

Brown gives Labour new heart

By Philip Webster, Roland Watson and Tom Baldwin

GORDON BROWN paved the way for a big pre-election increase in the state pension yesterday as he rallied the Labour Party after its torrid fortnight.

The Chancellor, facing his most critical test since the election victory, promised extra cash for all Britain's 11 million pensioners and was accorded a hero's reception at the Brighton conference.

His move headed off defeat later this week at the hands of unions and activists seeking to restore the link between pensions and earnings.

Mr Brown ruled that out. But his pledge of more money in the Pre-Budget Report — which is to be brought forward to the end of next month — was warmly welcomed by pension campaigners and ministers.

Mr Brown's speech lifted Labour morale last night, marking the first part of a concerted attempt by the Prime Minister and Chancellor to halt La-

'The Chancellor has wagered that there is no widespread revolt of taxpayers afoot'

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bour's slide in public standing. The two have had a series of meetings and telephone calls over recent days to plan their strategy. Mr Brown went straight into a meeting with Mr Blair on arrival in Brighton and had been in contact with union leaders about pensions throughout the day.

The troubles provoked by the fuel dispute, worries about pensions and the re-emergence of the Ecclestone affair are prompting a rethink among ministers over the timing of the election.

Senior Cabinet ministers, who have been assuming for years that the election would be next May, are privately conceding that it might be wiser to delay to allow more time for Labour's big investment in the public services to show through.

Mr Blair will admit in his conference speech today that

the Government has taken a knock and that there is now a "real fight" on for the future direction of Britain.

But he will urge the party to seize the opportunity to explain its record and how it will build on the achievements of the first three years. "For me the large majority was never a reason to do the job quickly but to do it properly."

Yesterday Mr Brown bowed to pressure from Mr Blair and other ministers to commit the Government to above-inflation increases in the state pension to ease the damage caused by last year's 75p rise, which pensioner groups slammed as derisory. He made plain that he intended to continue to concentrate most help both on the poorest pensioners and those on modest incomes.

But he added that the Pre-Budget Report would contain transitional arrangements to cover the period before the introduction of the pensioner credit in 2003. These would benefit all pensioners.

Sources close to the Chancellor said later that if the basic state pension — currently at £67.50 for a single person and £107.90 for a couple — were to go up in line with inflation, the rises would be around £2 for a single person and £3 for a couple. However, the changes to be announced in the Pre-Budget Report would "go beyond those numbers".

Union leaders swiftly sought clarification of Mr Brown's remarks and appeared to have been assured that a rise in the basic pension was on the way.

Bill Morris, general secretary of the Transport and General Workers Union, said he believed that Mr Brown was offering a "decent" above-inflation increase in the basic state pension. "I think that what he is saying is that he won't stick rigidly to the formula of prices," he said.

John Edmonds, the GMB general secretary, also struck a conciliatory note, but said the Chancellor needed to explain what he meant by transitional arrangements. "We will still have to attempt to cut through the smoke and mirrors but if this is a genuine increase in the basic state pension it will go a long way to address the needs and concerns of pensioners," he said.

Treasury sources said that it was not known how big the rises in pensioners' income would be, although ministers are speculating that it could be as high as £5 for a single person and £8 for a couple. The Chancellor also claimed that his planned new pension credit would, by 2003, raise the in-



Gordon Brown and his wife, Sarah, kissing after his speech at the Labour Conference in Brighton yesterday

comes of low and middle-income pensioners by more than a restoration of the link between pensions and earnings that the campaigners have been demanding.

Mr Brown also adopted a conciliatory tone over the fuel rises, saying that he understood the difficulties for motorists, business and consumers.

He is clearly pinning his hopes on the world oil price falling but he again hinted at help for hauliers and farmers. "Ministers also expect him to try to reduce motoring costs, but they believe he is more likely to opt for a cut in vehicle excise duty than make reductions in fuel duty."

Mr Brown promised to lis-

ten to the arguments but said he would not be bounced into "irresponsible blanket tax promises".

He offered the hauliers and farmers the chance to take part in a "great national debate" on tax and spending priorities but insisted that he would not bow to pressure from direct action. "This na-

tional 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 must be heard."

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Gordon's their sunshine, their only sunshine



Matthew Parris
Conference sketch

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At once the clouds parted. On a grey and gusty Brighton afternoon, as anxious Labour delegates looked out towards a stormy political horizon, a great bolt of sunshine burst through. For half an hour it lit the conference in a warm glow.

That sunburst was Gordon Brown. An eclipsed Tony Blair beside him resembled the other figurine on those revolving weather toys where, when the little man slides out, the little woman goes in, and vice-versa. The Chancellor slid out. The Prime Minister went in.

To misquote Wodehouse on Scotsmen, it has usually been possible to distinguish between Gordon Brown and a ray of sunshine, but not yesterday. He lifted Labour's spirits, and his own. He dared to enjoy himself. Once he even smiled.

So carried away did he become with the applause which then engulfed him that he kissed his wife. In public.

It was un-British, un-Gordon, and a tremendous hit.

Whatever happened to the grumpy Gordon we have come to expect at party conferences? Where was that lowered countenance and leaden delivery, that fist smashing down on the lectern?

Gone was the sullen glare, the swallowed words, the bullet-points of economic statistics hammered home like a list of indictments, his audience covering in the dock.

It was plain before Brown started that the speech would soar. Cameramen scurried around his new wife sitting in the front row as the Chancellor took the lectern; and from a handful in the hall he got a standing ovation before he had so much as opened his mouth.

Two rotten jokes were greeted with guffaws of delight. A litany of accusation against the Tories, each section ending "where was Pillo?" found an audience ready to take up the chant. This conference was going to get this Chancellor air-

born whether or not he found wings.

But he did find wings. Even Brown's hand movements have been liberated. Where once his gestures were limited to banging things, now his arms were outspread. Hand would go up, fingers extend, and sometimes he seemed to be reaching for his audience. A forefinger would be raised in accusation, a hand would slice the air, and once he clasped both hands before him, fingers earnestly interwoven, in idealistic appeal.

Mr Brown even invented a gesture new to Labour conferences, holding right hand out with thumb and forefinger forming an O and the three remaining fingers fanned above. In Britain this can indicate precision, but on the Continent I think it means something ruder.

One wonders which meaning Mr Blair took. Seated on the rostrum, the Prime Minister maintained a tense smile and led the ovation. From the start he looked drawn, as though life were being sucked from him.

Their forced partnership in new Labour's project reminds me of two creatures joined at the hip.

Conference success yesterday was achieved despite the fact that the core of the Chancellor's speech was opaque; few had the least idea what he meant about pensions. Was it a lot of money, or wasn't it? What exactly was the difference between Brown's compassionate-sounding "targeting" and nasty Tory means-testing? The complicated pledge was received with applause, amiable bafflement and (among a few) the suspicion that the woe might well be being pulled over their eyes.

But never mind. This conference — sour, uncertain and little scared — badly needs someone to love and someone to love them. After a seemingly unstoppable standing ovation yesterday, Gordon Brown has so much love to give that even his wife can't kiss.

LABOUR CONFERENCE

Brown pins his colours to party's core values

By Roland Watson

Chief Political Correspondent

GORDON BROWN fought back from his worst fortnight in power with a pledge to pursue the great causes close to Labour hearts, in a speech that earned him a rapturous ovation from delegates.

He said that abolishing poverty among children and pensioners and laying the foundations for employment would remain the hallmarks of the Labour Government.

The Chancellor made clear on which territory Labour wanted to fight the next general election, saying he wanted a "great national debate" about Labour's spending plans for the public services against the Conservatives' own tax-and-spend priorities.

Mr Brown dropped his clearest hint yet that his Budget would contain tailored tax cuts for groups such as farmers and hauliers who hold a grievance against the Government over the price of petrol. But he ruled out "blanket irresponsible tax promises", such as the Tories' recent announcement of a three-pence cut in the duty on a litre of petrol as a threat to the long-term future of the economy.

He said that he would listen to farmers and hauliers. But he added: "This national debate is too important ever to be decided by those who shout the loudest or push the hardest. The British way, the Labour way, is that every voice must be heard."

But it was on pensions that Mr Brown's message was eagerly awaited. Aware that the issue had been boiling up into potentially the most serious conflict between the leadership and the party, he initially adopted a conciliatory tone. "I know that we have more to do, much more to do," he said.

He said he would not apolo-

gise for making the plight of the poorest pensioners his priority when entering the Treasury. But he now accepted it was time to do more for the "millions more who have yet to share enough in the rising prosperity of the country".

Outlining a three-pronged strategy, Mr Brown said that he would use the state pension as his building block, insisting that it would remain "the foundation of everything we do". The new pension credit, a tax credit designed to get money directly to lower and middle-income families which comes into place in 2003, would provide more cash each year than either an inflation rise or an earnings link, Mr Brown said. In the meantime, he confirmed he was drawing up plans to raise the minimum income guarantee for the poorest pensioners from £78 to £90.

But he insisted that returning to an earnings link, which provided automatic rises for all pensioners, however wealthy, was the wrong way to use taxpayers' money. He said that one in six pensioner couples retires today on more than £400 a week but rising prosperity meant that the figure would soon become one in five, and in time one in four and then one in three.

Despite the scale of his ovation, which went up a gear when he was joined on stage by his wife Sarah Macaulay, pensioners were not entirely happy. Baroness Castle of Blackburn, fighting to re-link pensions to earnings, said the extra money promised would be means-tested, something pensioners resented. "They say they have contributed towards their pensions down the years... and they think the Government is violating the principle."

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Head to head: Tony Blair applauds Gordon Brown who won a rapturous ovation for his speech in which he set the goal of

Grey power ponders the black and

By Tom Baldwin and Roland Watson

IF Gordon Brown needed any lessons on "grey power", he should have been at the Pensioners' Convention meeting in Brighton yesterday afternoon.

Jeff Rooker, the Pensions Minister, was trying to explain why the Chancellor was determined to pursue means-testing, but delegates began to boo and barrack him. Finally it all became too much for him: "Shut up!" he shouted at one. He jabbed his finger at

one particularly irate pensioner and said: "I worried about your health — don't have a heart attack." Back came the reply: "I've already had two."

Baroness Castle, the former Cabinet minister who has led the pensioners' campaign, arrived to cheers. She told the crowd: "You are fighting for the restoration of the welfare state and against the return of the poor law." At the end, it became clear to most members of the Government that treating the elderly like any of the other groups put-

ting pressure on the Chancellor was unsustainable. They had support from party activists and were pursuing their claims democratically.

The trouble was, Mr Brown was not there. He spent the weekend in Prague at the G7 summit, arriving only at 10.45am yesterday morning and was due to return to the Czech Republic today.

On his way to Brighton, there had been frantic telephone calls from the Prime Minister, other ministerial colleagues and trade union leaders. None expected him to concede the main demand for the restoration of the earnings link between rises in wages and increases to the basic state pension. But all were convinced that there had to be movement if a devastating defeat at the conference was to be prevented.

Although a statement prepared last week spoke of "transitional measures" which would benefit all pensioners, Mr Brown's aide said this was likely to be an increase in other allowances such as that for winter fuel, and that there would be no increase next year above the rate of inflation for the basic state pension.

The big unions hacking demands for the restoration of the earnings link were happy to accept a compromise which would see a generous increase in the basic state pension.

But they also knew that the Chancellor is stubborn and had "gone into his shell" in the past month after being assailed by the petrol protests as well as allegations that he lied over the Ecclestone affair.

There were suggestions yesterday that Mr Brown had agreed to give in on raising the basic state pension during telephone calls with the Prime Minister at the weekend. When the Chancellor arrived in Brighton he had another meeting with Mr Blair.

But after that, he was still keeping his cards close to his chest. Mr Brown told union leaders that if they listened closely to his speech, they would see that his package would deliver more for poor and middle income pensioners. Listen they did, but the union delegations emerged still unclear whether he was talking about raising the state pension above inflation.

At one stage Mr Brown said the Government would "build upon the basic state pension"

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PENSIONS OVER PETROL

Brown storms Brighton and sets out his priorities

The Chancellor's address to the Labour Party conference yesterday should be regarded as a personal and political triumph. Gordon Brown's speech might have nominally concerned the economy but in truth ranged across almost every aspect of Government. It is a rare trick to be able to whip delegates into a state of virtual ecstasy while outlining few cast iron detailed commitments. Mr Brown offered enough passion and a sufficiently transparent hint of policy movement to placate party sentiment on pensions. His ability to project a coherent overall purpose for New Labour remains unrivalled. His appeal to traditional Labour values was strong enough to sugar a relatively tough message. At a minimum, this text will have bought him time to shape his strategy: more likely it will serve him better still.

It was a performance that rests upon a political calculation. Mr Brown made it clear that while selective tax cuts for specific purposes might be produced before the election, he would not sanction broader tax reductions. His priorities will remain welfare reform, an assault on poverty and enhanced spending on public services. His soothing language on pensions masked minuscule movement on the cost of motoring. The Chancellor implied that pressure on Opec was by far his preferred means of forcing down petrol prices. He does not seem to believe that this is a matter that seriously threatens Labour's hold on power. There might be concessions for farmers and hauliers in November but not much for the wider electorate.

The case that Mr Brown put to conference on pensions should be compelling. The campaign to restore the link between earnings and the basic state pension has emotional appeal to Labour activists but contains little hard logic. It would involve substantial and rapidly

increasing sums of money, some of which would be redistributed to affluent individuals. Such schemes have undermined national budgets across continental Europe. The Chancellor has properly focused on the poorest pensioners and should now shift his attention to those with a moderate income and modest savings who are penalised, even pauperised, by present arrangements. He should not allow electoral considerations to dilute these principles when he settles on the small print of his pre-budget report.

This stance is not, though, without its own difficulties. It is impossible to "target" benefits of any kind without introducing an element of means testing. This can easily be portrayed as demeaning to the dignity of the elderly and thus may lead many thousands of people not to claim their entitlements. It also means bureaucracy and complexity. Mr Brown's proposed "pensioners credit", to be introduced in 2003, sounds complicated. It will need to be a lot simpler in practice if pensioners are to be persuaded that the Treasury has their best interests at heart.

Whether or not this, or any other initiative mentioned by Mr Brown yesterday, is implemented depends on the outcome of the next election. The Chancellor has wagered that there is no widespread revolt of taxpayers afoot and that he does not need to divert billions of pounds away from his preferred fields towards a dramatic cut in fuel duty.

William Hague has plainly reached precisely the opposite conclusion. In the space of a few short weeks the political battle lines have been drawn more sharply than could have been anticipated. In that sense, what Mr Brown put forward yesterday was not merely a robust defence of his own record but an advanced draft of the next Labour manifesto.