

prosecutors' work will now accelerate, the scandal has prompted several Parliamentary inquiries. The Finance Committee, which is going to hear from both Fazio and Ciampi, is well acquainted with LaRouche's proposals and analyses. If they wanted, they could use the opportunity to force a reversal of all free-market policies adopted since 1992.

The UIC case could also relaunch the ongoing investigation, promoted by the LaRouche movement in Italy, of George Soros and his 1992 attack against the lira. Significantly, when *EIR* editor Jeffery Steinberg confronted Soros in Washington on Oct. 6, the international speculator blurted out: "Italians like to investigate everything."

On a related front, the pro-national faction is resisting pressure coming from the International Monetary Fund and other institutions to lower interest rates, in order to help refinance the derivatives bubble. Thus, it is not accidental that Ciampi, the newly elected head of the IMF Interim Committee, called on his own central banker, Fazio, to comply with the IMF request, in a meeting in Washington on Oct. 4. Fazio answered: "I cannot do it, I must defend the lira."

The battle against the EU

One aspect of the UIC scandal leads to the role of supranational institutions dictating European policy. LTCM's Giovannini is also chairman of the European committee to evaluate the impact of the introduction of the euro on financial markets. This committee issued a report in 1996, recommending guidelines of "transparency" for the monetary policy of the coming European central bank, the European Monetary Institution. This is helpful to show the real nature of the EMU system, at a moment when tensions among national interests and the dictatorial constraints imposed by the European Union (EU) authorities are mounting.

One conflict pits the Italian government against the European Union over the opening, scheduled for Oct. 25, of the new international airport in Milan, Malpensa, a facility whose modern infrastructure will increase Italy's capacity for international connections by 30%. The EU has vetoed the opening, on the pretext that it must wait for a rail connection to Milan's downtown (to be ready next May), and because it is now served only by a highway. In reality, as former state manager Vito Gamberale has stated, "It is natural to put EU Commissioners Kinnock and Colemann [both British], who are leading the assault [against Malpensa], together with the interests expressed by British capital, as well as with the interests that British capital want to develop in Italy."

Gamberale's views are shared by a broad front, including government and opposition parties, and promise a very interesting fight, which will intersect and shape the government crisis. If the Italians open Malpensa as scheduled, it will be the first time that a member of the EU has won a major confrontation with that supranational bureaucracy.

How long will Tony Blair last?

by Mark Burdman

"It's the end of hot air." This was how one influential Briton, in an Oct. 6 discussion with *EIR*, described the shock now hitting Britain, as the reality of the global economic collapse hit the country in earnest. "Hot air" was his reference to the ideological hyperventilations, about a so-called political Third Way and about "Britain's leading role in the age of globalization," emanating from British Prime Minister Tony Blair and his entourage. As reality hits Britain, this and other British influentials estimate, Blair's aura of popularity and decisiveness will evaporate, and his tenure in power will likely be a lot shorter than most have been expecting. Facile manipulation of words and image, will not be enough to bail him out, as the going gets really rough.

Relevant signals to this effect were contained in an Oct. 5 commentary in the London *Times* by Lord William Rees-Mogg, one of the leading mouthpieces for the European oligarchy's "Club of the Isles," centered on the British monarchy. Rees-Mogg focussed on the international financial crisis, claiming that the world is now in the "first deflation crisis since the 1930s," that "fear is universal," and that the situation is "very dangerous." He stressed that "the lesson of the 1930s" is that a global financial crisis like the present one is "destabilizing and dangerous for governments." Noting that President Suharto of Indonesia was forced to resign from office, and that other governments are reeling under the effects of the crisis, his lordship pointed to the fact that, in the last Depression, the Labour Party's hold on power was also short-lived. Today, he asserted, Blair's tenure in power might also be brief, as people turn toward "realism" rather than "idealism," to deal with the global crisis.

Blair had better watch his back. His lordship is a known specialist in journalistic and intelligence-world dirty tricks, who has, for example, been up to his ears in the assault against the U.S. Presidency ever since Bill Clinton came into office in 1993.

Where things are heading in Britain, in all likelihood, is toward some kind of "national unity" government, along the lines of the "National Government" formed in 1931, in the midst of the Great Depression.

As *EIR* frequently summed up the case during 1997, Blair is a reincarnation of that period's Labour Party Prime Minister J. Ramsay MacDonald. MacDonald, an intimate of King



Tony Blair, during a visit with lame-duck German Chancellor Helmut Kohl. Is Blair a lame-duck, too?

George V, was first elected soon before the great stock market crash of 1929. When depression conditions deepened, he carried out the austerity prescriptions of Bank of England Governor Sir Montagu Norman, alienating Labour's trade union base in the process. In 1931, he called in leaders of the opposition Conservative and Liberal parties, to form a cross-party austerity regime, the National Government. That coalition lasted a short time, before it was voted out of office.

'What a crash would mean'

In the September-October conjuncture of this year, the tone and complexion of the Blair government is undergoing a swift change, away from the previous hype about how wondrous the state of affairs has been in Britain since Labour came to power last year, and now barely conceals its alarm, that Britain is heading for rough times.

In his speech to the International Monetary Fund gathering in Washington on Oct. 6, Chancellor of the Exchequer Gordon Brown proclaimed that "every country will be affected by the instability that is currently affecting the world economy." Brown downgraded Britain's economic growth forecasts for 1999, and hinted at significant cuts in public spending, the which, British officials privately hinted, would most likely hit the National Health Service and education. The *Times* reported that Brown's address sent "shock waves" throughout the government.

Reporting Brown's speech front page the next day, the London *Guardian* headlined, "Crash Fear as Economy Slips,"

and characterized the speech as "a clear warning that the global financial crisis is set to hit home harder than originally expected." Also on Oct. 7, the *Times* ran a two-page spread in its news section (which is usually reserved for domestic political and scandal stories) on the global economic crisis, with one included feature article entitled, "What a Crash Would Mean," outlining how jobs, pensions, etc., would suffer "catastrophic effects" under such circumstances. The paper ran a separate article in its business pages, reporting that bankruptcies have gone up 18% in July-September of this year, compared to last year.

Blair himself, in a speech before the Labour Party annual convention in Blackpool some days before Brown's speech, repeatedly came back to the theme that the party faithful should steel themselves for difficult times in the weeks and months ahead.

Blair is also openly courting one of the opposition parties, the Liberal Democratic Party, and its leader Paddy Ashdown, forming alliances around such issues as proportional voting representation. Some disgruntled Labourites are growling that a national unity government, of Labour and the Liberal Democrats, has already come into being.

'Greek tragedy' and 'greedy bastards'

Meanwhile, Blair, like Ramsay MacDonald before him, has set about alienating the trade union base of the Labour Party, in a push for austerity against trade union interests. In early September, on the eve of the annual convention of the national labor confederation, the Trades Union Congress (TUC), also in Blackpool, TUC President John Edmonds told the Labour-linked *New Statesman* magazine that Blair was walking into a "Greek tragedy," by insisting on holding down salaries for public-sector workers, who were being "pushed into a corner" by Blair's continuation of the policies that were hostile to the public sector, fine-tuned by Margaret Thatcher. This, warned Edmonds, is likely to lead to "big trouble" in Britain and to widespread disruption in public services.

Days later, at the TUC convention, Edmonds warned that Blair's policies would jeopardize 300,000 public sector workers. In a fiery address, Edmonds demanded that the Blair government take action against the "greedy bastards" among British chief executives, rather than insist on wage cuts for Britain's 5 million public sector workers. He accused top executives of indulging in the "politics of the pig trough," and denounced what he called the "bloated rodents," who held top posts at the privatized water companies.

The Sept. 15 *Independent* reported that Blair cabinet members were "spitting blood" with anger over the Edmonds speech. Gordon Brown let it be known that he was "very angry" with the speech. One week later, Brown got his revenge, with a speech at the Labour Party convention, warning in no uncertain terms, that the trade unions had better toe the government line, or risk being written off in the coming period.