

PROBABLE DEFEAT IN GREAT BRITAIN

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The Conservative Party remains favorite in the elections of May 6 in Great Britain and, probably, David Cameron will become the new British Prime Minister, although he has a small advantage over Gordon Brown's Labour Party. Comparing the two programs, analysts arrive at two conclusions: first, the differences are small; second, none of the two parties has a clear answer about what to do with the country's public deficit, which will reach this year 11% of GDP, and, more generally, with the financial crisis.

Gordon Brown has against him the wear of sixteen years of Labour government; the disastrous decision of his former prime-minister, Tony Blair, to participate in the Iraq war; and the fact that he was unable to provide a decisive answer to the global crisis that particularly hit his country. However, it is worth remarking that amidst the crisis Gordon Brown had the courage to increase taxes, and the analysts of the country's economy agree that, fiscally, David Cameron's proposal of reducing them is not feasible.

The Labour Party is a social-democratic party that, when coming to power in 1994 – a decade in which the neoliberal ideological hegemony had reached the top due to the collapse of the Soviet Union at that time – offered to modernize social democracy through the proposal of a Third Way. In Europe, where the political center has always tended more towards the left than in Great Britain, the proposal was rejected by the Left, that saw in it a too high degree of concession or compromise with liberal ideas. The fact, however, is that social democracy required a double “aggiornamento”: given the increased competition of cheap-labor countries, the rich and social-

democratic countries needed, first, to transfer their own workforce to more technologically sophisticated sectors, that demand more skilled workers and pay better wages; and, second, they needed to make more efficient the provision of the major public services of social nature – especially education and healthcare – in order to pay higher wages.

Tony Blair and his finance minister, Gordon Brown, understood that this was the fundamental problem and had no hesitation in attacking it. They made labour laws more flexible, which allowed reducing wages in order to make enterprises more competitive. They compensated for this loss with an increase in tax burden in order to finance the social services related to healthcare and education, and at the same time they engaged in the management reform of those services in order to make them more efficient.

The results of this policy were positive, but necessarily contradictory. Whereas the increase in social expenditure contributed to reduce inequality, the flexibility of the laws protecting work lead to an increase in this inequality. On the other hand, in order to assure London's key role in international finance, Margaret Thatcher's neoliberal government had deregulated the financial market in 1986, and the Labour Party did nothing to reverse this irresponsible measure. Consequently, in 2008, when the global financial crisis erupted, it hit Great Britain frontally. Gordon Brown, who took office on the eve of the crisis, in 2007, has taken competent and brave measures to face it, but those measures were not enough to assure his re-election. His defeat against a clearly less prepared politician is not certain, but is unfortunately probable.