

# U.K. Factional Brawl As System Blows Out

by Mary Burdman

The government of British Prime Minister Gordon Brown has been disintegrating as rapidly as the world financial system in the past months. Brown has been under heavy attack from the first days after he finally took over from the discredited regime of Tony Blair on June 27. Brown has not only been targeted by the disgruntled “Blairite” crew, but also from a core group of Tories who are making their views known from the pages of the *Daily Telegraph*.

This being Britain, the complicated factional brawl is being waged amidst stark, open acknowledgment that some, at least, of the “powers that be” have no illusions about just how deep the crisis is. The “Torygraph” circle is aware that there is no monetary solution to the collapse, and that no bailout operation can do anything to close the black hole in the financial system. Over the past year at least, the well-connected *Telegraph* international economics editor Ambrose Evans Pritchard, has written a series of articles which echo the clear forecasts of Lyndon LaRouche, warning of a systemic collapse. In the pages of the more Labour Party-

oriented *Guardian*, economics editor Larry Elliott has made it clear for many months that, while a “perfect economic storm” is sweeping the world, in “Britain, there are certainly enough ingredients for a mini perfect storm all our own,” as he wrote Jan. 3.

These explicit warnings began with the remarkable BBC television program, “The Man Who Broke Britain,” broadcast in December 2004, which showed, in graphic “docudrama” form, how the out-of-control world derivatives market is the real “weapons of mass destruction” threatening the world, and how an unscrupulous investment bank could bring down the financial system—and that the central bank could do nothing to stop the crash. The program ended showing protesting people who had lost their pensions and homes—scenes which could soon be happening in the United States, as well as Europe.

These warnings have nothing to do with any real solutions to the collapse; rather, the Anglo-Dutch financial establishment knows that the time for pretending that the current system can keep operating, is over. This establishment, which dominates the City of London, is playing assets which go back to the British Empire, to set off political crises in Africa, South Asia, the Caucasus, and other world “chokepoints.”

## Brown’s New Year ‘Comeback’

Brown himself, who served as Blair’s chancellor of the exchequer from the time New Labour won the elections in 1997, is known for remarking that “there are two kinds of chancellors, those who fail and those who get out in time”—before the economic wreckage they have caused comes crashing down. Brown did get out, but hardly “in time,” before the full-blown systemic financial collapse hit this past Summer. In the past days, Brown has also acknowledged that things are bad. As he attempted a New Year “comeback,” Brown made clear that he knows that “this is a difficult and dangerous situation for the world economy,” as he said in an interview published in the *Observer* on Jan. 6. While he keeps giving lip service to Britain’s “strong economy,” Brown told the British population on Dec. 30 that “we will steer a course of stability through global financial turbulence. The global credit problem that started in America is now the most immediate challenge for every economy and addressing it the most immediate priority.” This is in contrast to other European capitals, where government leaders are persisting in foolish claims about economic “recovery,” “full employment,” and other dangerous nonsense.

There are good reasons for Brown to talk about the “dangerous” situation. The British economy is two-thirds “services,” and Britain is



IMF photo

Britain’s former prime minister Tony Blair (left) is a “totally spent force,” while his replacement Gordon Brown, under attack from both the Blairites and the “Torygraph” crowd, has inherited the effects of the “perfect economic storm,” now blowing across the globe.

dependent upon the City of London itself for at least 20% of its economy. As Larry Elliott warned last August, as the credit crisis hit, the City of London has “marketed itself as a giant offshore hedge fund” and funds are drying up. It is hardly an exaggeration “to say Britain is dependent on speculation.”

While Germany produces something, “Britain uses its brains to take the global financial system to the edge of the precipice.” On Jan. 9, the World Economic Forum warned in its annual *Global Risks* report that Britain is more exposed than other “advanced” economies to the crisis, due to the very “prominence of the UK’s financial sector.” So stretched is Britain, that methods which had some use in the past, can achieve nothing now. As Evans Pritchard wrote Jan. 7, there is no Keynesian “government stimulus” option for Britain; the “Keynesian door” was shut by Brown letting the country build up a huge £40 billion budget deficit, 3% of GDP.

## Who Is Next?

It could be called a misfortune for those who want to put a demagogic politician in power, who could run a hard-core austerity regime, that Tony Blair is a totally spent force. After ten years in office, Blair, the champion of “New Labour,” had to leave in disgrace: his scandalous machinations to get the United States and Britain into the deeply unpopular Iraq war; the buildup of the biggest housing and debt bubble of all time in Britain, along with the re-creation of a new “super rich” class, and the most extreme wealth gap since the 1930s—all under a “Labour” government—left almost all of Britain counting the days till Blair finally left office. Brown, at least, came in with support, for his known dislike for U.S. Vice President Dick Cheney and determination to distance himself, in contrast to Blair, from George Bush. Brown is known as being closer to the Democratic Party, including such figures as 2004 Presidential candidate John Kerry and former Clinton Treasury Secretary Larry Summers. Also, Brown is committed to building a new generation of nuclear power plants in Britain, to guarantee at least 20% of the country’s energy needs for the next 30 years, a policy hardly popular with hard-core environmentalists.

Efforts are being made to build up the “posh,” but otherwise useless younger generation Conservative Party leader David Cameron as a credible alternative, with polls claiming that Conservatives now have as much as a 13 point lead over Labour, with the third party Liberal Democrats trailing with just 14%. But it will be a lot easier to bring Brown down, than make a convincing prime minister of Cameron. As one commentator noted, “cross-dressing” is dominating British politics: Cameron claims to be the “true heir of Tony Blair,” but has neither the “glazed donut” manic energy which possessed Blair, nor the shameless *chutpah* of Margaret Thatcher in her prime.

British politics have fallen on hard times indeed.