

This is how you should use your reprieve, Gordon

Irwin Stelzer says the PM should seize the opportunity presented by this stay of execution: plot a path to fiscal sanity, cut red tape and restore Britain's stature on the world stage

Now that Gordon Brown is determined to go down with the Labour ship, or to sink it, if you believe his harshest critics, he might want to consider a few things he can do in the short time left to him at Number 10 to enable historians to be kinder to him. Leave office he might be forced to do after the general election he has so long resisted. But it remains open to him to do so with a sense of satisfaction that, on present form, will be denied him.

Of course, nothing is certain in politics. Remember Harry Truman, who in my country took a victory turn thumbing his nose at headlines announcing that he had lost the 1948 election? Or John Major in yours? Two developments might save the Prime Minister's bacon.

The Tories might self-destruct — David Cameron buys a gas-guzzling Hummer, or George Osborne files for bankruptcy after an unsustainable personal borrowing spree. Not likely. More possible, but still in the unlikely category, would be an economic upturn. The green shoots sprouting might grow to mighty... whatever it is that green shoots grow into. House prices might turn up a bit, the rate of job destruction might ease, both of which would lift consumer confidence and hence retail sales. The banks might be able to follow their American counterparts' lead and begin to repay the bailout money that the Treasury has made available. Credit might become easier. In short, a quick, sharp recovery could remind voters that they have a choice between a flawed Prime Minister who seems to have rescued the economy, albeit from a disaster partly of his own making, and a policy-light Tory party that plans to take the country to some destination it cannot or will not reveal.

But Brown should not bet on either of these long-shots. The Tories are probably capable of avoiding serious error, and the absence of specific policies has not so far dented their lead in the polls. And even if the economy does start to recover soon, the 'feel-good factor' won't materialise for some time, especially since the jobs market is the last to improve in a recovery. Brown should, instead, do what his predecessors have done and his successors will do: concentrate on what has come to be called the Prime Minister's legacy by taking steps that the nation urgently needs and that historians will applaud.

He can begin by retreating from a borrow-and-spend programme that will put a huge burden on this and future generations — higher taxes, rapid inflation, a possible return drop-in by the International Monetary Fund to do what Brown has not had the nerve to do: cut spending. Not now: he is right that a recession is not the time to cut spending. But it is the time to lay out a plan to rein in spending when the recovery takes hold. That is no easy thing for left-leaning politicians who always see reasons to expand the welfare state, and who, like my President, see this crisis as an opportunity to do just that.

But layering spending on infrastructure, health care, education, green projects and the rest of the left's wish list on to stimulus spending is to propel debt to levels that current taxes cannot support. In Britain, where companies are already leaving or considering taking flight, where personal taxes are already at risk- and work-killing levels, where the welfare state often makes the couch more attractive than the workplace, and where the quality of service remains unaffected by stepped-up levels of spending, now is the time for an emergency budget. No one is better positioned than Brown to put together a road map to fiscal sanity, one that combines recession-fighting spending with clear, credible steps to rein in spending when growth resumes. A Prime Minister concerned more with his legacy than with the mewling masses on his backbench could certainly create such a programme.

He could also end talk of innovation-crushing regulation of the financial services sector by, first, rejecting the various Franco-German proposals to reduce London's com-



petitive advantage over EU financial centres. Instead of armies of regulators, he could create incentives to good behaviour, and leave the banks and others to get on with it. Capital requirements that rise with the level of lending; rules for executive compensation that allow any level of pay that is related to long-run performance; requirements that complex financial instruments trade on transparent markets. All would address the problems that would have brought the financial sector down had Brown not intervened to save the banks from their incompetent managers.

The Prime Minister could then turn his attention to some of the institutional problems that he has thus far left unattended. In a country in which the House of Commons has no check on its transient passions or its sloppy legislative output, the House of Lords does not need reform — it needs to remain aloof from the daily hurly-burly. It isn't a perfectly democratic institution, but unlike America, where the Senate can slow down the House, and the President can check both bodies, Britain has no other serious constraint on the dictatorship of its pluri-parliamentarians.

Gordon, having nothing to lose by antagonising the remaining few MPs who do not loathe him, could also arrange a cull — reduce the number by, say, 50 in each of the next five years. Or some other number if that seems more likely to create a sense among voters and members themselves that an MP matters. But under no circumstances accede to those who want some form of proportional representation: if they persist, send them to Israel or Italy for a refresher course in the type of government such a system produces.

Finally, he could use the next year to restore Britain to the puncher-above-its-weight that it once was. After the Prime Minister prevented the military from discharging its responsibility in Basra, and turned down Obama's request for more fighting troops — not mere poll-watchers — Britain's underfunded military is no longer regarded as an essential or competent ally, certainly not in the United States. End quangos and give the money to the nation's brave soldiers; crack down on the job-shy, even with James Purnell gone, and use the savings for the soldiers. Surely this Prime Minister more than any that preceded him can find the fat and convert it into military muscle. And renewed respect in the world.

There is more, and if Gordon Brown concentrates on how he will be viewed by those who will write the history of the New Labour era, he will find other things to do. That requires rising above the petty concerns that have somehow distracted him from the pursuit of a reputation in which his children could take pride when they gather round him on a cold Christmas in Kirkcaldy some years hence.

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