

# Britain: Members of Blair's inner circle arrested in "cash for honours" inquiry

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The arrest for the second time of Prime Minister Tony Blair's chief fundraiser Lord Levy once again brings the "cash-for-honours" investigation to the door of Number 10.

Levy, who has also functioned as Blair's Middle East envoy, was first arrested and questioned under caution by Scotland Yard in July concerning allegations that Labour had effectively sold peerages to rich supporters in return for loans to the party worth millions. This week he was detained on suspicion of conspiracy to pervert the course of justice for allegedly breaching the Honours (Prevention of Abuses) Act 1925 and the Political Parties, Elections and Referendums Act 2000. It is understood that he was questioned for more than four hours before being released on bail.

Levy is the second key ally of Blair to be arrested under suspicion of conspiracy to pervert the course of justice. On January 19, Ruth Turner, director of government relations, became the fourth person to be arrested in the cash for peerages investigation—after previously being questioned four times. She was arrested at her home in the early hours of the morning. It was subsequently reported that John McTernan, the prime minister's political secretary, was questioned under caution by police officers prior to Turner's arrest. Blair's chief of staff and right-hand man, Jonathan Powell, has also reportedly been questioned under caution.

Blair was questioned by police on December 14. He is the first serving prime minister to be questioned during a criminal investigation. Rumors are rife that he will face questioning again in the near future, and even possibly under caution.

The raising of possible charges of conspiracy to pervert the course of justice is a significant turn in the inquiry.

The criminal investigation headed by Assistant Commissioner John Yates centres on whether millions in secret loans from a number of wealthy businessmen were secured through promises of seats in the House of Lords, Britain's second chamber comprising hereditary peers and life peers nominated by the government and opposition parties.

In the run-up to the 2005 general election, Labour secured around £14 million from rich benefactors as commercial loans. It is alleged this was so as to bypass legislation requiring donations above £5,000 to be declared. The investigation also affects the Conservatives, who borrowed £16 million from 13 wealthy backers, and the Liberal Democrats, who borrowed £850,000 from three backers.

In order to prove a breach of the law of 1925, which carries a possible two-year prison sentence, the inquiry would have to prove that peerages were directly sold in return for cash pledges rather than being merely political appointees.

But the arrest of Turner and Levy on suspicion of conspiracy to

pervert the course of justice amounts to an allegation that they were involved in efforts to conceal evidence that might prove the cash for peerages allegations. This is far more worrying for anyone accused. The *Times* cited the Crown Prosecution Service (CPS) as stating, "It does not matter whether or not the act results in a perversion of the course of justice: the offence is committed when acts tending and intended to pervert a course of justice are done."

In addition, the offence carries a maximum life sentence, though no one has been jailed for more than 10 years in recent history.

Numerous reports have appeared in the media alleging a cover-up, from sources said to be directly involved in the police investigation, "a mole" within Downing Street, or personnel at Number 10 fearful of being saddled with blame by those at the top.

ITV News reported that Labour members working as senior officials in No. 10 had used a parallel computer system, replete with sophisticated encryption software, to send sensitive emails and conceal evidence from the police. Emails had allegedly been deleted. The emails were reported to include references to "k's" and "p's"—suggested to be knighthoods and peerages.

The police inquiry is known to be using new US software that scans hard drives and flags up deleted email exchanges and has also been reported to have hacked Downing Street's computer system. The *Sunday Telegraph* and the *News of the World* both reported that police were employing computer experts to search for Downing Street email records.

A report in the *Sunday Telegraph* also claimed that detectives had discovered a handwritten note from Blair acknowledging the efforts of Labour's 12 secret lenders who provided £14 million to help the party fight the 2005 election. The note, written in ink on internal government paper and initialled, was described by the *Telegraph* as the first indication of a "paper trail" leading directly to the prime minister.

Downing Street denied the reports, insisting that there was "no parallel email system inside Downing Street." But one commentator noted that this formulation left open the question of whether a separate system was being used outside Downing Street. And significantly, Tom Bradby, the political editor of ITV News, challenged the Downing Street spokesman to withdraw his denials.

The *Scotsman* newspaper stated that it "understands that the only 'second system' operating in No. 10 is a back-up facility of archive material. However, it is believed the archive contains copies of messages deleted from computers used by staff in No. 10."

Interviewed by the BBC on the "Politics Show" at the weekend, Blair repeatedly declined to answer questions on the investigation, stating, "Let the thing run its course and then we will see."

The cash-for-peerages investigation has become the centre of a major political crisis for Blair personally and his government and one that even threatens to become a constitutional crisis.

There have been numerous calls for Blair himself to resign amidst comparisons between the cash for peerages investigation and the Watergate scandal that led to the impeachment of President Richard Nixon. These have mainly come from the opposition benches, but Labour MPs and pro-Labour newspapers have made clear that the scandal at the very least confirms Blair's status as a political liability. And a senior Labour peer, former QC Baroness Kennedy, has stated, "I'm sure that if you have criminal charges made against people inside Downing Street who you have direct authority over, then the prime minister would absolutely have to go."

The investigation will in all probability be ongoing during the local elections and elections to the Scottish parliament and Welsh assembly in May. This has led to accusations that the police are dragging things out in order to influence the outcome of the election.

The investigation has already resulted in a clash between government and the police, with each side claiming undue political interference is being exercised by the other.

Government spokesmen have repeatedly implied that the police investigation is a politically motivated attack. Responding to the ITN report, one said, "People should question why they are being given wrong information."

The prime minister's official spokesman told the press, "You really have to start questioning who is spreading this information, because it is wrong."

Another government source said of the investigation, "This has now been going on a year and questions need to be asked whether there is or isn't sufficient information."

The arrest of Ruth Turner sparked protests from senior Labour figures, including Culture Secretary Tessa Jowell and former Home Secretary David Blunkett.

In response, Metropolitan Police Federation Chairman Glen Smyth complained to BBC News 24, "You get government ministers and senior members of the Labour Party criticising the inquiry, which has frankly not even given a report to the Crown Prosecution Service yet. What sort of undue pressure are they trying to bring? If that's not what they are intending, it's certainly the impression that they are leaving."

His remarks were backed up by Len Duvall, the Labour politician who chairs the Metropolitan Police Authority, who called on others not to try to "manipulate or pressurize" officers, adding that "no one in this country is above the law."

Lord Falconer is the Lord Chancellor and Constitutional Affairs Secretary, the cabinet member responsible for the efficient functioning and independence of the courts. He was prompted to warn colleagues not to get involved in public discussion about the cash for honours investigation, stating, "I think we should just stay out of it."

Lord Falconer is also involved in a conflict with Attorney General Lord Goldsmith over the allegations.

As attorney general, Goldsmith, a close political ally and appointee of the prime minister, will advise the Crown Prosecution Service over whether to bring charges in the cash for peerages inquiry. He has refused to excuse himself, despite complaints by MPs and the police that his impartiality is compromised.

Goldsmith was previously criticized over his final advice on the legality of the Iraq war, in which he withdrew previously stated reservations and was accused of succumbing to political pressure.

He will in any case advise on what will inevitably be seen as political criteria—whether a prosecution is in the "public interest" given that it would damage confidence in Britain's two main political parties. His interpretation of what is in the "public interest" was last exercised on December 15, when he announced the calling off of the three-year-long investigation by the Serious Fraud Office (SFO) into the alleged bribery of the Saudi ruling family by British Aerospace (BAe). He stated publicly, "It has been necessary to balance the need to maintain the rule of law against the wider public interest."

Goldsmith's role in the cash for peerages inquiry highlights what the *Guardian* described as "the historic tensions in the attorney general's different, and some say incompatible, functions"—of advising the government and "taking legal action to safeguard the public interest."

Lord Falconer suggested to MPs that Goldsmith would step aside on the cash for honours inquiry. This prompted Goldsmith to send a letter to the Commons Constitutional Affairs Committee, dismissing Falconer's assurances and stating, "No other minister, however distinguished or senior, has the ability to bind the attorney general in how he exercises his role." On January 18, the committee took the extraordinary decision to not only publish Goldsmith's letter but to announce an inquiry into the role of the attorney general.

Falconer has since explicitly called for a change in the role of the attorney general, during a private lecture at Brasenose College, Oxford, and then in an interview with the *Observer* on January 28. He told the newspaper, "I'm conscious of the fact that some of the things that an attorney general does are, in fact, conclusive on particular issues, such as whether a prosecution stops, which is a matter that has to be done independently of political considerations."

The longer the scandal continues, the more public confidence is eroded—not only in the government but in a political set-up that is viewed as a corrupt plaything of the rich and powerful from which working people are excluded from all influence.

On January 14, Lakshmi Mittal, the steel tycoon, offered Labour £2 million, a sum that will in all probability be used to pay off some of its previous loans from businessmen. Blair said in a statement, "I am delighted that Mr. Mittal, who is one of the world's most successful businessmen, has made such a generous donation."



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