

'Black Friday' nears for Britain's Thatcher

by Mark Burdman

Ironically, the same institutions that have been insisting that nations in the developing sector and in Eastern Europe apply "Thatcherite free market" economic reforms, are now rating Mrs. Thatcher's Britain itself as an economic basket case.

On April 20, the International Monetary Fund, which imposes austerity policies and radical "free market" reforms on debtor nations, released its latest *World Economic Outlook*. The report stated that Great Britain had the lowest growth, the highest inflation, and the greatest current account deficit as percentage of size, of all the Group of Seven industrial nations.

On April 24, the chairman and chief executive of Britain's Midland Bank, Sir Kit McMahon, warned that Britain's domestic economic collapse, particularly the government's high interest rates, is hurting its banks. Midland's profits, he stated, are "currently running well below the level achieved in the very different conditions prevalent in the first half of the year." He pointed to the depressed state of the British housing industry and the sharp rise in British corporate bankruptcies, as factors driving the banking crisis. The *Financial Times* of London commented April 25 that the City of London "was taken aback by the bluntness of Sir Kit's message," and said his warning was "the first of its kind for several years from the chairman of a large U.K. clearing bank."

Midland Bank is a leading banking institution of the Anglo-American freemasonic establishment. One of its chief officials is Sir Michael Palliser, formerly a senior official in the British Foreign Office and for years the leading British spokesman in David Rockefeller's Trilateral Commission. Midland has been advised through the years by the Kissinger Associates consulting firm, which was busy throughout the 1980s bullying Ibero-American countries into adopting "Thatcherism."

Figures released on April 25 showed the collapse of construction. Orders for new private housing fell by 42% in the first three months of 1990, as compared to the same period a year ago. Britain's March trade figures were released the same day, showing a deficit of nearly £2.2 billion, second highest ever in Britain. This brought the FT-SE stock exchange index to its lowest point since October. One City expert was quoted by the *Financial Times* April 26 that "the market was looking for an improvement to temper the doom

and gloom. . . . Another sterling crisis is on the horizon." It is increasingly feared that the government will, as a result, raise interest rates again, from their current sky-high 15% level.

Thatcher's political future

Prime Minister Thatcher, the erstwhile "Iron Lady," is facing a new political fiasco in local council elections across the U.K. on May 3. A poll printed in the *Independent* newspaper of April 25 shows the Labour Party ahead by a 54-28% margin among those who intend to vote on May 3.

Financial Times correspondent Samuel Brittan wrote April 26, that the expected local councils' fiasco will only be a prelude to the anticipated events of May 11, "a day which can already be named Black Friday." On May 11, the April retail price inflation figures are to be released. These will be the first figures to reflect the effects of the Thatcher "poll tax," which went into effect in England and Wales on April 1. It is expected that the U.K. has entered a period of double-digit inflation during April, commented Brittan.

The poll tax is the main immediate cause of popular restiveness. This is a tax for local community charges imposed on a flat-rate basis, a change from the earlier policy of taxes imposed on the basis of ability to pay. Several U.K. commentators have likened the poll tax to the hated taxes imposed by the ministers of King George III in the mid-18th century on the American colonies, sparking the American Revolution against British colonial rule.

The poll tax was the main cause cited by voters in the opinion poll published by the *Independent*, for why they would be voting for Labour May 3. High mortgage and interest rates were the next most frequent reasons cited.

Britain is facing a new era of labor ferment. Manual workers at the giant Imperial Chemical Industries announced April 24 that they will demand a 14% wage increase. Similarly, the workers in the various unions in Britain's transport sector have indicated they will demand double-digit wage rises. On April 12, Jimmy Knapp, general secretary of the National Union of Railwaymen, declared that the members of his union "are faced with great financial pressures in the year ahead, with horrific poll tax bills, rent or mortgage increases, higher water, gas and electricity charges, and food, petrol and other costs." A spokesman for the Transport and General Workers' Union stated: "Government incompetence over the economy is driving our members into poverty, and quite properly they are making claims to protect their living standards. It is nonsense to say that working people are driving inflation."

Because of cutbacks in investment spending, heavy job losses are expected in the metalworking sector. A mid-April poll shows a complete collapse of Thatcher's base of support among skilled workers who had tended to support her as a protest against Labour in the 1980s, but who now show a 3-to-1 preference for Labour over the Tories.