

With the addition of a few subheads and the omission of some of the introduction, this is a talk I gave to the conference on SCADS, state crimes against democracy, in London in October 2011.

The rise of New Labour

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I was asked to talk about the rise of New Labour, presumably because in some way it illustrates the notion of a SCAD, a state crime against democracy. I will return to this at the end.

I noticed that in one of the press releases for this event it was said that I 'will discuss the sinister millionaires and the money trail behind the rise of New Labour.' I hope that no-one is here expecting that because you will be disappointed. As often happens, the real story is more complex than the sexy soundbite.

I was a member of the Labour Party while NuLab were taking over and most of what they were up to was obvious enough. And little of what they were doing originated with them. At the risk of boring everyone present with ancient political history, to understand NuLab you have to understand earlier events. With politics there is always a long back story.

In one sense the arrival of NuLab at the top of greasy pole in 1997 was just business as usual. Since the early 1950s America had programmes to talent-spot throughout the non-communist world and promote the rising politicians it thought would support its interests. That Uncle Sam would do this here isn't surprising: this island was its most important overseas military base and an important diplomatic ally.

There are also networks within the UK, some supported by the Foreign and Commonwealth Office, which do the same thing: look for sympathetic rising politicians and cultivate them. This works both ways, of course: if you are an ambitious young Labour politician, you look for the networks which will give you a leg up the ladder. In the post-WW2 years there

were two such networks: those run by the Americans and their allies here, and those within the labour movement itself.

Peter Mandelson and erstwhile Home Secretary Charles Clarke came up through one of these Foreign Office networks; most of the rest of NuLab were those who had been promoted by America or who were fans of America – or both. None of this is exactly secret: the US State Department, which undertook most of this recruitment and promotion, has declassified its files on all this and they have been analysed in great detail by Giles Scott-Smith. His articles are on the Net but I think you may have to pay for access to them.

In the mid 1980s the major media in this country were obsessed with the Militant Tendency within Labour. What I called the American tendency got ignored.

People within the Labour movement – notably Richard Fletcher – began tracing the work of this American tendency in the late 1960s. By the time NuLab began to form in the mid 1990s, those of us who had followed in Fletcher's footsteps knew what was going on, even if we didn't then have all the details.

In the 1950s the American tendency was known as the Gaitskellites. In the late 1960s and 70s it gathered round Roy Jenkins and eventually split Labour to form the SDP – a move which ensured that Mrs Thatcher won the 1983 general election. After which, job done, the SDP faded away.

After the Labour election defeat of 1987 its leadership, Kinnock and Hattersley, set up a policy review: at the time it seemed like a transparent device to ditch the commitment to nuclear disarmament. Which indeed it was. But there was also an economic policy review, chaired by Bryan Gould MP. Gould represented a current within the Labour Party and wider labour movement at the time that was hostile to the bankers; which saw the British disease not as too many trade unions organising strikes, which is how the *Daily Mail* saw the problem, but as the economic dominance of the bankers.

The City versus industry

A group within the labour movement had concluded that the key structural conflict in Britain wasn't between the classes, the Marxist view, but between the interests of the domestic and overseas sections of the economy; which in shorthand boiled down to on the one hand the City and on the other manufacturing. People wrote essays with titles such as: the City versus industry. This group included Neil Kinnock, as his 1986 book, *Making Our Way*, shows; and Bryan Gould, who also thought like this, was appointed by Kinnock to chair the committee on economic policy. Gould's committee duly produced a detailed analysis of why the bankers had too much power and how to reduce it.

But the Gould committee report was rejected by Neil Kinnock as soon as it appeared. Gould tells us that just before the report was due to be published a group of Labour MPs came to see him to try and get it stopped or modified. One of them was the then rising star of the back-benches, Tony Blair. This was 1988.

We still don't know for sure why the Gould report was dumped: none of those principally involved have explained it. My guess would be simply that the group around Kinnock wanted to get elected more than they cared about the state of the British economy or the fate of its citizens; and having lost two general elections, decided that the bankers were too powerful to challenge. By this time – 1988/9 – the City had been largely sold off to American banks in the so-called 'big bang' of 1986 and was well on its way to being an extension of Wall Street; and thus to be anti-City of London increasingly meant being perceived as anti-American.

For whatever reason the policy review document on the economy was abandoned, and Labour began the long process of making itself acceptable to the City of London – even though the City then was only about 4% of the British economy.

Shadow Chancellor John Smith led what became derisively known as the prawn cocktail offensive, as he toured the City of London's dining rooms in the years before the 1992 election, promising them that they would get no trouble from a

Labour government.

In some of these dining rooms John Smith was already known: at this point he was on the steering committee of the Bilderberg group, some of whose regular attenders are bankers.

But this ass-kissing was to no avail: Labour lost again in 1992. Neil Kinnock resigned and John Smith won the leadership election, defeating Bryan Gould, the leader of the anti-banker tendency within the parliamentary Labour Party. My branch of the Labour Party was one of the few which voted for Gould. Gould's loss to Smith was the end of the anti-banker tendency in the Labour movement.

Under John Smith, Tony Blair and Gordon Brown became shadow front bench spokesmen and were widely seen as the coming men. When John Smith died in 1994, Blair took over and NuLab began to form.

Enter Tony Blair

Much of this was visible in 1997. What then wasn't visible, the new factor in the rise of NuLab, was not the American state, which was doing what it had always done since about 1950, but the role of the state of Israel. Now let's be careful here. This is not about Zionism or even Judaism: this is about the actions of a state, the Israeli state.

Tony Blair joined the Labour Friends of Israel, LFI, when he became an MP in 1983. The LFI used to boast about this on its Website but it's long since been removed. LFI became significant in the Parliamentary Labour Party chiefly because Israel was one of Tony's things and ambitious politicians try to kiss the appropriate arses.

In 1994, then Shadow Home Secretary and LFI member Tony Blair went on an Israeli-funded visit to the Holy Land; and when he returned, an Israeli diplomat in London introduced him to Michael Levy, a retired Jewish businessman and fund-raiser for Jewish charities. When John Smith died and Blair became leader of the party, Levy began fund-raising not for the Labour Party but for Blair. Most of the early money

came from Jewish businessmen in England. With his own sources of money – initially Jewish money – Blair became financially independent of the Labour Party and he could afford to hire his own staff – Alistair Campbell and Jonathan Powell – and essentially behave like an American presidential candidate. NuLab was born and one of its parents was Israel. This looks like a fairly simple operation: Israel identifies Blair as very pro-Israel and the Israeli embassy in London connects him to the Israeli lobby in Britain – for the future. It wasn't much of a gamble. In 1994 John Smith had already suffered one heart attack and Blair was widely seen as the leader-in-waiting.

Blair and Gordon Brown had already been on State Department-sponsored visits to America as MPs, and they had both been to a Bilderberg meeting. Most of the junior ranks of NuLab had links to America, through the British-American Project for example; or through NATO's Atlantic Committee; or through the Trade Union Committee for Transatlantic and European Unity, created by US Labour attaché Joe Godson in the 1970s. If the CIA was in the British labour movement, it was in this committee. The Americans knew that NuLab were 'on side'.

The City was relaxed about NuLab: John Smith's ground work was followed by a campaign of strenuous forelock tugging by Gordon Brown and Peter Mandelson.

All that remained was the media, particularly Rupert Murdoch, whose papers had run what was perceived by Labour to have been a very damaging campaign against Neil Kinnock before the 1992 election. Blair fixed that when he flew to Australia to address the AGM of Murdoch's News Corporation in 1995 and promised who-knows-what in private to Murdoch.

The rest is now well known. Two ambitious men, only one could get the top job. The loser, Brown, sniped at Blair until he finally went off to make money. NuLab carried out its pre-election promises to the powers-that-be. America was supported in its foreign wars – and hundreds of thousands have died as a result. The City of London, by 2000 essentially

a branch of Wall St, was given its head – and the money men made fortunes but screwed the world economy in the process. There was no attempt made to seriously regulate the shit media or reduce Murdoch's share of the media market in Britain.

Blair had no interest in the economy – as far as I know, he had no economic knowledge at all – and left it all to Brown. Copying the Clinton Democrats of the 1990s, Brown believed that Britain's future lay in the financial services, the so-called knowledge economy and immigrants who would do the shit-work the native Brits didn't want to do. The consequences of this we have seen.

These is the final paragraphs of my booklet on all this,¹ written ten years ago [2001].

'Perhaps we *will* all end up in 'the knowledge economy' (whatever that is) and we won't need fishing, farming, steel-making, mining, machine-tools and manufacturing in the future. What am I complaining about? Labour's policies are working. Unemployment fell in the same month that manufacturing officially went into recession. Perhaps the neo-liberals are right; perhaps the service sector can replace manufacturing.

But it can't: the service sector has not replaced the manufacturing destroyed by its policies in the last 20 years. Britain is running a huge, and growing, trade deficit: this is not permanently sustainable. Thus far only a bunch of the 'old lags', the unreconstructed Keynesians, as Gordon Brown probably thinks of them, are worried by this.

I'm with them. I cling to the now old-fashioned idea that on a small island with a population of 60 million it is madness to let the island's productive resources be abandoned. I think Labour's leaders have got it completely wrong and however they think of themselves, history will judge that the Brown-Blair faction was merely the ultimate triumph of the ideology

¹ *The Rise of New Labour*, still available through Amazon.

of the City over the rest of us; and, let us hope, the last dribble of Thatcherism down the leg of British politics.'

Well, it's one thing to right; but in politics it's what effective which is important. And my writing on NuLab had no effect within Labour Party circles. Even within my own branch of the Labour Party I persuaded no-one to take the information seriously. Long before the election of 1997 the psychological process of denial had kicked in. Faced with something they didn't want to know – the reality of NuLab – the members of my Labour Party branch told themselves it wasn't true. The essential shift, which I heard over and over again in Labour Party circles was this: yes, they sound terribly like Tories but they don't mean it. It's a pretence to get elected. After 1997 all they could see was: he's got us elected. Which, indeed, was all that most MPs saw: Tony is a winner.

There's an phrase that came from the American Quakers in the 1950s, that the role of people like me is to speak truth to power. Which sounds great, doesn't it? The problem is that power isn't interested in truth; and never was, as far as I can see. Since the Quakers came up with the notion of speaking truth to power in the US, we have had the most obnoxious, militaristic and aggressive American foreign policy imaginable. Millions of people have died at the hands of American military power while the left has been speaking truth to it.

The central fact remains: the party of Clement Attlee, Harold Wilson, Barbara Castle and Jack Jones, largely funded by the trade unions, chose as leader someone who, as well as being Mrs Thatcher in all but name, is the godfather to one of Rupert Murdoch's children, never saw a powerful arse he couldn't kiss, and, most striking of all, hated the Labour Party and everything it stood for.

As I have sketched, some of this was the result of other states manipulating the Labour Party. But only some of it. At least as important was the ignorance and self-delusions of the party's members.

Were the activities of the US and Israel in the rise of

NuLab state crimes against democracy? Crimes – I don't think so. Certainly they are examples of states meddling in British democracy. But again, it could all have been halted by the trade unions who funded the party. They chose not to pull the plug. Presumably because the alternative – the Tories – looked worse. Sometimes there are no good choices.

And millionaires behind NuLab? The most important was Lord Sainsbury who, according to the *Times*, gave NuLab £4.5 millions pounds while Gordon Brown was prime minister and maybe as much as £10 million since Tony Blair took over.