

## Has the Coalition been fair to Wales?

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“Fairness is fudge”, wrote *the Economist* in July. Fair shares, a fair fight, fair play and fair trade may capture the public’s imagination, but “the fact that everybody believes in fairness is a clue to what’s wrong with the notion.”

Anyone familiar with Welsh politics might concede that on this issue the illustrious journal has a point.

Labour’s First Minister in Wales responded to the Comprehensive Spending Review (CSR) by claiming it was “unfair.” Labour backbenchers said it was “unfair and unjustifiable.” The Deputy Presiding Officer said “fairness seems to stop at the Severn Bridge”. Plaid Cymru meanwhile said changes to welfare were a “disproportionate hit ... protecting London at the expense of Wales.” Labour’s shadow Welsh Secretary considers the changes to the electoral boundaries “grossly unfair to Labour ... and blatantly unfair to Wales.” A spate of recent decisions has thus been met with anger in Wales. So has the coalition been fair to Wales? Or is fairness simply “fudge”?

With a 7.5% real terms reduction in revenue over four years, Wales’ share of the cuts from the CSR was much smaller than that of UK Government departments, including the Home Office, Communities and Business. Labour cried foul citing Scotland’s 6.8% and Northern Ireland’s 6.9% reductions. Whether you like the Barnett formula or you don’t – and Welsh Conservatives don’t – the formula according to which funding is devolved to Wales was applied in the normal way, according to the rules that the Welsh Assembly Government had agreed to beforehand. Fair play means you don’t ask to change the rules in the middle of the game, after all. WAG had agreed to the comparability factors. These meant that Northern Ireland and Scotland took less of a hit as a result of the way business rates are devolved differently.

Before the CSR, a former Labour Finance Minister in Wales had warned of a “public finance Tsunami” while former Labour Chancellor Alistair Darling told us to expect cuts “deeper and tougher” than those under Margaret Thatcher in the 1980s. Civil servants in Wales had begun to prepare for 3% cut in revenue and 10% in capital. In the event, cuts in revenue to Wales’ budget amount to less than two per cent per year in real terms, with capital spending going down as forecast. As a BBC correspondent conceded: “There is no question that on the revenue, day to day spending side, the settlement is better than the scenario the Assembly Government had been planning for.” The Welsh budget was undoubtedly cushioned by the UK Coalition Government’s decision to protect health in real terms at Westminster, which safeguarded two-fifths of our budget. Welsh Conservatives are only disappointed that WAG hasn’t taken the government’s lead and protected the health budget in Wales.

Behind Labour’s synthetic anger lies a deeper state of denial. The First Minister’s comment that “we did not need to be where we are” sits uneasily with subsequent events in Ireland. His coalition partners Plaid Cymru once called for Wales to emulate the “arc of prosperity” of Iceland and the Irish Republic. Instead both nations have shown what can happen if a Government loses control of its finances. All serious parties now accept the need to deal with the deficit. As Labour’s Lord Myners once said: “There is nothing progressive about a Government that consistently spends more than it can raise in taxation ... and endows generations to come with the liabilities incurred.” The

greatest unfairness would have been to have done nothing, and let the next generation pick up the pieces from Labour's disastrous management of the national accounts.

However, if the Government's spending review was fair to Wales, perhaps other decisions have been less so. Welsh Conservatives oppose the call for Newport passport office to be scaled down, and will seek assurances that the revised funding structure of S4C guarantees its operational independence. We will continue to push for reform of the Barnett formula, with a growing body of evidence suggesting this should now be replaced by a mechanism based on relative need. We strongly support the choice of St Athan for the location of the UK Defence Training Academy, and wish to see the electrification of the Great Western mainline go as far as Swansea. On all these issues, Welsh Conservatives will continue to work closely and constructively with our colleagues at Westminster to bring about their successful resolution. We will oppose any cuts that have a disproportionate impact on Wales.

Fairness isn't fudge, but it does mean that all parties must pull together and play their full part. Plaid say they want to transform the Welsh economy, yet balk at the difficult decisions that the Coalition Government is taking to get people off benefits into fulfilling and paid work. Labour say Wales isn't represented properly in cabinet so they have to make our case, yet faced considerable embarrassment when it was revealed that Herefordshire's application to take part in a national broadband project was of a much higher standard than theirs. Each of the four main parties in Wales is now in Government of some form or other. We must all now work together, with the UK Government, to ensure that everyone in Wales has the best possible – and fairest – access to quality public services and employment.