Rees-Mogg echoes EIR on Tony Blair as a new Ramsay MacDonald

by Mark Burdman

A coming "Wall Street crash," perhaps triggered by a derivatives blowout, will transform British Prime Minister Tony Blair into a modern-day version of Ramsay MacDonald, writes Lord William Rees-Mogg, in his London *Times* commentary on June 26. The Rees-Mogg piece is a confirmation—albeit from a Club of the Isles/Privy Council-level perspective—of the evaluation of Lyndon LaRouche and *EIR,* that Blair was put in power as "Ramsay MacDonald II," i.e., to usher in a new phase of vicious fascist austerity throughout Europe, according to the "Thatcherite" prescriptions, but with a more politically palatable style. *EIR* has published three substantive articles this year, on the Blair-MacDonald parallels: *EIR,* Jan. 3, "Will Britain End Up with a 'National Government' in 1997?"; April 4, "London Elects Necromancy: the New Ramsay MacDonald"; and May 16, "Blair Landslide Signals New British Fascist Offensive."

Rees-Mogg's article is entitled "Nemesis on Wall Street," with the kicker, "The 1929 Stock Market Crash Doomed Ramsay MacDonald's New Government. Could It Happen to Labour Again?" Rees-Mogg, a senior mouthpiece for the British-led financial oligarchy, has led London's effort to destroy President Clinton and the U.S. Presidency, to remove any threat to British Empire interests. His article reopens the discussions that took place in March during the British election buildup, of the coming financial crash and the shock effects that that could have in overthrowing all political calculations.

Rees-Mogg begins by noting that MacDonald, like Blair, ran for election in 1929 as a Conservative-sounding "moderate." The Labour Party won the election, only the second time in British history that it did so. However, "Labour's honeymoon was brief. On Sept. 26, 1929, pressure on the pound sterling, which was still convertible into gold, forced the Bank of England to raise the bank rate to 6.5%, an exceptionally high level for the Gold Standard period." As a consequence of this, he claims, "British investors, who still played an important role on Wall Street, started to sell their American stocks, in order to obtain the interest rates available in London. On Sept. 29, the panic started. By Nov. 13, 1929, the index had fallen by 42%. By March 1932, it had fallen by 77%, and was to fall even further, in the banking panic of 1933."

Then, Rees-Mogg talks about how MacDonald and his Chancellor of the Exchequer, Philip Snowden, in 1931 imposed a massive austerity regime, against the wishes of the majority of the cabinet. On Aug. 24, 1931, "Ramsay MacDonald went to Buckingham Palace, resigned as prime minister, and advised King George V to call a meeting of the three party leaders [Labour, Conservative, Liberal]. As a result, the National Government of 1931 was formed the next day, with Ramsay MacDonald still as prime minister, but with the Conservatives as the dominant party."

After a bit more of this historical background as he sees it, Rees-Mogg gets to the point: "One of the lessons of this, is that shocks on Wall Street can be decisive for British politics. After 1929, everyone vowed that there must never again be so great a Wall Street crash, and there never has been. Yet such crashes have occurred in other advanced stock markets, notably in the Tokyo market after 1989, that fell by about 70% from the peak, about as large a fall as Wall Street suffered in the three years after the 1929 crash. There is nothing in the organization of late 20th-century stock markets which makes a crash impossible; indeed, some people think that the growth of derivatives makes a big crash more likely."

Noting the turmoil on the Dow Jones during late June, Rees-Mogg stresses that "this is the second time this year that Wall Street has had a tremor; on the first occasion, the market recovered rapidly, and went to new heights. These tremors do need to be taken seriously. They sometimes prove to be warnings of a major earthquake in the near future."

'There certainly could be a crash'

He then provides various "technical" arguments pointing in the direction of a coming big fall, and ends with the following:

"Markets which are overvalued, do not simply return to the fair value level; they almost invariably go well below it.

"The weakness in the case of the Wall Street bears, is that they became too anxious too early. So far they have been wrong, and the stock market bulls have been right. But the values on Wall Street are now out of line with any historical precedent in the 125 years of Wall Street statistics. There probably will be a major correction, and there certainly could be a crash. If it happens on Wall Street, it will also happen in London, though the London values are more moderate.

"In 1929, the Wall Street crash, and the world depression which followed, proved fatal to the second Labour government. A correction might not be too difficult for the ninth Labour government to handle, though obviously a major crash could be. Yet Wall Street is very unlikely to continue its rise for the next four or five years. New Labour will face some shocks in its period of office; a Wall Street shock, at some point, is likely to be one of them."