

The case of British Tory Treasurer Michael Ashcroft: wealth, patronage and parliamentary politics

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Over the last few weeks parliamentary debate in Britain has been dominated by the spectacle of the Labour government and Conservative opposition trading accusations and counter-accusations over sleaze.

Standing at the center of this battle is the figure of Michael Ashcroft, business tycoon and treasurer of the Conservative (Tory) Party. Over the past few years he has donated £1 million annually. The contributions of Britain's fourteenth richest man amount to one tenth of the party's financial resources.

That the Conservative Party is reliant on the largesse of big business for their funding is not a new phenomenon. That they are so dependent on the patronage of a single benefactor is of contemporary relevance. It demonstrates that considerable sections of British big business have switched their traditional allegiance from the Tories to the Labour Party.

Michael Ashcroft is a Florida-based billionaire who holds both British and Belize nationality. The former British colony in Central America has served as an offshore tax haven for his business empire.

Initially the allegations made against the undue influence Ashcroft exerts on the Conservatives related to concessions extracted from the previous Tory government which were advantageous to his business dealings in Belize. This was later expanded to include possible involvement in drug trafficking and money laundering.

On July 13 the London *Times* published two leaked foreign office documents. The first involved a telegram written in 1997 by the British high commissioner in Belize, Gordon Barker, cautioning against the appointment of Ashcroft to the chair of the Caribbean trade advisory group. It warned that the Belize government viewed him with "deep suspicion" and remarked that rumors concerning his business deals cast a "shadow over his reputation that ought not to be ignored."

This was followed by a 1994 report by a British foreign office adviser calling for tighter regulation of financial services in Belize and noting with some alarm that "low standards of regulation and supervision" were attracting "those seeking to conceal proceeds of drug trafficking and other serious crime."

Ashcroft's response was allegedly to quash the report and solicit the British government to intervene on his behalf. Another document involved a letter from a local diplomat in 1996, Charles Drace-Francis, stating that Ashcroft made threats to the effect that he would "stir up trouble" for Britain unless he were allowed to set up a branch of his Belize bank in the Turks and Caicos islands.

Four days later the *Times* disclosed that Mr. Ashcroft's name appeared in a series of files kept by the US Drug Enforcement Agency (DEA) as part of its investigations into drug trafficking and money laundering in Belize. It later transpired that cocaine was found on at least two ships sailing under the Belize "flag of convenience" in 1994, under a shipping register in which Mr. Ashcroft had a 50 percent stake until earlier this

year.

The attempted rebuttal to such charges by the Conservative Party Central Office, as well as the pro-Tory *Telegraph* and *Daily Mail* newspapers, was far from emphatic. A statement by the US State Department to the effect that no conclusive proof had been established connecting Michael Ashcroft with money laundering and no specific concerns had been raised with either the British or Belize governments was released.

The *Times* then published an article which explained that Ashcroft had been index-numbered on the files of the DEA, a step taken only when serious suspicions exist. On the same day Peter Bradley, Labour MP for Wrekin, raised explicit allegations within Parliament. Utilising the legal immunity afforded under parliamentary privilege, Bradley stated that Ashcroft and his companies had been repeatedly mentioned in connection with money laundering by the DEA. Among the most incriminating examples was one document dated April 1994 with the heading: "Intelligence concerning possible air smuggling/money laundering activity undertaken by Michael Ashcroft."

It was only after this, nine days after the initial accusations had been made, that Michael Ashcroft issued a libel writ against the *Times*, naming the editor Peter Stothard and two journalists. Tory leader William Hague has resisted calls from inside as well as outside of the Conservative Party for Ashcroft to stand down while he pursues legal action.

Speaking in Parliament Hague stated: "I'm surprised the Labour Party has the nerve to talk about this, because after Formula One and fox hunting there's only one party where a large donation is coincidentally followed by a change in policy, and that's this government."

This is a reference to the £1 million donated by Bernie Ecclestone, the owner of Formula One and another member of Britain's wealthy elite. This donation was only disclosed after the Labour government decided to make motor racing exempt from the ban on tobacco advertising.

The accusations made by Peter Bradley were countered by Tory backbenchers, who also made use of parliamentary privilege, to claim that Bradley was guilty of impropriety himself. Six Tory MPs put down a motion stating that the Labour MP should "look to his own record in public life before making unfounded allegations about the business affairs of a private individual, under the cloak of parliamentary privilege".

His alleged failure to declare a conflict of interest relates to his former position as a local councilor, when he blocked a planning application by Waitrose supermarket while working as a consultant for a competitor, Safeways.

That rebuttals over allegations of sleaze should take this form is highly indicative. Neither the government nor the opposition can deny that they are dependent upon the finance of big business and that this exerts ever-greater influence over the policy decisions they make.

That the *Times* newspaper should profess such concerns over a businessman wielding control over a political party is an irony to which none of the political commentators have drawn attention. The broadsheet is part of Rupert Murdoch's multi-media, transnational News Corporation. In the course of the 1997 general election Tony Blair went all out to win his backing.

The tabloid *Sun*, another Murdoch newspaper, switched its allegiance from the Tories to Labour, and this was an important factor in Labour's victory. The *Sun* is the highest circulation paper in Britain. In the aftermath of the election Labour silently dropped its proposals to introduce new restrictions on cross-media ownership, which would have been detrimental to the activities of News Corporation.

The correlation between Ashcroft's rapid amassing of wealth and his efforts to influence the political process raise serious democratic concerns. He became a millionaire by the age of 31 after a cleaning firm he bought with a £15,000 loan was sold five years later for £1.3 million. Since then his profits have been accumulated through non-stop acquisitions. Carlisle Holdings, his principle business vehicle, was acquired last year and merged with Belize Holdings Incorporated (BHI). A series of acquisitions followed. Ashcroft's business ventures have a combined workforce of 47,000.

He owns the fourth largest bank in Belize and has a 26 percent share in Belize Telecommunications. Earnings from his interests in Belize account for 20 percent of Carlisle's profits. Ashcroft made large donations to the People's United Party of Belize (PUP), estimated in the area of \$1 million, while they were the opposition party. After coming to power last year they introduced legislation which was beneficial to his business operations. This included legislation offering tax exemption to some companies, including BHI. Ashcroft's Bank of Belize was also granted the exclusive right to set up off-shore companies in the country for UK and US citizens. He was also appointed Belize ambassador to the United Nations.

A large portion of his business profits have been derived from contract cleaning. Approximately two-thirds of the transnational's profits are generated in the US, where the former BHI owned a number of cleaning companies, including OneSource, the market leader in this field.

Questions have arisen over what influence he may have exerted on the Tory government to introduce compulsory competitive tendering in the public services in the mid-eighties, in which operations such as cleaning were privatised. Ashcroft stood to gain from this as it opened up an untapped market for the cleaning services he owned. These questions center round whether he funded Pulse, the pressure group lobbying for the contracting out of public services in 1986-7.

A striking aspect of these exposures is the fact that the incidents cited are not recent. Ashcroft has been Conservative Party treasurer since last summer. So why is it only now that concerns are being raised?

One explanation is the ongoing internal feuding within the Tory party. Peter Stothard, the *Times* editor, maintains close connections with Tory grandees. The article which first appeared raising concerns over Ashcroft's preponderance within the party was published in June and entitled "Massive donations make Tories the plaything of one man".

According to Stothard, in an interview given to the *Guardian's* Roy Greenslade, a meeting was arranged between himself and Ashcroft by Lord Bell, a PR man for the Conservatives. Ashcroft was invited to put his side of the argument in the newspaper and silence the rumors. This offer was declined in favor of interviews in the *Daily Mail* and the *Daily Telegraph*, which are perceived as being more loyal to the Tory party cause.

More serious allegations began in earnest several weeks later. That the party was becoming so cash-strapped and dependent on being bankrolled by a single business with a dubious reputation was widening the rifts within the ranks.

The scandal has demonstrated William Hague's poor standing with wide

sections of the ruling class. The *Evening Standard* conducted a recent survey of 106 City of London and business leaders, media executives and think tank directors. Some 68 percent believed that Hague was doing "fairly badly" or "very badly" as party leader. In contrast, the majority believed that Labour were performing better in areas usually entrusted by big business to the Tories, including welfare, running the economy and maintaining low inflation.

Sections of the party have warned that the inability to cast off the image of sleaze will spell the end of the Tories as an electoral party. Speaking on Radio 4, senior Conservative campaigner John Strafford stated, "I hope he [Ashcroft] will go so we can get past this stage in our fortunes ... Clearly sleaze has an effect, as we saw in the last general election. We ought to clear all this problem of sleaze away..."

The issue has been used as a barely concealed attempt by sections of the Tory right to displace William Hague as leader. Ashcroft's appointment as party treasurer was made by Hague. Michael Portillo, favored as an alternative to Hague, has stated that this reflects badly on the present leader's judgement. The ability of Hague to maintain his leadership of the Tories will be dependent on the outcome of the libel case against the *Times*.

The *Times* campaign has also had the effect of creating a distraction from the Labour government's misfortunes—it suffered poor results in the recent European and local elections, and has itself been targeted for more sleaze allegations. Besides the issue of Formula One, there have been high level resignations from the government concerning the activity of business lobbyists and undisclosed financial transactions with ministers. Using the campaign against Ashcroft, the *Times* called for a vote for Labour in the recent by-election held in Eddisbury on 22 July.

The whole issue of political funding only serves to highlight the narrow social basis upon which the main parties rest. Parliamentary politics does not consist of a genuinely democratic public debate over policies. Rather it increasingly revolves around leaks and scandals orchestrated by PR consultants and spin doctors. Such is the public face of back-stage political intrigue and the efforts of the mass media and its wealthy owners to manipulate public opinion.



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