

In 2010, Liberal Democrats insisted the coalition adopt a fairer approach to dealing with the deficit, using both spending cuts and tax rises, than the Conservatives had planned. This mixed approach was much more in line with proposals set out in the Liberal Democrat manifesto. The Conservatives now want to scrap this approach entirely and use only spending cuts to finish the job. We reject this proposal, which would do significant damage to Britain's public services and require punitive cuts to benefits on which some of the most vulnerable people depend.

We are determined to stick with the approach we set out in 2010 – a fair way of restoring the nation's finances. So as we finish the job of balancing the books, we will use taxes on the wealthiest, on banks and big business and on polluters, and we will bear down on tax avoidance, to limit the impact of deficit reduction on public services. We do not think low and middle income earners should bear the burden of tax rises: our plans do not require any increase in the headline rates of Income Tax, National Insurance, VAT or Corporation Tax. In fact, our plans enable us to continue to cut taxes for people on low and middle incomes by raising the tax-free Personal Allowance.

Having a balanced approach on tax and spending enables us to:

- ♦ Protect the least well off in society and users of public services from the impact of measures taken to tackle the deficit.
- ♦ Invest, over the Parliament, extra money for the NHS, essential to protect our health service.
- ♦ Extend the current UK budget protection for education to include early years and 16-19 provision. This will result in a stable funding platform for the Scottish Parliament to invest in children and young people.
- ♦ Limit reductions in departmental spending to less than half the rate agreed for 2015/16.
- ♦ Limit welfare reductions so we do not destroy the essential safety net that protects us all in times of crisis.
- ♦ Continue to spend 0.7% of Gross National Income on international development aid, helping the poorest in the world.

We will carry out a full Spending Review after the General Election. Building on the successes of this Parliament, we will focus on delivering efficiency, funding proven spend-to-save initiatives and investing in technology to get public services and frontline staff online. The aim of everything that government does will be to help people improve their quality of life and wellbeing, especially the most vulnerable and least well off.