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The myth of the Iron Chancellor [1]

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Now that he's gambled £55bn of the taxpayers' money on Northern Rock, you would have thought that Gordon Brown's record for economic competence would be well and truly buried. After all, the defective regulation he put in place was responsible for the first run on a British bank for 100 years, and many economists are now forecasting a recession. Yet Brown blames all this on international trends and seems to get away with it. People may not think much of him as a prime minister, but they still believe he did a good job as chancellor. The reality is very different:

- The period of low inflation that he likes to take sole credit for was common to most economies around the world, thanks to a growing India and China churning out cheap consumer goods. Low interest rates meant credit was cheap, and that fuelled economic growth. However, it also created a mountain of debt and produced the house price bubble that now looks set to crash.
- In any event, according to OECD figures, the UK has experienced slower growth than most developed economies since 1997. Britain has actually been the slowest growing economy in the English-speaking world.
- Despite fifteen years of economic growth, the UK's budget deficit is more than 3 percent of GDP ? a result of Brown's inexcusable profligacy. At this point in the economic cycle we should have a surplus. At the end of 2007, public sector debt stood at £536.5bn, or 37.7 percent of GDP. And that excludes the £48bn buried off the books in private finance initiative deals.
- Public spending now stands at 44.7 percent of GDP ? higher than Germany ? but there has been no commensurate improvement in public services. The Taxpayers' Alliance recently identified £101bn of waste in the public sector.
- While other countries were cutting taxes to boost their competitiveness, Brown was raising ours. When he became chancellor Tax Freedom Day (the day when we stop working for the Treasury and start working for ourselves) was May 27. Now it's June 1. That's why the average family's monthly disposable income has fallen from £899 to £838 over the last four years.
- Brown's infamous pensions raid cost savers more than £100bn and destroyed the best private pension system in Europe. Just what we needed with a demographic time bomb on the horizon.
- Five years ago Brown sold the UK's gold reserves at $275 an ounce ? a 20-year low. Now bullion is worth more than $900 an ounce. His mistake has cost the UK £3bn ? as much as Black Wednesday.

The list goes on and on. Brown's 'economic miracle' is really just an economic mirage. History will judge him harshly.

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