

The players

● ALISTAIR DARLING

*Polonius* A boring character whose maxim is "Neither a borrower nor a lender be". Thrust into a terrible crisis, his platitudes are tested to their limits. On his brows rests the safety of the kingdom, he fears a lower credit rating, he won't let it happen, not on his watch. But as he tries to save his country from the abyss and get value for money for the government stakes in the banks, others want the stakes disposed of immediately. He may yet be stabbed in the back.

● GORDON BROWN

*Hamlet* Pitched headlong into an existential crisis by the death of the stable economy he so dearly loved, and tormented by the ghosts of his own policies as Chancellor. He clings to the idea that government spending must not fall and would like to make some grand gesture. He wants the crisis to be resolved speedily, before the next election. He finds himself unable to act decisively, and frequently wishes that his too, too solid flesh would melt.

● ED BALLS

*Goneril* One of the two evil daughters of King Lear, determined to spend the kingdom's money on some big eye-catching initiatives, whispering to Brown about all he might do if he were given his head by the grasping Darling.

● PETER MANDELSON

*Iago* He appears a friend yet he delights in plots and entanglements, for his seeming loyalty he is given dozens of titles. He may yet cause his erstwhile friends to murder each other.

● MERVYN KING

*King Lear* Someone has taken part of his kingdom: the power to regulate the banks. Now he wants it back. He will do such things, what they are yet he knows not, and he will point out the country's enormous deficit. You have to admit he has the hair for it.

● JOHN KINGMAN

*Ophelia* Tragically torn apart by opposing forces. He is head of the arm's-length body that manages the Government's stakes in the banks, his job is to ensure that taxpayers get value for money. Yet he also wants to help the Government to force the banks to lend more and to dispose of the investments as soon as possible. There

is a tension (not all that dramatic, admittedly) between the two objectives that would drive you mad if you thought about it too much. May disappear in Act IV.

● ADAIR TURNER

*Horatio* He emerges from the crisis as the winner, charged with cleaning up an almighty mess for which he is not held personally responsible, by signalling an end

to light-touch regulation. Survives to draw his breath in pain and tell the story. *Will Pavia*

The problems they face

FUTURE OF THE STATE-OWNED BANKS

● Timing and method of selling government stakes in Lloyds Banking Group and RBS, Bradford & Bingley and Northern Rock back to the private sector

● Anxiety over the return on taxpayer bailout funds and worries that a Tory government would reap the credit for the success of Gordon Brown's banking bailouts

BANKING REGULATION

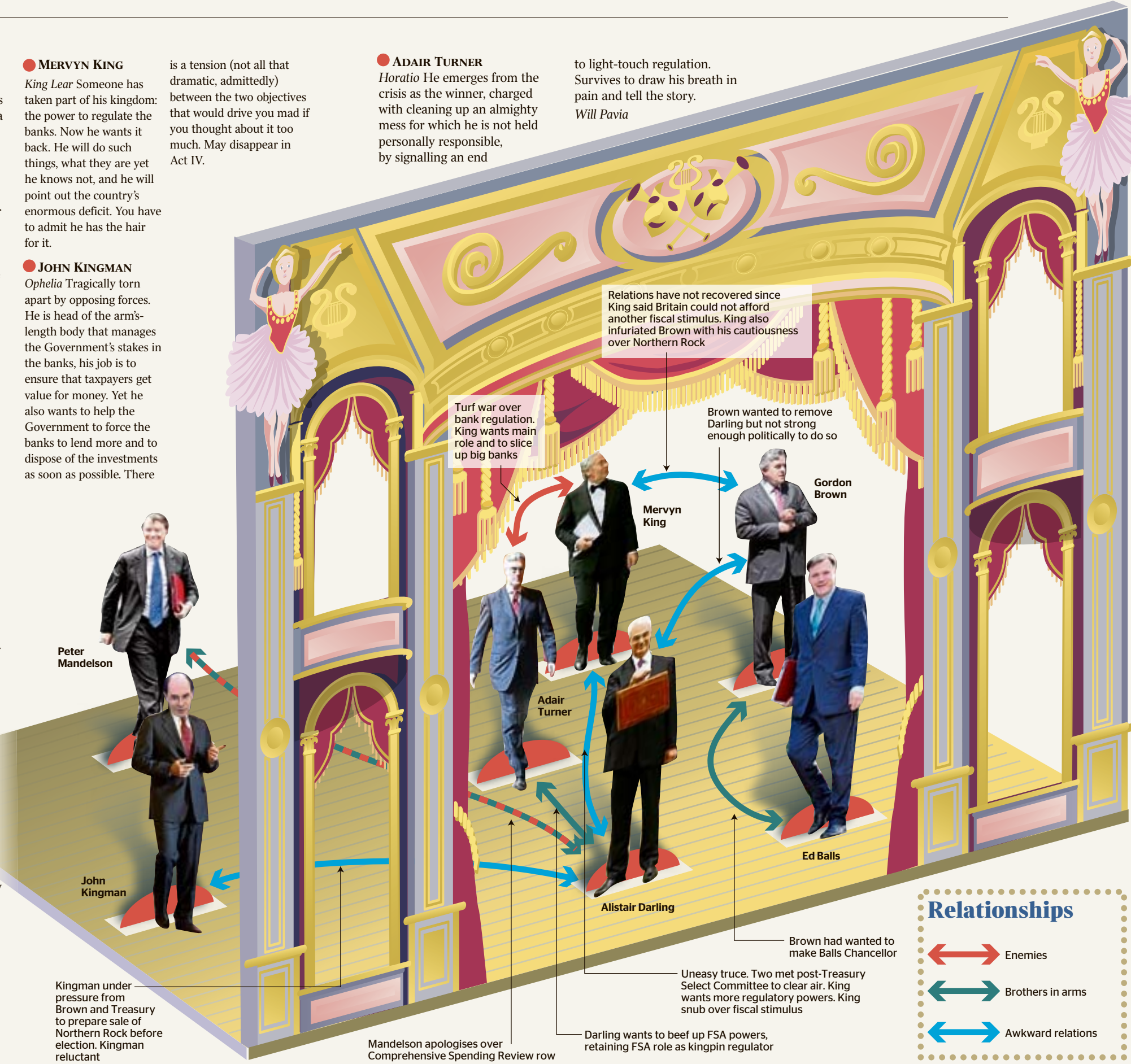
● Who will be top dog to scrutinise the banks — the FSA or the Bank of England? The Bank is seeking more powers and wants to carve up big banks to reduce the widespread risk if another large lender collapses. The FSA and the Treasury do not favour forcing banks to break themselves up

STATE OF ECONOMY

● Financing the Government's borrowing — jitters over Britain's recovery and huge deficits could push up the interest bill for the Chancellor. Mervyn King, the Bank's Governor, has warned that there could be future problems with financing vast public borrowing

FISCAL STIMULUS

● Leading think-tanks reckon Alistair Darling may need to do more to boost economy but King is fretting over whether more measures can be afforded



Turf war over bank regulation. King wants main role and to slice up big banks

Relations have not recovered since King said Britain could not afford another fiscal stimulus. King also infuriated Brown with his cautiousness over Northern Rock

Brown wanted to remove Darling but not strong enough politically to do so

Peter Mandelson

John Kingman

Adair Turner

Mervyn King

Gordon Brown

Alistair Darling

Ed Balls

Kingman under pressure from Brown and Treasury to prepare sale of Northern Rock before election. Kingman reluctant

Mandelson apologises over Comprehensive Spending Review row

Uneasy truce. Two met post-Treasury Select Committee to clear air. King wants more regulatory powers. King snub over fiscal stimulus

Darling wants to beef up FSA powers, retaining FSA role as kingpin regulator

Brown had wanted to make Balls Chancellor

Relationships

- ↔ Enemies
- ↔ Brothers in arms
- ↔ Awkward relations