

# Labour government rocked by high-level resignations

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Two leading ministers in Tony Blair's Labour government resigned within hours of each other on Wednesday afternoon.

Peter Mandelson, Trade and Industry Secretary, quit at lunchtime just days after it was disclosed that he had failed to declare a £373,000 loan made to him by fellow minister Geoffrey Robinson, the Paymaster General. The loan was made by Robinson in 1996 when the two were in opposition. Mandelson's resignation as head of the Department of Trade & Industry (DTI) left Robinson no option but to take a similar course of action later in the day.

Robinson, a multimillionaire with a personal wealth estimated at between £18 million and £30 million, had agreed to help Mandelson purchase a £475,000 house in Notting Hill, London two years ago. Mandelson stated that he considered the loan an 'entirely personal, non-political confidential matter between two friends'. But he failed to disclose the loan even when his own department began an investigation into Robinson's business affairs, following a reprimand by the House of Commons earlier this year for not properly declaring numerous business interests.

The press became aware of the loan arrangement last Thursday but held the story back while Britain and the United States conducted their bombing raids against Iraq. Since the *Guardian* newspaper first disclosed details on Monday, Mandelson spent several days in a frantic round of media interviews aimed at explaining his position and denying any allegations of 'sleaze'.

Peter Mandelson is a close friend of the prime minister. As senior 'spin doctor' he was credited with ensuring Blair's succession to the Labour leadership following the death of John Smith in 1994, and is one of the main driving forces behind the Labour Party's 'modernisation'. But even Blair was not told of the loan

until just a week ago.

On Monday Blair issued a personal statement saying he was 'confident' that Mandelson was 'properly insulated' from any decision by DTI officials regarding Robinson's business arrangements. But the Conservative Party was rumoured to be after 'bigger fish'. This was followed by further allegations in the *Guardian* on Wednesday that Robinson had 'bankrolled' Chancellor Gordon Brown's office, staff and research costs whilst in opposition.

In his resignation letter to the prime minister Mandelson stated that he did not 'believe that I have done anything wrong or improper. But I should not, with all candour, have entered into the arrangement. I should, having done so, have told you and other colleagues whose advice I value. And I should have told my Permanent Secretary on learning of the inquiry into Geoffrey Robinson, although I had entirely stood aside from this.' He went on, 'But we came to power promising to uphold the highest possible standards in public life. We have not just to do so, but we must be seen to do so. Therefore with huge regret I wish to resign.'

In response, Blair praised Mandelson: 'Without your support and advice we would never have built New Labour.' Holding the door open for the former DTI minister to maintain a leading, albeit less public, role in government, he continued that it was his belief that 'in the future, you will achieve much, much more with us'.

Geoffrey Robinson stated in his resignation letter he had 'done nothing wrong' and would 'vigorously defend myself against any allegations. In the case of the loan to Peter Mandelson, I merely considered myself in 1996 as someone in a position to help a long-standing friend, with no request for anything'. Yet 'after more than 12 months of a highly charged political campaign, the

point has been reached when I feel that it is no longer right that you or your Government should be affected by or have to contend with these attacks.'

When Labour came to power in 1997 it promised to 'clean up politics'--a reference to a series of corruption scandals that had engulfed the previous Tory administration. Three months later Blair issued a revised code of conduct for his ministers aimed at helping to restore 'the bond of trust between the people and their government'.

The code stated that ministers should 'order their affairs so that no conflict arises or is thought to arise between their private interests (financial or otherwise) and their public duties.' Ministers 'must scrupulously avoid any danger of an actual or apparent conflict of interest' and 'no minister or public servant should accept gifts, hospitality or services from anyone which would, or might appear to, place him or her under an obligation'.

Although the relationship between Mandelson and Robinson has not strictly broken the code in this instance, given that they were in opposition at the time, the latter was the first leading Labour figure whose personal dealings had been called into question. This included his use of offshore trusts as repositories for his personal fortune.

Blair was forced to sacrifice the two to save his government's credibility. In his reply to Mandelson's resignation letter, Blair went on, 'as you said to me 'we can't be like the last lot' and that what we are trying to achieve for the country is more important than any individual'.

It is not the first time that Blair has had to lose a key minister in order to silence a press campaign. In October he accepted the resignation of Welsh Secretary Ron Davies, another close political ally, following allegations that he had been looking for 'gay sex' when he was robbed in a London park. The latest resignations bring to five the total number of ministers to have quit the government in the last 20 months.

However, whilst Blair has used the resignations as a sign of his preparedness to act tough, they have undoubtedly weakened the prime minister. They have also led to speculation on who was responsible for leaking details of Mandelson's personal loan. There are allegations that the 'finger on the trigger' came from within the Labour leadership, the product of an ongoing

'power struggle' between Blair's office and that of Chancellor Gordon Brown.



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