

Warsi scandal shows Britain's Conservatives rent by factional conflicts

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The row over Lady Sayeeda Warsi, co-chair of the Conservative Party, points to a gathering crisis in the coalition government.

Prime Minister David Cameron referred Warsi to the ministerial adviser after the *Sunday Telegraph* revealed that she and her second cousin, Abid Hussain, owned a sizeable stake in a spice manufacturing firm in Pakistan when they visited the country together on government business in July 2010.

Warsi already faces a Lords inquiry and a potential police inquiry into allegations that she abused the parliamentary expenses system. The *Sunday Times* alleges that she claimed parliamentary expenses for overnight accommodation when she was staying with a friend rent-free.

Wafik Moustafa, who runs the Conservative Arab Network, told the *Sunday Times* that Warsi stayed in the West London house he owns between February and March 2008 as a guest of Naweed Khan, a Conservative Party employee, and paid no money. Warsi argues that she made an "appropriate financial payment" to Khan for the additional costs her stay incurred.

The *Times* and *Telegraph*, bastions of the Tory right, have their own agenda.

Cameron had fast-tracked Warsi, who styles herself as the daughter of hardworking Muslim immigrants and an "ordinary northerner", for promotion as part of his efforts to "detoxify" the Tory brand. She was one of a number of ethnic minority, women and gay candidates chosen to contest what were considered safe seats in the 2005 election.

Despite losing the election, Warsi was given a place in the House of Lords and then, when the Tory-led coalition came to power in 2010, made a minister without portfolio in Cameron's cabinet. Her appointment to the Lords was opposed by the Tory right, with the Margaret Thatcher Centre for Freedom complaining that it sent "the wrong signal at a time when Britain is fighting a global war against Islamic terrorism and extremism."

Warsi had previously criticised Britain's notorious anti-terror laws for alienating "moderate" Muslims and

advocated engagement with Islamic militant groups. More recently she complained that Islamophobia had become respectable at dinner tables and suggested that the euro-sceptic United Kingdom Independence Party, which has significant support in Tory ranks, was drawing support from the fascist British National Party.

One of the allegations made over her business dealings is that her partner Hussain was formerly a leading member of the radical Islamic group Hizb ut Tahrir, which the Tories said they would ban while in opposition.

Cameron's decision to refer her for investigation has been contrasted with his refusal to do the same with the culture secretary, Jeremy Hunt, who is accused of colluding with Rupert Murdoch's News Corp. to secure control of the TV satellite channel BSkyB when he was meant to be acting in a quasi-judicial capacity to oversee its £8 billion bid.

Cameron has insisted no action will be taken against Hunt in advance of the culture secretary's appearance later this month before the Leveson inquiry into press standards, which was set up in the wake of the Murdoch *News of the World* phone hacking scandal. This is despite text messages that have emerged from December 2010 in which Hunt congratulated James Murdoch on news that the European Union had cleared News Corp's bid.

"Just Ofcom to go!" he wrote, referring to the broadcasting watchdog reviewing the take-over.

His congratulations were sent just as the government decided to remove Business Secretary Vince Cable from overseeing the bid after he was caught in a *Sunday Telegraph* sting saying he was at "war" with Murdoch.

In another text, sent to Chancellor George Osborne, Hunt referred to Cable's transgression, warning "we are going to screw this up."

Osborne texted back, "I hope you like our solution". Hours later, Hunt was given responsibility for adjudicating the Murdoch bid.

In large part, the differing attitudes to Warsi and Hunt are due to the fact that action against the culture secretary immediately implicates Cameron. The prime minister's

close relations with the Murdoch media empire are well documented. Last week, Cameron's former director of communications and ex-*News of the World* editor Andy Coulson was arrested and charged over allegations he lied under oath during the perjury trial of former Scottish Socialist Party leader Tommy Sheridan in 2010.

Cameron is due to appear before the Leveson inquiry later this month amid fears of even more damaging revelations of his government's relations with Murdoch.

Whatever the immediate motives and players involved in the moves against Warsi, they are symptomatic of more far-reaching tensions with the Tory Party and the political establishment more generally.

The coalition's claims that its austerity measures—the most severe since the 1930s—would promote economic growth have been exploded. The UK economy is in a double-dip recession, prompting fears that the galloping crisis in the euro zone will prove catastrophic for the government's economic programme. Figures released last week showed a significant contraction in the UK manufacturing sector.

Now would be a bad time for anyone to be chair of the Conservative Party. Not only is there no agreement on how to proceed, but the sense of disarray has been compounded by Cameron's admission that the government made "mistakes" in its March budget, the centrepiece of which was the decision to cut the top rate of income tax from 50 percent to 45 percent.

While defending this measure, Cameron's critics complain that the government's efforts to offset a cut in taxes on the wealthy by pushing them up elsewhere were clumsy and ineffectual. In the first place, the targets of tax rises—hot pasties and static caravans, for example—accounted for a paltry £150 million in revenues and reinforced the widespread public conviction that the government is solely concerned with the super-rich.

Cameron has been accused of causing even greater damage in his effort to quiet the criticisms by announcing that some of the tax hikes will be rescinded. While insisting that the measures "at the heart of the budget" remained in place, he said it took courage for a government to admit it was "ploughing into the brick wall" and make the necessary adjustments. His admissions led to howls of protest that the government was placing a question mark over its entire economic strategy.

The *Telegraph* complained that they would encourage those opposed to more severe aspects of the austerity measures "to redouble their efforts, in the belief that another climbdown will not be long in coming," while the *Financial Times* was concerned that "the impression has taken hold: the Treasury is for turning."

The government continues to insist that there can be only

one plan for economic growth, centring on massive cuts in public spending and welfare. But according to the *Guardian*, as the crisis in the euro zone deepens, "Some form of capital spending package is being prepared by the Treasury either in the form of Treasury guarantees for spending backed by pension funds or a straight capital spending programme."

The *Telegraph* revealed that leading Liberal Democrats, including Cable and former leader Sir Menzies Campbell, "are among those said to be in contact with members of [Labour leader] Ed Miliband's inner circle."

Described as "informal", it said the aim of the contacts was to find "common ground" between Labour and the Liberals in the event of a hung parliament in the 2015 election.

For others, the objective of such talks should be far more immediate. Commenting on the talks in the *Guardian*, Polly Toynbee urged that Cable "rally the centre-left of his party" against the coalition's economic policy and demand "the only budget U-turn that really matters."

"Time for plan B", she said.

While presented by Toynbee as a "Keynesian resurgence", this "Plan B" has nothing to do with protecting or creating decently paid jobs or reversing public spending cuts. Labour has said that austerity will have to be continued for years.

Like the measures imposed by the Obama administration in the United States and championed by French President Françoise Hollande for the euro zone, it is austerity in another guise—coupling further handouts to the banks and big business with a spurious "growth" programme based on a massive assault on workers' jobs, wages and working conditions.



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