue to get richer, a priority should be given to jobs and growth. We believe that £123 billion of taxes were dodged last year by rich people exploiting loopholes. Year on year chasing down tax dodges would yield billions.

A 50% tax rate for those earning over £100,000 per year would give around £5 billion a year. A tax on Vacant Housing would give a further £5 billion a year. A tax on Big Financial Transactions would give another £20 billion. Abandoning the madness of replacing Trident would save some £80 billion.

Investment in jobs, industry, training, research and renewable energy would allow us to build our way out of crisis.

We know that this crisis was not made by ordinary people. It was made by bankers, politicians and economists through unsound theory, bad practice and poor policy.

We the ordinary people have already paid for the crisis, bailed out banks, lost jobs, homes, wages and amenities.

We reject more of the same on a larger scale which will do fundamental damage to the economic and social fabric of our communities and our society.

We call on you to reflect on the longstanding progressive perception of the Liberal tradition and its large scale support across the Highlands as a party of the ordinary people, a radical reforming party opposed to landlords, privilege, injustice and inequality.

We urge you even at this late stage to turn to 'The Better Way', to avoid repudiation- indeed virtual destruction- of the legacy of Beveridge by preserving and investing in Public Service, The Welfare State and a Civilized Society.