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LEGACY ANALYSIS: TEN YEARS OF CHANCELLOR GORDON BROWN

Shona Dobbie, Head of the Alliance Trust Research Centre, said, *“While Gordon Brown’s economic record has been positive on balance, with reasonable growth, relatively low inflation and a rise in GDP per head, there are question-marks over how large a part Treasury policy played in creating this benign environment and whether his reforms have genuinely transformed our long-term economic prospects.”*

“True, inflation has fallen back from the levels of the pre-Labour years, but Brown cannot claim all the credit because this was not unique to the UK, the effects of globalisation have driven prices lower in many western economies. Meanwhile, Brown has failed to address the spiralling cost of living of the oldest and the poorest groups in society. Inflation for Britain’s over-75s is currently running at 4.0 per cent – that’s 43% more than headline inflation. 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 and meaningful way to help pensioners’ income from falling behind.”*

“The Chancellor also claims to have achieved the ‘longest period of sustained low inflation since the 60s’, ‘low mortgage rates’ and ‘employment at its highest level ever’, but these factors do not amount to any irrevocable transformation in the nation’s economic fortunes. Although the UK economy has expanded, this growth is largely attributable to a decade of sustained Government investment in the public sector, while private sector growth has been unspectacular during the last ten years. As a result, most new jobs were created in the public sector while sectors such as manufacturing have continued to shed workforce.”

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

* Figure from Alliance Trust Research Centre monthly *Age and Inflation* alert, April 2007

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Notes to editors

1. Alliance Trust is an international investment and financial services group. It is headed by Alliance Trust PLC, 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. The Research Centre is part of Alliance Trust and was formed to carry out economic and social analysis to deepen our understanding of economies, markets and socio-economic issues.
3. Photographs of Shona Dobbie are available.