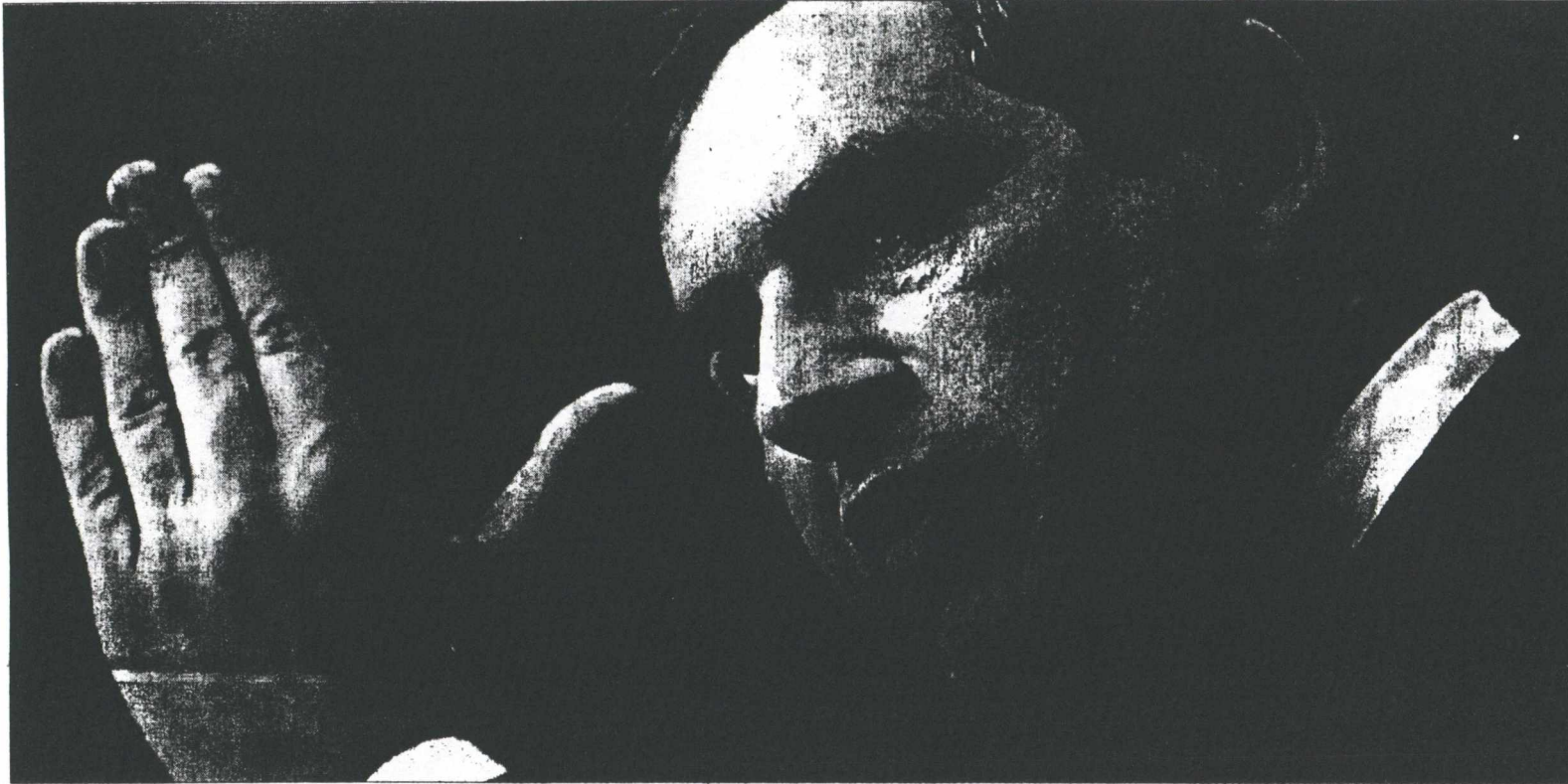


Brown concedes the cash but not the principle in bid to quell pensions revolt

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p.1



Gordon Brown addressing the Labour conference in Brighton yesterday. The chancellor received a five-minute standing ovation but there was some confusion over his pension proposals Photograph: Chris Ison

Pension politics

●Chancellor refused to restore link between pensions and earnings as demanded by the unions.

●But he confirmed that the minimum income guarantee will go up next April from £78 to £90, aimed at the four million poorest pensioners.

●And in 2003 a pension credit is to be introduced, targeted at four million middle income people on modest occupational pensions or with limited savings.

●Before 2003 'transitional help' for pensioners. But he refused to spell out exactly who would get this or how much they could expect.

Michael White
Political editor

Gordon Brown last night left the Labour conference hanging on a knife-edge after signalling costly concessions on pensions without spelling them out clearly enough to put an immediate end to tomorrow's threatened union revolt. Senior ministers were confident of winning over the unions as the word went round that Tony Blair had ensured his chancellor would do enough to buy off "grey power" anger. But — on a day when the conference defeated the leadership twice, on pollution and train safety — first reactions were confused.

"We will have to get through the smoke and mirrors. But if this is a large and genuine in-

crease in the basic rate then that will go a long way to satisfying the party," said John Edmonds, leader of the GMB union. "I want to see words on paper," said Unison's Rodney Bickerstaffe.

The chancellor's intellectually and emotionally powerful appeal for support from the party faithful in Brighton won him a rare five-minute standing ovation — led by the prime minister — for his commitment to rectify years of economic short-termism and Tory neglect of public investment.

Mr Blair will ram home the theme today when he admits that the government has "taken a knock" in recent weeks, but one that will give it the chance to fight back, explain its achievements — and contrast it with William

Hague's £16bn programme of spending cuts.

However, Mr Brown's dogged refusal yesterday to say exactly how much extra money he will find for the elderly next spring, and in 2002, to appease widespread pensioner anger left union chiefs in confusion.

Arm-twisting by ministers was under way in Brighton last night to resolve the crisis in time to avert tomorrow's vote on the conference floor.

With protesters button-holing MPs outside the conference, the pensions minister, Jeff Rooker, was heckled as he defended the official position on the conference fringe. Rank-and-file delegates piled on the pressure by voting to ensure that a "contemporary issues" debate — Blair's speak for an emergency debate — on

pensions will definitely take place tomorrow.

The big unions, and Jack Jones's pensioners lobby, want the historic link between basic state pensions and average earnings restored. Mr Brown again refused yesterday — on the grounds that he wants to concentrate extra funds on the poorest of Britain's 11m pensioners. That has proved politically costly. So without conceding the principle Brown aides later gave nods and winks to the effect that the Treasury will raise the basic state pension dramatically next April, and in 2002.

Inflation-linking will ensure that it will rise by at least £2 a week for single pensioners, £3 for couples. Mr Brown will be under pressure in election year to more than double it to

Inside

- News from the conference, plus Simon Hoggart's sketch, page 6
- Hugo Young on a party in trauma, plus leader comment and letters, pages 12-13
- Jonathan Freedland on whether political speeches still matter, Q2, cover story
- More from Brighton at www.guardianunlimited.co.uk/labour2000

£5 and £8. The minimum income guarantee, directed at the 4m poorest pensioners, will rise from £78 to £90 a week, Mr Brown confirmed.

Yesterday's concession will come as part of the so-called transitional arrangements, designed to tide over 4m middle-income pensioners until new cash credits to help those with modest savings or small private pensions — £10 to £15 a week — come on stream in 2003.

Unfortunately for the clarity of his message, Mr Brown's words suggested otherwise. Warning that "it cannot be that the wealthiest get exactly the same as the neediest," he said: "A flat increase will not do enough to help pensioners on modest incomes and do nothing to diminish growing inequalities, but instead rein-

force them." He added — repeatedly — "we will build upon the basic state pension", an important point of principle to opponents of means-testing.

Labour strategists are desperate to get union leaders such as Bill Morris of the TGWU, Mr Edmonds and Mr Bickerstaffe back on side before Mr Blair goes to the podium this afternoon to persuade his election troops that the government's annus horribilis — and the Tories' 8% poll lead — are a temporary blip.

The chancellor flew back from the IMF/World Bank conference in Prague to put flesh on earlier government concessions to pensioners made since his complicated Budget package in March failed politically.

But, as with his megaphone

dealings with the fuel protesters, Mr Brown is still refusing to be bounced into premature statements on taxes and benefits ahead of his mid-November pre-Budget report, almost exactly when the protesters' 60-day deadline for resumed blockades runs out.

Mr Blair's speech today will seek to revive party morale, as John Prescott did yesterday. "The Tories were not dead, they were just sleeping. Now the Labour party is to take our fight to them, explain our values and expose the alternatives," he will say.

The prime minister will warn delegates: "For me, the large majority (in 1997) was never a reason to do the job quickly, but to do it properly. The journey is long-term, the choices are hard."

Labour in Brighton

p 6

Brown's pension promise

Chancellor's speech Refusal to bow to fuel protesters but more help for the elderly on way

Patrick Wintour
Chief political correspondent

The nervous mood of the Labour conference was turned around yesterday when the chancellor, Gordon Brown, pledged more help for all pensioners, a return to full employment and increased on the minimum wage.

Clearly indicating that he was unwilling to make quick concessions to the fuel protesters, he called for a national debate on the impact of cuts on fuel duty on public services, adding he would do nothing to damage planned increases in spending on health, education and transport.

The four-minute ovation for the much-criticised chancellor only ended when he brought his wife Sarah onto the stage and gave her a kiss, which did not quite match Al Gore's embrace of his wife Tipper at the Democratic convention.

Refusing to bow to the petrol protesters, Mr Brown said: "The national debate is too important to ever be decided by those who shout the loudest or push the hardest. The British way, the Labour way, is that every voice is heard."

"However difficult the decisions we have to make the country will never forgive us if we lurch from one opportunistic tax decision to another and retreat to the old short termist ways of the past."

Addressing the issue that has come to grip the conference, he said it had not been wrong to put the abolition of pensioner poverty first, but he now recognised that the government had much more to do. He said: "We will build on the basic state pension. The basic state pension is and will remain the foundation of everything we do."

"In the pre-Budget report, it will be a priority that we do more with, by 2003, a new pensioner credit that will get extra help not only to the poorest but the millions who have lost out in the rising prosperity of this country." He promised the format of the credit, by rewarding saving, would provide a bigger increase to lower and middle income pensioners than if the pension was increased in line with earnings.

Rejecting an across the board increase in the basic



Tony Blair joining in the standing conference ovation for Mr Brown's speech yesterday Photograph: Martin Argles

pension, he said a flat rate increase would not do enough to help pensioners on modest incomes and reinforce growing inequalities. The pensioner credit, he said, would "provide more cash than either an inflation rise, or an earnings link would provide."

However, prior to the introduction of the credit, he said he would publish details on transitional arrangements "to the benefits of all pensioners". Treasury sources later indicated that there would be substantial, above inflation increases in the basic pension in the three years before the new pensioners credit kicks in. Mr

Brown also said that the minimum income guarantee, directed at the poorest pensioner, would rise from £78 to £90, but gave no timetable on the increase.

On oil, he said "a 300% rise in oil prices in 18 months cannot be justified and I understand the difficulties it is causing for motorists, business and consumers in Britain, as it is in every continent of the world".

The chancellor would do everything possible on the international stage to ensure oil production was increased and oil prices came down. He was speaking on a day when oil prices fell sharply partly due to

the release of US oil reserves. He promised to report on the oil issue in the pre-Budget report, but he gave little ground on a possible tax cut in fuel duties, saying the country faced a choice.

"Is our national priority today to build long term stability and invest in hospitals schools and strong public services for all? Or is it to put both stability and public services at risk by irresponsible tax promises which if implemented would cut billions from hospitals schools and our core services?"

Nevertheless, he promised targeted tax cuts again in the future and treasury sources

said the chancellor did not favour any further general cuts in the basic rate of income tax but instead favoured cuts aimed at the poor.

He said: "What we rule out is blanket irresponsible tax promises that cut into £4bn extra spending, the £12bn in education and training, the £14bn in health we will not put the long term future for our public services at risk."

Mr Brown said the industry secretary, Stephen Byers, would ask the Low Pay Commission to report on a further rise in the minimum wage.

Offering a new agenda for the second term, he said: "Be-

cause family friendly employment is good for both employers and employees, there will be new measures for maternity pay and leave, and with the new investment, our commitment to high quality accessible and affordable child care, a national child care strategy. He promised a right to paid time off for a mother or father when their child falls sick."

He ended by quoting John Smith, the former Labour leader, saying: "All we ask is an opportunity to serve."

Full text of the chancellor's speech on www.guardianunlimited.co.uk/labour2000

Old Labour preacher sticks rigidly to his text

THE Labour counter-attack has started. But to listen to Gordon Brown, you could almost have forgotten that the Government has been shaken by a political earthquake this month. The farmers, the hauliers and the pensioners might be marching along the Brighton seafront outside the conference hall, but there were few echoes inside.

It is obviously not business as usual since the sharp drop in Labour's rating in the polls has created doubts among senior ministers about election timing. Next May is no longer a virtual certainty, though it is still a probability and Tony Blair still has several months to decide. The Queen's Speech at the end of November has been designed for maximum flexibility with several disposable, populist measures.

The pre-election strategy is so far unchanged, to judge by Mr Brown's speech. It was the Chancellor at his most commanding. He roused Labour delegates with a speech almost as long as the leader's is likely



Peter Riddell

Commentary

to be this afternoon, but very different in style. Mr Brown remains a preacher who talks in old Labour terms. It is his party in a way which it will never be Mr Blair's. Mr Brown's themes, and even language, are similar to Al Gore's in the American presidential election now — hardly surprising since both talk to the same campaign adviser, Bob Shrum. On both sides of the Atlantic, there are references to being on your side and to hard-working families.

Mr Brown emphasised the problems of the low-paid, equal pay and child and pensioner poverty. The public services were discussed in terms of amounts spent, not reform of delivery. The emphasis was very different from Mr Blair's "one-nation" themes, preparing Britain to compete in the knowledge economy, and re-

forming public services such as education and health to make them more responsive to consumers.

The distinction is more of personal approach and rhetoric than policy.

Indeed, Mr Blair himself seems ready to fight a traditional tax-and-spend campaign against the Tories, though Labour has to be careful not to sound too "Left" or else it will alienate the more centrist supporters attracted for the first time in 1997.

On the contentious issues of the moment, Mr Brown dropped hints, no more. The Budget process will remain intact. So no figures, no details until the Pre-Budget Report in a month or so. That will be the time to discuss petrol prices and the like. Mr Brown was slightly more forthcoming about pensions to avert a

defeat in the debate tomorrow.

Mr Brown has always been skilful about coating his "new" Labour strategy in "old" Labour/redistributive terms. Yesterday, he stuck to his plans to concentrate help on the poorest pensioners by targeted or means-tested benefits and to assist lower and middle income pensioners via the new pension credit to reward those who save.

The basic state pension will, he said, remain the "foundation of everything we do", but Mr Brown has no intention of restoring the old link to average earnings rather than prices, as favoured by the Labour Left and the unions. Instead, there was the hint that in the "transitional" phase before the start of the credit in 2003, additional help will be given to all pensioners. So he will be able to say that the income of pensioners, particularly the poorest ones, will rise by more than the increase in earnings. This is the price that the Government is having to pay to re-establish its political position.

MP attacks Blair for truancy

By James Landale

A LABOUR MP accused Tony Blair of holding the House of Commons in contempt by turning up for only a fraction of votes and debates.

Robert Marshall-Andrews said the Prime Minister's poor attendance record was just one part of the Government's "ar-

rogant" contempt for democracy. Speaking at a fringe meeting, the Queen's Counsel and MP for Medway said Mr Blair had attended only 4 per cent of votes in the Commons.

"If you do not come to the House of Commons, you are showing contempt for the House of Commons and its elected representatives and

you are showing contempt for the people that lie behind them," he said.

At the same event Chris Smith, the Culture, Media and Sport Secretary, said the Government had not got its message across. In a thinly veiled attack on spin-doctors, he said ministers had to be more forthcoming in explaining what they

had done and why. "We have tended to hide our light under our bushel. We have done better than we have told."

Labour had to be careful not to move away from its roots. "We are not going to win unless we appeal to middle Britain. But at the same time, as a party, we must not forget the interests of the dispossessed."