
ANALYSIS: TEN YEARS OF CHANCELLOR GORDON BROWN

With Gordon Brown waiting in the wings for Prime Minister Tony Blair to finalise his plans for departure, Alliance Trust Research Centre has published an analysis of the real economic legacy of his ten years as Chancellor of the Exchequer. The report looks at claims by the Labour party relating to the country's economic performance over the last ten years, including its record on inflation, interest rates and unemployment. The report also looks at trends in other key economic areas such as the size and structure of the economy, the rate of growth and the trade deficit as well as changes in pensions.

Shona Dobbie, Head of the Alliance Trust Research Centre, said, *"Our analysis of some key economic variables shows credible progress in broad economic terms, with reasonable growth, relatively low inflation and a rise in GDP per head."*

Dobbie said, however, *"While Brown's record has been positive on balance, there are several weak spots. Although the UK economy has expanded, its structure has changed because of sharp growth in the public sector over the last ten years. Government spending on this sector has far outstripped the increase achieved by other sectors. While employment has gone up under Brown, most of the new jobs were created in the public sector. Employment in some sectors, such as manufacturing, decreased."*

"There are areas too where Brown's policymaking was not necessarily the reason for progress. Inflation has fallen back from the highs of the pre-Labour decades, but this was not unique to the UK. The effects of globalisation drove prices lower in many western economies," she said.

Dobbie added, *"Some economic areas have deteriorated. The trade gap has widened sharply. In pensions, too, despite Labour's claim of 'record rises in state pensions', the economic policymakers could have done better. With homes run by pensioners suffering higher inflation than the average householder in recent years – as Alliance Trust Research Centre's research on Inflation and Age shows – limiting state pension rises to the headline inflation rate has left many worse off. While there have been some one-off payments and pensions credits to help compensate worse-off pensioners, linking pensions to earnings, and not inflation, would have been a more straightforward way to help pensioners' income from falling behind."*

- **The full analysis 'Ten Years of Chancellor Gordon Brown' from the Alliance Trust Research Centre is available at www.alliancetrusts.co.uk**

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Notes to editors

1. Alliance Trust Research Centre was formed to provide economic and social analysis to deepen understanding of economies, markets and socio-economic issues. The Research Centre is part of Alliance Trust, the largest generalist investment trust company listed on the London Stock Exchange. Through its subsidiaries, Alliance Trust offers investment dealing, self-invested personal pensions and a choice of investment wrappers.
2. Photographs of Shona Dobbie are available.