

# It's only a matter of time before George Osborne's white elephants start marching back to haunt him

**Paul Benneworth says the Government is blurring the lines between party politics and the public purse in ways unhealthy for any democracy**



Chancellor George Osborne

I had a distressing mail from an friend yesterday, saying how bleak were the prospects for England. Austerity's relentless drum-beat was threatening to crush everything that made life worth living, whether libraries, galleries or parks.

Public services nurtured over a century are being butchered mercilessly. And the present rabble are no one-nation Conservatives once supported across the North East, just southern chauvinists unable to see further than London and their future City sinecures.

My friend's mail might be prompted by junior doctors' striking [against Jeremy Hunt's](#) latest witless political vandalising of [the NHS](#). But her words capture poignantly the Tories' long-term economic plan's real costs in throttling the life from Gordon Brown's careful recovery.

Anyone who questions the needs for this zealous cost-cutting is reminded that we once stood at the brink of becoming the next Greece, a 'basket case economy'. It's a scary thought for those who remember what happened to Europe's so-called PIGS, Portugal, Italy, Spain and Greece.

Their money ran out, and Angela Merkel refused to turn on the banknote printing presses to help. They were forced to turn to commercial banks, banks still reeling from their reckless credit splurges of the 2000s. No help was forthcoming, the cash machines stayed closed, and spending stopped.

So surely [Osborne's blood-letting](#) was justified as harsh medicine, necessary to prevent our slide to Greece or Spain's depths. Before we cheer the cuts too loudly, though, maybe we can think back to why these countries ran out of cash, with incestuous relationships between banks and politicians.

Spain, for example, has a long tradition of regional savings banks. Being locally based, they stayed much closer to local needs and have always sought to make their profits by investing in local businesses, real estate and infrastructure.

As Spain granted more power to its regional governments, regional politicians moved unhealthily close to their banks. Banks helped parties to finance political campaigns, and in return, became the preferred financiers for Spain's massive infrastructure development programmes.

These bank-backed public investments brought huge numbers of jobs, helping secure re-election for hard-pressed policy-makers. And steadily, under this political pressure, banks became more concerned with creating jobs than investing against sound business cases.

Politicians so accustomed to buying votes via 'their' regional savings banks went wild and splurged publically-backed cash on a colossal list of white elephants. So when the financial weather changed, Spain was left in the cold.

They'd blurred the boundary between party politics and public service and brought their country to the brink. Six years later, Spain still struggles under its debt burdens arising from this corruption of boundaries.

So austerity's been worth it, if it's stopped us turning into the next Spain, surely? But looking at the Tories' current political agenda, I do a double-take.

They tried to cut the funding provided to opposition political parties to hold the government to account. This without doing anything to address the massive number of taxpayer funded [Tory](#) spin-doctors.

They've just announced following a laughable think tank review that anyone receiving public grants won't be able to advise parliament on how government could work better. They've just announced the relocation of the department of the Northern Powerhouse from Sheffield to London.

They've belatedly provided emergency local authority funding to save these threatened libraries, galleries and parks, but then channelled it exclusively to their Home Counties chums.

They're blurring the lines between party politics and the public purse in ways unhealthy for any democracy, let alone one tottering along after six years on starvation rations. So it's surely only a matter of time until George Osborne's white elephants come marching back to haunt him.

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