

## Britain: Blair Faces Endgame

Cash for honours scandal threatens to engulf British premier

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**British Prime Minister Tony Blair has promised to leave office by the summer, but he could be gone a lot sooner than that. Having already seen his popularity plummet because of the Iraq war and growing discontent with his neoliberal policies on health and welfare, his administration is now mired in a corruption scandal over the sale of honours to wealthy Labour Party donors. The scandal, and the political configuration coming out of it, tell us a lot about society and politics in modern Britain, the most secure bastion of neoliberalism outside the United States.**

Why has the scandal arisen? Essentially because Labour has been caught trading knighthoods and peerages to wealthy business people, in return for large cash donations. There is nothing new in that of course. In fact large donors to all three major parties stand a much better chance than average of becoming a 'Lord' or 'Sir' - and all three parties make nominations to the knighthood and peerage. But because of a new law passed in 2001 this process has become more complicated.

Now parties have to reveal the name of any significant donor to the Parliamentary Standards Committee, and donations from abroad are banned. This makes it transparent when people have been given honors for donations, and all the evidence is that Tony Blair's team attempted to circumvent these requirements by the simple device of designating the donations as 'loans' - which (if made on a commercial, interest-bearing basis) do not have to be made public. Prior to the 2005 general election, which Labour won easily, twelve millionaire donors gave Labour almost £14m (about 20 million euros) in secret loans.

But it seems that police investigators, who have interviewed Blair twice, do not believe these were 'commercial loans'; and of course several of these donors later got honours. Among the donors were Rod Aldridge, chair of the outsourcing giant Capita, who has received many public contracts for his company. He loaned Labour £1m last year in 2005. Also on the list is Richard Caring, owner of the high-class Ivy restaurant. He offered Labour £2m.

Sir Gulam Noon, the 'curry magnate' who made a fortune providing pre-prepared foods for supermarkets, is believed to have seen his nomination rejected by the Lords appointments commission because of an undisclosed loan worth £250,000 given to Labour last year. Ironically the 2001 law was pushed for by Labour (when in opposition) because of the suspicion that the Conservative Party in government was getting secret large donations from wealthy foreign backers - in the Middle East and North America - and was engaged in selling honours to donors. But when in office Blair's government, having distanced itself from the trade unions, found that the unions cut back their donations and the party was cash-strapped. Hence the trawl for rich donors.

Key Blair fundraiser was Lord Levy (more precisely Baron Michael Levy), a wealthy businessman who made his money in the music business, and who is Blair's tennis partner and personal representative to the Middle East (a totally unofficial position, but one with full premier ministerial

backing). Lord Levy is close to the Israeli Labour Party, and his son Daniel has worked in the offices of Israeli Labour politicians Edhud Barak (a former prime minister) and Knesset member Yossi Beilin. Described by music producer Peter Waterman as "the best salesman I ever met", Levy earned the nickname "Lord Cashpoint" for his fund-raising efforts for Labour ('cashpoint' is the British term for ATM).

In 1997 Levy secured a £1m. donation from Formula One supremo Bernie Ecclestone, shortly after which the government changed its policy to allow Formula One to continue to be sponsored by tobacco companies. The subsequent furore prompted the Labour Party to return the donation. The significance of the role of Lord Levy is not so much the rather obvious pro-Israel bias in his international role, but the way it symbolises the closeness of the Blairites to big business leaders. Numerous individuals and businesses have made donations to Labour, something unthinkable 20 or 30 years ago.

According to the London *Independent*:

*"Millionaire tycoons mingled with politicians and flattery was the order of the day. At social events, Labour figures, starry-eyed about the rich and powerful, used to sidle up to successful supporters of the Party and suggest that they, too, deserved a career in politics. 'You are ministerial material', or 'I can see you in the Lords' were the type of unctuous suggestions made, according to one source.*

"One wealthy political figure said that Lord Levy, appointed by Tony Blair as his official fundraiser - and the man who was dubbed Lord Cashpoint because of his success at keeping the Labour coffers full - was a past master when it came to the craft of flattery." 'He usually touched your arm or put his arm round you when you met him,' said one successful businessman. The pop impresario was brilliant at engineering meetings between the Prime Minister and businessmen who could financially support Labour. Mr Blair would sometimes make 'surprise' appearances at parties held at Lord Levy's mansion and he was also present at more formal business events.

"But it was not only Lord Levy who schmoozed millionaires. Labour officials, advisers and apparatchiks were also in on the game. A few years ago, Sir Christopher Evans was attending a presentation at Downing Street when a senior government adviser sidled up to him. The official told Sir Christopher, who is the founder of Merlin Biosciences: 'Your stock has risen so high, and a lot of people are saying very positive things about you'." (*Independent* 3 February)

Lord Levy has now been arrested twice, once in July 2006 and again in January this year, this time "on suspicion of conspiracy to pervert the course of justice" - in Britain an extremely serious charge. However no charges have been brought against Levy or anyone else involved. Also arrested in January was Ruth Turner, who works in Downing Street with Blair as head of government publicity. Again Turner has not been charged with anything.

The police pressure on Lord Levy is beginning to tell. According to the London *Evening Standard* (3 February):

*"Tony Blair's chief fund-raiser Lord Levy is ready to tell the police that the Prime Minister is to blame for the cash-for-peerages scandal. Tony Blair's chief fund-raiser Lord Levy is ready to tell the police that the Prime Minister is to blame for the cash-for-peerages scandal.*

"The Labour peer is furious that he has become the prime suspect. "And he is ready to defend himself by arguing that Mr Blair, not him, should be made to take full responsibility for the affair. He is said to be prepared to 'do whatever it takes' to defend his own reputation.

"He said he is not going to swing for the Prime Minister. He is not prepared to take the rap for what has happened," said a former Cabinet Minister who has discussed the matter candidly with Levy.

"The development came amid reports that one of the Downing Street suspects at the heart of the scandal has been 'singing like a canary' to police to get themselves off the hook." (*Standard* 3 February)

In many countries it would seem extravagant and fantastic that the Prime Minister could be investigated by the police over political donations. Because Britain doesn't have a written constitution, the authority of government law officers over the police on the conduct of criminal investigations is at best uncertain. In any case it is politically difficult for the government to be seen try to force the Metropolitan Police to back down, although behind the scenes the anger and mayhem is probably immense.

Blair's message to party workers in his February 3 speech was "stay calm" and not to be diverted by "things that embarrass us". But no one thinks he will survive for long if any of his entourage are charged over the scandal. According to the right-wing *Spectator* magazine, "Blair has already resigned, he just doesn't know it yet". Forty-three percent of Labour voters think that he should step down now, and a growing number of Labour MPs are worried about the effects on their prospects at the next election.

In truth, Blair's popularity has been damaged beyond repair by a series of issues. First and foremost was the deeply unpopular Iraq War and his perceived position as Bush's poodle. In addition, some of the effects of his government's neoliberal policies - especially on the National Health Service - are deeply unpopular.

At the present time there are numerous campaigns nationwide against Blair's policy of closing down dozens of local hospitals and concentrating health care provision in a small number of huge 'super-hospitals'. Criticism of this measure goes across the political spectrum because of the obvious effects on the availability of local emergency and surgical care (making seriously ill or injured patients travel long distance); the difficulties for those visiting friends or relatives in hospital; the additional burden it puts on hospital workers to travel long distances to work; and the breaking of links between hospitals and local communities.

In December uproar broke out when Labour chairperson, Hazel Blears, a member of the Blair cabinet, was seen on a protest outside Hope Hospital in Greater Manchester, a smaller hospital threatened with closure. Blears said she wasn't against the policy overall, just the effects on this local hospital, which happens to be in her constituency where the Labour Party is fully engaged in the local defence campaign. The cynicism and hypocrisy of the Blairites knows no limits.

Blair is self-consciously trying to 'secure his legacy' by pushing through hugely unpopular public service reforms, and tying Britain to a policy of extensive and adventurist militarism - for example by rushing through the decision to replace the ageing Trident nuclear missile system (at a cost of around £30bn) and lecturing the nation about how the British are 'war fighters' and not just 'peace keepers'. According to Blair, the war we have to fight is against 'Muslim extremism'. The Blair government is complicit in the generation of huge levels of Islamophobia, which numerous commentators have likened to 1930s anti-semitism. Guardian columnist Jonathan Freedland, at best a mildly progressive liberal, recently wrote "If I was a Muslim in Britain now, I would leave the country".

Tony Blair will be replaced, barring major mishaps, by Chancellor Gordon Brown. Despite the delusions of some leftish MPs, like former film actress Glenda Jackson, Brown's policies don't differ

one iota from those of Blair. Brown has never hidden his admiration for the United States, and more specifically for their business practices and economic policies.

British politics appears becalmed because the convergence of the three major parties is spectacular. Conservative leader David Cameron has indulged himself with appearing to the 'left' of Blair on questions like hospital; closures, and by trying to become a central advocate of 'green' politics. Liberal leader Sir Menzies Campbell, like Cameron a party leader for just a year, has moved to ditch radical Liberal tax policies, and thus move his party into the tiny space of homogenized neoliberal politics.

For reasons too complex to enumerate in this article, the main beneficiaries outside the neoliberal Big Three in the next period look like being the Scottish National Party in Scotland and - to a much smaller extent - the British National Party in England and Wales. (The relative lack of electoral success of the socialist left in Britain will be dealt with in an article in a forthcoming issue).

Blair's departure while he still apparently dominates Labour politics can be summed up in a single phrase - the public don't trust him anymore and that is becoming an electoral liability for the party.

His legacy is already written: on most issues - all the decisive ones - he continued and deepened the legacy of Margaret Thatcher. Britain is the most thoroughly neoliberalised society in Western Europe. That is a legacy that will take a long to overcome.

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## **P.S.**

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