

# Mandelson resigns; can Blair be far behind?

by Mark Burdman

As the new year begins, the government of British Prime Minister Tony Blair is in a state of decomposition. On Dec. 23, Minister of Trade and Industry Peter Mandelson, a close Blair ally and second most powerful figure in the Cabinet, and Geoffrey Robinson, the U.K.'s Paymaster-General, resigned from their posts. The scandal that brought them down, has quickly extended to Chancellor of the Exchequer Gordon Brown, and threatens to engulf the entire cabinet, including Blair himself.

Mandelson and Robinson resigned one day after the *Guardian* revealed, in its lead story, that Mandelson had never disclosed the fact, including to Blair, that he had received a £373,000 loan from multimillionaire Robinson, in 1996, to buy a home in London's exclusive Notting Hill district. The *Guardian* revelations have brought to the surface an incredible nexus of cronyism in Blair's New Labour, which swept to power on May 1, 1997, partly on the promise to end the sleaze which was pervasive in the previous Tory government of John Major.

The fact that the scandal was broken by the Labour Party-linked *Guardian*, indicates a growing discontent with mad-bomber Blair within the heart of his own party. It is hardly an accident, that the revelations were published only days after the massive bombing of Iraq, which was carried out at the insistence of Blair and his U.S. co-thinker Vice-President Al Gore. *EIR* has been told by reliable sources, that many Labourites were privately seething with rage, over the bombing campaign. The public sign of this was the Dec. 20 declaration by former Labour Defense Minister Denis Healey, attacking the bombing as "illegal," and as profoundly damaging to British relationships with Russia, China, the Arab countries, and continental Europe. Healey's comments echoed those of Labour parliamentarian Tony Benn, and established a firm cross-party consensus against the mad bombing, since former Conservative Prime Minister Edward Heath also strongly attacked Operation Desert Fox.

It is not to be excluded that Gore could be hurt by what the British press is referring to as "Notting Hill-gate." He and Mandelson are ideological soul brothers. Mandelson is the chief architect of the so-called "New Labour" strategy, and a leading ideologue for Blair's Third Way, both of which aim to distance Labour from its traditional, trade union-based constituencies, and to bring the party into alignment with the neo-liberalism of Margaret Thatcher. This is identical to the

approach of the New Democrats in the United States, for whom Gore is the stalking horse.

## The queens' cabinet

Mandelson is the embodiment of sleaze. As we reported in our Dec. 18, 1998 issue, he was already under fire, following revelations in the investigative magazine *Punch*, that he had had a number of outlandish homosexual escapades while in Brazil on an official visit in July, and that he was the leader of a clique of homosexual influentials at the top of New Labour. The Blair government had earlier been hit by another homosexual scandal, ending in the resignation of Welsh Secretary Ron Davies. Davies had been caught in a series of strange goings-on beginning on London's Clapham Common, a well-known cruising ground for homosexuals. Truly, Blair's is the queens' cabinet.

For Blair, the ramifications of Mandelson's resignation cannot be underestimated. He has tried to limit the damage, by announcing that Mandelson will play a key role in the development of relations with Germany, by acting as the joint chairman of an Anglo-German working group, together with Bodo Hombach, state minister in the office of Gerhard Schröder, Germany's Social Democratic Chancellor. Hombach himself is a disreputable creature, being a collaborator of disgraced former Clinton campaign strategist Dick Morris.

But this damage limitation exercise is not going to succeed. The opposition Tories have embarrassed Blair with pointed questions in the Parliament, including asking why Blair had waited six days, after he was privately informed on Dec. 17 about Robinson's loan to Mandelson, before he took any action. The Conservative-linked *Daily Telegraph's* lead headline on Dec. 28 was "Storm over Mandelson Grows: Why Did Blair Wait Six Days to Act?" The paper's lead editorial was headlined "Questions for Blair." Among the questions raised, is whether Mandelson could soon be prosecuted for mortgage fraud, since he allegedly never declared the Robinson loan to the building society which lent him money for his Notting Hill purchase.

## Blair is running scared

On Dec. 28, the Prime Minister demanded that all cabinet members keep silent about the Mandelson-Robinson affair, so as not to give comfort to the government's opponents, both among the Conservative Party and within Labour itself. His cabinet enforcer Jack Cunningham issued a stern warning on the same day, to ministerial aides, against pursuing "their own agendas." He proclaimed that "unauthorized, anonymous briefings have caused trouble for the government, are causing trouble, and have to stop."

Cunningham's warning is indicative of how rife the Blair government is with internal squabbles; the former atmosphere of unity in the months following the May 1, 1997 election, has evaporated. According to numerous sources, the Prime

Minister's office, 10 Downing Street, is convinced that the information about Robinson and Mandelson was leaked to reporters by Chancellor of the Exchequer Gordon Brown's press secretary, Charlie Whelan. London is awash with rumors, that Whelan's head will be the next to fall. But, on Dec. 29, the *Financial Times* reported that Brown is adamant about keeping Whelan on the job. The paper commented: "Mr. Whelan's survival will be a test of political strength between the Prime Minister and his Chancellor, and threatens to further destabilize the administration. . . . With . . . bad blood building between the Prime Minister and the Treasury, the prospect of the government being damaged by further feuding is growing."

Aside from this byzantine feuding, Brown himself is being touched by the scandals at the end of 1998. He and Robinson have always been close, and there are numerous reports that Robinson's largesse also went to Brown, for his offices and possibly other purposes, in the period before Labour came to power.

The case of Geoffrey Robinson opens up a can of worms. He is often referred to as the "bankroller of New Labour." He now owns the main Labour-linked weekly magazine, *New Statesman*, which he bought a couple of years ago when it was financially ailing. He finances a Labour think-tank, the Smith Political Economy Unit, named after the late Labour leader, John Smith. He opened his Tuscan villa in Italy, for vacations by the Blair family, in 1996 and 1997. Similarly, his vacation home in Cannes, France, has been available to Brown and his family. Robinson's penthouse suite at the Grosvenor Hotel in London is regularly used for brainstorming and other activities by Brown aides.

Elements of Robinson's financial empire are murky. He has a hedge-fund-type firm registered offshore in the Guernsey Islands, named the Orion Trust. When he became Paymaster-General, he neglected to itemize the dealings of Orion, causing an outburst of controversy, the which he had to calm down by apologizing before the British Parliament. In 1987, he became involved with the wheeler-dealer Robert Maxwell, who later died under mysterious circumstances, and whose body was found floating near his yacht, off the Canary Islands. Robinson's Transtec engineering firm and Maxwell's Hollis PLC engineering firm had a number of intricate dealings, which terminated soon before Maxwell's death.

Both the Maxwell and Robinson financial empires have recently been under investigation by the Department and Trade Industry (DTI). However, since the minister in charge of DTI, until Dec. 23, was Peter Mandelson, one suspects that the investigation was something less than vigorous. But, in the new atmosphere at year's end, a great deal of dirt about Robinson and his shady operations can be expected to come to light.

Tony Blair has a lot to think about, while on his New Year's vacation in the Seychelles.

## Blair's Fortress Europe decouples from U.S.A.

by Tore Fredin

"We Want to Be Close to NATO" was the headline of an article jointly written by Finland's Foreign Minister Tarja Halonen and Sweden's Foreign Minister Anna Lindh, in Sweden's largest daily newspaper, *Dagens Nyheter*, on Dec. 5. That two Social Democratic ministers from these countries openly state a pro-NATO policy is an astounding development, because a policy of neutrality has been the trademark for both the Swedish and Finnish Social Democratic parties, particularly since the end of World War II.

It has become clear, since the fall of communism in the Soviet Union in 1991, that Finland and Sweden are reorienting their security and military policies; but until now, this has been occurring within the framework of continued neutrality. In the mid-1990s, both countries joined the Western European Union (WEU) as observers, and became members of the West European Armaments Group (WEAG). This, in reality, meant that neutrality is a thing of the past, because both countries' military production and military procurement would be coordinated by WEAG. Nevertheless, the official line was maintained that the new alliance didn't violate neutrality.

The question is, why are these pretensions now being dropped? One reason is the Amsterdam Treaty, which will go into effect in 1999, and which changes the status for Finland and Sweden as passive observers within the WEU. Now, if those countries take part in military operations carried out by the WEU, they will also be involved in the planning and decision-making process. This means, write Halonen and Lindh, "close cooperation with NATO on a policy level." Here, they are explicitly referring to the call of British Prime Minister Tony Blair for a militarily stronger Europe, in order to give some backbone to the European Union's (EU) foreign policy. Blair wants the Europeans to decide independently on using NATO's military and logistical capacity. This demand has been aired by oligarchical circles within EU/WEU. Blair's call is supported by the authors, who also throw some light on British Foreign Secretary Robin Cook's recent statements about a "NATO with two pillars." This policy also fits hand-in-glove with the Socialist International's drive for a supranational "red-green" European Union.