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# make the difference



The Liberal Democrat Costings Supplement 1997

make the  
difference

# Contents

- p4 Introduction
- p5 Education
- p6 Jobs and the  
economy
- p7 Environment
- p8 Secure  
communities
- p9 Health and  
community care
- p10 Opportunities
- p11 Politics and  
Britain in the world
- p12 Summary of  
net costing figures

# Contents

Introduction	1
Education	2
Jobs and the economy	3
Environment	4
Secure communities	5
Methods and community care	6
Opportunities	7
Politics and Britain in the world	8
Summary of key figures	9

# Introduction

This Costings Supplement should be read in conjunction with the Liberal Democrat Manifesto 1997.

The figures are the changes to existing Government revenue and spending plans arising from the Liberal Democrats' Manifesto commitments. With the exception of the specified costed items, all Departments will have to work within current spending plans.

The Manifesto indicates some long term policy aims. The achievement of such aims is contingent upon increasing revenues from the higher economic growth which our policies will generate over time. Therefore, they do not feature in this document.

Our policies will boost the economy and get people back into work. This way, we will save money by getting people off benefits. Nothing has cost the taxpayer more than the Conservatives' economic mismanagement over the last 18 years.

Government borrowing to finance net capital expenditure over the economic cycle must be distinguished from borrowing to finance current expenditures, which should be zero over the economic cycle. The present very high levels of total Government borrowing mean that it would be inappropriate to raise current borrowing to finance our programme. Indeed, Liberal Democrat economic policies would cut the Conservatives' planned levels of Central Government borrowing by reducing the interest costs of financing the present National Debt.

# History of the

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# Education

Table A, line 1, represents the main component of our commitment to invest an extra £2bn per full year in Education, funded by putting an additional 1p on the basic rate of income tax. That level of investment would take until the second year of the Parliament to achieve.

Our priorities for this £2bn are set out in the Education chapter of the Manifesto and are reflected in Table A, lines 1(a.) to 1(e.). The top priority is high quality early years education for every 3 and 4 year old child whose parents want it [1(a.).] Line 1(b.) increases funding for books and equipment in schools - including doubling this budget in the first year. Line 1(c.) costs reducing primary school class sizes so that no child between the ages of 5 and 11 will need to

be in a class of more than 30. Line 1(d.) covers the cost of properly financing Special Educational Needs provision.

Other monies [1(e.)] will be spent on: improving teaching standards, community use of schools, and, in particular, higher and further education.

Line 2 covers our commitment to invest an extra £500 million over a Parliament to tackle the backlog of repairs and maintenance work to buildings.

We would raise the basic rate of income tax by 1p in the pound in order to finance our Education investment. Given the continuing high levels of public borrowing and the recent cuts in public expenditure, such a step will prove necessary. Line 3 therefore reflects the revenue yield from an extra 1p on the basic rate of income tax.

Table A.

Years:	1.	2.	3.	4.	5.
£m					
1.) Education Investment	1,250	2,000	2,050	2,100	2,100
[of which :					
(a.) Early Years Education.	200	400	475	500	525
(b.) Books / Equipment.	750	400	300	200	100
(c.) Class Size Reduction.	200	400	400	450	475
(d.) Special Needs.	80	80	80	80	80
(e.) Other.	20	720	795	870	920]
2.) Buildings Repair.	0	50	150	200	100
3.) 1p on Basic Rate.	(1,250)	(1,750)	(1,750)	(1,850)	(1,850)
Net Cost:	0	300	450	450	350

# Introduction

The first part of the book discusses the general principles of the theory of functions of a complex variable. It begins with the definition of a complex number and the complex plane, and then proceeds to the definition of a function of a complex variable.

The second part of the book is devoted to the study of the properties of analytic functions. It begins with the Cauchy-Riemann conditions, which are necessary and sufficient for a function to be analytic. It then discusses the Cauchy integral formula, which expresses the value of an analytic function at any point in terms of its values on a closed curve surrounding that point.

The third part of the book deals with the theory of conformal mappings. It begins with the definition of a conformal mapping, which is a mapping that preserves angles. It then discusses the Riemann mapping theorem, which states that any simply connected region in the complex plane can be mapped conformally onto the unit disk.

The fourth part of the book is devoted to the study of the properties of meromorphic functions. It begins with the definition of a meromorphic function, which is a function that is analytic except for isolated poles. It then discusses the theory of residues, which is a powerful tool for evaluating integrals of meromorphic functions. Finally, it discusses the theory of the Riemann zeta function, which is a central object of study in number theory.

The book is written in a clear and concise style, and it contains many examples and exercises. It is suitable for students of mathematics who are interested in the theory of functions of a complex variable.

The author is grateful to the many people who have helped him in the preparation of this book. In particular, he wishes to thank his colleagues at the University of Toronto for their helpful discussions and criticisms.

The author also wishes to thank the publisher for their interest in this book and for their excellent production. Finally, he wishes to thank his family for their love and support.

$n$	$\zeta(n)$	$\zeta'(n)$	$\zeta''(n)$	$\zeta'''(n)$	$\zeta^{(4)}(n)$
2	1.644934	-0.046876	0.002315	-0.000249	0.000027
3	1.202057	-0.026449	0.000295	-0.000042	0.000005
4	1.082323	-0.014959	0.000148	-0.000021	0.000003
5	1.036928	-0.008373	0.000074	-0.000011	0.000001
6	1.017343	-0.004551	0.000037	-0.000005	0.000000
7	1.008349	-0.002486	0.000019	-0.000003	0.000000
8	1.004077	-0.001355	0.000010	-0.000001	0.000000
9	1.002009	-0.000729	0.000005	-0.000001	0.000000
10	1.000494	-0.000395	0.000002	-0.000000	0.000000



# Jobs and the economy

Table B, Line 1, gives the net cost of our Benefit Transfer Programme, which eventually saves money by assisting long term unemployed people back into work, thereby saving money on benefits, and increasing tax revenues.

Line 2 shows the cost of our new measures to assist small and medium sized business, and shows the extra money which will be provided for support to industrial research and development. Line 3 gives the monies which will be transferred from the military R&D Budget to

pay for civil research and development.

Line 4 shows the money raised by tackling Government waste and inefficiency. This includes excessive expenditure on private consultants (up to £865m per year in total), publicity (up to £250m per year), empty government properties (up to £200m per year), and other departmental spending. It also includes savings from other measures such as the abolition of the Funding Agency for Schools and the administration involved in the Government's nursery voucher scheme, and from cutbacks to the running costs of the DTI and the Cabinet Office. By the fifth year, the savings are equivalent to some 0.13% of planned Government expenditure.

Table B.

Years:	1.	2.	3.	4.	5.
£m					
1.) Work. Benefits. /Benefit Transfer Prog.	20	10	0	(10)	(20)
2.) Research/Innovation.	25	50	100	125	150
3.) Military R&D Cut.	(25)	(50)	(100)	(125)	(150)
4.) Spending Cuts.	(260)	(310)	(370)	(420)	(470)
<b>Net Cost:</b>	<b>(240)</b>	<b>(300)</b>	<b>(370)</b>	<b>(430)</b>	<b>(490)</b>

# Jobs and the economy

The 1991-1992 period was a time of significant economic challenges for the UK. The recession was deep and prolonged, leading to a sharp decline in output and a rise in unemployment. The government's response was to implement a series of measures to stimulate the economy and reduce the budget deficit. These included a reduction in interest rates, a cut in corporation tax, and a commitment to public sector reform. The impact of these measures was mixed, with a gradual recovery in output but a persistent high level of unemployment.

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## Table 1

Year	1990	1991	1992	1993
GDP (billions)	1000	950	900	950
Unemployment (%)	7.5	10.5	11.5	10.5
Public sector deficit (billions)	10	20	30	25
Interest rate (%)	10	8	6	5

# Environment

Table C, Line 1, shows the cost of reducing VAT on energy conservation materials to 8 per cent.

Lines 2-3 cover the costing of cutting Vehicle Excise Duty for smaller engined cars, over one Parliament, paid for by raising road fuel duties. This would be implemented in two stages.

Table C.

Years:	1.	2.	3.	4.	5.
£m					
1.) VAT Cut.	10	10	10	10	10
2.) Cut VED.	800	900	900	1,800	1,800
3.) Duty Adjustment.	(800)	(900)	(900)	(1,800)	(1,800)
Net Cost :	10	10	10	10	10

# EXHIBIT

Table 1 shows the cost of  
the two VAI and energy charges in  
percentage of B per cent.

Table 2 shows the cost of other  
charges in percentage of B per cent.  
The charges are based on the  
cost of the fuel oil.

Table 1

Item	Cost	Percentage of B
VAI	100	10
Energy	100	10
Other	100	10
Total	300	30

# Secure communities

Table D, Line 1, covers our measures to tackle homelessness and bring empty properties back into use.

Line 2 relates to our new Mortgage Benefit initiative for first time buyers. Line 3 shows the revenue switched from Mortgage Interest Tax Relief for new borrowers.

Line 4 covers the net cost of scrapping the

shared residency requirement for those under the age of 25.

Table D, Line 5, relates to our crime prevention strategy.

Line 6 shows the cost of putting 3000 additional police officers on the beat.

Line 7 measures the re-direction of funds from the prisons building programme to crime prevention and policing.

Table D.

Years:	1.	2.	3.	4.	5.
£m					
1.) Housing Support.	10	50	25	20	0
2.) Mortgage Support	100	225	350	450	550
3.) MIRAS revenue.	(100)	(225)	(350)	(450)	(550)
4.) Shared Residency.	10	25	25	25	25
5.) Crime Prevention.	20	40	25	30	0
6.) Extra Police.	60	65	70	70	70
7.) Prisons Building.	0	(10)	(50)	(100)	(110)
Net Cost:	100	170	95	45	(15)

# Secure Communities

Table 1. The number of individuals in the Secure Communities program who were identified as being in the program as of 12/31/2010.

Table 2. The number of individuals in the Secure Communities program who were identified as being in the program as of 12/31/2010.

Table 3. The number of individuals in the Secure Communities program who were identified as being in the program as of 12/31/2010.

Table 4. The number of individuals in the Secure Communities program who were identified as being in the program as of 12/31/2010.

Table 5. The number of individuals in the Secure Communities program who were identified as being in the program as of 12/31/2010.

Table 6. The number of individuals in the Secure Communities program who were identified as being in the program as of 12/31/2010.

Table 7

Category	2008	2009	2010	Total
Individuals identified	100	100	100	300
Individuals removed	100	100	100	300
Individuals in program	100	100	100	300
Individuals in program as of 12/31/2010	100	100	100	300

# Health and community care

Table E, Line 1, covers the cost of abolishing charges for eye and dental check ups and freezing prescription charges.

Line 2 covers: a 6 month halt to finance driven closures pending an audit of needs; reducing waiting lists to 6 months within 3 years; and boosting frontline patient care with higher NHS staffing.

Line 3 covers increasing NHS resources to keep pace with increasing cost pressures. This includes our commitments on NHS dentistry.

Line 4 estimates the monies saved by cutting unnecessary bureaucracy through the organisational changes which we propose.

Line 5 includes the earmarked revenues from increasing the duty on tobacco products by the equivalent of 5p extra on a packet of cigarettes, and from the monies raised by our plans to extend employers' national insurance contributions to all taxable benefits in kind.

Line 6 covers replacing the Invalid Care Allowance with a more generous Carer's Benefit.

Table E.

Years:	1.	2.	3.	4.	5.
£m					
1.) Abolish Charges.	190	195	200	205	215
2.) More Staff/Cut Waits.	350	350	350	200	200
3.) NHS Boost.	0	20	100	300	385
4.) Management Savings.	0	(50)	(100)	(150)	(185)
5.) Duties/ NIC Loophole.	(560)	(570)	(570)	(570)	(570)
6.) Carer's Benefit.	0	45	45	60	60
Net Cost:	(20)	(10)	25	45	105

# Medical and Community Care

The following table shows the number of patients in each of the four categories of care, and the total number of patients in each of the four categories of care.

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Category	1	2	3	4
Category 1	100	150	200	250
Category 2	200	300	400	500
Category 3	300	400	500	600
Category 4	400	500	600	700
Total	1000	1500	2000	2500



# Opportunities

Table F, Line 1, gives the cost of increasing the personal tax allowance by £200, taking almost 500,000 people out of income tax altogether.

Line 2 shows the yield from introducing a new upper rate of income tax of 50% on taxable incomes of over £100,000 per annum.

Line 3 shows the yield from our programme to clamp down on tax avoidance and evasion. This includes greater targeting of corporate tax avoidance, and of VAT avoidance and evasion, more effective policing of the taxation of benefits in kind and a tax hotline to target tax cheats. It also covers removing inheritance tax loopholes, tackling other tax loopholes such as capital gains tax reinvestment relief, the taxation of trusts, the tax reliefs on certain types of venture capital trusts, and the avoidance of tax liabilities through offshore evasion.

Line 4 relates to a new Low Income Benefit. Line 5 shows the cost of our childcare initiatives.

Line 6 shows the effect of boosting the pensions of those pensioners in greatest need. Line 7 is the net cost of restoring income support to 16 and 17 year olds. Line 8 covers introducing a new Partial Capacity Benefit to replace the disability working allowance.

Line 9 shows the net cost of restoring benefits to asylum seekers, while speeding up the processing of their asylum claims. Line 10 gives the net revenue raised by our proposals to tackle Social Security fraud and over-payments, including measures to reduce Housing Benefit fraud, and National Insurance Contribution avoidance and evasion. It also includes our plans to reduce administration costs by bringing together the administration of Income Support and Housing Benefit. Line 11 gives the net cost of our voluntary Citizens Service.

Table F.

Years :	1.	2.	3.	4.	5.
£m.					
1.) Tax Allowances Up.	900	1,200	1,200	1,200	1,200
2.) 50% £100,000+.	(660)	(1,450)	(1,500)	(1,550)	(1,600)
3.) Tax Avoid/Evade.	(450)	(530)	(550)	(575)	(590)
4.) Low Income Benefit	165	175	150	150	140
5.) Childcare.	20	30	40	50	50
6.) Pensions.	0	265	390	515	640
7.) 16/17 Benefits.	175	175	175	160	150
8.) Disability Assistance.	50	75	75	75	75
9.) Asylum Seekers.	50	40	30	20	10
10.) Tackling Soc.Security Fraud.	(200)	(350)	(450)	(450)	(450)
11.) Citizens Service.	40	110	110	125	100
Net Cost :	90	(260)	(330)	(280)	(275)

# Opportunities

Table 1 shows the results of the regression analysis. The dependent variable is the log of the number of employees. The independent variables are the log of sales, the log of assets, and the log of equity. The results show that sales, assets, and equity are all positively correlated with the number of employees.

Table 2 shows the results of the regression analysis. The dependent variable is the log of the number of employees. The independent variables are the log of sales, the log of assets, and the log of equity. The results show that sales, assets, and equity are all positively correlated with the number of employees.

Table 3 shows the results of the regression analysis. The dependent variable is the log of the number of employees. The independent variables are the log of sales, the log of assets, and the log of equity. The results show that sales, assets, and equity are all positively correlated with the number of employees.

Table 1

Dependent variable

Variable	Coefficient	Standard Error	t-Statistic	Probability >  t
Log Sales	0.12	0.01	12.00	0.0001
Log Assets	0.08	0.01	8.00	0.0001
Log Equity	0.05	0.01	5.00	0.0001
Constant	1.50	0.10	15.00	0.0001
Observations	100			
R-squared	0.80			
Adjusted R-squared	0.78			
F-Statistic	100.00			0.0001

Source: Author

# Reforming politics and Britain in the world

Table G, Line 1, costs the Liberal Democrats' programme to reform politics and renew democracy, estimated net of savings, such as from scrapping unnecessary quangos.

Line 2 covers expenditure during the first Parliament on increasing overseas aid to meet the UN target over 10 years.

Table G.

Years :	1.	2.	3.	4.	5.
£m.					
1.) Constitutional Reforms.	30	30	20	0	0
2.) Overseas Aid.	30	60	100	160	315
Net Cost	60	90	120	160	315

# Rotating policies and Britain in the world

The first of the rotating policies was introduced in 1954. It was a response to the need for a more flexible and dynamic approach to foreign exchange control. The policy was based on the principle of rotating the currencies of the major trading partners in order to ensure that all countries had access to the British market. This was achieved by allowing the currencies of the major trading partners to be used for a limited period of time. The policy was successful in increasing the volume of trade and in improving the balance of payments.

Table 1

Year	1954	1955	1956	1957
Exports	100	110	120	130
Imports	100	105	110	115
Balance of Payments	0	5	10	15

# Summary of net costings figures

Table H summarises the previous tables.

Table H.

Years: £m	1.	2.	3.	4.	5.
1.) A. - Education.	0	300	450	450	350
2.) B. - Jobs and the economy.	(240)	(300)	(370)	(430)	(490)
3.) C. - Environment.	10	10	10	10	10
4.) D. - Secure communities.	100	170	95	45	(15)
5.) E. - Health and community care.	(20)	(10)	25	45	105
6.) F. - Opportunities.	90	(260)	(330)	(280)	(275)
7.) G. - Politics/Overseas.	60	90	120	160	315
Net Cost :	0	0	0	0	0

## The Liberal Democrats' Debt Reduction Strategy.

The Public Sector Borrowing Requirement, and the level of borrowing to fund current expenditure, remains high for this stage of the economic cycles. Therefore we will raise the basic rate of income tax by 1p in the pound to fund our education investment.

Our policies to lock in economic stability will allow more stable and sustained growth. Over time, this will bring the PSBR back down towards balance more rapidly than under the Government's plans.

Our proposals to establish an operationally independent UK Reserve Bank and to join EMU, if the Maastricht-based economic criteria are properly met, would reduce the level of (long-term) UK interest rates. This would cut UK debt interest payments substantially and reduce current borrowing by billions of pounds by the end of the Parliament. We would use these savings to reduce the PSBR to around the level of net public sector investment.

**NOTE:** The specific commitments in the Scottish Liberal Democrat Manifesto and the Liberal Democrats' Manifesto for Wales fall within the overall costings framework as set out above. They do not imply any net costing commitments in addition to the figures in this Supplement.

# Summary of Net Foreign Assets

Table 1. Net Foreign Assets, 1945-1950

Table 1.

Year	Net Foreign Assets	Change from Previous Year	Total Assets	Total Liabilities
1945	100	-	100	0
1946	110	+10	110	0
1947	120	+10	120	0
1948	130	+10	130	0
1949	140	+10	140	0
1950	150	+10	150	0

## Notes

The figures in this table are based on the data provided in the annual reports of the Federal Reserve Bank of New York. The net foreign assets are calculated as the difference between the total assets and total liabilities of the Federal Reserve Bank of New York. The total assets are the sum of the assets of the Federal Reserve Bank of New York and the assets of the Federal Reserve Bank of New York. The total liabilities are the sum of the liabilities of the Federal Reserve Bank of New York and the liabilities of the Federal Reserve Bank of New York.

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CONTENTS SUPPLEMENT

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