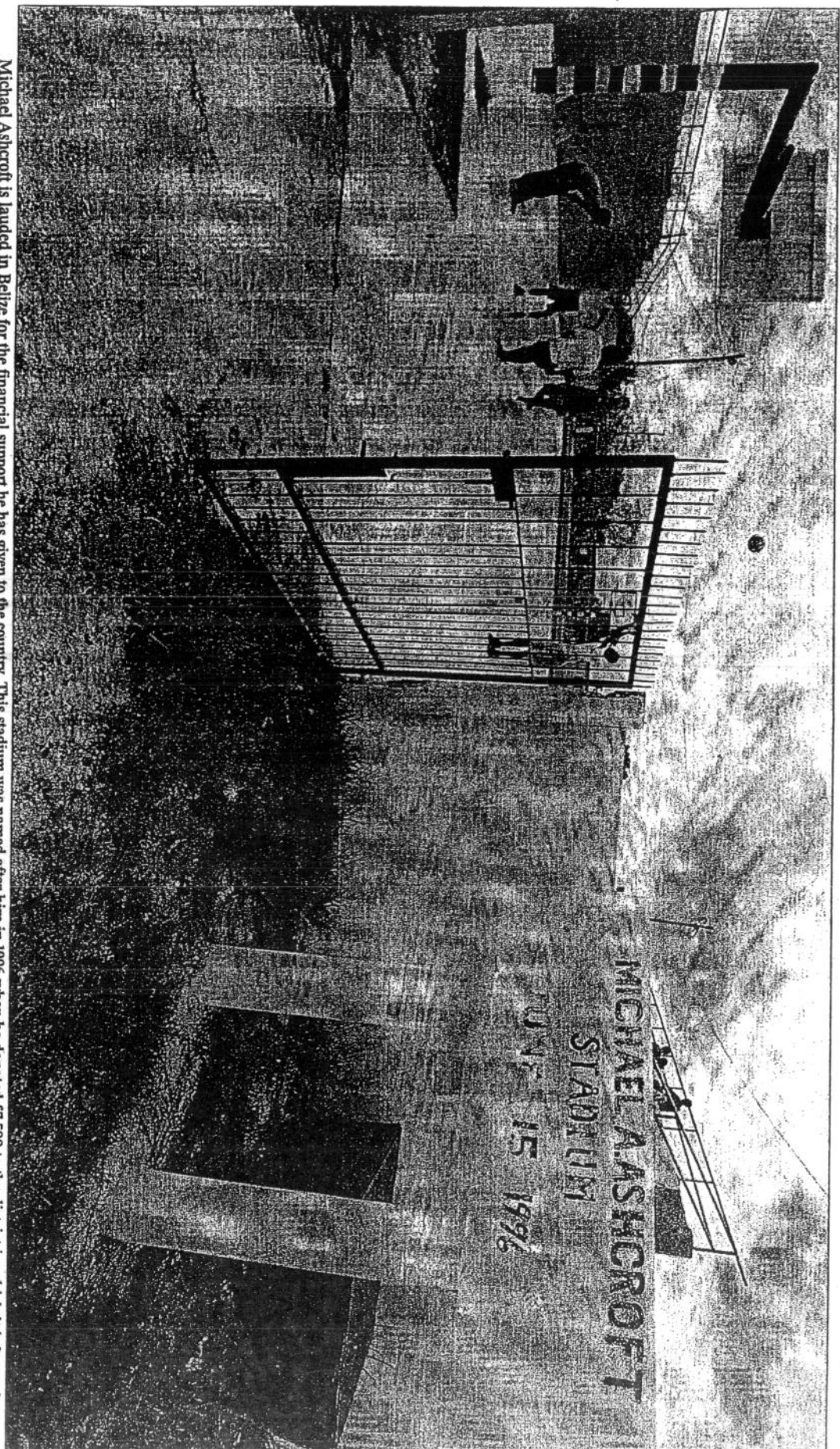


Everywhere and nowhere in Belize



Michael Ashcroft is lauded in Belize for the financial support he has given to the country. This stadium was named after him in 1996 when he donated £7,500 to the district in which it is located

FROM DAMIAN WHITWORTH
IN BELIZE CITY

VISIT Belize and you will be lucky to spot its most famous inhabitant. But he is every-

The Ashcroft affair

me m... T... ..



CUBA CONNECTION

FROM DAVID ADAMS
IN MIAMI



lucky to spot its most famous inhabitant. But he is everywhere. As you pass through customs at the airport the first thing you see is the Belize Bank. The second is a Belize Telecommunications store.

The message is simple: welcome to Belize, adopted country of Michael Ashcroft, businessman, Conservative Party treasurer and a key player in this tiny corner of Central America.

The symbols of his power are everywhere. His company, BHI, owns much more than the bank and a major shareholding in the telephone monopoly. Switch on a light and you are running up a bill to Mr Ashcroft: his company owns 20 per cent of Belize Electricity. Stay at Belize City's top hotel, the Radisson, and you will be paying for his hospitality (he owns it). Turn on the television, and you get the world according to his newscasters (he has an approximate third share of the local station, Channel 5). He also has shares in the local radio station, Love FM, and interests in a food production company.

Everywhere you go people talk in awed tones of "Michael Ashcroft". They tell of seeing him arrive in his jet, slipping into port on his yacht or occasionally walking by himself through the streets or along the sea wall in front of the surprisingly modest house he owns adjoining the Radisson. "He looks pretty cool," one hotel employee said. "He wears a polo shirt and trousers or even a driver. You wouldn't think it was Mr Ashcroft at all."

He is "the big man in town," the "top guy". Everyone knows his name but there is an air of mystery about him. "Libeth Lawrence of the Reporter, an independent weekly newspaper, said:

What is a man who is bank-rolling the Tories with up to £360,000 a month (a figure challenged by the party) and is reputed to be worth as much as £1 billion doing in a former British colony and the least densely populated country in Central America, with 208,000 inhabitants? Belize City is a ramshackle place with few of the dilapidated buildings standing higher than the palm trees and open drains running along the side of the streets.

Mr Ashcroft has not invested here so that he can combine business with pleasure or some of the best diving in the world off the spectacular barrier reef. Nor is he here for the Mayan ruins and jungle treks that attract the more adventurous tourists.

Known by some in the City of London as the "pirate" and accused by some senior Conservatives of making the Tory party his plaything, Mr Ashcroft, 53, is in Belize, if



Ashcroft: his father was in the Colonial Service in Belize

FROM DAVID ADAMS IN MIAMI

THE Caribbean business interests of Michael Ashcroft, the Conservative Party treasurer, stretch as far as Fidel Castro's Cuba, where he has been a frequent visitor in recent years.

He last visited the communist-run island in February in his role as special adviser to Belize's Prime Minister, Said Musa, who was on an official three-day state visit at the invitation of President Castro. Mr Ashcroft, who owns a bank in Belize, was a major contributor to the ruling party in Belize and is that country's Ambassador to the United Nations.

When the delegation arrived in Havana it was received by the then Foreign Minister Roberto Robaina. Senator Castro later hosted the delegation at an official reception at Havana's Presidential Palace.

Mr Ashcroft's company, Belize Holdings, until recently had an office in Havana scouting for investment opportunities. Business and diplomatic sources in Cuba said Mr Ashcroft looked into investments in the sugar and tourism industries but never reached a deal with the Cubans. Belize Holdings closed its office about two years ago, although Mr Ashcroft has continued to visit the island.

The sources said Mr Ashcroft claimed that on several occasions it had blocked donations because of their financial contributions to political parties.

Mr Ashcroft, who lives most of the year in Florida, has been the focus of mounting concern within the Tory hierarchy, not least because of the unprecedented power that he wields over the finances.

Lord McAlpine of West Green, the Tory treasurer throughout the Thatcher era, last week told *The Times* that he feared that his successor was "turning with the hare and hunting with the hounds". He said it was inappropriate for Mr Ashcroft to be both chief benefactor and fundraiser.

He also confirmed that he had expressed strong reservations when it was suggested that Mr Ashcroft should take over from him as treasurer when he retired. Mr Ashcroft eventually secured the post in summer.

Billions make Tories 'the plaything of one man'

Billions make Tories 'the plaything of one man', Conservative Party treasurer Michael Ashcroft, who rarely visits Conservative Central Office because he lives in Florida as a tax exile

Conservative Party was being personally subsidised by up to £4 million a year by its treasurer, Michael Ashcroft. One senior Tory gave warning that the party was becoming "the plaything of one man".

Times writers went in search of the elusive Mr Ashcroft, who rarely visits Conservative Central Office because he lives in Florida as a tax exile

seems at first, for one simple reason: the country is an offshore haven where the tax laws exempt subsidiaries of BHI from paying tax until at least 2020.

There is, however, a more romantic tale. As a boy, Michael Ashcroft lived in Belize while his father was in the Colonial Service. One of the tax drivers who works the rank outside the Radisson can even remember driving him to school.

Emory King, an American who was shipwrecked off Belize in the 1950s and stayed to become its historian, and later a director of BHI, said that Mr Ashcroft returned to Belize in the mid-1980s after reading an article about the country in a Florida newspaper.

He was reminded of his childhood and on a whim flew down in his jet to look up old friends. He decided to invest-gate investment opportunities and joined a group, including Mr King, who were seeking to buy the Royal Bank of Canada in Belize. They succeeded and the Belize Bank was born.

"The rest is history," Mr King said.

Mr Ashcroft's enemies argue that he is overmighty in a small country and that his friendship with the People's United Party, which devised the off-shore legislation from which he has benefited, is unhealthy. He helped the PUP to secure a landslide victory in last year's election and shortly afterwards was given the plum job of Ambassador to the

United Nations, which he does part-time.

Robert Leslie, the Cabinet Secretary, told *The Times* this week that the Government fully expects Mr Ashcroft to benefit personally from his net-worth working at the UN, but that they do not mind as long as Belize also reaps the rewards.

Mr Ashcroft's backers in Belize are fiercely loyal. They claim that he has brought much-needed foreign currency into the country and created jobs. Stewart Kröhn, founder and manager of Channel 5, said that Mr Ashcroft had never tried to throw his weight around and belied the image that has emerged from Conservative Central Office of a man who insists on tight control in return for his cash.

"He is as fine a man as I have ever met. It is great to have someone who is willing to invest real pounds and dollars in Belize. His investment [in Channel 5] is small, a couple of hundred thousand dollars. That's negligible to him. I don't think he invested out of philanthropy. He is a businessman. But he has never tried to influence editorial policy. Indeed, we sometimes take editorial stances that are quite opposite to his interests. A case in point was our campaign against the exorbitant rates of the telephone monopoly."

Mr Ashcroft's champions also point to the social support he has provided in Belize. His \$4 million Michael Ashcroft Foundation is involved in

drug rehabilitation programmes and supplying computers and encyclopaedias to schools. He has also sponsored many sports facilities.

But just how sentimental Mr Ashcroft is about the country is suddenly the subject of speculation. BHI has recently become part of Carlife Holdings, reflecting the broadening of Mr Ashcroft's interests in America and Britain. As part of the split BHI is offering itself of all its peripheral interests in Belize, retaining only the bank and shares in the telephone and electric companies. It is understandable that Wall Street and the City might find it strange for an international company such as Carlife Holdings to have a bunch of odd investments in a curious part of the world. But the people of Belize, who will learn over the next few weeks to whom the BHI interests are being sold, may find it hard to comprehend why Mr Ashcroft is selling stock in the country of which he is now a naturalised citizen and the UN representative charged with promoting Belize's interests.

Last year, after he hosted a celebration of Belize's bicentenary in London, the *Reporter* praised his "sensitivity and appreciation for Belizean history and culture" and said he had "raised the status enormously in the eyes of many Belizeans."

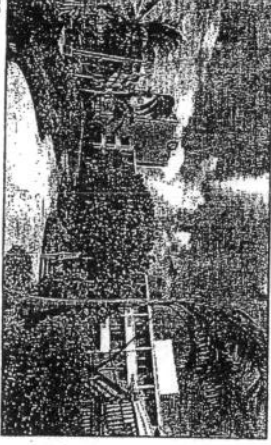
Only time will tell whether he has undone the good work Mr King said: "I'm sorry that his interests have shifted to other places. It saddens me."

Whether or not Mr Ashcroft worries about what the people of Belize think of him is hard to say. He rarely gives interviews and was not available for comment. Belize is said to derive its name from the ancient Mayan word "belix", which means muddy water. The waters of the Belize River are indeed far from clear. So too are the complex ways of Michael Ashcroft.

What is a man who is bank-rolling the Tories with up to £360,000 a month (a figure challenged by the party) and is reputed to be worth as much as £1 billion doing in a former British colony and the least densely populated country in Central America, with 208,000 inhabitants? Belize City is a ramshackle place with few of the dilapidated buildings standing higher than the palm trees and open drains running along the side of the streets.

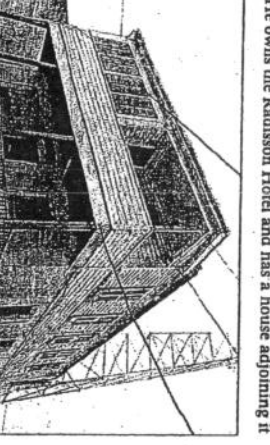
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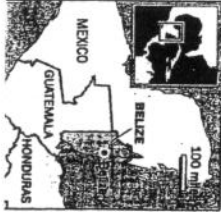


He owns the Radisson Hotel and has a house adjoining it

He has a third share in Channel 5 television station



He has a third share in Channel 5 television station



BELIZE

100 miles

QUARTZITE HONOURAS

MEGACO

Capital: Belmopan

Population: 208,000

Area: 22,966 sq km

Major crops: bananas, citrus fruits, sugar and coconuts

Major industries: tourism, garment manufacturing, food processing

Government: independent since 1981

Head of State: Queen Elizabeth II

Prime Minister: George Price

Member of Commonwealth, Caribbean Community, Central American Integration Scheme, Organisation of American States

DELAY OVER PEERAGES

By JAMES LANDVALE AND TOM BALDWIN

THE controversy over Michael Ashcroft's massive financial backing for the Tory Party has forced the Government to delay publication of a new list of peers.

Although the Conservative Party treasurer's name was nominated by William Hague for a life peerage, it is understood that he was blocked at the last minute by the Political Honours Scrutiny Committee.

The decision was taken so late that the announcement of the new list of peers — planned for May 29 — was postponed with a day's notice. Several new peers had to cancel celebration parties. The full working party lists, which separate from today's Queen's Birthday Honours, is now expected to be unveiled next Saturday.

The honours committee vets lists of potential peers. Lords sources last night

claimed that on several occasions it had blocked nominations because of their financial contributions to political parties.

Mr Ashcroft, who lives most of the year in Florida, has been the focus of mounting concern within the Tory hierarchy, not least because of the unprecedented power that he wields over the finances.

Lord McAlpine of West Green, the Tory treasurer throughout the Thatcher era, last week told *The Times* that he feared that his successor was "turning with the hare and hunting with the hounds". He said it was inappropriate for Mr Ashcroft to be both chief benefactor and fundraiser.

He also confirmed that he had expressed strong reservations when it was suggested that Mr Ashcroft should take over from him as treasurer when he retired. Mr Ashcroft eventually secured the post in summer.

Peerage for Ashcroft vetoed again

By Tom Baldwin /
Deputy Political Editor

MICHAEL ASHCROFT, the Tories' billionaire treasurer, has had his nomination for a peerage turned down for a second time by the vetting panel which examines individuals' suitability for political honours.

The British-Belizean businessman's name is understood to have been put forward by William Hague again, even though it was vetoed last summer.

Then the nomination was blocked by the cross-party political Honours Scrutiny Committee, which comprises Lord Hurd of Westwell, the former Foreign Secretary, Lord Thomson of Monifieth and Baroness Dean of Thornton-le-Fylde.

Their decision to veto his nomination a second time, which has been confirmed to *The Times* by two authoritative sources, was made within the past few weeks. It will be seen as a damaging blow both for Mr Hague and for Mr Ashcroft, but sources close to the committee said that they did not see how the nomination could be justified since Mr Ashcroft's circumstances had not changed.

The new list of working peers is expected to be published next Friday. There will be five Tories, nine Liberal Democrats and 19 Labour peers. Downing Street is thought to have posted letters confirming the honours yesterday.

'He has become a flak-catcher when he should be working quietly out of the public eye'

— Lord McAlpine
Former Tory Treasurer

Mr Ashcroft has given more than £3 million to the Conservatives since the last election, as well as short-term loans of at least £2 million. Mr Hague is said to feel a personal obligation to his treasurer for keeping the party financially afloat at a time when other donations have dried up.

However, the scale of his donations, as well as his controversial business and political dealings in both this country and abroad, have caused concern within the Tory hierarchy.

Mr Ashcroft has stated that he intends to make Britain his principal residence again and a spokesman said this week: "He is reorganising his affairs to return to this country. But nobody can give you a definitive answer as to when it will be done. It could be slightly more than a year."

The businessman has made it clear that he is determined to win the peerage traditionally given to Tory treasurers, and he told an interviewer last year: "I hope I don't set a precedent by being the first who doesn't."

And Mr Hague is thought to have accepted that he must renominate Mr Ashcroft for an honour, not least because the Conservatives cannot afford to lose him.

However, the veto will be greeted with relief in some Tory circles. One of Mr Ashcroft's predecessors, Lord McAlpine of West Green, told *The Times* yesterday that it would be "outrageous and wrong" for him to receive a peerage. He said: "Michael Ashcroft is a controversial character and controversial characters do not make good treasurers. He has become a flak catcher when he should be working quietly out of the public eye. There are a lot of people who won't give the party money because he is there."

A Conservative spokeswoman said suggestions that Mr Ashcroft had been rebuffed again were "without foundation". She declined to comment on whether Mr Hague had nominated his treasurer for a peerage again or to comment any further on the subject.

Although Downing Street refused to comment last night, Labour MPs seized on the disclosure that he had been blocked with glee. Peter Bradley, MP for The Wrekin, said: "Sooner or later the Tories are going to have to ask themselves whether the cash Mr Ashcroft provides is worth the humiliation which comes with it. Yet again they have shown themselves to be a party without scruples under a leader without judgment and — thanks to the vigilance of the scrutiny committee — a treasurer without a peerage."

At the time of the first veto, Tory officials assumed it was because of Mr Ashcroft's status as a tax exile, as well as his role operating as UN Ambassador for Belize.

He later launched a libel action against *The Times* which had conducted an investigation into his affairs. The court case was dropped in November when he announced that he intended to reorganise his affairs and move back to Britain because "he recognises the public concern about foreign funding of British politics".

However, more than three months later, Mr Ashcroft has neither returned, nor given any public indication of his timetable for doing so. His spokesman said this week: "He has a very complicated personal situation in terms of tax but it is going to happen. Michael has investments in a number of businesses, some of which are not based in this country."

Last night the spokesman said he was unaware of the peerage development, and declined to comment further. He said: "I have no idea whether it's true. There's no way anything will be said."

The decision by the honours committee is the latest in a series of rebuffs to Mr Ashcroft. Foreign Office diplomats previously objected to him becoming chairman of the Caribbean Trade Advisory Group and said that there was a shadow over his reputation. He has also been criticised by Department of Trade and Industry inspectors for a lack of openness in his testimony into the Blue Arrow affair, a 1980s City scandal.

His operations in setting up Belize as an offshore financial haven and his involvement in the privatisation of Belize's electricity and telephone companies remain an embarrassing unsolved factor.

Guardian 24/3/00

Ashcroft peerage 'refused again'

Nicholas Watt
Political correspondent

Michael Ashcroft, the Tory party treasurer, was plunged into fresh controversy last night amid reports that he has had his nomination for a peerage turned down for a second time by the cross-party honours vetting panel.

The move will come as a severe blow to William Hague, who is keen to reward Mr Ashcroft for his multi-million pound support for the Tories, which has kept the party afloat since the 1997 election.

Mr Ashcroft is understood to have been put forward for a peerage less than a year after he was vetoed.

However, the cross-party political honours committee, which blocked his peerage last year, is understood to have made the same decision within the last few weeks.

There had been speculation that Mr Ashcroft would appear on the new list of working peers that is to be announced next Friday. It is understood that No 10 has handed five peerages to the Tories, nine to the Liberal Democrats and 19 to Labour. The creation of so many peers is designed to even out the balance between the parties in the Lords after the abolition of the hereditary peers.

At the time of the first veto it was assumed his rejection was due to Mr Ashcroft's status as a tax exile. His tax position has not yet changed, although his spokesman has said that this will happen.

His spokesman said recently: "He has a very complicated situation in terms of tax

but it is going to happen. Michael has investments in a number of businesses, some of which are not based in this country."

Labour MPs last night seized on the reports about Mr Ashcroft to round on Mr Hague's lack of judgment.

Peter Bradley, MP for The Wrekin, who has campaigned against the treasurer, told the Guardian: "William Hague is prepared to subject himself to humiliation not just once, but twice. He has given himself a bloody nose once and has come in for a second round. So long as he is shackled to Michael Ashcroft there has to be a huge question over Mr Hague's leadership."

Tory sources last night distanced themselves from reports about Mr Ashcroft's peerage in the Times newspaper. The Tory chairman, Michael Ancram, is said to have described the story as "very silly".

One senior Tory said: "If the story is saying that the honours committee has turned him

down for a second time, that story is without foundation."

A Tory spokesman also reacted angrily.

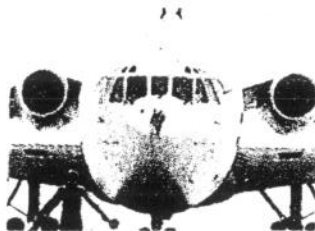
He said: "People can say what they like. Eventually, the list will be published - we will have Michael Ashcroft to be a peer and not to be a peer. We will have Michael Ashcroft to be the Pope. The media will invent what it wants."

Mr Ashcroft has given more than £3m to the Tories since the last election, making him the party's most generous supporter.

Labour MPs have said that the Tories' reliance on one person to provide such a large amount of its funding is a misjudgment. However, even critics of Mr Hague within the party say they are grateful for Mr Ashcroft's support.

One said: "If it is a choice between disintegration and taking money from Michael Ashcroft I know what choice I'd go for."

Mr Ashcroft's spokesman was unavailable for comment last night.



Who hired three of these yesterday just to get to Lisbon?

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Lord Holford tax ✓ 29:

Tories' 11th-hour bid to secure Ashcroft peerage

By Tom Baldwin
Deputy Political Editor

THE Tories are exerting extraordinary last-minute pressure on the cross-party political honours vetting panel in a bid to reverse a decision to block their treasurer from receiving a peerage.

The was triggered by the disclosure in *The Times* on Friday that the nomination of Michael Ashcroft, the British-Belizean billionaire, had been vetoed for the second year running. It is understood that the Political Honours Scrutiny Committee, which has the final say over the suitability of nominations, was put on the defensive by Conservative anger at the accuracy of leaks about its deliberations.

The committee is now said to have received fresh assurances that Mr Ashcroft intends to end his tax exile in Florida and return to Britain.

William Hague, who feels a personal obligation to his treasurer for keeping the party financially afloat since the election, is thought to be confident that he has finally secured Mr Ashcroft a place in the House of Lords.

A new list of working peers, which will be announced at the end of this week, is expected to include four new Tories. They are thought to include Sebastian Coe, the Olympic gold medallist and former Conservative MP who is now the Tory leader's chief-of staff, and Robin Hodgson, the chairman of the Conservative grassroots or-

ganisation, the National Convention.

However, other people who had been lined up by the Tories for a peerage, have been told that they will have to wait because the party believes it has persuaded the scrutiny committee to change its mind over the position of the treasurer.

A senior source close to the committee said yesterday: "It is true that he had been blocked. The Conservative Party was told that the committee

saw no justification for Mr Ashcroft's renomination because the situation had not changed since he was rejected last year.

"But the story in *The Times* last week set the cat among the pigeons and the Tories have now written back with a fuller justification. There is a lot of unhappiness and embarrassment about the original leak and that could tip the balance their way."

There has been speculation that Mr Hague is worried that without a peerage, his treasurer could decide to scale down his funding of the party. Since the last election, he has given more than £3 million to the party, as well as short-term loans of up to £2 million last year.

The unprecedented eleventh-hour manoeuvring over the honours list reflects the priority given by the Tory leadership to rewarding its chief benefactor.

Peter Bradley, the Labour MP for the Wrekin, said last

night: "If Mr Ashcroft has not given assurances that he will give up his post as United Nations Ambassador for Belize — a foreign country — as well as return to the UK and pay taxes here, he should not even be considered for a peerage.

"If he has given those assurances, I would expect the committee to have satisfied itself that he has taken steps to fulfil those pledges before he is allowed to take his seat in the House of Lords."

Mr Ashcroft last year launched a libel action against *The Times*, but dropped the case in November. At the same time a statement was published in *The Times* in which he announced that he would be moving back to Britain because he recognised there was public concern over foreign funding of political parties.

However, his spokesman said last week that it could take more than a year before Mr Ashcroft could complete his repatriation to Britain.

Ashcroft to get his seat in the Lords

By Paul Eastham 6

CONSERVATIVE Party treasurer Michael Ashcroft has achieved his dream of a place in the House of Lords.

The Belize-based billionaire will be named as one of five new Tory working peers on a list which is expected to be published tomorrow.

His acceptance is a huge victory for William Hague — at the second attempt. Mr Hague submitted his friend's name to the Honours Scrutiny Committee last year but it was rejected without explanation.

Mr Ashcroft's attempt to win a peerage has long been controversial. He is believed to have given more than £3million to the Conservatives since the last election, as well as short-term loans of at least £2million. But the sheer scale of his donations, his status as a tax exile and his position as the Belize ambassador to the UN

made an easy target for Labour. Foreign Office diplomats have previously objected to Mr Ashcroft becoming chairman of the Caribbean Trade Advisory Group. One junior official claimed there was a 'shadow over his reputation'.

'Shadow over his reputation'

He has also been criticised by Department of Trade and Industry Inspectors for a lack of openness in his testimony into the 1980s Blue Arrow affair.

The furore reached its height when The Times accused him last year of being a drugs runner and a money launderer. Mr Ashcroft launched a libel action against the paper but the court case was dropped after the paper acknowledged it could not prove the allegations.

The new peers include four Tories, nine Liberal Democrats and 19 Labour nominees.

Other possible Tory nominees are Mr Hague's chief of staff Sebastian Coe and Robin Hodgson, chairman of Tory grassroots organisation the National Convention. Sir Stanley Kalms, the Dixons boss, is also tipped for the Upper House. On Labour's list of 19 life peers, five are expected to be ousted hereditaries. They include the second Viscount Chandos, Lord Grenfell and the 18th Lord Berkeley. The LibDems are also likely to bring back a few ousted hereditary peers, such as Lord Redesdale and the Earl of Mar and Kellie.

LONDONER'S DIARY

Stevens says ¹² no to peerage

MANY PEOPLE will be amazed to hear that Sir Jocelyn Stevens has been offered a seat in the House of Lords — as a Labour peer. The outgoing chairman of English Heritage was offered a seat in Tony Blair's new Upper House, I am told by associates, only on condition that he took the Labour whip.

"Needless to say, this was quite unacceptable," says a friend. "Not even Jocelyn could swallow that. The whole point of being in the Lords is to be able to speak out independently and he is one of those people who likes to have his own way. It's monstrous of New Labour to try to manipulate people in this way. If Blair thinks he can have Jocelyn Stevens in his pocket, can anyone be safe?"

Sir Jocelyn's friends believe he will not take kindly to a

quiet retirement. He loves being in the public eye. They tried to persuade him to run for mayor of London but his long-time companion Vivien Duffield was less than enthusiastic about the public attention it would bring them. "He became quite enthusiastic about this idea but he didn't win the endorsement he hoped for in some quarters," I'm told.

Hereditaries return in list of working peers

By James Landale
Political Correspondent

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A DIVERSE group of former hereditary peers, businessmen, trade unionists and public sector workers are to enter the House of Lords in the latest list of working peers.

Some 19 Labour, nine Liberal Democrat and four or five Tory peers are expected to be appointed tomorrow in a move which will leave the House of Lords with almost 700 members. At least five of the new Labour peers are to be "retread" former hereditary peers, including three old Etonians. They are expected to include Lord Ponsonby of Shulbrede, Viscount Chandos, Lord Grenfell, Lord Berkeley and Lord Acton.

Most of the other new Labour peers are expected to be worthy members of the public sector, academia and the trade unions. Possible contenders include Len Fyfe, chairman of Co-Operative Wholesale Society, and Kenneth Morgan, the biographer of Lord Callaghan of Cardiff, the former Prime Minister. The only real high flyer to have been tipped is Bob Ayling, the recently sacked British Airways chief executive.

The Liberal Democrats' nine are expected to include at least two former hereditaries, Lord Redesdale and the Earl of Mar and Kellie, the former SDP MP John Roper and Tony Greaves, a veteran party activist. A bitter row between the Government and Liberal Democrat chiefs over the

number of new peers the third party should get has held up publication of the list for several months. The Liberal Democrats wanted around 15 new peers in line with Labour's promise for their numbers to reflect their vote at the last general election.

The Tories have already dubbed the 28-strong group of Labour and Liberal Democrat peers as the "Section 28ers" because the Government hopes the extra troops will help them in their battle to scrap the ban on the promotion on homosexuality in schools.

The Lords has twice defeated the joint ranks of Government and Liberal Democrat peers on the issue.

William Hague last night delivered a strong signal that he has succeeded in securing a peerage for Michael Ashcroft by putting on a very public show of support for his party treasurer.

The Conservative leader and much of the Tory high command attended a party thrown by Mr Ashcroft for young Tory donors at a fashionable Thai restaurant in Chelsea, Central London.

The collective vote of confidence came amid growing speculation that the Political Honours Scrutiny Committee has reversed its initial decision to reject Mr Ashcroft's nomination for a peerage after a late lobbying campaign by the Tory leadership.

The committee is understood to have come under pressure to change its mind following a *Times* report last Friday

that the British-Belizean businessman's nomination had been blocked for a second time. The Honours Scrutiny Committee was embarrassed by the accuracy of the leak, and the Conservatives are believed to have taken the opportunity to press Mr Ashcroft's claims again.

Fresh assurances have been offered that Mr Ashcroft will terminate his tax exile in America and make Britain his principal residence.

Mr Hague and many of the Shadow Cabinet joined Mr Ashcroft and members of Conservative Fast-track — a group of both regular and potential financial donors — at a £40-a-head restaurant called Thai on the River near Chelsea Harbour.

Apart from Mr Ashcroft, the Tories are expected to get some four new members, thought to include Sebastian Coe, the Olympic gold medalist and Mr Hague's chief of staff; Robin Hodgson, chairman of the Tories' voluntary wing, and also Sir Stanley Kalms, chairman of the Dixons group. The final Tory nominee is thought to be a woman who is a senior office holder in the party.

Despite the Government's pledge to reform the House of Lords, the 30-plus new peers will all be appointed as traditional life peers. The Government has rejected a recommendation by Lord Wakeham's Royal Commission that any new peers created after publication of their report should be appointed for just for 15 years.

New-look Lords rediscover old powers

Far from becoming 'Tony's cronies', the upper house has found fresh vigour after reform

Michael White 8
Political editor

The law of unintended political consequences has been working overtime in the House of Lords since all but 92 of the hereditary peers were expelled from their 700-year tenancy with minimal ceremony on November 11. As the government is due tomorrow to announce a new raft of working peers the Lords are once again in sharp focus — and the Blairites don't particularly like what they see.

Since the 1999-2000 session of parliament opened the government has been defeated 10 times. This was not what ministers had in mind when they purged the old aristocracy. Far from becoming the obliging "Tony's cronies" upper chamber which critics predicted, the truncated Lords have been enjoying a distinct revival of morale.

They have even claimed that Labour's stage one reform has re-legitimised their status as a revising chamber with powers they have barely dared to use for 90 years since their powers were decisively clipped after the battle over Lloyd-George's budget in 1910-11. Ministers have routinely been taunted by the likes of Lord Onslow, a Tory 7th earl, who was one of the 75 peers elected — admittedly only by fellow

peers — to stay on pending the long-term stage two reform promised by Tony Blair and Lord Wakeham's three-option royal commission. It has not prevented Lord Onslow from protesting that no party has a majority in the Lords and that the 666 peers left after the Blairite cull can exercise independent judgment in a way that the cowed New Labour majority in the Commons rarely does.

His party leader, Lord Strathclyde, says much the same. He constantly quotes the leader of the Lords, Lady Jay, as saying that the half-reformed Lords is "more legitimate" than the old, hereditary Lords.

Doctrine

It follows, says Lord Strathclyde, that they can exercise dormant powers including the right to reject secondary legislation — statutory instruments in the jargon — which peers have passed on the nod since 1945 when Lord Salisbury enunciated the doctrine that bears his name: that peers would not reject at second reading bills specified in the election manifesto of a winning party, in his case Clement Attlee's Labour team (1945-51).

Strathclyde says the Salisbury doctrine is dead, replaced by what he mischievously calls the Jay doctrine — that the Lords are "more legitimate". The numbers tell much of the story. Instead of the 1,100

peers in the old Lords, most of them Tory by conviction or declared allegiance, there are 232 who take the Conservative whip. Labour has 182 peers, the Liberal Democrats have 54, the crossbenches 161.

There are still 26 bishops, plus 11 odds and sods including Lord Tim Beaumont, who left the Lib Dems for the Greens. "That means that the Liberal Democrats and the crossbenchers decide any given issue," says one Lib Dem peer. On the government's plans to curb the right to trial by jury they voted against Jack Straw — and won. But on section 28 they backed the government — and lost.

Why? A refined version of the new order states that the crossbenchers decide. "The political parties strut their stuff, but the real jury are the crossbench peers," said a worldly Tory peer.

In theory Downing Street is committed to stage two reform and there have been hints that Mr Blair favours the most modest of Lord Wakeham's options, 65 peers indirectly elected from regional top-up lists, or 87 elected directly in the European list model. The rest would be appointed in the manner of life peers, albeit via an independent vetting system that would retain balance and ensure no one

has an overall majority. Tories and other sceptics believe Mr Blair will happily settle for the current compromise — though it has not proved a happy one so far.

Backstairs gossip

Meanwhile the government is poised to appoint new "working peers". All the backstairs gossip has focused on the Tory party treasurer, Michael Ashcroft, and whether or not he has been blackballed, or even nominated. But Labour will nominate 19 more peers, the Tories will get four and (to their fury) the Lib Dems nine, less than they think they deserve if they are to

get a roughly proportionate share. All sides will whinge, not least because Mr Blair's efforts to restore Labour's depleted stock of peers, so many old, so many ill, so many unBlairite, has hit a recurring problem.

If you want to appoint smart movers and shakers, active men and women in their 40s and 50s, how can you expect them to turn up and voted at funny hours?

Labour has shot a much-loved Tory fox, the reactionary backwoodsmen who, as Labour legend had it, were dragged from their clubs to vote against progress. Life without them is tougher than expected.

Hugo Young So much for the reform of the Lords, soon to be filled with party hacks

No more than a House of corrupted legitimacy

Tomorrow the portcullis opens. Another 32 legislators will be sluiced into the House of Lords. These are the Blair witnesses to the reality of constitutional reform and a new second chamber for a young country. There will probably be 19 Labour people, nine Liberal Democrats, four Conservatives. The process is what has been revealing. We learn more about the meaning of reform, of transitional (as in House), of hand-picked (as against election). The regime of appointive power becomes easier to decipher. So this is what they mean by modernised!

There's a benefit in the disclosures, unedifying though they have been. Shorn of the simplicity of election, a second chamber becomes a theatre for complicated haggling, most of which we've been allowed to see. The scales are removed from the eyes of anyone still encumbered by the view that this chamber of parliament has anything to do with a system of honours. It's a place where you see what happens when the politics of the personal fuses with the politics of power, unmediated by the balm of anything resembling popular accountability.

Consider Lord Ashcroft. There may or may not soon be a Lord Ashcroft, aka Michael Ashcroft, treasurer and, at £5m of investment, substantial part-owner of the Conservative party. William Hague has been desperate to get him there, but last year was denied by the political honours scrutiny committee,

the old-fashioned body that does still try to maintain the standards of a discreeter past. Ashcroft is, admittedly, an extreme case. The five million isn't a problem these days, but tax exile in Florida and the Belize ambassadorship to the UN have yet to be overcome.

Whether he has really given these up must be settled before he can be recruited to Olympus. So badly do he and Hague want him there that he has promised to do so. The larger issue is how compliantly the Lords has become the playground where such people feel they have a right to be gratified. There is no overriding de-

mand of honour here. Fix the tax loophole, adjust the domicile, and you're in. And if your prime minister denies you access, like Conrad Black, you see nothing *déclassé* about going to court to assert what has become your right by some higher entitlement than birth.

The reformed Lords, in other words, has stripped away all its dignity. It's a public jockeying-ground. The not so great and good will scramble with open ferocity to get there. A place, and a vote, in making the laws of Britain becomes a way of satisfying personal vanity, and the appointive system, more blatantly than ever, permits this to happen. Abandon shame all you who enter here.

The new system, equally, is about the prearrangement of power. This too we can now nakedly see. The government, having got rid of most of the hereditaries, proposed itself as a selfless reformer,

bent only on such fairness, justice and cleaned-up modernity that was unavailable in medieval times when the place began. But this piety, too, has vanished.

The numbers coming through the sluiceway on Friday ought to be differently distributed. That's what Labour promised in the coalitionist days of opposition. In exchange for support from the Lib Dems, who would lose many more hereditaries than Labour, Blair and Co assured their partners that the absentees would be reassembled as lifers to keep the Lib Dem numbers up. Later, in its final blueprint for Lords reform, the government pledged itself to broad equality between the two big parties, and a Lib Dem representation proportional to their showing in the last general election.

That ought to mean 12 new ones this week. But the promises, unenforceable by any broader mandate than that of honour, were long since abandoned. Originally, the reformers decided in their executive wisdom to offer only seven. This was, quite openly, the punishment Lady Jay felt entitled to mete out for shows of independence by Lib Dem

peers. The true theory of reform is laid bare. If peerages aren't bought with money, they must be earned with loyal votes.

This loyalty, however, has not always been available. Even in their nominated state, with the deals and the money now so much clearer for all to see, the chamber seems to regard itself as more legitimate. It is feeling its disruptive power. It has defeated the government 10 times in four months, but the feisty atmosphere on the floor is still more eloquent. The government's reform has created more righteous stropiness against the government, while an average of 30% of Blair's own hand-picked working peers don't turn up for work when it matters.

The cabinet detests what is happening. It cannot stand even minor shows of independent judgment, and rejects their outcomes not on merit but as a matter of principle. Principle, from being the engine of reform, now rages against its consequences, as was especially apparent over trial by jury. Junior peer ministers, who sometimes think the Lords are right, are swept aside by secretaries-of-state determined never to concede. Lady Jay, true to her old Labour pedigree, is a harsh, unimaginative, straight-backed majoritarian. So, it turns out, is Mr Blair.

My own verdict on what is happening on both these fronts, the people and the power, is that the government's case for the least adventurous further reform recommended by the

Wakeham committee will be bound to weaken.

First, the people turn out to be no great shakes. Looking at the *galère* of shameless opportunists scrambling at the gates — not to mention all those half-time workers — who can credibly maintain that only the unelected will continue to guarantee the matchless quality of the second chamber? That's been the complacent motto of the life peerage. And some good nominees have the right to say it. But the flow is slackening. If the best you can get now, with the richer seams already mined, are ex-MPs and retired local party hacks glad of unelected ermine, isn't there a better case for the maximum elected element than the minimum 87, in a House of 500-plus, that Wakeham proposed?

The same conclusion flows, secondly, from the displays of independence. The burgeoning self-confidence of the chamber won't go away. Government cavils acrimoniously. Ministers think the Lords' only proper job is to pass in short order the 900 amendments they were obliged to bring, for example, to their own Greater London Authority bill. But even this House of corrupted legitimacy isn't going to buy that. Its ventures into independence have, in principle if not always substance, the public behind them. Reform, we understand, means reform. Legitimacy is out of the bottle, and needs to be legitimised not fixed. Only voting, in the end, can do that. Such is the unwanted lesson of the first four months of the fixed-up House.

Tories expect Ashcroft to be awarded peerage

By Andrew Parker,
Political Correspondent

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The Conservative leadership expects Michael Ashcroft, the party's controversial treasurer and biggest donor, to be awarded a peerage tomorrow.

Senior Tories believe Mr Ashcroft will be included in the new list of working peers, enabling the billionaire businessman to realise his long-held wish to join the British establishment.

William Hague, the Conservative leader, renominated Mr Ashcroft for a peerage earlier this year, despite his being vetoed last year.

The political honours scrutiny committee had concerns about Mr Ashcroft's domicile being in the US and his role as Belize's ambassador to the United Nations. The same concerns were raised

by the committee this year after Mr Hague renominated Mr Ashcroft.

However, the Tories were able to respond to the committee by outlining Mr Ashcroft's plans to move back to the UK and give up his role as ambassador.

In light of the assurances, the committee is believed to have decided not to object to a peerage being awarded.

A white paper last year

said the prime minister could influence nominations for peerages by opposition party leaders in only the most exceptional circumstances, such as "those endangering the security of the realm".

The Tory leadership therefore expects Mr Ashcroft to be among four Conservative peerages awarded by the Queen tomorrow.

Mr Ashcroft, who holds

UK and Belize citizenship, has business interests in Belize that benefit from tax concessions. He has donated an estimated £3m to the Tories since the 1997 general election, representing about 10 per cent of the party's income.

Some Conservative MPs who dislike Mr Hague claim that Mr Ashcroft has too much influence in the party because of the size of his

donations. "William feels obliged to Ashcroft," said a former Tory minister.

A senior Tory MP said: "Hague felt an obligation to Ashcroft, having promised to get him a peerage. The leader has stamped his foot like a spoilt child."

Mr Ashcroft's spokesman said he was in the process of moving back to Britain, but could not be precise about the timing.

In December Mr Ashcroft reached an out-of-court settlement with The Times newspaper over allegations about his business affairs after he had earlier issued a writ for libel.

The newspaper said it was "pleased to confirm" there was no evidence that Mr Ashcroft or any of his companies had ever been suspected of money laundering or drug-related crimes.

LATE EDITION

Ashcroft set for peerage as Hague rewards Tories' £3m benefactor

MICHAEL ASHCROFT, the Conservatives' controversial treasurer, is believed to have secured a peerage after heavy lobbying by William Hague, the party leader. He is expected to be named in a list of working peers announced tomorrow.

The businessman, who has an offshore fortune based in Belize and has donated over £3m to the Tories, was denied a peerage last year when he became the focus of a storm over foreign funding of political parties, causing deep embarrassment for Mr Hague. The inclusion of his name on the latest Tory list has handed Labour a political stick with which to beat the Opposition.

Other Tories on Mr Hague's

BY COLIN BROWN
Chief Political Correspondent

list are expected to include his chief of staff, Sebastian Coe, the former Olympic gold medallist and world record holder.

Mr Ashcroft said when he reached an out-of-court settlement with *The Times* over a libel action that he would relocate his business interests to London and pay taxes in Britain. He is likely to take more than a year to move his business, but Mr Hague is understood to have succeeded in persuading the political honours scrutiny committee that he would be suitable anyway.

Labour MPs have demanded that Mr Ashcroft should



Ashcroft: Belize fortune

give up his role as Belize's ambassador to the UN before he becomes a life peer. Mr Ashcroft's donations to the Tory party, which included

short-term loans of up to £2m last year, will also raise questions about "gongs for cash".

Tony Blair is expected to announce 19 new Labour working peers, with four Tories and nine Liberal Democrats. Mr Blair will announce a further list of about 20 Labour peers before the election to bring Labour's total strength in the Lords close to the Tories' in an attempt to end the series of defeats inflicted on the Government in the Upper House.

Mr Blair and the Leader of the Lords, Baroness Jay of Paddington, have been embarrassed to find that despite removing most of the hereditary peers, they still cannot command a majority in the Lords.

Anger as Ashcroft joins the peerage

BY ANTHONY BEVINS
POLITICAL EDITOR

TORY treasurer Michael Ashcroft last night became the first man to be awarded a conditional peerage.

The controversial businessman will be honoured – if he ends his tax exile this year.

He has extensive interests in Belize, for whom he has operated as United Nations ambassador, but he has given and loaned the Conservatives millions of pounds since he was appointed treasurer by William Hague after the last election.

"I am both thrilled and honoured to have become a working peer," he said last night, "and I look forward to being able to make a contribution to the work of the Upper House."

But the cross-party political honours scrutiny committee, which vets the propriety of all honours before they are passed on to the Queen, insisted on the condition that Mr Ashcroft ends his tax exile, and returns permanently to Britain, before he can take up

that peerage. That precondition was unprecedented. But the vetting committee also insisted that the deal should be guaranteed by Mr Hague – and that the entire package should be made public.

A statement published at the end of the 33-strong list of new working peers said: "In order to meet the requirements for a working peer, Mr Michael Ashcroft has given

his clear and unequivocal assurance that he will take up permanent residence in the United Kingdom again before the end of the calendar year. He would be introduced into the House of Lords only after taking up that residence.

"These undertakings have been endorsed by the leader of the Conservative Party and conveyed to the Prime Minister – and to the political

honours scrutiny committee." Liberal Democrat foreign affairs spokesman Menzies Campbell said the rules had been bent because of Mr Ashcroft's £3million donations to the Tories, and argued that the manipulation strengthened the case for an elected second chamber.

Labour MP Peter Bradley, who has led a Commons campaign against Mr Ashcroft, said: "Cash for Coronets plumbs new depths."

The 20 new working peers nominated by Tony Blair included Alex Bernstein, the former Granada Group chairman, who has been a significant donor to the Labour Party, as has the Cooperative Wholesale Society Ltd, whose chairman, Lennox Fyfe, also gets a Labour life peerage.

Curiously, Labour peerages also went to five former hereditary peers.

The four Conservative nominations included former MP and Olympic gold medalist Seb Coe, who is Mr Hague's private secretary.

Tory Opposition leader in the Lords, Lord Strathclyde, said: "Tony Blair is trying to fix the Lords by packing the House full of cronies who will do whatever he says."

He said the Prime Minister should concentrate on implementing proper reform of the Lords instead of cramming it full of his chums.

The Prime Minister's spokesman pointed out, however, that last night's new batch of working peers still left the Tories ahead of any other party in the Lords, with 236 peers to Labour's 202, the Liberal Democrats' 63, and the crossbench 161.

THE EXPRESS

31/03/00



THE EXPRESS

Tory honour in tatters

NOW WE know what the Conservative Party is for. Forget cash for questions: after Michael Ashcroft's peerage it is clearly cash for honours. Mr Ashcroft in effect owns the Conservative Party. The ridiculous contortions through which William Hague has twisted himself and his party in order to secure a peerage for their Treasurer shame both. A tawdry spectacle.

TOP TORY WINS HALF A PEERAGE

Strings-attached honour for Ashcroft

By **GEORGE PASCOE-WATSON**,
Deputy Political Editor 2

STORM-HIT Tory Treasurer Michael Ashcroft becomes the first ever "half peer" today in a humiliating strings-attached deal.

The multi-millionaire – slammed for having a tax-free home in Central America – finally wins the title demanded for him by Opposition leader William Hague.

But in an incredible twist, he had to agree to a string of strict conditions.

The tycoon, who has given the Tories £3million since the last election, has been forced to quit as an ambassador to the UN and move back to Britain by December.

The Honours Scrutiny committee – which makes appointments to the Lords – said last night: "Mr Ashcroft has given his unequivocal assurance he will take up permanent residence in the UK before the end of the calendar year.

Rejected

"He will be introduced into the House only after taking up that residence."

No one has ever had conditions applied to their peerage in living memory and the decision is a blow to Mr Hague.

It came after 48 hours of embarrassing wrangling and was the **SECOND** time he had demanded a peerage for his Belize-based official, who has spent most of the past 20 years living-abroad.

The Tory Treasurer is traditionally made a lord.

But last year the Scrutiny committee rejected Mr Ashcroft's nomination following fears about his controversial business past.

Lib-Dem Foreign Affairs spokesman Menzies Campbell said last night: "The rules have clearly been bent." But Mr Ashcroft declared: "I'm thrilled and honoured."

Mr Ashcroft is one of four Tories made working peers – lords given proper duties under reforms.

He was joined by ex-Olympic athlete Seb Coe, 44 – Mr Hague's aide and judo partner.

Transport workers' boss Bill Morris – Britain's first black union leader – becomes one of 20 new Labour peers.

Tory 'banker' peerage row

By **PETER MacMAHON** 2
Political Editor

THE Tories were embroiled in a new sleaze row last night after it emerged that the billionaire bankrolling William Hague's party will be made a lord.

Michael Ashcroft, who has given a million pounds a year to the Conservatives over the last three years, was recommended for a peerage by Mr Hague.

The Tories suffered fresh embarrassment when the committee that vets peerages ruled that Mr Ashcroft couldn't become a lord until he moves permanently to Britain.

But the decision to grant him a "conditional peerage" angered many MPs. Labour's Peter Bradley said it appeared that the committee had "rolled over" in the face of "disturbing lobbying" by Tories.

New Labour, new peers

Blair is revealed as master of patronage

By James Landale
Political Correspondent

TONY BLAIR today secures a place in history as the most prolific dispenser of political patronage in the House of Lords since life peerages were created in 1958.

The Prime Minister has appointed more peers in three years than Margaret Thatcher did in her 11 years of office. The new list of 33 working peers means that Mr Blair has created 209 peers since May 1997 compared to her total of 203. Of the 209, more than half take the Labour Whip.

The latest list comprises 20 Labour, nine Liberal Democrat and four Tory peers. Eight are women. Despite Labour and Liberal Democrat pretensions to class equality, their lists include seven former hereditary peers, of whom four are Old Etonians.

As reported in *The Times* earlier this month, five of the Labour nominees are ex-hereditaries ousted last November.

The Old Etonians are Viscount Chandos, 47, chairman of Lopex, Lord Grenfell, 64, a former senior official at the World Bank, and Anthony Fitzhardinge Gueterbock, 60, the 18th Lord Berkeley, chairman of the Rail Freight Group.

The two other retreats are Lord Acton, 58, a US-based barrister-turned-writer, and Lord Ponsonby of Shulbrede, 41, an engineer.

Three Labour peers have business backgrounds: Matthew Evans, who is managing director of Faber and Faber; Parry Mitchell, founder and chairman of an IT company Syscap; and Janet Cohen, non-executive director and consultant, Charterhouse Bank Ltd, and sometime crime novelist.

Five new Labour peers are academics, most notably Professor Richard Layard, director of the Centre for Economic Performance at the LSE, who worked on the Government's employment policies. Others include Julian Hunt, professor of climate modelling at Univer-

sity College London; Kenneth Morgan, research professor at the University College of Swansea and biographer of Lord Callaghan of Cardiff; Bhikhu Parekh, professor of political theory, Hull University; and Sir Leslie Turnberg, president of the British Society of Gastroenterology.

The trade unions are well represented, with peerages going to Bill Jordan, the former engineers' leader and now general secretary of the International Confederation of Free Trade Unions, and Anne Gibson, former national secretary of the Manufacturing Science and Finance union.

Also on the list is Alexander Bernstein, former television executive and chairman of the Old Vic Theatre Trust, and Daniel Brennan QC, chairman of the Bar Council. Others include Len Fyfe, chairman of the Co-operative Wholesale Society, Kay Andrews, director of Education Extra, and Angela Billingham, a former MEP.

The Tory list includes not

only Michael Ashcroft, but also Sebastian Coe, the Olympic medallist who is now William Hague's private secretary; Robin Hodgson, the chairman of the Tory voluntary wing; and Dame Sheila Masters, a partner in KPMG.

The nine Liberal Democrat peers include several former Social Democrats: Dr Lindsay Granshaw, 45, a medical academic; Matthew Oakeshott, 53, a banker and former adviser to Lord Jenkins of Hillhead; and John Roper, a former MP.

Two former Liberal Democrat hereditaries are back: Lord Redesdale, 32, a scion of the Mitford dynasty; and the Earl of Mar and Kellie, 51, an Old Etonian former pilot and community worker.

Others on the Liberal Democrat list include Tony Greaves, a party activist; Ros Scott, group leader on Suffolk county council; David Shutt, group leader on Calderdale borough council; and Joan Walmsley, a public relations consultant from Derbyshire.

←
Tony's latest cronies



Lord Acton, 58

One of the hereditaries thrown out in November. Has a home in Iowa, USA and a baronetcy dating to 1644. A US-based barrister-turned-writer, real name is Richard Gerald Lyon-Dalberg-Acton.



Lord Berkeley, 60

The 18th Lord Berkeley, a businessman and former Eurotunnel executive whose real name is Anthony Fitzhardinge Gueterbock. His title dates back to 1421.



Daniel Brennan, 58

QC and chairman of the Bar Council, former member of the Criminal Injuries Compensation Board, a Recorder of the Crown Court since 1982



Viscount Chandos, 47

The gregarious former Kleinwort Benson director with close links to the Labour leadership. Currently chairman of Lopex.



Matthew Evans

The managing director of Faber and Faber, a leading new Labour figure and friend of Lord Bragg, the broadcaster and Labour peer.



Lord Grenfell, 64

A former senior official at the World Bank who will have to nip to the Lords via Eurostar from his Paris home. Currently chairman of the Rail Freight Group and the Piggyback Consortium.



Bill Jordan

The former president of the Amalgamated Union of Engineering Workers, he is currently the general secretary of the International Confederation of Free Trade Unions.



Professor Richard Layard

The director of the Centre for Economic Performance at the London School of Economics, and the man who is behind much of Labour's Welfare-to-Work policies.

The donors

Party backers get their reward

By Tom Baldwin
Deputy Political Editor

MICHAEL ASHCROFT was not the only donor to a political party to get a peerage last night: Labour rewarded some of its money men as well. They included Parry Mitchell, an IT entrepreneur who gave generously to the "blind trust" that paid for Tony Blair's office before the election.

Others receiving peerages from Mr Blair are Alexander Bernstein, a retired television executive who was listed as one of Labour's high-value donors of more than £5,000 in 1998, as well as Len Fyfe, the chairman of the Co-operative Wholesale Society, which also gave money to the party.

They are the latest in a long line of Labour donors to be ennobled by the party.

Lord Sainsbury, the Science Minister, has given more than £3 million in recent years. Lord Gavron, chairman of *The Guardian* newspaper group, donated more than £500,000, as did fellow publisher, Lord Hamlyn. Lord Hollick, chairman of United News and Media, is another regular donor, while Labour "luvvies" — Lord Bragg, Lord

Puttman and Baroness Rendell — all gave to its election fund. Lord Evans of Watford donated about £30,000, Lord Goldsmith, a former Bar chairman, more than £6,000, and Lord Faulkner of Worcester £10,000.

Lord Levy, the former record producer, not only gave money but organised the blind trust thought to have raised pre-election millions for Mr Blair. Baroness Dean of Thornton-le-Fylde was one of the trustees of the fund, which guaranteed anonymity to donors. She now sits on the Political Honours Scrutiny Committee, which examines nominees' suitability for peerages.

The names of trust donors were to have been kept secret from Mr Blair. But many are known to have reached for their chequebooks immediately after the future Prime Minister left one of Michael Levy's fund-raising dinner parties.

With the possible exception of Lord Sainsbury, none of Labour's donors match the vast sums poured into Conservative coffers by Mr Ashcroft. Senior Tory figures accept there is a direct relationship between his funding and his nomination for a peerage.

The duties

Section 28ers told 'emphasis is on working'

By James Landale
Political Correspondent

THEY might be joining what Harold Macmillan called "the best club in Europe", but the new working peers will, more than ever, be expected to live up to their titles — and work.

While they enjoy the kudos of their elevation in society, the freshmen peers will be keenly aware that their lives have changed for ever. The 20 new Labour peers, in particular, will be under explicit orders to spend at least three evenings a week in the House for late night three-line whip votes.

The most important votes coming up, where the Government believes that the newcomers can help, are those dealing with its beleaguered plans to scrap Section 28. It has already suffered defeats on the issue in both the Local Government Bill and the Learning and Skills Bill. Both setbacks will be overturned shortly in the Commons before the Bills return to the Lords. Ministers hope that the extra 20 Labour and nine Liberal Democrat peers might tip the balance.

Although Labour suffered its first defeat by 45 votes, it lost most recently by a margin of only 15. The Tories have acknowledged that, branding the 28 the "Section 28ers".

However, for Labour, the real problem is getting its peers to work. In last week's vote on the Government's statutory guidance on sex education to replace Section 28, only 113 Labour peers voted for the Government.

Two rebelled and backed the Tories, but 66 simply failed — or deliberately refused — to

turn up. Abstainers included some of Labour's older peers, not expected to attend daily, such as Lord Callaghan of Cardiff, the former Prime Minister, and Lord Healey, the former Chancellor.

The 15 who last month rebelled to support Section 28, and were conspicuous by their absence, included Lord Cocks of Hartcliffe, a former Chief Whip and Lord Dixon a former deputy Chief Whip.

Others who failed to turn up included Lord Donoughue, the former Agriculture Minister, and some Muslim peers such as Lord Ahmed. Some of the party's wealthier working peers, such as Lord Hollick, chief executive of United News and Media, and Lord Simpson of Dunkeld, GEC managing director, were also absent.

The need for new working peers is driven by voting arithmetic. The Government had thought that a semi-reformed chamber shorn of most hereditary peers would be more malleable. However, Labour's 182 peers are easily defeatable if the 232 Tories, 54 Liberal Democrat, and 161 crossbenchers unite against the Government.

Perhaps more importantly, it can lose even if it is supported by the Liberal Democrats. The Government has suffered ten substantive defeats this year — the same as this time last year with a chamber stuffed with hereditary peers.

This led the Government to pledge to create an extra 50-odd Labour peers, of which this list is the first tranche.

After these 28 creations, the Tories will have 236 peers, Labour 202, and the Liberal Democrat 63.