

View from London by Dan Atkinson

Tories hit by economic crisis

Thatcher's party is hurting, and it may even be heading for a split over policy toward European federalism.

In Britain, the first few weeks of January are notoriously tedious ones in public life. In public school jargon, the Lent Term—shortest, wettest, and most miserable—is under way. Yet, as any boarding-school boy will know, the first few weeks of the Lent are extremely useful for finding out who's in, who's out, and who's going to be the boy everybody will persecute for the rest of the year.

Below the surface, a lot is happening.

First, the laughable stock market “boom” of the first week in January is—as predicted by a few of us—already looking pretty sick. By Monday Jan. 22, with both New York and the supposedly indestructible Tokyo markets on the slide, London's FTSE Index skidded more than 30 points. At the same time, assorted skullduggery came to light in the City's “world-beating” financial markets, including the astonishing news that the Department of Trade and Industry, as long ago as last September, had lodged a formal objection to the £13 billion Goldsmith bid for British-American Tobacco. For some reason, despite an early intention to inform investors of this important fact, the press release was never issued.

As is so often the case, the first the City knew of the objection was when it was presented as evidence in an Illinois courtroom.

Meanwhile, the consequences of Chancellor of the Exchequer John Major's decision to let inflation rip during the winter of 1989 rather than face electoral defeat, have become only too apparent with the huge Ford pay claim and the refusal of ambu-

lance drivers to fall in line with the government's pay policy.

By the third week of January, big-index numbers from those parts of the government's statistical service not pressed into diddling the figures showed that Britain was careening toward stagflation—with rising unemployment, rising prices, and falling output all at the same time.

Meanwhile, on the issue of the European Community, the Tory machine moved ever closer toward breakup, as rebel MPs formed the so-called Positive Europe Group, dedicated to fighting Mrs. Thatcher and the Bruges Group. Britain's political commentators are still dismissing the idea of a Tory split as unthinkable—they have spent every year since the mid-50s predicting a left-right split in the Labour Party and are unable to accept the likelihood of a Conservative bust-up.

Nevertheless, the Tory Party has been fudging the European issue since the time of Edward Heath, and these unprincipled compromises are now coming into the open. There are now Tories who are asking what will happen to those millions of Britons who refuse to join a European super-state at any price. Under the U.N. Charter, they are entitled to somewhere of their own to live.

Hovering between the Bruges Thatcherites and the Positive Europe Group are the opportunistic New Cliveden group of appeasers in the government, Kenneth Baker, Geoffrey Howe, Douglas Hurd, and others. They lean toward appeasement of the European Community's imperialistic institutions, but at the same time fear for the future of their chosen vehicle

of advancement—the Tory Party—if it were to split finally on the European issue.

The only real hope for the Conservatives lies in the continuing underlying unelectability of the Labour Party, whose ruling figures are, in the words of one Sunday columnist, trying to whistle a tune they do not know and do not like.

The Tories, however, would be wise not to place too much hope in the lightweightness of the new “Social Market Labour Party.” They have a serious problem of their own looming—the disaffection of the “Euro-MPs,” who are due to meet Mrs. Thatcher later this month for a “full and frank” exchange of views on the government's attitude to further integration into the European Community.

In a public row in the *Times* of London between Thatcher loyalists and the “Euro-MPs,” the latter made it clear they do not consider themselves representatives of the British government or even, particularly, of the British people, but “men of Europe” whose loyalty lies with Jacques Delors (the head of the Single Market 1992 project in Brussels) and his friends.

For years, the Tory Party hid its splits on Europe behind a clever, cynical formula called “Strong Voices in Europe.” The “Euro-MPs” were the strong voices, making heard the demands of both Britain and British conservatism in the councils of Europe.

This formula has now reached the end of its life, and nothing seems at hand to replace it.

A Conservative split on Europe is not inevitable, but seems much more likely than it did even six months ago.

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