

The “cash for peerages” scandal and the decay of British democracy

Socialist Equality Party (Britain)
15 July 2006

Many will no doubt view the police investigation into allegations that peerages were granted in return for loans as payback for the complete subservience to big business that has characterised the Labour government of Prime Minister Tony Blair.

This, however, would be a serious mistake. Though few will mourn should the loans scandal claim Blair’s political scalp, it is not a matter of indifference how this comes about.

The arrest of Lord Levy, Labour’s chief fundraiser and Blair’s close friend, marks the latest turn in an unprecedented intervention into British political life by the police. Levy was arrested and bailed on July 13 in connection with the “cash for honours” inquiry by the Metropolitan Police that was initiated after allegations that Labour backers had been given seats in the House of Lords in return for contributing to party funds.

Labour had raised some £14 million to finance its 2005 general election campaign. The cash was donated mainly in the form of loans so as to bypass the requirement that contributions upwards of £5,000 (\$9,200) be declared.

Knowledge of these loans had been confined to a select coterie around the prime minister, in which Levy was a central figure. The loans became public knowledge only when the committee that vets peerages blocked several of Blair’s recommendations, sparking claims that the government may have breached a 1925 law making it illegal to award honours in return for gifts, money or favours.

The allegations immediately provoked a political scandal. Labour Party Treasurer Jack Dromey attempted to distance himself and the party from the row, accusing Blair of running a “parallel party” and requesting an Electoral Commission investigation into the loans. Dromey, the deputy leader of the Transport and General Workers Union, is a close ally of Chancellor Gordon Brown. His stance, in part, expressed the belief amongst Brown’s supporters that Blair should make a swift transfer of power to the chancellor.

The Conservative (Tory) Party attempted to make political capital from the allegations, but was hampered by fear that it would rebound on them. Not only had they secured substantially more money in the form of loans from wealthy benefactors than Labour, but they themselves had, at the least, skirted the law.

Labour’s loans arose in an effort to circumvent legislation the government had introduced in 2000 as part of its claim to be ending the sleaze that had marred the previous Conservative administration. This had forced the declaration of donations and also banned financial contributions from foreign nationals. The Tories were forced to give back £5 million in secret donations,

including those from several foreign businessmen whom they still refuse to identify.

The Liberal Democrats had been lent £850,000 from three supporters. They were reluctant to give the issue undue prominence, especially since their biggest single donor, Michael Brown, has now been extradited from Spain and faces charges of fraud, forgery and obtaining money by deception.

A special committee of members of Parliament (MPs) began an inquiry into party political funding. Their investigation had the power only to politically censure any wrongdoing. However, following three requests, including one by Scottish National Party MP Angus McNeil and one by Elfyn Llwyd, parliamentary leader of Plaid Cymru, a police investigation was launched.

Few commentators expected the Metropolitan Police to respond to the requests with anything other than token gestures. Instead, a major inquiry was begun, involving ten detectives under the leadership of Assistant Deputy Commissioner John Yates.

To date, some 48 people have been interviewed, 13 of them under caution. Two have been arrested—Des Smith, a former adviser to Blair, and Lord Levy.

One thousand documents have been seized, some taken directly from the Cabinet Office, including emails and party loan agreements. The police will have scrutinised thousands more government documents in order to obtain these. Scotland Yard has also acquired specialist software to scan computer hard drives across Whitehall and government departments—up to and including the prime minister’s official residence at Downing Street.

These developments have implications far beyond the initial loans scandal. The police have assumed the right to vet the entire business of government in an open-ended trawl for alleged wrongdoing.

No government minister has so far been arrested, though Lord Sainsbury, the billionaire trade and industry minister who has provided millions in loans and donations, was interviewed without being placed under caution, as well as Ian McCartney, the trade minister and former Labour Party chairman. But police have indicated that even the highest office in the land is no longer considered out of bounds.

During an 80-minute meeting with the Commons public administration committee on July 13, Yates let it be known that he intends to question the prime minister, possibly under caution.

The system of peerages—granting seats in an unelected second chamber that still retains a hereditary element—is inherently

undemocratic and has always been based on patronage and nepotism. Labour has invented nothing new in this regard. The “cash for peerages” investigation does, however, raise fundamental constitutional issues regarding the sovereignty of parliament.

A large-scale police investigation has been launched that not only did not wait on an ongoing parliamentary inquiry, but made its functioning all but impossible. It has targeted leading figures in both government and the opposition, despite the fact that no one is alleged to have personally benefited from corrupt practices. Indeed, to get round this issue, it is suggested that the police are considering a prosecution for incitement to commit a crime, or conspiracy to commit one—which would involve a lower threshold of proof and which need not involve the commission of an actual criminal act.

Yet throughout these events, the government has issued no protest at the actions taken by the Met. The public administration committee sat politely through Yates’s presentation, while Lord Levy issued a personal statement complaining that his arrest was “theatrical” and unnecessary as he was already cooperating fully with police inquiries.

As for the rest of the Labour Party, MPs seem preoccupied solely with whether or not Blair will be able to hang onto office, and are taking sides on the issue accordingly. Blair loyalists express their belief that the prime minister will be exonerated, while the Brownites appear to welcome anything that might hasten a change in the party leadership.

No opposition MP has questioned the right of the police to take such sweeping measures, and there has been scarcely any word of concern or criticism in the media.

This readiness within ruling circles to accept the police assuming the role of arbiter over the activities of government testifies to an acute crisis of rule that has found a focus in the loans for peerages scandal. This crisis, in turn, has its origins in the extreme social tensions that have developed in Britain.

For years, Blair was able to brush aside criticisms of his government, including allegations that he deliberately misled parliament in order to drag Britain into war against Iraq. On these and other grave accusations of misrule there was never any question that “Teflon Tony” would be brought to account. The police investigation into the loans affair would never have been launched and could not have gone so far had not influential forces within ruling circles concluded that the Blair government has become an intolerable liability.

Such is the polarisation of wealth between a tiny elite and the broad mass of the population over which Blair has presided, and the contempt in which his government is held, that the entire political system has become discredited.

The loan accusations threatened to further expose the machinations of the corrupt social elite running Britain. It coincided with legal moves in Italy to prosecute David Mills, the multi-millionaire husband of Culture Secretary Tessa Jowell, on charges relating to a £350,000 bribe he allegedly received on behalf of then-Prime Minister Silvio Berlusconi—another close friend of Blair.

Today, official politics is widely acknowledged to be a rich

man’s game, determined solely by the demands of the major corporations, in which working people have no say and are invariably the losers. Such a situation of extreme political alienation of the mass of the population cannot exist indefinitely and must in the end provoke major social and political upheavals.

The more conscious sections of the ruling elite are well aware of this and had a foretaste of what is to come in the mass movement that developed against the Iraq war.

Political scandals, whether involving corruption or sex, have long been a mechanism through which the bourgeoisie seeks to engineer changes in its interest. By their very nature, they can be manufactured and controlled so as to prevent the intervention of the working class into political life. This is the essential aim of the police investigation into “cash for peerages.”

There is a pre-emptive element to the decision to go after Blair so aggressively and to do so in an apparently populist fashion. The image is being cultivated of the forces of law and order finally stepping in to clear out the Augean stables of government and restore democratic standards. In reality, the intervention by the police demonstrates the extent to which forms of rule have been stripped of any genuine democratic content.

Regime change engineered through such means can only have a reactionary outcome. A warning must be made as to the direction in which political life is heading. The decision to launch a police operation at the very heart of government is evidence that the decay of parliamentary rule over which Blair has presided is well advanced.

The threat of dictatorship does not announce itself fully formed. It emerges under conditions in which social and political tensions have reached such a degree of intensity that it is no longer possible to secure consensus and the uphold rule of capital through the usual constitutional channels.

It is precisely because the working class has been politically disenfranchised and excluded from events by the degeneration of its old organisations that the fundamental threat to democratic rights emerges. This will not be lessened by the downfall of Blair or even that of his government, so long as the ruling class continues to dictate events. Only the building of a new and genuinely socialist party will enable working people to formulate their answer to the monopoly over political life enjoyed by big business and the social disaster this has created.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact