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# Uncle Sam's New Labour



*'The New Labour project has always been defined in an Anglo-American context.'*<sup>1</sup>

Gordon Brown used to tell interviewers that he spent his summer holidays in the library at Harvard University. In 1986, CND member Tony Blair went on one of those US-sponsored trips to America that are available for promising MPs and came back a supporter of the nuclear deterrent.<sup>2</sup> Blair, Brown and John Monks, an important Blair ally as head of the TUC, have all attended meetings of the Bilderberg group, one of the meeting places of the European-American trans-national elite.<sup>3</sup> David Miliband, Blair's head of policy, did a Masters degree at the Massachusetts Institute of Technology.<sup>4</sup> Jonathan Powell, Blair's foreign policy adviser, is a former Foreign Office official whose previous posting was in the British Embassy in Washington.<sup>5</sup> Edward Balls, Gordon Brown's economics adviser, studied at Harvard, wrote editorials for the *Financial Times*, and was about to join the World Bank before he joined Brown.<sup>6</sup> His wife, 1997 MP Yvette Cooper, also studied at Harvard. Sue Nye, Gordon Brown's personal assistant, lives with Gavyn Davies, chief economist with the American bankers, Goldman Sachs, and one of Labour's chief economic advisers.<sup>7</sup> Majorie Mowlam, now Secretary of State for Northern Ireland, did a PhD at the University of Iowa and then taught in the United States in the 1970s.<sup>8</sup> Chris Smith, now Heritage Minister, was a Kennedy Scholar in the USA — as were David Miliband and Ed Balls.<sup>9</sup>

And then there's Peter Mandelson, Blair's confidant, chief strategist and, as this was being written, Minister without Portfolio. By the end of his final year at Oxford University in 1976, via the United Nations Association, Mandelson had become Chair of British Youth Council.<sup>10</sup> The British Youth Council began as the British section of the World Assembly of Youth (WAY), which was set up and financed by the CIA and SIS in the early 1950s to combat the Soviet Union's youth fronts.<sup>11</sup> By Mandelson's time in the mid-1970s — under a Labour Government — the British Youth Council was said to be financed by the Foreign Office, though that may have been a euphemism for SIS. Peter Mandelson, we were told in 1995 by Donald McIntyre in the *Independent*, is 'a pillar of the two blue-chip foreign affairs think-tanks, Ditchley Park and Chatham House.'<sup>12</sup>

Peter Mandelson, Majorie Mowlam, Defence Minister George Robertson, Heritage Minister Chris Smith, and junior Foreign Office Minister in the House of Lords, Elizabeth Symons, are all members of the British-American Project for a Successor Generation (BAP), the latest in the long line of American-funded networks which promote American interests among the British political elite.<sup>13</sup> The BAP newsletter for June/July 1997 headlined its account of the May 1997 General Election, 'Big Swing to BAP'.

An older and more direct expression of American influence within the wider British labour movement is the Trade Union Committee for European and Transatlantic Understanding (TUCETU). TUCETU is the successor to the Labour Committee for Transatlantic Understanding (LCTU), which was set up in 1976 by the late Joe Godson, Labour Attaché at the US embassy in London in the 1950s who had

become an intimate of the then leader of the party, Hugh Gaitskell. Organised by two officials of the NATO-sponsored Atlantic Council, TUCETU incorporates Peace Through NATO, the group central to Michael Heseltine's MoD campaign against CND in the early 1980s, and receives over £100,000 a year from the Foreign Office. TUCETU chair Alan Lee Williams was a Labour defence minister in the Callaghan Government, before he defected to the SDP; director Peter Robinson runs the National Union of Teachers' education centre at Stoke Rochford near Grantham. In the mid-1980s Williams and Robinson were members of the European policy group of the Washington Centre for Strategic and International Studies.

Among the senior union and Labour Party figures on the TUCETU's 1995 notepaper were Doug McAvoy, general secretary of the National Union of Teachers; CPSA general secretary Barry Reamsbottom (a member of the Successor Generation Project discussed above) and president Marion Chambers; Lord Richard, Labour leader in the House of Lords; former trade union leaders Bill Jordan (now head of the International Confederation of Free Trade Unions, the CIA's chief cold war labour movement operation),<sup>14</sup> Lord (Eric) Hammond, and Lord (Frank) Chapple.<sup>15</sup>

The Atlantic Council/TUCETU network provided New Labour's Ministry of Defence team. Defence Secretary George Robertson was a member of the Council of the Atlantic Committee from 1979-90; Lord Gilbert, Minister of State for Defence Procurement, is listed as TUCETU vice chair; Dr John Reid, Minister of State for the Armed Forces, spoke at a TUCETU conference; and MoD press office biographical notes on junior Defence Minister John Speller state that he 'has been a long standing member of the Trade Union Committee for European and Transatlantic Understanding'. Peter Mandelson has written a (very dull) pamphlet for TUCETU based on a speech he gave to its 1996 conference.

In other words, the people round Blair, the key New Labour 'project' personnel, are all linked to the United States, or the British foreign policy establishment, whose chief aim, since the end of the Second World War, has been to preserve the Anglo-American 'special relationship' to compensate for long-term economic decline.

## 'We asked the Americans...'

Mr Blair has been quite open about the US role in all this. To the annual conference of Rupert Murdoch's News Corp he said:

'...the Americans have made it clear they want a special relationship with Europe, not with Britain alone. If we are to be listened to seriously in Washington or Tokyo, or the Pacific, we will often be acting with the rest of Europe...the Labour Government I hope to lead will be outward-looking, internationalist and committed to free and open trade, not an outdated and misguided narrow nationalism.'<sup>16</sup> (Emphasis added.)

It could hardly be more specific: we asked the Americans and they said go with Europe and free trade. In other words, go with traditional, post-war American foreign policy objectives; and, since the mid-1960s, the objectives of the British overseas lobby. Put another way: thanks to the massive exportation of British capital which began during the Thatcher years, British-based capital has the largest overseas investments after America, and we will continue to support American political and military hegemony as the best

protection for those interests. This is being 'outward-looking' — looking beyond Britain to where British capital has gone.

But British economic policy being 'outward-looking, internationalist and committed to free and open trade', in Blair's words, is precisely the problem from which non-metropolitan Britain has suffered for most of this century. These are the values of the overseas lobby, the Home Counties financial elite, people for whom Hull or Norwich, let alone Glasgow and Cardiff, are far away places about which they know nothing — and care about as much.

The analysis of the Gould group — and that of the many other similar analyses which preceded it — implied that Labour, if it sought acceptability from British capitalism, should look to the domestic economy, to a more radical version of the producers' alliance attempted by the governments of Wilson, Callaghan and Heath. But John Smith and Majorie Mowlam did not embark on a tour of the regional offices of the CBI, or the Chambers of Commerce of the British cities. They headed for the Square Mile. The Blairites, following the lead of John Smith, have become the party of the City, the big trans-national corporations and the Foreign Office — the overseas lobby. They have become the party of the Europe Union — British membership of which is still supported by a majority of the overseas lobby in Britain.<sup>17</sup> This shift explains the enthusiasm for the Blair faction expressed by the London establishment — the Foreign Office, the higher media and the EU-oriented section of British capital — in the run-up to the General Election of 1997. Labour under the Blair faction was a more reliable bet for continued EU membership than the Conservative Party with its vociferous Euro-sceptic wing.<sup>18</sup> And with this shift to an overseas orientation, comes the concomitant position that Labour's traditional constituency — so-called Old Labour — the domestic economy, especially manufacturing and the public sector, becomes merely a collection of special interest groups to be taken for granted, conned, betrayed or ignored.

## The problem becomes the solution

The key move was to see the City — the overseas lobby — and the asset-stripping of the domestic economy, which began in the 1980s, not as the problem but as the solution. This shift can be illustrated by two quotations. The first is from the Labour Party policy document, *Meet the Challenge Make the Change: A new agenda for Britain*, the final report of Labour's Policy Review for the 1990s, published in 1989. The subsection Finance for Industry (p. 13), began:

'Under-investment is the most obvious symptom of short-termism in our economic affairs, yet there is no shortage of funds for investment purposes. The problem lies in the criteria by which the City judges investment opportunities. If short-termism is the disease, then it is the City which is the source of the infection.'

This section is a rewrite by what Austin Mitchell MP called 'the leadership'<sup>19</sup> of a section of the document written by the committee chaired by Bryan Gould. The *original* Gould committee version had stated, *inter alia* :

'The concentration of power and wealth in the City of London is the major cause of Britain's economic problems'; and that Britain's economic policy had for too long 'been dominated by City values and run in the interests of those who hold assets rather than those who produce.'<sup>20</sup>



Seven years later in their *The Blair Revolution*, Peter Mandelson and co-author Roger Liddle, now Tony Blair's adviser on Europe, said of Britain in the 1990s:

'Britain can boast of some notable economic strengths — for example, the resilience and high internationalisation of our top companies, our strong industries like pharmaceuticals, aerospace, retailing and media; the pre-eminence of the City of London.'<sup>21</sup>

Not only has the City ceased to be the problem it was perceived to be nine years before, Mandelson and Riddle have internalised the values of the overseas sector of the economy, of which the City is the core. Not only is the 'high internationalisation' of our top companies an 'economic strength', we now have a retailing 'industry' and media 'industry'.

### Goodbye manufacturing

The prospect of North Sea oil revenues had begun to persuade members of the overseas lobby that they could, perhaps, abandon what they saw as the troublesome, union-ridden, manufacturing sector of the economy. In 1978, we learn from Frank Blackaby, that a 'senior Treasury official' had commented, 'Perhaps we can either have North Sea oil or manufacturing industry, but not both.'<sup>22</sup> On 3 July 1980, Samuel Brittan, who was then the leading economic commentator on the right of British politics, published an article in the *Financial Times* headed, 'Deindustrialisation is good for the UK.'

The former Thatcher Minister, the late Nicholas Ridley, wrote in his memoir:

'I do not think it is a disaster if we become an economy based primarily on the service sector. It isn't vital, as socialists seem to think, that we have a large manufacturing sector. They seem to think this mainly because Britain's old manufacturing industries used to be the basis of their political support.'<sup>23</sup>

The former Conservative Minister, Cecil Parkinson, one of Mrs Thatcher's Ministers at the Department of Trade and Industry, wrote in his memoir:

'Trade [i.e. Ministry for Trade at the DTI] traditionally took the view that it was the custodian of GATT and upholder of the open market wherever possible. It tried to ensure that we acted within the rules of GATT and was sometimes regarded as almost unpatriotic when it argued the case that just because other people's imports were unwelcome this was not necessarily unfair.'<sup>24</sup> (Emphasis added.)

Whereas a domestically-oriented Department of Trade might see its role as promoting British exports, defining its role as the 'the upholder of the open market' is as clear an expression of the overseas lobby's views as can be imagined.

As the Thatcher regime accelerated the deindustrialisation of Britain, this was rationalised in and around the City of London and by some of its spokespersons in the Tory Party, notably Chancellor of the Exchequer Nigel Lawson, with the belief that financial and other services would replace manufacturing industry: we were moving to a post-industrial society, such as..... Switzerland<sup>25</sup>

During John Major's period as Prime Minister, Edward Pearce wrote:

'I have been told by a Treasury knight that though very fond of Mr Major, he worried a little at his anxiety about manufacturers. "He wasn't very happy with the analogies we made about Switzerland, so prosperous entirely from service industries, so it was necessary to let him make friendly things (sic) to the manufacturing people."<sup>26</sup>

Pearce is telling us that one of the most senior civil servants at the Treasury, and by implication — the use of 'we' — perhaps several or all of them, had decided that Britain should pursue a policy of abandoning its manufacturing base altogether.<sup>27</sup>

One of Gordon Brown's appointments to the Bank of England Monetary Policy Committee, the American economist DeAnne Julius, was the co-author of an essay which argued that it would be a mistake for

Western governments to try and hang on to their manufacturing base and that they should concentrate on service industries.<sup>28</sup> (And according to William Keegan in the *Observer* 15 February 1998, Ms Julius is 'widely considered to be the closest the MPC [Monetary Policy Committee] has to someone in touch with industry!')

Such attitudes are now openly expressed in the financial media. Gavyn Davies is perhaps Labour's most important economic advisor. He lives with Gordon Brown's office manager, Sue Nye, and is the chief economist for the US bank Goldman Sachs. Immediately after the Labour election victory in 1997 he dismissed concern about the damage the rising pound was doing to British exporters, with the comment that 'the health of the one sector of the economy which is directly affected by the exchange rate [i.e. domestic manufacturing] cannot take precedence over the maintenance of the inflation target.'<sup>29</sup> (Davies' implied claim that the City is not 'directly affected by the exchange rate' is an extraordinary lie or self-delusion. The higher it is the more money the City makes.) By early 1998 Davies' response had become the standard reply to all complaints about the value of sterling.

The same line was offered in the *Daily Telegraph* in 1998 in an article whose title, 'Metal bashers shut up shop and do the nation a service', echoed that of Samuel Brittan's 'De-industrialisation is good for Britain' nearly twenty years before:

'Sympathy for manufacturers is no basis for economic policy...the plain fact is that manufacturing will go on shrinking, and the more prosperous we become, the faster it will decline...interest rates may be relatively high, but setting them in order to succour manufacturing will only succeed in feeding inflation.'<sup>30</sup>

With these attitudes comes the extension of the term 'industry' to encompass any kind of economic activity. We now have 'service industries', 'financial industries', 'leisure industries', 'the sports industry', 'the tourism industry', 'the gambling industry', 'the sex industry' etc etc. It does not matter if the manufacture of products in Britain declines: they will continue to be replaced by financial 'products', holiday 'products', leisure 'products' and so forth. (As yet I haven't noticed welfare 'products' but they cannot be far off now.)

New Labour's economic policy makes no distinction between the City and domestic manufacturing. But policies which suit the domestic economy — cheap money, expansion, controls on the uses of money and credit; planning, consistent demand in the economy — do not suit the City which wants expensive money (sorry: 'competitive interest rates') and freedom from controls (sorry: 'self regulation'). This used to be understood by the Labour Party and was the basis of party economic policy until the mid 1980s.<sup>31</sup>

New Labour still occasionally recognises that there is something called the domestic manufacturing economy, and as the value of sterling rose throughout the first year of New Labour's first term in government with the steady dose of increase rate rises imposed by the newly independent Bank of England, government spokespersons initially watched from the wings and made ritual noises of sympathy and regret — what the unnamed Treasury official quoted above called 'making friendly things to the manufacturing people.'

\* 'Mr Brown...is concerned that sterling's 20% appreciation over the past 12 months will damage industry by making exports more expensive.'<sup>32</sup>

\* Helen Liddell, Economic Secretary to the Treasury: 'We share the concern about the impact the pound has on industry.'<sup>33</sup>

\* President of the Board of Trade, Margaret Beckett: 'The Government values the manufacturing base of this country and shares its belief in the benefits of a stable and competitive exchange rate.'<sup>34</sup>

But three months later Mrs Beckett told the annual dinner of the Engineering Employers' Federation that the government 'has to take a view of across the whole economy, not just a part, even as important a part as manufacturing' — the line offered by Gavyn Davies, quoted above.<sup>35</sup>

### A fatal inversion?

British politics has been stood on its head. The Conservative Party, traditionally the party of financial and overseas interests, has been replaced in that role by Labour. Instructed by its new friends in the City, Labour has become the party of financial, pre-Keynesian, orthodoxy. Gordon Brown looks determined to re-enact the role of Philip Snowden in 1931—the perfect Labour Party front man for the interests of the overseas lobby. The last three years of the Major regime saw Chancellor Kenneth Clarke running the kind of orthodox demand management policy — increasing government deficits in response to the recession — which Labour, under Wilson or Callaghan, would have run, but which is anathema to 'Iron Chancellor' Brown. On becoming Chancellor, virtually his first action was to make the Bank of England independent; and the Bank of England said, 'Thanks very much' and began putting interest rates up, despite the pound being too high for the domestic manufacturing economy. The first year of New Labour's term of office produced a stream of newspaper stories complaining of the damage being done to British manufacturing by the strength of sterling identical to those which appeared in the first years of Mrs Thatcher's Government — and for the same reason: interest rates were being put up.<sup>36</sup> Once again, just as in the first years of the Thatcher regime, the exchange rate for sterling was not a consideration.

Gordon Brown gave up the state's influence on the Bank of England, as far as we can tell, in the belief that independent central banks have a better record on preventing inflation than those under political control.<sup>37</sup> Which is another way of saying that, without prioritising the effects on the domestic economy, central banks can be relied on to put interest rates up. Gordon Brown acts as though he's got the equivalent of economic amnesia, and cannot remember anything that happened before 1997. How else can we explain his determination to try to 'control' inflation using only interest rates — what Edward Heath used to dismiss as 'one club golf' — and ignoring the large range of other economic tools which were used, in the days before Mrs Thatcher?

### We are powerless

'New Labour' believes — but is unwilling to state in so many words — that governments can do nothing against the power of trans-national finance. This belief has become the acid test for 'New Labour'. In the Commons debate on the Nick Leeson-Barings debacle on 27 February 1996, it was Sir Peter Tapsell, a High Tory stockbroker, not Shadow Chancellor Gordon Brown or Labour's City spokesman Alastair Darling, who declared that the derivatives market was 'so speculative in nature as to deserve the term gambling and perhaps should be banned in international law.' Gordon Brown meekly echoed Chancellor of the Exchequer Kenneth Clarke and called for an inquiry. In a letter to me on the subject of Tapsell's remarks on derivatives, Alastair Darling, now Chief Secretary to the Treasury, made the following assertions:

'It is not possible to ban derivatives. They have been about for 200 or 300 years. Properly controlled and supervised there nothing per se wrong with them. The fault lies in the control systems. In any event, I trust that you will accept that it would be impossible for one country to ban the trade even if it was desirable. The trade would need to be banned throughout the world.'

To the implicit question, 'Why not do something about this?' Darling replied:

It cannot be done. (*So do nothing.*)  
In any case, there is nothing wrong with them. (*So do nothing.*)

Even if there was, and you wanted to ban them, it would have to be done world-wide. (*So do nothing.*)

The financial sector's interest in not being controlled by government has been universalised into the beliefs that not only is it impossible to impose such control, it is positively a bad thing to try. (The market is magic.) In an article in *The Times*, Peter Riddell said what the politicians never quite dare to say: 'Politicians know that real power lies with global business'. But where is the evidence to support this belief? Where is the

evidence to support the view that the nation state can no longer manage its own economy? When you ask you usually get told of the 'French failure' in 1983, when the Mitterand Government tried to expand the economy in a pretty traditional demand management fashion — while trying to remain a member of the European Monetary System. But as an example of the impossibility of demand management in one economy, this example fails. Just as Heath did in 1972 with his expansion, the French government reached the point where they either floated the currency as the trade balance went into deficit, or abandoned the expansion. Pursuit of the geo-political competition with Germany inside the then EEC, the so-called 'franc fort' policy, proved more important, and the French government abandoned the expansion.<sup>38</sup> Thus, it is believed on all sides, did 'Keynesianism in one country' die. But even the most lumpen accounts of demand management economics acknowledge that it may be necessary to abandon attempts to maintain fixed parities if growth is pursued. (The real mystery of the French expansion in 1983 is how they thought they thought they could have expansion *and* 'franc fort'.)

But while the French failure looms large in the we-are-powerless Labour modernising mind, the experience of Britain leaving the ERM in 1992, does not. Yet what happened in 1992 when Britain was forced out of the ERM in 1992 by these 'global forces' we are supposed to fear so much? Dire consequences were predicted if the pound left the ERM, notably a massive increase in inflation. (Being in the ERM was claimed to be a guaranteed anti-inflation measure by both Labour and Conservative economics spokespersons.) The world's currency dealers concluded that, at D-mark 2.95, the pound was seriously overvalued — a view shared by a wide section of British economists and, we are led to believe, despite their silence on the subject at the time, the Labour Shadow Cabinet.<sup>39</sup> The Conservative Government tried to defend an unrealistic exchange rate by the usual means — giving the Bank of England's reserves away to speculators — and then recognised defeat. The value of sterling fell, and none of the predictions of economic disaster turned out to be true. Inflation did not shoot up; domestic production expanded with the more competitive pound, exports expanded and unemployment fell. In direct refutation of everything Labour's economics spokespersons apparently believed, the *relatively* good economic position inherited by the Blair government in 1997 is a direct consequence of the British economy leaving the ERM.

In the *Independent on Sunday* of 15 January 1996, Alastair Darling, now Treasury Minister, was quoted as saying, 'It is not up to the government to say that the banks can only make so much profit.' It certainly *used* to be 'up to the government': even Geoffrey Howe imposed a windfall tax on the banks in 1981; but that was back in those far-off days before the Government handed power to set interest rates, perhaps the most powerful single economic tool and the surest means of regulating how much banks earn, to the people who stand to gain by putting them up! Just before the 1997 General Election Roy Hattersley wrote in his *Guardian* column of meeting one of the then Labour shadow economics team, who told him that in the new global economy it was not possible for a government to increase taxes.<sup>40</sup>

On his visit to the beleaguered Bill Clinton in February 1998, Tony Blair told *Guardian* journalist and long-time Blair ally, Martin Kettle, of the 'five clear principles of the centre-left'. The first of these was:

'...stable management and economic prudence because of the global economy.'<sup>41</sup> (Emphasis added.)

The acid test for Labour 'modernisers' has become how completely you accept the powerlessness thesis. The line sounds immediately plausible to those, like New Labour economics spokespersons, with little economic knowledge: it is what they keep reading in the newspapers and being told by their advisers from the City. The powerlessness thesis also has the advantage of being a popular line with Labour supporters of the European Union who can argue, as the Labour Party has done since it became Euro-enthusiasts, that we need Europe to control capital ('the speculators'). A decade ago Gordon Brown *et al.* believed that British

membership of the ERM would do it; when that failed they concluded that only a single currency would do it. But the propositions that nation states are powerless against capital movements, or that the free market model is the only one possible (or successful) are immediately falsified by the experience of Norway, and the Asian variants on corporatist, producer alliance, restrictive, trade barrier and exchange control-laden, nationalist economies of the Far East. These so-called 'tiger' economies had developed and grown in defiance of Anglo-American free market theories.<sup>42</sup>

Why have New Labour adopted the powerlessness thesis? In part, it is simply that they are in the grip of theories; and like most people in the grip of theories they exclude information which might challenge them. The theories are reinforced by the fact that they are those currently approved of by their mentors in the United States and the British overseas lobby. In so far as alternative views are perceived, they are offered by people who for one reason or another, are regarded by New Labour as either discredited, such as the Labour Left, or beyond the pale, such as the Tory Europhobes. Thirdly, and most importantly, New Labour politicians *like* the belief that they are powerless against the world's financial markets. Powerless as they are, a range of things that Labour leaders used to have try to deliver — growth, economic justice, redistribution — have ceased to be rational expectations of them. Nothing can be done short of the European-wide level; and maybe not even then.<sup>43</sup> Life is infinitely easier for Labour economic ministers when all they have to do is follow the City's line.

## Notes

1 Martin Kettle, the *Guardian* 3 February 1996

2 The *Observer* 14 April 1996. This visit is missing from John Rentouls's biography of Blair, *Tony Blair*, (Little Brown, London, 1995).

3 Gordon Brown, with the late John Smith, attended the 1991 meeting at Baden-Baden. (This is not included in his 1998 biography by Paul Routledge.) The full list of those attending was published in the US magazine *The Spotlight* 22 July 1991. This article with others from the same source on the Bilderberg group and Trilateral Commission can be found on the Net at [http://www.real.net.au/insurge/politics/global\\_power/nword.htm](http://www.real.net.au/insurge/politics/global_power/nword.htm) *The Spotlight* is undoubtedly a racist magazine. Nonetheless it is the only magazine which consistently prints articles about transnational forums like Bilderberg and Trilateral. Monks attended the meeting in 1996. The list of those attending the 1996 meeting was published in Canada and then put up on the Net. Tony Blair's Bilderberg meeting is in his Parliamentary declaration of interests.

4 The *Guardian* 3 October 1994

5 Ken Coates and Michael Barrett Brown suggest in their book *The Blair Revelation* (Spokesman, Nottingham, 1996) that Powell's job in the British embassy in Washington concealed a role as the liaison officer between British intelligence and the CIA, but they have no evidence. Powell's career summary as given in *The Diplomatic Service List* for 1995 contains nothing from which to directly infer an intelligence role. He was born in 1956 and joined the FCO (Foreign and Commonwealth Office) in 1979. Since then he was Third later Second Secretary in Lisbon, 1981; Second later First Secretary at the FCO, London; UK delegate to CDE Stockholm 1986; UK delegate at the CSCE in Vienna 1986; First Secretary FCO, London 1989; then First Secretary (Chancery) Washington 1991.

6 The *Guardian* 3 October 1994. Balls was profiled in the *Guardian* (G2) 16 March 1998.

7 The *Sunday Telegraph* 24 March 1996. Davies was an adviser to the Callaghan Government as a member of the Downing Street Policy Unit, headed by (now Sir) Bernard Donoghue. He was included in the party which visited President Clinton in early 1998.

8 *Who's Who* 1992

9 Peter Hennessy, 'The View from Here', in the *Independent* (Education) 1 May 1997

10 Mandelson 'flunked first year exams because he was spending all his time working as president of the United Nations Association's youth and student branch.' *Independent* 1 July 1989.

11 On WAY see the scattering of references in Joel Kotek's *Students and the Cold War*, (Macmillan, London 1996), Joseph B. Smith, *Portrait of a Cold Warrior*, (Ballantine, New York 1981) and Jonathan Bloch and Patrick Fitzgerald, *British Intelligence and Covert Action*, (Junction, London 1983).

12 The *Independent* 29 July 1995. McIntyre is reported (1998) to be writing a biography of Mandelson.

13 See Tom Easton's 'The British American Project for the Successor Generation', in *Lobster* 33.

14 On which see, for example 'The AFL-CIA' in Frazier (ed.) and Peter E. Newell, 'The International Centre of Free Trade Unionists in Exile' in *Lobster* 31.

15 These paragraphs on TUCETU are taken from David Osler's 'American and Tory Intervention in the British Unions since the 1970's' in *Lobster* 33.

16 The *Times* 17 July 1995.

17 The non-EU section of overseas UK capital, located chiefly in the US, the Commonwealth and the Republic of South Africa, is less enthusiastic about EU membership. Their views are expressed most clearly in the *Sunday Telegraph*.

18 An unnamed 'businessman close to the Labour leadership' said in the *Observer* (Business) 13 April 1997, p. 5: 'The big companies - the ones who do the most trading with Europe - are really worried about the xenophobe right.'

19 See his review of *Defeat from the Jaws of Victory: Inside Kinnock's Labour Party* by Heffernan and Maquese, in the *Guardian* 15 December 1992.

20 Cited in Eric Shaw's 'The Evolution of Labour's Campaign Strategy 1987-91: some Preliminary Notes and Comments', a paper presented at the Conference of the Political Studies Association, Queen's University, Belfast 7-9 April 1992. Thanks to John Booth for this.

21 Faber and Faber, 1996, p. 12

22 Frank Blackaby, 'Exchange Rate Policy and Economic Strategy' in *Three Banks Review*, June 1980.

23 Ridley p. 71

24 Parkinson pp. 238 and 9

25 In the 1000 plus pages of Nigel Lawson's memoir, there are only four indexed references to the manufacturing sector, in the last of which he comments that if North Sea oil has 'crowded out' manufacturing, then as North Sea oil declines, it will spontaneously 'crowd back in'. See p. 196.

26 *Guardian* 8 January 1992

27 The 'Treasury knights' are the Permanent Secretaries. I asked Pearce who he was quoting but while he did not identify the Treasury official, he commented: 'I'm pretty sure that factory-despising attitudes are common in the Treasury though not universal.' Letter to author 14 January 1992.

28 See Nick Cohen's 'Why is CIA ex-agent setting our interest rates?' in *The Observer* 19 October 1997. Ms Julius, now with British Airways, worked as an analyst for the CIA.

29 The *Independent* 12 May 1997

30 7 February 1998

31 See for example Neil Kinnock's *Making Our Way* (Blackwell, 1986)

32 *Guardian* 7 July 1997

33 *Guardian* 11 July 1997

34 *Guardian* 5 December 1997

35 *Guardian* 18 February 1998. She repeated this central 'line' in an exchange of letters with Austin Mitchell MP. See Larry Elliot, the *Guardian* 9 March 1998.

36 See, for example, the leader 'Manufacturing a recession' in the *Guardian* 20 January 1998.

37 See, for example, the arguments by Labour economics adviser Gavyn Davies, in *The Independent* 12 May 1997, and the replies in the Letters on 14 May.

38 On this see Seamus Milne, 'A French lesson for the left' in *Tribune* 26 March 1993.

39 Neil Kinnock's assistant at the time, Neil Stewart, commented that the reason Kinnock did not express his belief that pound was over-valued was, 'It's a dickhead says it before the Tories.' Rintoul p. 267.

40 Hattersley declined to tell me the name of this person. My guess? Alastair Darling. This was an echo of Tony Blair's 1996 comment in Japan that, 'We also recognise that in a global economy.... our tax rates need to be internationally as well as nationally competitive.' Blair p. 123

41 *Guardian* 7 February 1998.

42 This was written just before the 1998 collapse of the so-called Asian 'tiger' economies. As far as I can see the collapse is chiefly the result of those economies *reducing* the restrictions which used to exist, in pursuit of the western free market model, thus encouraging speculation (aka 'investment') by their domestic and Euro-American financial sectors - with the usual disastrous results. On Norway see Larry Elliot in the *Guardian* 6 April 1998.

43 General Secretary of the TUC, John Monks, called in 1996 for 'world works councils for each major international company', *Guardian* 31 January 1996. International capitalism did not noticeably tremble at this absurd prospect. Against the globalisation-nation-state-is-powerless thesis, see for example Martin Wolf 'Far From Powerless' in the *Financial Times* 13 May 1997; 'Grand National idea produces winners', Larry Elliot, the *Guardian* 20 October 1997; 'Don't be fooled: multinationals do not rule the world', *Independent on Sunday* 12 January 1997 and 'Globaloney', Paul Hirst in *Prospect* February 1996.

