

Pitfalls Ahead For Tony Blair

by Mary Burdman

The Labour Party won a third term in office in the May 5 British national elections—a first for Labour—but the results were a “tremendous rebuff” for Prime Minister Tony Blair, a well-known British military historian told *EIR*, while another British strategic analyst termed the results a “bloody nose” for Blair.

Blair’s “New Labour,” which had won so dramatically in 1997 and 2001, had its majority slashed by more than half, and got barely 35% of the vote this time. With this result, Blair, like his key political ally U.S. President George W. Bush, is a sitting “lame duck.” New Labour won the elections for two reasons: the weakness of the opposition Conservative Party, and the fact that the bloated housing and consumer bubble, which passes for the British economy, has not yet collapsed.

Blair called the elections just in time to squeak by, but that does not mean much. A senior City of London source told *EIR* right after the election: “The ruling elites have already prepared the Harold Wilson/Margaret Thatcher treatment for Blair”—both former Prime Ministers were ousted by their own parties, not long after re-election.

This narrow shave did not do much for Tony Blair’s prospects, even in the near-term. “The whole British political situation is in flux,” the military historian said. Labour’s parliamentary majority is now 66, down from the big 157-seat margin won in the 2001 elections. Before May 5, Labour had a total of 413 seats of the 659 in the House; now, it has 356 seats of a total 646. Labour lost 47 seats in the elections, while the Tories gained a net 33 seats, and the Liberal Dems gained a net 11 seats. Other parties were up 9 seats over 2001.

This means that New Labour is vulnerable. There is a “core” of 40-50 consistent “rebel” Labour Members of Parliament (MPs), and opposition has been much higher on critical issues. Blair is being personally blamed for the loss of seats, and the election was barely over, when Labour rebels, including former Cabinet ministers, began demanding that he resign. These calls are not going to get him out right away, but many pitfalls lie ahead.

In the highly contested voting on the Iraq war in March 2003, a total of 139 Labour MPs opposed Blair (the Tories supported the war, giving Blair the margin he needed). There were also big defections in the votes on university fee in-

creases (Blair got this through with just 5 votes, and 71 Labour MPs opposed him) and hospital reform, when 65 Labour MPs opposed Blair’s policy.

Although Blair is still in office, Britain is hardly united behind him. This is shown even more clearly by the popular vote. Labour won 9,556,183 votes overall, just 35.2%, to 8,772,598, or 32.3%, for the Tories, and 5,982,045, or 22%, for the Liberal Democrats.

Britain does not have a proportional representation system like that of Germany and most other European nations. But beyond this, current election constituency lines are way out of date: Many core Labour districts, as in the inner cities, have smaller populations than key Tory areas, so Labour can win seats with many fewer votes. In England, the Tories actually won almost 58,000 more votes overall than Labour. According to former Labour Cabinet Minister Mo Mowlam, for every 1% of the vote cast, Labour gets 10.1 seats, the Conservatives 6.1, and the Liberal Democrats 2.8.

It’s Grim

British financial analysts have been asking for months: “How long can this go on?” Given the post-election reports, the answer is “not long.” As another City of London analyst said bluntly May 11: “The U.K. economy is really awful now. Consumer buying, housing, and manufacturing are all going down, and it’s all happening at the same time. . . . The whole financial system is built on sand.” On May 10, the Office for National Statistics reported that Britain’s beleaguered manufacturing output was down by 1.6% in March, the worst such fall since mid-2002. Industrial production, including energy output—a key figure for the U.K.—fell by 1.2% in March, and was down 0.7% overall over the first quarter.

First-quarter GDP growth will have to be revised down by a *full third*, to just 0.4%, from the present 0.6% “estimate.” Manufacturing fell in six of the seven categories, with chemicals, which represent 11% of the manufacturing base, down 3.5%. The Office for National Statistics now is predicting that manufacturing will shrink by 2% in 2005! The Confederation of British Industry, according to *The Times*, is reporting that factories are cutting 7,000 jobs a month.

These bad figures do not include the debacle at MG Rover, once Britain’s biggest car maker. In a small-scale parallel to the U.S. General Motors disaster, Rover had to file for bankruptcy on April 11, stop manufacturing, and lay off 5,400 of its 6,100 workers immediately. Another 18,000 jobs at auto parts plants which supplied Rover will also go. Until the late 1960s, Rover produced 40% of the cars bought in Britain. It was bought by BMW, and then sold in 2000 to Phoenix Venture Holdings (PVH), whose directors looted the company. Now, Rover workers and engineers may lose their pensions, because PVH remains “solvent,” and although it can pay huge pensions to the former Rover management, other workers’ pension funds are not eligible for a government rescue.

Britain's bloated consumer bubble is shaking. Also on May 10, national figures showed the sharpest drop in one measure of retail sales since 1999. The total value of April retail sales fell by 1.3% from the year before, the worst fall for six years, and "like-for-like sales" were down 4.7% year-on-year, the sharpest fall since January 1995. More consumer warnings are coming out daily. House price inflation, the wobbly "base" of Britain's consumer economy, is stagnating. Average house prices in England and Wales rose just 0.3% in the first quarter compared with the previous three months. Housing prices fell in every part of the country except London. The vast British household debt structure, sits on top of house price inflation, and when that implodes, everything will go.

'Don't Mention the War'

Downing Street tried to keep the disastrous Iraq war off the agenda, touting the Iraqi elections as the answer. This ploy did not succeed. Just two weeks before the vote, Blair's "Don't mention the war" campaign (a reference to a British television comedy) was broken. By May 1, there were more dramatic revelations about Downing Street's lies and manipulations, beginning in Spring-Summer 2002, to get Britain into the war as the U.S. neocons' chief ally. These revelations have stripped away any last shred of credibility that Blair had on his all-out support for Bush, Vice President Dick Cheney, and the entire U.S. "chickenhawk" crowd.

A *Sunday Times* article, by Michael Smith, stated: "Blair planned Iraq war from start." The article reveals a Downing Street secret memo dated July 23, 2002, of a meeting of Blair, Foreign Secretary Jack Straw, Defense Secretary Geoff Hoon, Attorney-General Lord Goldsmith, and military and intelligence chiefs. Also attending was Blair's "spin doctor" Alastair Campbell, Chief of Staff Jonathan Powell, and Director of Government Relations Sally Morgan. This and other documents, the *Sunday Times* reported, show that Blair was committed to aggressive war against Iraq from the beginning. His policy, like that of the Bush Administration, was "regime change" in Iraq, and war was "seen as inevitable" to achieve this. While Goldsmith and Straw expressed doubts about the situation, Blair plunged ahead.

Last year, leaked British government documents—reported previously in *EIR*—from key Blair advisors Sir David Manning and Sir Christopher Meyer, described their assurances to Condoleezza Rice and Paul Wolfowitz during meetings in Washington in March 2002, that Blair "would not budge in support for regime change." But for Blair, with a "press, a parliament and a public opinion" to manage, they said, "the plan had to be clever and failure was not an option." According to the *Sunday Times*, Blair personally assured Bush of his decision, in Crawford, Texas, in April 2002, as a civil service briefing paper, specifically prepared for the July 23, 2002, meeting stated: "When the Prime Minister discussed Iraq with President Bush at Crawford in April, he said

that the U.K. would support military action to bring about regime change."

The July 23 document, labelled "extremely sensitive," was written up by Downing Street aide Matthew Rycroft. According to the *Sunday Times*, it cites Joint Intelligence Committee head John Scarlett saying that Saddam Hussein's regime was "tough," and that the "only way to overthrow him was likely to be by massive military action." Then Richard Dearlove, head of MI-6, reported on "his recent talks in Washington [where there] was a perceptible shift in attitude. Military action was now seen as inevitable. Bush wanted to remove Saddam, through military action, justified by the conjunction of terrorism and WMD. But the intelligence and facts were being fixed around the policy. The NSC [National Security Council] had no patience with the UN route, and no enthusiasm for publishing material on the Iraqi regime's record. There was little discussion in Washington of the aftermath after military action." At the time, the Neocons were lying repeatedly on all these matters.

Donald Rumsfeld's already set military plans were described, which included that Britain and Kuwait were seen as essential for these operations.

Defense Secretary Hoon then told the meeting that "the U.S. had already begun 'spikes of activity' to put pressure on the regime. . . . The most likely timing in U.S. minds for military action to begin was January, with the timeline beginning 30 days before the U.S. Congressional elections." Foreign Secretary Straw warned that it "seemed clear that Bush had made up his mind to take military action. . . . But the case was thin." Saddam Hussein was "not threatening" neighboring nations, and "his WMD capability was less than that of Libya, North Korea, or Iran," The plotters had to force an ultimatum on Saddam, which, Straw said, "would also help with the legal justification for the use of force."

But Attorney-General Lord Goldsmith asserted "that the desire for regime change was not a legal base for military action." Blair retorted that "it would make a big difference politically and legally if Saddam refused to allow in the UN inspectors. Regime change and WMD were linked in the sense that it was the regime that was producing the WMD. . . . If the political context were right, people would support regime change. The two key issues were whether the military plan worked and whether we had the political strategy to give the military plan the space to work."

Blair emerged from this meeting to repeatedly lie to the public, the Parliament, and even his Cabinet, that no decisions had been taken on war against Iraq, and that the alleged "Weapons of Mass Destruction" was the "real" issue for his opposition to Saddam Hussein. The "Conclusions" of this outrageous planning session were that Downing Street "should work on the assumption that the U.K. would take part in any military action"! Blair's entire war policy is now exposed. For him, as well as Bush, this means trouble.