

Case Study: New Labour, New Budget

The New Labour government's pre-budget speech of November 2002 was remarkable in many ways. Chancellor Gordon Brown announced that a slowdown in the UK economy was forcing the government to borrow £30 billion over the next five years. This was to be used in both the public and private sectors, to improve services and welfare. The government's plans included a massive investment in hospitals and schools, with the latter gaining a £60 billion investment. Pay rises were proposed for workers in many of the public services, including teachers, nurses and fire-fighters, but this was conditional on their being 'modernized'. Another interesting development was the reform of policies related old age pensions, as Mr Brown promised to raise the income of older people who were living on low incomes. The state pension was to rise from £75.50 to £77.45 per week in April 2003, and a minimum income level of £102.10 a week was guaranteed for all. Pensioner poverty was also to be combated by increases in retirement benefits and the introduction of the pensioners' tax credit, a small amount of extra money given to enhance the basic state pension. Those who have saved up private income from occupational pensions or savings were also rewarded by greater tax allowances that meant they could keep a larger proportion of any income that supplements the basic pension. The Chancellor claimed that for five million pensioners in Britain, these policies represented the biggest increase in pensions since the old age pension was introduced.

Source:

<http://www.guardian.co.uk/budget2003/story/0,12656,849397,00.html>
<http://www.guardian.co.uk/budget2003/story/0,12656,849310,00.html>

Questions:

1. What role does the governmental budget play in helping the state to operate?
2. Why do you think the government is keen to 'modernize' public services, and what might this entail?
3. To what extent do the proposed changes in pensions policy suggest a universalist system of benefits?
4. How do the policies suggested here represent the basic principles of New Labour and the 'third way'?
5. How might our understanding of the governmental agenda be shaped by the media's selective representations?