

# Britain's general election: Big business backs New Labour

Mike Ingram  
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The Labour Party has published a letter signed by 58 business leaders backing the government's policies. It states: "As the General election campaign begins we believe that British businessmen and women should consider the implications for their businesses and employees that a change in government would bring."

The letter congratulates Labour for taking "tough economic decisions" during its first two years in office. "Independence for the Bank of England and cutting £28 billion of government debt were not easy steps to take but they were decisions that were necessary to provide the economic conditions for business to grow," the letter says.

Labour's attraction for big business is not new. Its election victory in 1997 was in no small part due to the fact that it had attracted the support of prominent company executives, which in turn helped win it a hearing among disgruntled Tory voters. It was not accidental that the first engagement attended by Prime Minister Tony Blair following the launch of the 2001 campaign was a meeting with businessmen in Coventry, accompanied by Stephen Alambritis of the Federation of Small Businesses.

While generally appreciated for the work it has done in their interests, such as a cut in the rate of corporation tax from 33 percent to 30 percent, Labour has far from satisfied the insatiable drive for wealth on the part of the corporate elite. The Institute for Fiscal Studies reported that two tax changes made just after Labour came to power in 1997—changes to advance corporation tax payments and abolition of dividend tax credits—have cost businesses £2 billion and £5bn per year respectively. It is dissatisfaction with this, as well as the introduction of a legal minimum wage and the adoption of certain aspects of European labour legislation, that New Labour is seeking to dispel in the present

campaign.

On the whole, however, the business world recognises that the complete rout of the Tory party at the last elections and their continued low polling means they have little choice but to back Labour.

A survey by the London Chamber of Commerce of 365 business executives in April found that 83 percent rated the Chancellor Gordon Brown as "very" or "fairly" competent and 65 percent said the same of Tony Blair. This compared with 46 percent for shadow Chancellor Michael Portillo and just 25 percent for Tory leader William Hague. Liberal Democrat leader Charles Kennedy fared even worse, with only 19 percent rating him as competent.

Having adopted Labour as its party, big business is seeking to influence the government to move in an evermore rightwing direction.

The 58 signatories to the letter represent an impressive list of backers and constitute some of the most influential individuals in the country. Among the signatories are no less than 11 names from the *Sunday Times* "rich list" of the wealthiest 1,000 people in Britain.

From Moni Varma of the Kent-based Veetee Group, with a net worth of a mere £40 million, to Amstrad and Viglan computer companies' head Alan Sugar, with a personal wealth of £544m, these 11 wealthy New Labour supporters have a shared value of £1.9 billion.

Some of the others not quite wealthy enough to make it onto the *Sunday Times* list of the super rich are nonetheless leading figures in the business world, such as Marconi chief executive Lord George Simpson. The company, which supplies equipment to British Telecom among others, last month announced it would axe 3,000 jobs over the next 12 months. This cut represents five percent of its 55,000-strong workforce worldwide, with

half the job losses falling in the UK.

Another name of particular interest is Dr Chai Patel, chief executive of Westminster Healthcare plc. Patel is a member of the recently announced Partnership NHS modernisation action team, and author of a proposal for the National Health Service to use private nursing home beds for elderly patients that no longer require hospital treatment. Also appearing as a signatory to the letter is Bryan Sanderson, chairman (designate) of the private health scheme BUPA.

The support from the private health sector is significant, given that Labour's manifesto contains what amounts to a plan for the backdoor privatisation of the National Health Service.

The 58 signatories are not the only business backers of New Labour. The website *Red Star Research* maintains an extensive list of Labour's business links, including an annual breakdown of the amounts given by large donors.

There are no figures available prior to 1997, as the Labour Party did not routinely disclose donations before that time. It does reveal, however, that in 1996 prior to Labour's election, £500,000 had been donated to Tony Blair's private office by a number of wealthy businessmen. These included Sir Trevor Chinn, chairman of Lex Services plc and a signatory to the business letter, Sir Emmanuel Kaye, who is reported to have given about £50,000, Lord Gavron and Alex Bernstein.

For 1998, the site lists over 35 individual large donors and nine company sponsors. The following year this rises to 54 individuals and 41 companies. For the year 1999/2000, the site lists 27 donors as having given more than the £5,000, which Labour set as the maximum for non-declarable donations. For the current year, the site notes the three reported donations of more than £1 million—from Lord Mamlyn, Christopher Ondaatje and Lord David Sainsbury—who all gave £2 million.

Lord Sainsbury is one of New Labour's most regular big donors, giving £2 million in 1996, £1 million in 1997 and £2 million in 1999. Including the £2 million this year, Sainsbury has donated a total of £7 million to the Labour Party over five years. Such generosity was soon recognised, Sainsbury received a peerage in 1997 and was made Minister for Science in 1998. Parliamentary etiquette demanded that he resign as

chairman of the Sainsbury supermarket chain on joining the government. The company had sponsored the Labour Party in 1997. It was embroiled in a row the following year, when planning decisions for new Sainsbury out-of-town supermarkets were granted, after local councils had initially refused them.

Lord Sainsbury's appointment was also controversial, given his connections with the BioIndustry Association, a lobbying group for companies involved in GM food. He is reported to have loaned BioIndustry member Diatech money to buy a £2 million office in Westminster just eight days before he became Science Minister.

The generous support Labour has received from big business says far more about the party's orientation and the character of the next government than all the election soundbites that will be endlessly repeated over the next three weeks. As the saying goes, "He who pays the piper calls the tune".



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