

Brown at Britain's Labour conference: Bailout for banks, nothing for jobless and homeowners

Julie Hyland**24 September 2008**

Prime Minister Gordon Brown's keynote speech to the Labour Party conference was billed as a declaration of war on the "something-for-nothing" society. It served as a perfect reminder of why his government is so detested.

The Labour conference gathered under conditions of financial meltdown of the global capitalist system, and a political meltdown of the Labour Party.

Just days before, the US treasury had outlined a trillion-dollar rescue package for Wall Street after a fall in share values reminiscent of the Great Crash of 1929. In the UK, the collapse of Halifax Bank of Scotland (HBOS)—Britain's largest mortgage lender—saw the city and government engineer a £12 billion take-over by Lloyds TSB in breech of competition rules.

Yet such is the precariousness of Brown's position that there was open speculation in the media that he might be the first prime minister to be *rescued* by an economic crisis.

Whereas the weeks and months before the conference had been plagued by revelations of a plot to unseat Brown in advance of a general election due next year, the financial turmoil of the preceding days had reportedly led many in the party to question whether now was the best time to depose a sitting prime minister—not least because it might lead to a run on the pound.

Brown's speech to conference on Tuesday was considered a pointer as to his future. His performance, it was felt, would finally demonstrate to the party and the country his strengths and underscore his claim that—as former chancellor of exchequer—his was the safe pair of hands needed to guide Britain through volatile economic times.

There was even evidence, it was claimed, that Brown would solidarise himself with public hostility to the bailout of the City of London and the concerns of those millions of Britons struggling with debt, rising prices and potential job losses.

Hadn't the prime minister signalled such an approach with his claim that the stock market crisis had been caused by

"irresponsibility" and short-term bonuses that were unrelated to long-term profits? And wasn't his highly trailed intention to inform conference that "on the side of hard working families is the only place I've ever wanted to be. And from now on it's the only place I ever will be," further proof?

But the central message of Brown's speech—his assertion that "Nobody in Britain should get to take more out of the system than they are willing to put in" and his pledge to crack down on the "something-for-nothing" society—was not directed against the banks and city speculators, but the working class, and its most vulnerable members at that.

Brown stipulated, "We are and will always be a pro-enterprise, pro-business and pro-competition government." Referring to calls for a change of direction, he insisted that any "new settlement" between the market and government would remain determinedly "pro-market."

In keeping with this pledge, there was no mention of the more than £70 billion in taxpayers' monies the government has spent bailing out the Northern Rock Bank. Nor did his injunction against those taking "more out of the system" than they put in apply to those for whom Washington has created a "Toxic Asset Dump." The transference of the banks' liabilities onto the federal government will massively increase the government budget deficits and demands sharp cuts in essential public spending that will create untold misery for millions of American workers and their families.

In fact, the Brown government is reportedly considering a similar package for British banks, at the urging of the US. Brown and Darling depart for Washington at the end of the week. While Brown has made great play of his demand for a stronger international regulatory system to manage the global markets, there are increasing demands for Britain to emulate the Federal Reserve's unprecedented transfer of wealth from working people to Wall Street.

According to reports, leading economists are stipulating that a Toxic Asset Dump is required urgently in Britain, at a

potential cost of some £200 billion to UK taxpayers.

A Treasury spokesman stated that while the “UK does not have plans to implement a U.S.-style resolution regime...the Chancellor and the Prime Minister have made it clear we are prepared to take whatever action is necessary in the interests of financial stability.”

At the same time, the government has also made clear that it intends to break its own fiscal rules on public borrowing in a further attempt to bail out the City of London. The UK budget deficit is now expected to reach a record £100 billion in 2010/2011—double the previous post-war record.

Borrowing must rise to “support the economy,” Chancellor Alistair Darling said, signalling the introduction of new fiscal rules to this end. This can only be recouped by massive cuts in public spending further down the line.

Already, in his own conference speech, Darling had ruled out any clampdown on City bonuses, stating that it was necessary to “remain level-headed and avoid knee-jerk reactions.”

Brown did not take heed of such prescriptions against “knee-jerk reactions” in his own remarks. The government is well aware that its bailout of the super-rich will increase public unrest—hence Brown’s efforts to scapegoat immigrants and the unemployed for social injustices.

“Our policy is that everyone who can work must work, so that the dole [unemployment benefits] is only for those looking for work or actively preparing for it,” Brown said. “We recognise the contribution that migrants make to our economy and our society, but the other side of welcoming newcomers who can help Britain is being tough about excluding those who won’t and can’t,” he continued.

“That’s only fair to the tax-paying public,” he claimed, promising to “create rules that reward those who play by them and punish those who don’t.”

His attack on the unemployed comes under conditions in which tens of thousands of people have been laid off over the last months as a direct result of the credit crunch. Many thousands more will join them, with unemployment expected to rise at 500,000 per month, far surpassing the 2 million mark by Christmas.

While those whose jobs, homes, pensions and savings now hang in the balance are to receive no help from government and are instead treated as potential spongers and parasites, there will be no penalties imposed on those responsible for enabling a gargantuan accumulation of super profits for a few by means of massive indebtedness, financial speculation and fraud.

Acknowledging that some bankers had taken actions that had proved to be “disastrous,” Darling gave them a free pass, stating that “Banks will always take risks, and that’s right and proper.”

It remains to be seen how Brown’s speech will play out in the City and in the media. For its part, the Trades Union Congress had already pledged its loyalty to Brown—despite the fact that the government’s economic policies will impose further hardship on millions of its members in the public sector already subject to a below-inflation wage cap.

TUC leader Brendan Barber congratulated Brown as the man best placed to steer Britain through “tough times.”

“It is at times like these, where new ways forward have to be fashioned not just at home but on a global level, that our country most needs the wisdom and experience of this Labour government—led by Gordon.

“We will inevitably have our disagreements. But there will always be more that unites us than divides us. And it’s during the hard times, like now, that the enduring strength of our relationship matters most.”

Ultimately, Brown’s future will be determined by the financial oligarchy on whose behalf Labour governs. And some of its leading figures have already made clear they are opposed to any “sops” to public opinion.

In an open letter to the *Financial Times* on September 22, 11 “captains of industry,” including Whitbread chairman Anthony Habgood, Simon Wolfson, the chief executive of Next, and Severn Trent chairman Sir John Egan, attacked any talk of regulation.

“The lesson of recent years is clear. Economies must carefully manage public spending and reduce unnecessary budget deficits,” they wrote. “They should have simple taxes and competitive tax rates and reduce the burden of regulation.”

In its September 22 editorial, in advance of Brown’s speech, the *Guardian* also warned that the government should not forget where its fundamental loyalties lie.

“It is healthy for Labour to reconsider its attitude to business, after getting much too close in many ways,” it declared. “But this debate needs to start with some acknowledged truths. The first is that—like it or not—Labour has become a party of the free market, and that sudden retreat would bewilder voters as much as encourage them.”



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