

LABOUR'S LEGACY

THE LAST WILL AND TESTAMENT OF LABOUR 1997 – 2010

To my successors, I leave no money, only waste,
debt and the deepest cuts of modern times.

To the young people of Britain, I leave one in five of you
without work.

To pensioners, I bequeath you lower pensions. I reduced the value of
pension funds by billions. I leave you working longer for less.

In 13 years, I have wasted the inheritance left to me.

Of the gold bullion my predecessors bequeathed me,
I sold over 350 tonnes at the worst possible price.

I have spent and spent and spent again - and every man, woman and
child will have £22,400 to pay for my profligacy.

I have taken your hard-earned money and wasted it. I lost £3 billion
in benefit overpayments and paid the dead £10 million in tax credits.

I leave Britain a bigger deficit than France, Germany and Japan,
greater than Greece, Italy and Portugal.

I leave 2.47 million of you without a job.

With more time I could have done more.

I leave no apology, no regret, no comfort, and not an ounce of
contrition.

I leave you years of painful and difficult decisions.

This is my legacy to you.

LABOUR'S LEGACY

IN DETAIL

- **Labour left one in five young people unemployed.** 19.6 per cent of those aged 16-24 are unemployed according to the latest figures (*ONS, Labour Market Statistics*, June 2010, Table 14).
- **Labour took up to £150 billion from pension funds.** In 1997 Gordon Brown abolished the Dividend Tax Credit paid to pension funds and companies. This meant that pension funds were no longer able to claim a tax credit on the payment receipt of dividends. Independent experts have estimated that this cost pension funds up to £150 billion: 'What happened in 1997 represented an enormous and ongoing raid on the assets of UK company pension schemes. My research shows it would be very hard to justify an impact of less than £100 billion — and even £150 billion may still be a conservative estimate.' (Terry Arthur, fellow of the Institute of Actuaries, *Daily Telegraph*, 15 October 2006) Another expert called it 'the biggest attack on pension provision since the war' (Peter Murray, Chairman of the National Association of Pension Funds, *The Independent*, 3 July 1997).
- **Labour sold off Britain's gold at a 20-year low in the market.** On 7 May 1999, Gordon Brown announced that he was planning to sell off 400 tonnes of gold at a 20-year low in the market - now nicknamed the "Brown Bottom" by gold traders. Gordon Brown sold off Britain's gold for between \$256 and \$296 an ounce, raising \$3.496 billion (£2.343 billion at the then exchange rate). Since then the gold price has more than quadrupled to \$1,227 an ounce (*Bloomberg*, accessed 15 June 2010).
- **Labour left every man, woman and child in Britain owing £22,400.** The Office for Budget Responsibility forecast that in 2014-15 Net Debt will reach £1,376 billion. This works out at £22,400 per person, based on a UK population of 61.4 million (*ONS, Mid-Year Population Estimates*).
- **Labour wasted £3 billion on benefit overpayments and £10 million on tax credits for the dead.** £3 billion or 2.2 per cent of total benefit expenditure was overpaid in 2008/09 due to fraud and error (*DWP, Fraud and error in the Benefit system: April 2008 to March 2009*, 2009). Since 2003, approximately £10 million have been paid to the dead in tax credits (*Public Accounts Committee, Tax Credits and Income Tax*, 24 March 2009, para. 6 and *Hansard*, 8 Oct 2007, Col. 244W, 10 July 2008, Col. 1786W, 29 June 2009, Col. 24W).

- **Labour left us with one of the worst budget deficits in Europe.** According to forecasts by the European Commission and new UK forecasts from the Office for Budget Responsibility, the UK has the second largest deficit of all 27 member states in 2010, as well as a larger deficit than the US and Japan. On the OBR's forecast, the UK deficit will be 10.5 per cent of GDP in 2010-11. This is higher than the EU's forecasts for France (8%), Germany (5%), Japan (6.7%), Greece (9.3%), Italy (5.3%) or Portugal (8.5%). (*Office for Budget Responsibility, Pre-Budget Forecast, June 2010, Table 4.3; European Commission, European Economic Forecast - Spring 2010, 5 May 2010*).
- **Labour left 2.47 million out of work.** At the end of Labour's term, unemployment was 2.47 million (*ONS, Labour Market Statistics, June 2010*).
- **Labour left debt interest soaring to £70 billion.** According to forecasts from the Office for Budget Responsibility, on Labour's spending plans, the cost of debt interest would have more than doubled to £67.2 billion by 2014-15 (*OBR, Pre-Budget Forecast, June 2010, Table 4.8*).
- **Labour failed to fix the roof while the sun was shining.** As the IFS said: 'During Labour's first four years in office, the public finances strengthened further, as the new government stuck to the tight public spending plans laid out by the Conservatives. The following seven years, however, were characterised by fiscal drift. By the eve of the financial crisis, this had left the UK with one of the largest structural budget deficits in the developed world' (*IFS, The Public Finances: 1997-2010, 19 April 2010, p. 2*).
- **Labour let the cost of the EU more than triple.** Under Labour's spending plans, and as a result of Tony Blair giving away the rebate, the cost of our EU contributions will have more than tripled from £3.1 billion in 2008-09 to £10.3 billion in 2014-15 (*OBR, Pre-Budget Forecast, June 2010, Table 4.8*).
- **Labour's years of wasteful spending.**
 - Employing 4,567 'staff without posts' in the civil service at a cost of £161 million a year. (Series of Parliamentary Questions from June 2009 to February 2010 by Francis Maude).
 - £780 million on reorganising government departments and agencies (*National Audit Office, Reorganising Central Government, 18th March 2010*).
 - Spending £540 million on government advertising and PR a year (*Central Office of Information, Annual Report and Accounts 2008-09, July 2009*).
 - £48,000 on a kinetic light sculpture for display in the British Embassy in Madrid. (*Government Art collection, Annual report, 2008-09*).