

# Who is Peter Mandelson?

Peter Mandelson the EU's Trade Commissioner's appointment came at the hands of his bestest friend Tony Blair.

Who is Peter Mandelson?

Answer: one of a small clique that has proved remarkably self serving at the top of British government for almost a decade.  
It hardly matters where Peter Mandelson came from, it's his history since 1997 that is important.

Mandelson and Anthony (Tony) Blair are said to have invented the concept of New Labour, supposedly a reinvention of the UK's left-leaning Labour Party.

Mandelson is credited with the strategies that brought Labour a resounding victory over the incumbent Conservative Party in 1997.

There was a sort of "North Eastern Caucus" of Labour MPs. Mandelson represented Hartlepool, Blair represented Sedgefield and Mo Mowlam represented Redcar. Mowlam was a traditional Labour MP and was not part of the Inner Group after the election. Indeed, she was exiled to Northern Ireland, where she confounded Blair by overseeing the largest strides towards peace for a generation. In a world of hard men, she gained the respect of both sides by taking no (political) prisoners. Whilst Blair and Mandelson sought to be everybody's friend, Mowlam told all sides that if they wanted to be her friend, with the benefits that would bring, they had better sort out the mess.

**Blair put Mandy where he will look good.**

Both sides responded. Blair brought in his pal Bill Clinton to take the credit for Mowlam's work and, just as things were improving, Blair removed Mowlam from Northern Ireland, replacing her with his close friend Peter Mandelson.

At the 1998 Labour Party Conference, Mowlam was so applauded by the party faithful, with an

ovation both louder and longer than that accorded Blair that the press labelled her "more popular than Tony," sealing her political future on, as Blair hoped, the margins. Mandelson who had specifically created Blair as a cult figure, more presidential than prime-ministerial, was incensed. Mowlem became a target. Someone within the Labour party began "briefing against" Mowlem and in one especially dismal attack the words "brain damaged" were allegedly used although the source of that comment and its context has never been publicly identified.

Mowlem was widely regarded as almost the last voice of conscience for the Labour Party and she was regularly sidelined, eventually retiring from Parliament in May 2001, suffering from the cancer which eventually killed her in August 2005. Shortly before Mowlem died, Robin Cook, another traditional Labour-ite who had resigned in protest at Blair's antics over Iraq had died: Blair did not attend the funeral. He was spared the need to make a decision as to whether to break his annual holiday to attend Mowlem's funeral as the family decided on having a small event for close relatives only. Blair did, however, do his best to spin the Mowlem death in his favour by the making of a statement, in some quarters referred to as a eulogy, praising her. Yet, he and his mates including Mandelson, had done everything possible to marginalise her from the moment of election and, especially, after the 1998 conference. Far from providing support for Blair's failing popularity, his attempt to re-write history over Mowlem was widely seen as a slimy move that had gone even further than the population had seen before. This is, after all, a prime minister that said "I am not going to be swayed by public opinion" yet even so won the next election.

Mandelson idolises Blair and Blair dotes on Mandelson. No matter how many times Mandelson stuffs up, Blair just appoints him to another post, often more important than the one he most recently disgraces. And Mandelson's delivery of certain parts of the electorate came at a price that a near-Catholic, as Blair professes to be, should have railed at. For Mandelson and several of the new MPs in 1997 are homosexual. One of the promises made was that a New Labour government would lower the age of consensual homosexual sex to 16: and indeed, one of the first acts of the new Blair government was to amend the law to legalise homosexuality between older men and minors.

### **Mandelson's Dome-sticky mess**

Mandelson disgraces both British politics and the offices he holds.

Following the election, Mandelson was immediately appointed to handle New Labour's flagship project, The Millennium Dome: a fantastic monument to New Labour.

In July 1998 he was appointed Secretary of State for the Department of Trade and Industry and

the Export Credits Guarantee Department. In December 1998, after a rather piquish attempt to hold onto his job, he resigned after it came to light that his financial affairs had not been fully disclosed as required by Rules.

And there was a fantastic irony about what was happening: before the election, Mandelson borrowed money (GBP373,000) from another Blair favourite, Geoffrey Robinson, who Blair made HM Paymaster General. Robinson was a former business colleague of Robert Maxwell, proprietor of Mirror Newspapers and fraudster on a grand scale.

Gordon Brown, who became Chancellor of the Exchequer when Labour came to power in 1997 and remains so today, had declared before the election that the dismantling of the UK's offshore investment regime was a primary priority, soon found that he had a problem: for many senior Labour people and their supported had offshore accounts. Amongst them, Geoffrey Robinson. Geoffrey Robinson owned, amongst other things, The New Statesman newspaper which supported New Labour with no questions asked. At least for a while.

Mandelson never left Blair's favour, nor in fact his side as he became a member of a "second cabinet" which included the Alastair Campbell (also now disgraced as a result of the Hutton Inquiry into the death of Dr David Kelly who told intelligence sources that there were no WMD in Iraq and when they didn't believe him told the press, only for his confidence as to identification to be breached resulting in his (alleged) suicide and also as a result of allegations that he i.e. Campbell "sexed up" an intelligence report to make action against Iraq less unjustifiable). In October 1999, with peace in Northern Ireland now well this side of the horizon, and the perceived opportunity for error being minimal, Blair removed Mowlem and set his close pal Mandelson (aka "Mandy") up in Mowlem's job. He was there for two almost two years before another scandal erupted.

In a biography of Mandelson, published in 1999 ("Mandy. The Unauthorised Biography of Peter Mandelson" by Paul Routledge) it is said that Mandelson manipulated people into providing support for his own objectives. He was not, it appears, generally, interested in being Prime Minister: he was more anxious to be the power broker that everyone was beholden to. One of his early conquests was Neil Kinnock, a rather vapid and ineffectual former Labour Prime Minister. That relationship would aid Mandelson later.

By January 2001, however, Mandelson was again under pressure. This time he had made a telephone call to "enquire" as to the making of an immigration application. Anyone who has read (or seen on TV) the Peter Jay comedy Yes Minister will know that language within government is a special thing: codes and hidden meanings abound. And when the architect of your government's success phones and asks what would in other circumstances would be an innocuous question, then its difficult to imagine that there is no hidden meaning and no threat in the event of non-compliance.

So when Chris O'Brien at The Home Office received a telephone call from Peter Mandelson personally, he knew matters were serious. Mandelson was at the Cabinet Office at the time the call was made. He was trying to rescue a rapidly failing project called The Millennium Dome. This massive project had been floated under the previous (Conservative) government but all but abandoned as too risky. But Blair decreed that there was three years to get it right and that getting it right would prove that New Labour's Can Do approach had substance. Mandelson was charged with supervising the project including fund raising. It was decided that there would be a series of "zones" within the structure, and that each of the Zones would be sponsored. The "Faith Zone" was not easy to gain sponsorship for and Mandelson learned that, shortly before the election that returned Labour, there had been an expression of interest from two brothers called Hinduja. Mandelson needed their help for the project was on the verge of collapse.

Srichand and Gopichand Hinduja had arrived in the UK in the 1980s. They applied for UK passports in 1990 and were rejected. Gopichand Hinduja applied again two months before Mandelson's appointment to the post. Just six months later, in October 1997, Gopichand Hinduja's passport application was approved. In February 1998, Srichand Hinduja made a failed application for citizenship. The Hinduja Foundation, a fund under the control of the brothers, made an informal offer to sponsor the Faith Zone. In June 1998, the Hinduja Foundation made a formal offer to sponsor the Faith Zone. Just days later, it appears, Mandelson phoned O'Brien to ask if, following a change in government policy, an application for citizenship by Srichand Hinduja would be reconsidered. Several weeks after that call, Srichand Hinduja submitted a third application. It was granted in March 1999 and in June 1999 the Hinduja Foundation was announced as a 20% sponsor of the GBP5 million cost of The Faith Zone. Less than a year later, the two brothers wrote to Mandelson asking if a similar application by a third brother would be entertained. Mandelson passed it to the Home Office without any comment. Arguably, he should have sent it back and told them to apply via the correct channels as the mere fact of it coming from him may be seen as an endorsement of the application.

And it seems that there should have been comment: according to the Official Inquiry into Mandelson's conduct

" 8.3. On 19 October 1998 Miss Page (Director of The Millennium Experience Limited, the company set up to create and operate the Dome) wrote to the Department of Culture, Media and Sport, the Department responsible for handling issues relating to the Dome, asking that formal checks should be instituted within Government about the Hinduja group of companies. It was normal procedure for the Millennium Experience Company to check on the status, credit and general standing of potential sponsors. In the case of the Hinduja companies, it was not easy to be clear about the full extent of involvement between them and the Government, because of the diverse nature of their business. There were also concerns within Government about reports about their business background."

The report goes on " 8.5. Mr Mandelson has said to me that he regards this comment as consistent with his position throughout and that at no stage did he seek to advance the applications for naturalisation made by any of the Hinduja brothers. I have found no evidence to the contrary and I accept Mr Mandelson's explanation."

It's quite difficult to see that conclusion being easily drawn for at paragraph 8.3 of the report, there is a transcript of a note made by Mandelson. It says " "I agree that they are an above average risk but without firm evidence of wrongdoing how could we bar them from involvement in sponsorship? We are right to reduce our exposure to them. I wonder how this involvement got publicity in the first place. Incidentally, if Mr S P Hinduja wishes to pursue his citizenship application he can do so without further involvement or commendation from me!".

It's the word "further" that causes concern: it means that there had been "involvement or commendation." And it was of such importance that he thought it worth noting, which is rather contrary to the later story that it was of such minimal importance that he didn't remember it taking place.

And the reason that the Hinduja's were so anxious to become naturalised may be explained by the fact that the authorities in India were trying to bring them to trial on arms related charges, which they denied. In fact, they were charged in India in 2001.

But the time the cash-for-passports allegations blew up, so to speak, Mandelson was at possibly the most critical juncture of his time in Northern Ireland and a further agreement was beginning to shape up, if only he could keep the parties from being too irate with each other. By that point, Sinn Fein had already dismissed Mandelson as "out of his depth" in Northern Ireland. And the media had sensed another example of Mandelson thinking that the rules that apply to everyone else did not apply to him. Mandelson initially said he could not remember the call. Blair's personal press secretary tried to gloss over that by saying that the call was not important, that Mandelson had had other things on his mind when the story broke, that there was no question of the media dragging out information which the government did not wish to release, that it was unfortunate that it had take four days for Number 10 (the Prime Minister's Office) to make a statement seeking to excuse Mandelson. Things were getting sticky for Blair - there was a public rift developing with his Chancellor and the last thing Blair wanted was Gordon Brown nosing around Mandelson looking for ammunition. In essence, Mandelson was now a lame duck: Blair tried to prevent his pal from another disgrace but eventually, seemingly because of the threat to the NI Peace Process, Blair had to let go of Mandelson's hand and let him slip quietly beneath the water into oblivion.

Or not.

### **Mandelson's Grand Tour**

For it appeared that there remained some lifeline between the two because Blair quickly found something else for Mandelson to do: although he remained out of the limelight in Britain for about

three years, sitting on the back benches, he did not remain out of politics and was soon back at what he does best - manipulating, or trying to. He worked with left leaning parties in Europe and the USA to try to introduce to them the skillset that had created New Labour and the electoral victories that followed.

In June 2004, Blair decided his mate had done enough in exile but realised that to bring him back to British politics within the months before an election, which was already shaping up to be difficult, would not greatly aid the party; for which read Blair. But although a British position was unlikely, a plum European job was opening up.

Neil Kinnock was about to come to the end of his stint as a European Commissioner. He was not going to stay on: scandals in his department were beginning to get a bit close to home and out was the best option.

Britain's other EU Commissioner, Chris Patten, had been sent to Europe because, simply, he was too dangerous to Blair to have in British politics, even though he had not sought election. Patten had been the last Governor of Hong Kong, overseeing the handover with good grace and, after a difficult time to start with, being both loved by and loving Hong Kong and its people.

After HK, Blair asked Patten, a Conservative, to undertake a review of the Royal Ulster Constabulary in Northern Ireland. But Patten didn't get to see his proposed reforms through. Why? Mandelson's biography at the EU explains: " [Peter Mandelson] also introduced the radical overhaul of the police service in Northern Ireland." After a while, Blair offered Patten the job as one of the UK's two EU Commissioners - Patten became External Affairs Commissioner. Patten may have been willing to stay: his performance as, in effect, the EU's Foreign Secretary, had been steady and able. But one of the two positions was due to be abolished leaving Britain with only one to fill. Blair did the maths.

- His pal Mandy had been dumped twice from front benches to back benches losing a significant part of income and is a potential liability in forthcoming election.

Prime Minister 183,932

Cabinet Minister 133,997

Minister of State 97,949

Backbench MP £59,095

Office expenses / staff allowance - up to additional £104,081 plus central funding for certain functions.

But it was by no means certain that Mandelson would be re-elected and in any case he was considered to be a potential embarrassment in the 2005 elections. So an exit strategy was needed.

- Largely forgotten by the British public, Patten, a former potentially formidable foe, was coining it with EU salary and expenses. And whether he continued to do so was entirely up to Blair.

Commissioner's salary including 15% housing allowance e 251,620.644 - at current exchange rates, about GBP170,000. In short, it's more than the backbench salary plus the staff / office expenses allowance.

It was a no brainer. Patten had to be replaced by Mandelson if Blair was to please both Mandy and the electorate. Patten was offered a peerage and became Lord Patten of Barnes. The man who refused to wear the Regalia of the Governor of Hong Kong because he thought the plumed hat both outdated and silly was "introduced" to the House of Lords on 15th January 2005 wearing an ermine trimmed robe. Thus Patten, the last real dangerman in the Conservative Party, has returned to UK politics: he is an active member of the House of Lords.

So Mandelson was appointed the UK's sole European Commissioner. The job is in the gift of the Prime Minister and, again, Blair was able to give his special friend a benefit with no real chance for anyone to object.

And Mandelson arrived in Brussels in late 2004. He became Commissioner for External Trade, the logical successor to Patten's old job.

Mandelson lost no time in getting up to his old tricks and brought Roger Liddle into his EU Cabinet. Although Liddle had left the Labour party to set up a Social Democrats Party that soon foundered, he remained close friends with Mandelson: they had been councillors together in the London Borough of Lambeth, renowned for exceptionally high levels of public spending and consequentially exceptionally high property taxes. After the 1997 election, Liddle became Blair's adviser on European Trade. Within a year, Liddle was in disgrace as a result of an undercover "sting" by a journalist.

### **Con man conned?**

One of New Labour's early casualties (it dumps people pretty easily) was one Derek Draper. A story mysteriously appeared in a newspaper that disclosed "privileged access" to high levels of government - favouritism that soon made the Daily Express for which Draper wrote, dump him as an embarrassment. Moreover, he lost his job as a lobbyist. That Draper was dumped by the Daily Express may be strange: for Lord Hollick, proprietor of Express Newspapers, had been involved at the highest levels within the Blair campaign office in Millbank, right across the road from the Houses of Parliament.

Draper set himself up as an independent lobbyist, and the journalist posed as a businessman wanting to meet someone who could exert influence in relation to Europe. Draper said that, for payment, he could arrange a meeting with someone close to the centre of influence. That someone, it turned out, was Roger Liddle.

A year before the election, Mandelson and Liddle published a glorying book about Blair called "The Blair Revolution." Even so, according to gossip, it was only the fact that there was no independent evidence of remarks allegedly made by Liddle to the journalist, said to indicate that whatever the businessman wanted, all he had to do was speak to Draper who, the journalist claimed Liddle described as "part of the inner circle." The book was dedicated to Draper. Stories came to light that Draper had arranged "tens of thousands of business people" to come to meetings with Mandelson and Liddle at a cost of GBP150 each. He said it made little profit: Mandelson supported him but as his company was in default with its company accounts, at the time, no one could tell the difference.

### **Mandelson's Chinese Burn**

And so to Mandelson's activities since taking up the job as commissioner. The man who has made a habit of messing up every senior job he's been given now had the chance to excel on the world stage.

Mandelson demonstrated one thing: he and Liddle might understand the "How to get elected" part of politics but they have at best a tenuous grasp of commercial affairs. But they have an arrogance that allows them to think they know everything. Together, Mandelson and Liddle make up about 1/3 of the External Trade Cabinet of the EU. So long as they don't disagree, which is highly unlikely, they will push their agenda through unless there is concerted opposition within the Cabinet.

Which brings us to June 2005: Mandelson was shanghaied by Chinese negotiators simply because his inexperience and failure to ask questions (or listen to the answers) meant he looked at the China / EU textile trade down a tunnel. All he had to do was to look around and he would

have seen that the deal he did was doomed. The Chinese, smiling in the group photographs must have been laughing out loud as they waved Mandelson off. For they knew something he clearly didn't. As Mandelson and his team cracked open the champagne on the flight home, Chinese factories had already received orders, and commercial payment papers (letters of credit) for goods that would crash through the new quota barriers within two months and the goods would be shipped as contracted - for quotas do not prevent shipping, they prevent import at the other end. As Mandelson left, the Chinese knew he'd be back, tail between his legs, because he had made a stupid mistake.

He had not underestimated the Chinese: too many people have come a cropper doing that. No, he over-estimated himself.

Chinese garment manufacturers honoured their contracts and shipped the product. Once it arrived in the EU, a short inspection period passed and then the purchasers' banks were bound by the terms of the letters of credit and had no choice to release the payments to the Chinese manufactures.

So EU retailers paid for goods that they could not import, and would not be able to import for a further four months, by which time they would be no good for anything except, hopefully, January sales stock.

Mandelson, interviewed on the BBC, said "it's no one's fault." That's code for "it's actually my fault but I never admit a fault unless my pal Tony can't protect me any more."

Luckily, Mandelson's in the EU now, where incompetence is seemingly an art form.

He went back to China and came away with a changed deal. The EU has accepted his recommendations. It's not surprising - a public spat with him right now would not do the EU's reputation any good. And whilst he can't be removed easily, without Blair ordering to return home, he may be shunted off to a less important Commission.

**"Ooh, Tony: I've BU\*\*ered it up again"**

His term still has four years to run. If he stays at External Trade, then WTO and other globalisation issues will cross his desk. It may only be a matter of time before Mandelson is

running around shouting "Tony..... TONY!!!!!!!!!!!!!!!" as he needs to be rescued again.

This time, Blair coincidentally had a trade mission scheduled for China and his visit has been heralded as a great success as UK-HK banking group Standard Chartered and Airbus both walked away with signed deals. So the fact that Blair was also trying to save face for Mandelson has been buried beneath good news PR.

But Blair is running out of well paid jobs he can place Mandelson in. He may well just have to learn to do something properly, and not get into any more trouble because, even for his best friend, Mandelson is becoming a liability who may soon have to be ditched entirely.

(this article was written in September 2005)