Distorting Discourse: Transparent debate needs sincerity, not soundbites

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*'Big Society' and 'green government' disappeared, tax credits policy U-turned twice while still imposing cuts, and 'economically responsible' austerity ignored economists' criticisms and evidence of exacerbated poverty. **Liam Anderson** argues that, while certainly not unique to this cabinet, the disconnect between rhetoric and action characterises their communications with the public generally. This lacks sincerity and transparency, and undermines substantial debate over government policy and the austerity narrative.*

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'Responsible' austerity and in-work poverty

Painful cuts have been criticised by leading economists including Paul Krugman, Thomas Piketty, Joseph Stiglitz, Ha-Joon Chang, and even IMF's auditor. Simon Wren-Lewis has argued austerity delayed recovery, and that ministers deliberately overemphasised deficit reduction rather than living standards or productivity. The 'clear mandate' that ministers use to defend their actions is less clear given these largely dodged high-profile criticisms, and that under First-Past-The-Post Conservatives won a majority with only 36.9% vote share (24.4% of electorate).

'Make work pay' is a common refrain in the austerity narrative. However, in-work poverty has increased especially since the 2008 financial sector crisis. Since 2009-2010 the Institute for Fiscal Studies (IFS) recorded a fall and unusually slow recovery in working household real incomes and the TUC's 2014 report showed employment had become more precarious. Last summer, Joanna Mack wrote that the number of low-wage workers had almost doubled proportionally in the last 30 years, leaving UK second in the "global low-paid league table for rich nations".

Without compensating mechanisms, ongoing cuts to in-work welfare and local government (which disproportionately hit low incomes) exacerbate these problems, leaving the stated concern for workers' living conditions apparently detached from policies' effects.

Tax credits

The Conservative manifesto made no mention of tax credits cuts, and Cameron and Gove explicitly promised they would not be affected during the campaign. Nevertheless, cuts were announced just months after the election, despite the fact economic conditions remained similar. The justification of controlling cost increases misleadingly used non-inflation adjusted figures, as Tim Blackwell and Declan Gaffney have shown.

Criticism came even from Conservative MPs, and the Conservative majority Work and Pensions Select Committee described the Treasury as "unacceptably evasive" about its summer budget's impact, requesting policy rethink. IFS argued in-work benefits still helped support household incomes, and they reduced child poverty.

After House of Lords returned the bill, ministers manufactured 'constitutional issues', which were dismissed by Speaker Bercow. The inflated House of Lords is in desperate need of reform, but changes should not be made simply to facilitate this cabinet's hardline agenda.

The cabinet's Autumn Statement then apparently backtracked on tax credits. However, IFS showed that while this softens the short term hit to lower incomes, the cuts' long term effect is essentially unchanged, with £12 billion in welfare cuts, tax credits restrictions, and a tighter incoming Universal Credit system. Tax credits policy reversed twice since election campaigning, while effectively still imposing cuts hitting 'hardworking families'. Given that ministers originally tried to pressure cuts through with misleading partyline catchphrases, this 'U-turn' appears driven by bad publicity rather than empathy.

'National Living Wage'

The 'National Living Wage' (NLW), reserved for over-25s, transparently tries to hijack the term 'living wage'. London's Voluntary Living Wage (VLW) today is £9.40/hour, so £9/hour in 2020 is clearly not a genuine living wage, current or future. Even the non-London 2020 VLW is estimated at £10.30/hour. Critically, Resolution Foundation notes that Living Wage Foundation's VLW accounts for existing in-work support, without which London's current VLW would be £11.65/hour.

NLW and welfare cuts were described as a complementary 'package'. However, while minimum wage raises are positive, simultaneous in-work welfare cuts negate the benefits for many. As Joanna Mack notes, tax credits and minimum wages target distinct issues – such as low hourly wages – and are not directly substitutable.

'High wage, low tax, low welfare'

After the 2008 crash, UK saw protracted falls in real wages and its slowest recorded recovery, rather than a 'high wage/strong economy' that ministers' catchphrases describe. GDP/capita only regained pre-recession levels in 2015, with high income inequality.

Substantial taxes can be positive. Norway – ranked first in Legatum Institute's 2015 Prosperity Index – has many idiosyncrasies, but positively demonstrates high social investment. Many approve of taxes funding well-functioning public services, notably the popular, public NHS. YouGov's 2013 poll showed wide support across voters for public ownership of energy and rail, along with Royal Mail and assets which were sold under value. Conversely, wealth concentration, increased opaque corporate influence, and decreased government services are (unsurprisingly) less popular.

Unless employment and wages cover basic living costs, heavily cutting towards low welfare worsens poverty, which is not compassionate or economically sensible; highly unequal economies are less healthy, as IMF and OECD have recognised. Further, welfare is not simply 'lost'. Lower income households' higher propensity to consume means income boosts tend to facilitate demand. As blogger Thomas Clark writes, 'impoverishing poor people in order to *"save the economy"* makes no sense from a macroeconomic perspective.'

Importantly, MIT and Harvard economists' research indicates that well-designed welfare does not decrease, and potentially even increases, working hours; i.e. it is not a statistically significant work disincentive. Assuming many use tax credits from low motivation mischaracterises their precarious economic situation. Duncan-Smith's welfare cuts illustrated this dramatically, particularly the disability welfare sanctions linked tragically to many deaths. Benjamin Barr's report further associated fit-for-work 'reassessments' in England between 2010 and 2013 with 590 additional suicides. Apparent resistance to publishing these figures shows an attitude worryingly lacking accountability.

Policy disconnect

Simon Wren-Lewis argued rapidly cutting to a surplus – missed last parliament – is unnecessarily painful. While ministers describe 'difficult decisions', the New Economics Foundation criticised spending targets as 'arbitrary', indicating such inequality is a distributional choice, not necessity.

Over-focusing on macro-statistics and abstract targets, including dogmatically deficit-cutting, turns affected people into statistics and struggles with heating or eating into unfortunate collateral damage of budget management. Easier to discuss 'labour market flexibilisation' than 'eroding workers' rights' or 'reducing the benefits-bill' than 'further cutting working-incomes'. This language induces policymakers to consider only an abstracted economy, rather than actual experiences of accessing everyday services or local-government-spending. Cameron's ill-informed letter to Oxfordshire council, criticising frontline service-cuts, and the detailed rebuttal indicate this.

Policymakers must connect statistics and targets to people's experiences, whereas the austerityagenda implies a disconnect – distant from increased emergency food bank charity needs, childpoverty, benefits sanction deaths, increased homelessness and so on.

Experts' frequent criticisms, for example of fiscal multiplier miscalculations, even imply politicised disregard for economic theory. Ministers have seemed repeatedly unable or unwilling to listen to contrary evidence and criticisms across policy-areas – from large public petitions to researchers' reports. Ministers could show sincerity by listening, to transparently form inclusive policies, and avoiding doublespeak-catchphrases and dogma.

Some macroeconomic indicators have improved recently, but cuts still hurt many. 'Economic responsibility' does not have to punish low/middle-incomes; other proposals include social and infrastructure investment, publicly directed money production, closing the tax gap, improving productivity, social housing, or reversing corporate tax cuts.

Distorted discourse

Generic party line phrases distort meaning. An unpopular imposition becomes a 'settlement'; The Conservatives oversaw a protracted real wages fall, cut income support, yet sought to position themselves as the 'party of working people'; circumventing an informal convention to protect low-income workers creates 'constitutional issues'; a minimum wage increase still below the Voluntary Living Wage becomes a 'National Living Wage'.

The last government's headline slogans of 'Big Society' and 'Green Government' quietly disappeared. Related policies steadily faded, and environmental NGOs criticised the disconnect between stated green intentions and actions. Reneging on election-campaign promises protecting tax credits, and subsequently U-turning, either inconsistent or deliberately deceptive.

This attitude pervades government rhetoric, even unbelievably calling the opposition leader a 'threat to national security'. When ministers replace reflective, honest arguments with disingenuous soundbites it masks real motivations and undermines democratic debate. This makes it difficult for many to trust and engage with political discourse, and it needs to change.

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Note: this post represents the views of the author and not those of Democratic Audit or the London School of Economics. Please read our comments policy before commenting.

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