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CONFERENCE SEASON '08

A defining moment for UK politics?

This year's Party Conference's will be dominated by the state of the British economy, a potential recession, a return of inflation and a permanent structural deficit in the public finances that has not been seen since the mid 1990's. Each party will have to focus on how to turn around the public finances and restore confidence in the banking system to make mortgages and credit accessible to home owners and businesses.

The old adage that 'he who hesitates is lost' must be ringing in Gordon Brown's ears. This time last year he did little to dampen speculation of an imminent election – one which he would most certainly have won, albeit with a slim majority. Now he faces a resurgent Conservative Party with a 20% lead, an economy that even his own Chancellor has predicted will be the worst for 60 years and a by-election in Scotland.

Labour's decision to massively increase public spending over the last eleven years from £400billion to nearly £600bln appears to have backfired. Lack of productivity and failure to reform public services properly has left Gordon Brown with little to show despite massive public sector pay increases, the unions aren't satisfied, as living costs rise pressure will be placed on the Government to deliver inflation busting wage increases and more employment regulation to safeguard their members' interests.

Voters are willing to see investment in public services through higher taxes and borrowing when times are good but are less keen to do so when they are struggling to pay their mortgage and face higher household bills. George Osborne's claim that Labour didn't fix the roof when the sun was shining but isn't in a position to fix it when it starts to rain rings especially through in this very wet Autumn. If Labour is to regain their initiative, they have to provide solutions that don't just appeal to their core supporters.

But the Tories face their own challenges, increasingly likely to be in government in 18 months time they will be expected to set out their own route map for Britain's accumulating economic problems. They will be cautious. If they talk about making savings in the public purse, Labour and the Liberal Democrats will accuse them of threatening the livelihood of those who work in the public sector – just as has happened at the last two elections.

Outside London and the South East (the Country's economic motor), the biggest employer is the public sector. The Tories won't want to scare the horses but at the same time give a general direction of travel that is deliverable.

Meanwhile Nick Clegg and the Liberal Democrats will have to make their voices heard and ensure their vote isn't squeezed; they will find it very difficult to hold on to what they have won since 1997. The best they can hope for is that they can win seats off Labour whilst at the same time present a credible view on public expenditure.

In short the Party Conference season will be make or break for each of the main political party's.

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