Britain: No one to be prosecuted over “cash for honours” allegations

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Last week’s decision by the Crown Prosecution Service (CPS) not to proceed with criminal charges in the cash-for-honours scandal has been the occasion for self-serving statements by former Prime Minister Tony Blair, his chief fundraiser Lord Levy and aides such as Ruth Turner. All have expressed a desire to “move on,” put the affair behind them and not engage in any criticism of the police investigation headed by Assistant Commissioner John Yates.

The seemingly magnanimous stance of the key players in a drama stretching over 16 months has been accompanied by expressions of outraged indignation from those such as Sarah Helm, wife of Blair adviser Jonathan Powell, who denounced the arrest of Turner as reminiscent of Nazi Germany, and key Blair ally Peter Mandelson’s claim that the investigation was a politically motivated effort to “undermine public trust in the government.”

Sections of the media are similarly insisting that the CPS decision has exonerated the government of charges that it sold peerages in return for millions in loans.

The *Sun* described the inquiry as **“**shameful, spurious and damaging to Britain” for having “cast a shadow over Tony Blair’s Premiership and wrongly conveyed the impression that our entire political process was corrupt.” The police had “found nothing. Not a shred,” it boasted.

Not to be outdone, the *Observer* editoralised that “perhaps the most important lesson from the whole cash-for-honours affair is that our politics is simply not corrupt.... The government was not guilty. The police, acting independently and unhindered, had a good sniff around and found nothing. There are few countries in the world that can say the same. So for British democracy, two cheers.”

In reality, the CPS ruling does not determine that there is no connection between the awarding of honours and financial support for the Labour Party. Its decision, made under advice from David Perry QC, was based on the fact that there was “no realistic prospect of conviction” because there was no “unambiguous offer of a gift, etc., in exchange for an honour” that could be supported “either by direct evidence” or by inferences that “must be so strong as to overwhelm any other, innocent, inferences that might be drawn from the same circumstances.”

And on the question of the loans obtained, the CPS was “satisfied that we cannot exclude the possibility that any loans made...can properly be characterised as commercial.”

According to the leaks to the *Sunday Times*, the investigation deemed to be inconclusive centred on two major pieces of evidence:

* A draft honours list, drawn up in September 2005, showing that every major lender to the Labour Party considered eligible for a seat in the House of Lords was initially nominated for a peerage by Blair’s “top aides”—eight, rather than the previously named four, with the other four major lenders exempt because they were either foreign nationals or already had a peerage.

* A diary kept by Labour lender Sir Christopher Evans that “allegedly details a series of meetings at the House of Lords in 2004 with Lord Levy, Blair’s chief fundraiser, to discuss a peerage.”

The investigation was halted after a July 4 meeting because Perry said the police must have evidence of “an ‘unambiguous agreement’ showing that the financial backers gave money only on the explicit understanding that they would be honoured in return.” He also ruled that the diary was “hearsay” and not admissible as evidence.

In truth, from the very outset of the investigation, it was highly unlikely that such a legal “smoking gun” proving a direct link between monies lent to the Labour Party and honours awarded would be uncovered. The case against the government would always be circumstantial—chiefly that all the major lenders to the party were nominated or initially put forward for peerages.

That this was deemed insufficient proof to infer wrongdoing is chiefly because the entire honours system proceeds on the basis of a nod and a wink, in which it is not necessary to make explicit promises of reward and dangerous to do so—given the 1925 law that makes it illegal to reward anyone who has given “any gift, money or valuable consideration” with a “title of honour.”

Evans has said that he discussed the possibility of becoming a working peer on “two or three different occasions between 2000 and 2005” with senior Labour figures, but that none of these were linked to his lending money to New Labour. However, at least one of these discussions was with Levy—known as Labour’s “Mr. Cashpoint” for his fundraising amongst the wealthy.

The connection between politics and big business is hardly new. But the Blair government made these connections so naked that it threatened to discredit the entire political process. The cash-for-peerages scandal unfolded under conditions in which Blair was the biggest dispenser of political patronage in the House of Lords since life peerages were created in 1958, ennobling leading donors including Levy himself.

The fact remains that everyone who donated more than a million pounds to Labour was considered for a peerage. As well as various honours, donors to the party had also been successful in bidding for lucrative government contracts worth millions.

All this was in the public domain. In January 2006, the *Sunday Times* ran a sting operation involving Des Smith, a member of the Specialist Schools and Academies Trust (of which Levy was the president). The trust seeks to help the government recruit private sponsors for its City Academies programme.

The *Times* taped Smith stating that “the prime minister’s office would recommend” a potential donor to the programme “for an OBE, a CBE or a knighthood.” According to the newspaper, “He went on to explain how donors could be put forward for honours and how, if they gave enough money, even get a peerage.”

Amid the furor in March 2006, several of those nominated for life peerages by Blair were queried by the House of Lords Appointments Commission. It emerged that Labour had taken out loans with them and others prior to the 2005 general election, worth £14 million, so as to

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bypass legislation it had introduced in 2001 forcing the public declaration of political donations. Labour's former general secretary, Matt Carter, had written to the businessmen telling them their loans would not have to be declared to the Appointments Commission.

To make matters worse, the Labour Party itself was unaware of the loans, including its treasurer Jack Dromey, who appeared on television to denounce the arrangements made by Blair and Levy.

As a result of the scandal, Rod Aldridge, the founder of Capita, one of the UK's largest outsourcing companies, resigned his position as chairman following allegations that his loans to Labour played a part in the company receiving some £2.6 billion worth of government contracts.

Given the stench of nepotism and corruption, it is worth noting that the police investigation came in response to a complaint by Scottish National Party MP Angus MacNeil. Obviously the SNP hoped to use the scandal to its electoral advantage, but it is telling that the Conservatives and the Liberal Democrats were not involved in kicking up a storm over the allegations—not least because they would themselves fall under the spotlight.

The police were legally bound to mount an investigation, but it is the sheer scale of what was to follow—including several arrests and the police questioning of Blair on three separate occasions—that led sources close to the government to allege a political conspiracy to get rid of the prime minister. However, allegations of a political conspiracy imply a unified purpose, of which there is no evidence. The SNP was not working with Scotland Yard, or with supporters of Gordon Brown, such as Dromey. The cash-for-honours scandal became a focus for tensions that ran throughout all sections of the establishment, which led to extensive leaks from within the government, police and civil service. But the fact that the investigation came to be seen as a possible means of hastening Blair's departure was the result of a political crisis that extended far beyond the question of whether or not honours had been sold.

There is no question that by 2006 all but Blair's immediate coterie viewed him as badly damaged goods. The single most important factor in this was his government's decision to join the US invasion of Iraq, despite massive popular opposition in Britain and internationally. Prepared on the basis of lies, including "dodgy" intelligence dossiers, the Iraq war became synonymous with a government that was contemptuous of democratic norms, fawning before power and wealth, and capable of any deception to achieve its ends.

The highest offices in the land—from the prime minister to the attorney general—were publicly derided as scheming chancers. But blame was not attached to the government alone. Not a single institution stood untainted. The Iraq war had been approved by parliament, receiving the overwhelming backing not only of Labour and the Conservatives but virtually the entire media. The security and intelligence services, moreover, were instrumental in enabling the government to concoct its lying justification for a pre-emptive war.

Now the cash-for-honours scandal threatened to reveal just how subservient to big business official politics in Britain had become, and how—under the guise of "modernisation"—vast swathes of public services were being handed over to multimillionaires who, through their ennoblement, were able to participate directly in pressing for policy initiatives and legislation that would deepen this process.

All these factors meant that there was a readiness to pursue the cash-for-honours investigation with a determination that would not have existed otherwise. Not to have done so would have been seen by millions of people as proof that the police were as corrupt and self-serving as the rest of the establishment, whilst the discrediting of institutions long charged with keeping such scandals within safe channels made it difficult to bring a halt to the investigation as it dragged on for month after month.

In the end, the CPS decision not to prosecute anyone was the most likely outcome. To have done so, however strong the evidence gathered turns out to be, would run the risk of destroying not merely the personal reputation of Blair and his clique. The Labour Party would have been rendered incapable of surviving Blair's departure, under conditions where the Conservatives, which have even less popular support than Labour, offer no alternative means through which big business can advance its interests.

It is for this reason that a curious symmetry exists between Blair's standing down as prime minister and leaving parliament at the end of June and the announcement three weeks later by the CPS that no prosecution will take place. It gives nothing to those alleging a conspiracy on the part of the police to acknowledge that Blair's exit was almost certainly hastened by the cash-for-peerages scandal. His leaving the national stage has been seized on by the government and the vast majority of the news media to proclaim the premiership of Gordon Brown as the start of a new era of accountable government, which must draw a line under all the failings of the Blair era including the nepotistic relations with business so graphically exposed by the Yates inquiry. One proposal being advanced is for the state funding of political parties, but this is hotly contested.

This political imperative is the central reason for the equable response of the government to the CPS announcement and its insistence that it has no grudge to bear against the police. Everything now depends on its ability to distance itself from the Blair years. The most that can be done, therefore, is to claim to have been vindicated. But not so strenuously that it might provoke a backlash—not least from the electorate given that most people continue to believe that the government has only "got away with it" once again.

There are major obstacles standing in the way of the government finally burying the cash-for-honours row. Yates is to be called before the Metropolitan Police Authority to review the inquiry and may be asked to disclose the evidence he presented to the CPS. And there is also the Commons Public Administration Committee inquiry to consider, which was suspended when Scotland Yard first launched its criminal investigation. However, the major difficulty faced by the ruling elite in all its political efforts to put on a clean shirt is that nothing of substance has changed in the political and social relations that gave rise to the cash for peerages scandal.

Labour's turn to rich benefactors in order to fund its election campaigns was necessitated by the collapse in its membership and electoral support. Even the funds it still receives from the trade union bureaucracy are no longer enough to conceal the gulf that now separates the party from those it once claimed to represent. Unable to mobilise any political campaign other than one based on the media and advertising, its reliance on big business is absolute. Replacing Blair with Brown will not change this one iota. The mass disaffection with Labour and the entire official political superstructure will only deepen.

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