

The Iron Chancellor

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New Labour leaders think of themselves as pragmatists though they don't use the word: within Labour Party discourse it is contaminated by its association with Harold Wilson. 'We are interested in whatever works', says Tony Blair, 'We are beyond ideology'. And a tiny sliver of the British left wonders if Blair knows that 'beyond ideology' was one of the key slogans in the CIA's psychological warfare efforts to prevent socialism in Europe after WW2.

In the 1950s the appeal of the theory behind 'beyond ideology' was obvious. Europe had been wrecked by the war; the US was producing about half the world's GDP in 1950. How wonderful the East Coast of the US must have seemed to the streams of Labour politicians taking the American government-funded trips across the Atlantic then! And everywhere they went they heard the same message: it is the end of ideology. Capitalism—American production methods—had cracked it. Redistribution—fuddy-duddy old socialism—would not be necessary to solve the problems of the world. No more class struggle. No more conflict. A rising tide floats all the boats.

Now we are being governed by another group of America fans. Some of them, Blair and Brown for example, have been on the US freebie and bought the story—no-one more enthusiastically than Gordon Brown who has been visiting nice, white, civilised New England—home of Yale and Harvard—since he was in opposition. He had his honeymoon there in a cottage at Nantucket.

It is one of the clichés of the age that New Labour are the masters of spin. Gordon Brown is rarely mentioned in the tales of spin doctors. The self-styled 'iron chancellor', restoring prudence to the finances of the country, Brown is presented as above that petty political stuff. But if anyone can claim to be the master of spin it is Brown. For despite a decade of first espousing and then implementing the age-old economic policies of the banking world at home, and more recently striding the world stage as the advocate of the virtues of American-style capitalism (aka globalisation), Brown is still perceived by many as somehow a more left-wing figure than Blair.

This perception is extremely odd for Brown's career in opposition as Shadow Chancellor was a long courtship of multi-national capital and, advised by figures from the City, the ditching of 'old Labour' national economy and manufacturing-oriented, policies.

Of course Brown wouldn't see it this way. He would see his intellectual trajectory since the late 1980s as simply facing up to the reality of the power of the markets and the impotence of the nation state before them. And if asked for an example Brown, I'm sure, would quote the event which really got Labour elected in 1997—Black Wednesday, the ERM fiasco of 1992 which destroyed the Conservative Party's claim to be the party of economic competence.

But Brown learned the wrong lesson from those events. What being forced out of the ERM showed was that it was impossible to sustain an overvalued currency. Nothing new here; the only difference between this and other sterling crises before it was the scale of speculative onslaught and the speed with which events unfolded. No matter: like John Smith, Brown drew the conclusion that to get elected Labour had to do the bidding of multi-national capital—'the markets'.

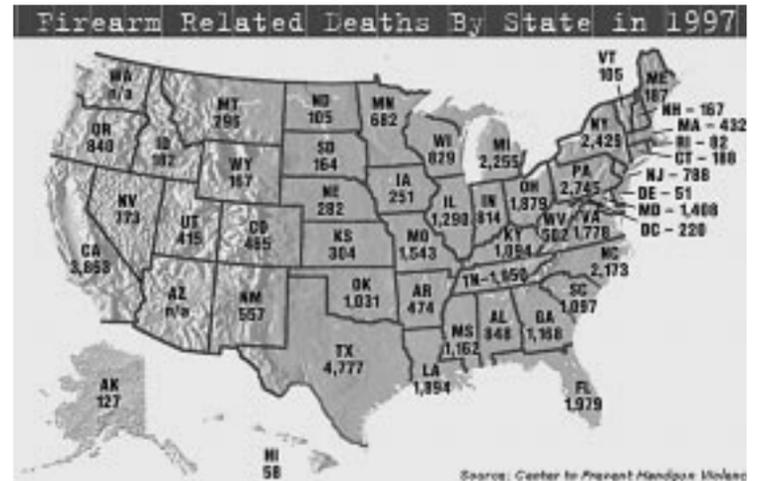
By the time Labour took office Brown and Blair had promised to toe the conservative (and Conservative) line on economic policy: no income tax rises, no increased public spending, no attempts to use government to direct the economy; and no renationalisation. They had learned the mantra: private good, public bad.

Taking office in 1997, there was only one tool left in the new Chancellor's hands but it was the critical one: the control of interest rates. Interest rates influence the domestic economy directly—think of Mrs Thatcher's great recession of 1980-83 caused by high interest rates—and via their impact on the exchange rate: high pound, imports cost less; exports cost more. This last, essential lever, was duly surrendered to the Bank of England on Brown's first day in office. He couldn't wait to show willing. And so—absurdly, incredibly—Labour set out, like Mrs Thatcher in the early 1980s, to run the British economy with neither an interest rate policy nor an exchange rate policy: these would be left to the Bank of England who would use interest rates solely to control inflation. Cue an over-valued pound and another wave of manufacturing closures.

Brown was carefully shepherded into the views he now holds. In the decade before becoming Chancellor, his personal office was managed by Sue Nye, the wife of Gavyn Davies, a partner in the US multi-national bank, Goldman Sachs. The late John Smith, when Labour leader, took him to the heart of the globalising lobby, the secretive Bilderberg group. Unknown to his party, his colleagues, or his biographer, Andy McSmith, John Smith had been on the Bilderberg inner circle, the steering committee. It was thus not surprising that when Brown, qua Shadow Chancellor, chose someone to give him economic advice he picked Ed Balls, leader writer at *The Economist*, the leading British advocate of globalisation. (Two writers at *The Economist* are the so-called rapporteurs—i.e. minute-takers—for Bilderberg.) It was Balls who arranged meetings with government economists in

America in 1993 when Brown and Blair visited the Democrats.

'Whatever works' say New Labour; but it's a lie. They are not interested in anything happening on mainland Europe. If they were they would be studying Holland, Denmark, Sweden for social policies; virtually any of the EU countries for how to run a railway; France for its health care system;



Germany for how to be a middle ranking power without much of an army or intelligence service; Portugal, Ireland, Italy or Spain for how to get EU money without implementing its more ridiculous legislation. None of this is happening. 'Whatever works' actually means 'whatever the Americans are doing'. Matthew d'Ancona in the *Sunday Telegraph* reported on January 14: '[Brown's] preoccupation with best practice across the Atlantic is all-consuming: one Cabinet minister told me that 'the only sure way to get Gordon to listen to a policy idea is to produce an American who believes in it.'

Brown looks at the vast, mineral-rich, largely empty continent of America and sees things we should copy here on this over-crowded island. He apparently doesn't see the 3 million in jail, the 25,000 gunshot deaths every year, the hundreds of thousands living on the streets, the most obnoxious foreign policy since Joseph Stalin and the most corrupt political system since Britain in the days of the 'rotten boroughs' in the 18th century.

Most of all Gordon Brown is naive. He believes that the multinational drug companies are just itching to sell their products at cost price to the Third World. He believes that the West's bankers are willing to write off the debts owed them by the Third World. He believes that the British bankers feel duty bound to invest in the infrastructure of Britain.

None of these beliefs are true. And in pursuing them Brown looks foolish. He has had it easy so far but the American recession just beginning will create unemployment over here as the multinationals start cutting-back. We may then discover if Gordon Brown is to be remembered as anything more than the last dribble of Thatcherism down the leg of British politics.

