Cameron's shoving back of the state

The relatively short history of the new coalition government is already one of radical change. Massive changes to the NHS, public spending, cuts in regulation and a move to localism all point to a a smaller state and less top-down intervention in the future, writes ***Tony Travers****. This article first appeared in the* Financial Times *on the 17th of August. Click here to access the article at the FT.*

The first 100 days of David Cameron's government have suggested confidence in the handling of power. The Con-Lib coalition took office in unpromising circumstances but seems determined to move quickly to change the shape of Britain's state. While it is difficult to judge from just these early moves, the picture emerging is of a government not so much rolling back the frontiers of the state as giving them a violent shove.

On the surface what is most surprising about the Cameron government is its willingness to make sudden and radical interventions. Managerial caution guided the Blair-Brown government: public spending grew more sharply between 2000 and 2010 than in any recent decade, yet new initiatives were laden with "pilots", while Labour ministers were fond of creating little pots of cash to target modest improvements in schools, hospitals and councils.

Yet under the coalition we have already seen health secretary Andrew Lansley abolish strategic health authorities, with primary care trusts soon to go. GPs will commission services from hospitals, a genuinely radical change whose impact is entirely unpredictable. Education secretary Michael Gove has also launched plans for new "free" schools, while the police are to face oversight by directly-elected commissioners – testing important boundaries in relation to political control over policing.

Cuts are also providing a useful cover story, as departments have been told to envisage savings of up to 40 per cent by 2015. By deciding to cut the deficit to almost zero by the end of this parliament and requiring spending cuts to deliver 80 per cent of the reduction, the chancellor has created a demand for reduced real terms spending that surpasses anything Margaret Thatcher managed.

Behind this, Labour's tangle of targets and public sector regulation is also being unceremoniously abandoned. Time-limits for an appointment with a GP will go, while last weekend's killing of the Audit Commission is a sign of the government's willingness to apply high voltage cattle-prods to the body politic. There is more than a whiff of liberal anarchism about such actions.

The government is making changes that accord with Conservative instincts – favouring a smaller state and less top-down intervention. But there is also a willingness to try out ideas whose impacts cannot be predicted, amounting to "suck it and see" experimentation. This mix of cost-savings, reform and target-dumping disguises a more coherent underlying philosophy: the twin aims of reducing the size of government and bringing about a dramatic shift of power away from the centre.

Decentralisation is being hastened by radical shock-treatment meted out to the NHS, schools, the police and, though the "Big Society" initiative, by blurring the borderline between what the state is expected to deliver and what individuals and voluntary institutions do. This will allow a wider set of institutions, including central and local government but also charities, management buy-outs and social enterprises to deliver the services the public will continue to expect.

Apart from the Big Society rhetoric, a period of Cameron government will leave Britain a different place – moving beyond an attempt to deliver Sweden's public services with America's tax levels to one more like Britain before 1945, but with free healthcare.

There will be a public reaction to such radical change. The previous government believed in summoning all the power of the state to bear down on needs such as poverty, educational performance and hospital waiting lists. The "third" sector is not, by its nature, designed to be comprehensive. Councils are anyway cutting back on funding for voluntary organisations as they prepare for austerity. As a result, Mr Cameron's moves to shift power downwards will almost certainly lead to more "postcode lotteries". The government will need to explain to the electorate that Whitehall is no longer acting as guarantor of uniform public provision and that, say, GPs in Wiltshire may have different priorities to those in Newcastle, or that there is only one full-time library in some areas.

The real test of this emerging model, however, will be where it goes next. The logic of the coalition's moves to date, for example, suggests it might allow different benefit levels in different parts of the country. Discretionary services could be stopped altogether in some areas, or charges introduced for services that are now free to users. "Localism" means allowing institutions to break with national uniformity, however painful the change may be. Local government would have to be offered a new capacity to set taxes: a country where 95 per cent of all taxes were determined by the exchequer could never be one where localism flourished.

The combination of a recession and unusual election outcome has triggered a radical experiment in British government. If its logic is followed through, Britain (or at least England) will become much more like the US, with a reduced public sector but many more philanthropic and voluntary "good government" bodies. Whether it does will depend on whether the public really wants a smaller state to match its grudging willingness to pay tax. But if the era of Britain's big government is truly to be over, another issue matters more: just how far the coalition's liberal anarchists are willing to go.

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