

London elects necromancy: the new Ramsay MacDonald

by Mark Burdman

At the beginning of this year, *EIR* had projected that national elections in Britain, scheduled for the spring of 1997, would produce a government headed by Labour Party leader Tony Blair, the which would be a replay of the 1931 "National Government" led by then-Labour Party leader Ramsay MacDonald (*EIR*, Jan. 3, 1997, "Will Great Britain End Up with a 'National Government' in 1997?"). Now, with the elections formally scheduled for May 1, senior commentators in the British establishment have affirmed that this is, indeed, what is shaping up for the post-election period. Such affirmations indicate that powerful forces in London are calculating, that the world is about to enter an extraordinarily volatile period, and intend to set up the cross-party "crisis-management" framework required to deal with that dangerous reality.

Most dramatic, in pointing to the potential Blair-MacDonald parallel, was a piece by Jesus College, Oxford historian Niall Ferguson, in the March 21 London *Daily Telegraph*. Ferguson saw this occurring, in the context of a cataclysm brought about by an imminent global financial/banking crash. A more subdued variant of the same theme, was published by the regular "Bagehot" British affairs column in the March 22 edition of the influential London *Economist* magazine.

Wall Street 1929/'nightmare scenario' 1997

Entitled "Coming Soon: The Great Market Crash," Ferguson's was the sixth in a series of articles that have been appearing in the *Telegraph* chain of newspapers (*Daily Telegraph* and *Sunday Telegraph*) since March 9, echoing Lyndon LaRouche's warning, that the international financial and banking system is soon to undergo convulsive shocks, likely

to be triggered by a "nightmare scenario" in the speculation-driven derivatives market. The first in the series, on March 9, by *Sunday Telegraph* City Editor Neil Bennett, was titled, "The \$55 Trillion Horror Story" (see *EIR*, March 21, 1997).

Ferguson began by pointing to the week-of-March 17 falls on the London FT-SE and New York Dow-Jones exchanges, as likely harbingers of the "far from improbable event" of a "market crash" that could occur by the May 1 election, or perhaps soon after. Ferguson scoffed at the "euphoric" mood among traders in the City of London, insisting that "nothing is more certain, in the world of financial markets, than this: What goes up must, sooner or later, come down. . . . The only question is when the crisis of the 1990s will come, and how big it will be."

He itemized the various signs of how precarious the situation is, including the "substantially over-valued" prices of American equities; the repeated warnings of Federal Reserve Chairman Alan Greenspan that the markets are overvalued; the shakiness of the Japanese equities situation; and above all, the "nightmare scenario" of a blowout hitting the British and American banks, "their portfolios bulging with 'derivatives.'"

Ferguson mused that the "the political implications" of such looming market developments, especially their ramifications for the British electoral fight, "have gone wholly unnoticed." He claimed that the "far from improbable event" of a market crash means that it is hardly a "foregone conclusion" that Labour will win a landslide victory, especially as it is "a distinct possibility" that such a crash "could happen before the election." According to the Oxford historian, under such conditions, panicked middle class voters might rush back to

Conservative Prime Minister John Major. Alternatively, especially should the crash occur after the election, this might “do, for [Blair], what Wall Street did for Ramsay MacDonald in 1929” (emphasis added).

While omitting from his account the international financial parameters in which the May 1 election will be occurring, the “Bagehot” columnist in the *Economist* took pains to assure his readers that they had no reason to fear that Blair, as prime minister, would bring “radical,” leftist-oriented policies into Britain. “A Blair government . . . might indeed turn out more radical than it now lets on,” the columnist mused. “However, it might be radical not in a ‘progressive’ way, but in a right-wing direction. This happens to Labour governments. In 1929, it happened to Ramsay MacDonald, whose economic conservatism became legendary. . . . Mr. Blair . . . has strong radical-right instincts of his own.”

The magazine noted that Blair has taken moderate positions on the Conservative government’s proposal for privatizing state pensions; is open to “workfare” proposals for welfare recipients to be forced to work at low wages; and so on. The *Economist* suggested that “Mr. Blair’s more right-wing instincts” could be turned into policy.

‘A commission from the King’

The point of reference for these commentaries, is the following.

Labour Party chief Ramsay MacDonald was elected head of a minority Labour-Liberal government, in 1929. Soon after his election came the Wall Street crash, and the onset of the Great Depression. MacDonald, while nominally a socialist committed to defend workers’ living standards, was, in reality, a “Crown Socialist,” a favorite of King George V, and an important figure in that group which really runs British affairs, the King’s Privy Council. His calculations were based on the inner deliberations at that high level, not on the oft-mythologized, and factually non-existent “processes of British democracy.” Meanwhile, his secretary of the Treasury, Philip Snowden, also a nominal socialist, was a puppet of the powerful governor of the Bank of England, Sir Montagu Norman, the same individual who arranged, in 1933, to bring Adolf Hitler to power in Germany.

This MacDonald-Snowden combination was faced by a particularly disastrous situation by the summer of 1931, with the global economic crisis becoming progressively, and qualitatively worse. MacDonald conspired with King George V, Montagu Norman, and individuals associated with the powerful and conspiratorial “Round Tables” (or “Milner Group”), to create what was called a “National Government,” headed by MacDonald as prime minister, and including opposition Conservative Party leader Stanley Baldwin and leaders of the Liberal Party. The National Government ran as a ticket, in the October 1931 elections. Labour was abandoned to run on its own, and did disastrously.

The situation was described in the autobiography of Clement Attlee, *As It Happened*, published in 1954. Attlee was a member of the MacDonald government going into the summer of 1931, and was later to become prime minister, replacing Winston Churchill, after World War II. In his 1954 memoirs, he wrote:

“Throughout the year 1931, the economic crisis continued to grow in intensity, and the figures of unemployment continued to mount. . . . MacDonald had no constructive ideas, while at the Treasury, Philip Snowden had fallen completely under the sway of Montagu Norman, Governor of the Bank of England. He clung obstinately to the Gold Standard, while he had a fanatical devotion to Free Trade. . . . Instead of deciding on a policy and standing or falling by it, MacDonald and Snowden persuaded the Cabinet to agree to the appointment of an Economy Committee, under the chairmanship of Sir George May of the Prudential Insurance Company, with a majority of opponents of Labour on it. The result might have been anticipated. The proposals were directed to cutting the social services and particularly unemployment benefit. Their remedy for an economic crisis . . . was to cut down the purchasing power of the masses. The majority of the Government refused to accept the cuts, and it was on this issue that the Government broke up. Instead of resigning, MacDonald *accepted a commission from the King*, to form a so-called ‘National’ Government” (emphasis added).

The National Government itself was short-lived, but not MacDonald’s relation to the King. By the middle 1930s, he assumed the powerful position of Lord President of the King’s Privy Council. Tony Blair, today, is a member of the Queen’s Privy Council, and is known to be a favorite of leading elements in the House of Windsor apparatus.

Brown-shirt parallels

With Blair today, relevant signs point in the direction of a repeat of the MacDonald/National Government phenomenon, particularly under the conditions described by Niall Ferguson. British insiders stress the similarity of philosophy of Gordon Brown, who would be Blair’s Chancellor of the Exchequer, to that of Philip Snowden. Said one British source: “If a major financial crisis hits soon after the election, as I expect, I see Brown going to [Bank of England Governor] Eddie George, and coming up with some agreed-upon policy, similar to what Snowden did with Montagu Norman.”

While going through the motions of fighting for “Labour policies,” during the three-ring circuses that pass for debates among Britain’s three main parties—Labour, Conservative, Liberal Democrat—Blair has not lost any opportunity to stress his admiration for Mrs. Thatcher, and his commitment to following on her “Thatcherite” path. Her Baroness has returned the compliment, even to the extent of possibly obscene gesturing. Thatcherite fanatic Paul Johnson, writing in the *Sunday Telegraph* on March 16, under the headline “Tony

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bour Party Home Secretary Jack Straw and current Home Secretary Michael Howard made nearly identical proposals, about how to deal with the alarming rise of juvenile crime in Britain. On March 3, Straw insisted that youths as young as 10 to 13, be made "criminally responsible" for their actions, that is, be treated as adults in respect to the law. The next day, Howard went one "Clockwork Orange" step further, with a proposal to "identify unruly children," some even younger than ten, who could be classified as "potential offenders." Once identified, as a *Daily Telegraph* account of his proposal noted, these children "would be referred to a local child crime team made up of representatives from the police, probation and social services, schools, and the National Health Service." In Howard's proposal, "courts would have new powers to impose a parental control order on those who fail to exercise proper responsibility for their children's behavior. . . . A breach of the order would be punishable by a maximum fine of 1,000 British pounds, [or] an evening curfew on both the parents and children, policed by electronic tagging. . . ."

Howard also called for suppressing jury trials in many cases, saying that what is needed, instead, are quicker judicial procedures, and ones that are less costly.

The March 5 *Telegraph* commented that the complementary Straw and Howard proposals "reinforce the developing consensus between the two parties, on how to deal with crime."

All this amounts to a police-state reflex for dealing with a problem that is driven, essentially, by the economic and moral-cultural collapse of Great Britain. Youth unemployment in Britain is massive. There is also a culture, driven by the spreading of dangerous drugs, of youth violence.

Then there is the matter of draconian cuts in the already beleaguered National Health Service. A feature in the London *Independent* on March 7, commented: "Hidden in public spending plans accepted by all the main political parties, is a well-disguised decision that NHS will be severely squeezed until the next century. . . . Even existing services will have to be cut, if current spending plans become reality. . . . Few of those responsible for spending NHS money will go public about their concerns, but across the country, they are discussing the closure of hospitals, the lengthening of waiting times, the halting of certain kinds of treatment and the suspension of planned improvements, regardless of which party wins the general election."

An accompanying article in the same paper asserted that any government that comes to power in the elections, will have to make "rationing of health care" a priority.

Of course, these two policies have a symbiotic relationship: The more the economy is driven into the ground by massive austerity affecting vital services, the more a 1997s "National Government" look-alike will be required, to create the police-state mechanisms to crush whatever resistance might arise.

Is the 'Good Son' Margaret Never Had," claimed that there is a "slight sexual element" in Thatcher's expressed admiration for Blair. Johnson went on to observe that a Prime Minister Blair would carry out "Thatcherite" policies, under a Labour cover. He will bash activist unions, because "he has learned from Thatcher that ruthlessness pays." Furthermore, "Blair will raise a good deal more cash by privatization." Concluded Johnson: "As Thatcher has said to me and to others, we have no reason to fear a Blair government. . . . Blair will absorb all the Thatcher legacy and add to it."

In one telling sign, the Rupert Murdoch-owned *Sun* tabloid, which is read by several million Britons every day, and which has steadfastly supported Conservative governments (first Thatcher, then Major) for 20 years, editorially endorsed Tony Blair on March 18.

The shape of police states to come

There is a notable convergence of Labour and Conservative policies on almost all important issues, foreign and domestic. We cite two examples here, beyond the areas of Thatcherite-Blair convergence, already indicated above, in the *Economist* and Paul Johnson *Sunday Telegraph* pieces.

The first, is that both the Conservatives and Blair's "New Labour" (as he fashions it) are committed to the introduction of authoritarian police-state measures. In early March, La-