

ns essay

Despite talk of “generation-skipping”, Gordon Brown will most likely, although not certainly, lead the Labour Party into the next general election. After all, it is one thing to skip a generation that includes the likes of Ken Clarke and Malcolm Rifkind, mired in a hankering for past personal glories, and quite another to skip the likes of Gordon Brown, a formidable Chancellor with a vision of Britain’s future that appeals to a large segment of the electorate. But unless he can get a grip on the government’s policy machinery, and soon, and reverse course on some of his cherished policies, he will almost certainly lose to the Tories, who seem in the process of selecting a little child to lead them out of the wilderness. And it will not be for the reasons most frequently bruited about, even though it is fair to say that the Chancellor, having sown the wind with his spending spree, *should* be forced to inherit the whirlwind of voter disapproval. But he won’t inherit it, as a cool consideration of the problems in store for the country suggests.

Britain might indeed be headed for a recession, although the structural flaws in the retail sales figures are producing an unrealistically gloomy view of the outlook, as is the assumption that oil prices are on a new, permanent plateau. But should there be more than a blip in the national growth curve, polls show that voters trust Brown more than any other politician to restore economic growth – as well they should, given his record as a superior manager of the economy.

Brown might have to raise taxes – but only “might”. The nation’s balance sheet is sufficiently strong, with debt low relative to national income, to permit him to borrow rather than raise taxes, the prudent course should there indeed be a recession. And if he dips once again into private purses, rest assured that it will be done with sufficient stealth (failing to escalate the bands with the rate of inflation, raiding insurance company reserves, taxing the previously exempt bonuses of City high earners), and soon enough to be forgotten by 2009. Besides, the Tories have yet to decide whether – and if so, how – they can offer voters lower taxes without creating a panic about the funding of public services. Uninformed yearning for a flat tax is no substitute for the hard work of devising a growth-oriented tax reform.

The failure to reform the National Health Service has resulted in increased waste and a decline in value received for money, for which the Chancellor is clearly responsible. But voters will be able to see and experience such improvements in service as are occurring, and unable to visualise the hundreds of millions of pounds wasted. Brown has thrown money at the NHS, much of which has disappeared into the pockets of trade union members and clipboard wielders, many of whom are marking time until sumptuous retirement at an early age. But some of the money – how much is subject to debate – is improving services, often thanks to competitive reforms pushed through over the Chancellor’s objections.

Brown’s divorce from prudence has left Britain with a bloated civil service and an (in)famous “black hole” in the public finances, but he has cleverly positioned himself in the vanguard of those calling for a paring down of the public payroll – a call for reforms that never materialise being a favourite tactic of old, as well as new, Labour. Moreover, voters cannot distinguish between a

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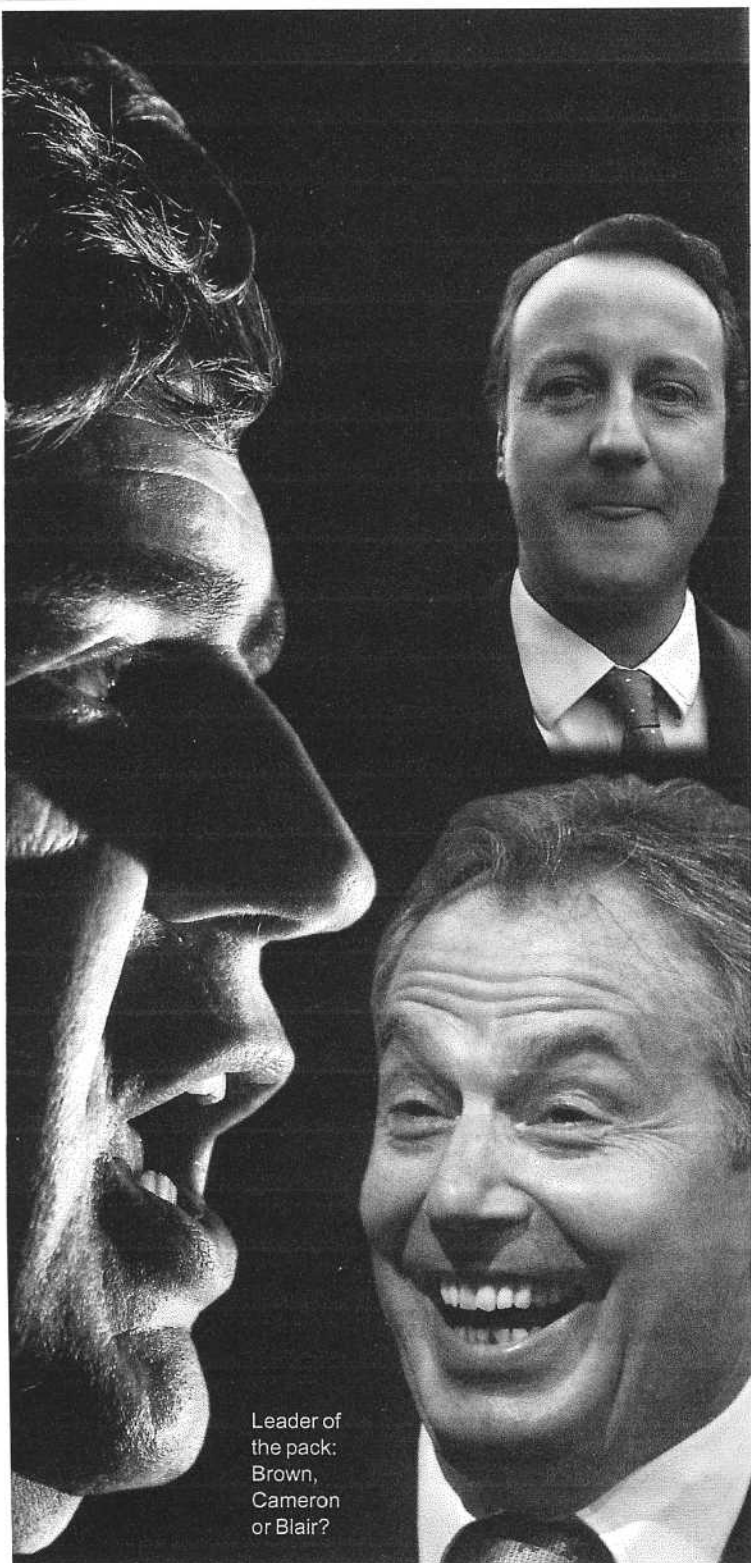
By **IRWIN STELZER**

The leading American economist, who has advised both Tony Blair and Gordon Brown, foresees almost certain doom for the Chancellor

government workforce at its present bloated size and one with some tens of thousands fewer mouths for them to feed, any more than they can imagine some mythical black hole of billions of pounds. Just ask any voter how many zeros there are in a billion.

Brown’s forecasts of growth and revenue have been very wrong. True, but the voters hired him as a Chancellor, not as an economic forecaster, and he has delivered inflation-free prosperity, at least so far.

Tony Blair will stall and stall until the handover comes too late for Brown to establish himself. But the Chancellor is hardly a politician desperately in need of a long lead-time in which to establish name recognition.



Leader of the pack: Brown, Cameron or Blair?

citizens have decided to rely on themselves, and have privatised the crime-fighting function by installing anti-theft devices in their cars and burglar alarm systems in their homes, crime is down. But the most feared crimes – violent assaults using guns and knives – are on the rise. The Prime Minister has made it clear that he is no longer as concerned with the causes of crime as with crime itself, and has warned judges that the game has changed and that he plans to get tough, really tough, this time – no fooling.

In a startling response, the Home Secretary announced the accelerated release of convicted criminals because there just aren't enough jails to house even the small percentage of miscreants who are both apprehended and sent down. Elderly voters, already cowering behind double-locked doors, are unlikely to want to keep in office a government that has unlocked the cells holding thousands of recidivists, or to send to No 10 a man culpable in the policy of release due to overcrowding.

The Home Office's position is clear: "Blame it on the Treasury, which won't give us enough money for new jails."

Whether or not Brown's countercharge – that ample funds have been allotted to the Home Office, but have been wasted by its (mis) managers – is correct, matters little. He will have considerable difficulty persuading voters that he has no power to get jails built so that the bad guys can be kept off the streets. Unless the Chancellor believes that jail

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makes the bad guys worse, or that Asbos rather than jail contain the predators and protect their prey, and can persuade wavering voters that is the case, he will find them wondering why there are sufficient funds to fight poverty in Africa but not enough money to make them secure in their homes and on their streets.

Then there is the Department for Culture, Media and Sport, busily at work adding to the angry voters whom Brown will have to woo. Since I have in the past been involved with BSkyB, I don't want to get into the rights and wrongs of the planned digital switchover. Right or wrong, it will force millions of viewers to spend quite a lot of money replacing tens of millions of television sets (40 million by one estimate) and VCRs (perhaps 27 million), whether they want to or not. This, after the government will have approved still another inflation-busting increase in the television licence fee – rather like a poll tax, since the duke and the dustman, the one with perhaps five sets, the other perhaps with merely one, will pay the same. Imagine these millions of voters tuning the television sets they were forced to buy, only to confront the image of Brown asking for their votes.

In fairness, all of these accumulating grievances should not be laid at the door of the Chancellor: many are part of his unwanted inheritance. Or so he will have to argue. But a man famed for using his control of the purse strings to extend his reach into other departments, and quite capable of enforcing his will on them ▶

No, it is not for any of these reasons that Brown may never inhabit No 10. It is because of policies currently being pursued by the government that voters might decide it is time for a change, especially that swathe of voters generally classified as "Middle England". This is the group with which the Chancellor's standing is weakest – a fact of which he is so well aware that he has taken to emphasising his Britishness. After all, he will be asking this group of English voters to allow him to determine policies that will apply to their children and their sick and ageing relatives, but not to the Scottish constituents who sent him to parliament.

Start with crime, as worrying to voters as is the inability of the schools their children are forced to attend to educate them. Where

► when he chooses to do so, will find that a hard sell. No one imagines for one minute that crime, broadcasting and other policies are made without substantial input from the Chancellor, and without increasing deference to his views, as the time nears when he will decide who gets to keep those precious red boxes and ministerial cars.

So now is the hour – the time at which policies are being made and implemented that will determine just how attractive still another Labour government will look to voters who might, just might, finally find a plausible alternative candidate on offer. The Chancellor's own baggage – higher taxes, pensioners cheated

of their savings by means testing, pension funds raided, a state growing so rapidly that it is forsaking the US for the EU model, and therefore losing its ability to increase economic wealth – has so far been offset by the sustained prosperity and low inflation for which he deserves much credit.

A full-employment, relatively stable economy might be enough to win approval for a Chancellor content with residence at No 11. But a masterful performance as a manager of the macroeconomy, even if unblemished with recession, does not a prime minister make. At least, not one who is seen as capable of affecting policies throughout the government.

Which is the reason Brown is so upset by Blair's long goodbye. The Prime Minister plans to exit, smiling, claiming credit for having reformed the education system, for having increased patient choice and reduced waiting lists, and for having saved the financially troubled university system, with his team whispering into journalists' ears that all of this was accomplished over the opposition of the Chancellor. Brown will be left to explain not only the consequences of his own high-tax, high-regulation, state-expanding policies – a difficult chore made possible only by his

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debating brilliance and the absence of well-considered alternatives – but all of the failed policies of the government, many of which he could not influence significantly.

He will have to convince justifiably sceptical voters that his egalitarian instincts do not connote a fundamental preference for poor African farmers over richer English voters, with whose materialism he is not terribly sympathetic; that he does not see the fear of crime as an exaggerated response to lurid tabloid tales; and that he will not treat the desire to save a bit to supplement a state pension as a personal affront to his tax-credit, means-testing policies.

In short, Brown's greatest danger comes not from the Tories, even if led by a young man who already has some voters saying that the Chancellor is "so 20th century!" No. Brown's problems are twofold. First, he is a known quantity, unable to evade responsibility for a very distinct set of policies that reflect his intention to expand the role of the state. Second, his future is bound up with policies over which he may have no control, leaving him in the uncomfortable position of responsibility without power, and watching as the Prime Minister forces through policies uncongenial to him, which he will nevertheless have to defend if he is to hold Middle England for Labour, but attack if he is to hold on to his party's trade union base.

The (blue-rinse) ladies or the (public service) tiger? My guess is that some deeply held conviction about how the world's goods should be distributed will incline Brown to prefer the tiger, with all that implies for the policies he will be defending a few short years from now.

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