

## The Price of Dishonour

*A Policy Brief from The Bow Group, by Chris Philp*

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The correlation between making large donations to the Labour Party and receiving an honour is extraordinary. Statistical analysis shows that 58.54% of all donors giving more than £50,000 to the Labour Party receive an honour. This compares to just 0.035% of non-donors. Large Labour Party donors are 1,657 times more likely to receive an honour than a non-donor and 6,969 times more likely to receive a peerage. It is almost impossible to avoid the conclusion that the Labour Party has been selling honours, including places in the House of Lords.

An analysis of all donations over £50,000 since 2001 reveals that Honour certainly has its price. We publish below the average amount donated by the recipients of various honours – an “Honours Price List”. Those receiving a Peerage have given £1.07 million on average, and a Knighthood £747,000. A CBE is £675,000 and an OBE £552,000.

Compared to the prices Lloyd George was charging, Labour is currently charging less for peerages, but more for OBEs. In today’s money, Lloyd George charged £1.9m million for a peerage, and just £3,800 for an OBE.

Urgent reform is needed. Distribution of Honours should be placed in the hands of an Independent Honours Commission, who apply published criteria. The House of Lords in its current form should be scrapped, and replaced with a Senate which is partly elected and partly appointed by the Independent Honours Commission.

### 1. A Chance Event?

A detailed analysis of donations to the Labour Party in excess of £50,000 since 2001 (and including the most recent figures released by the electoral commission) shows that giving more than £50,000 to the Labour Party increases your chances of receiving an honour by a factor of 1,657 times.

While 58.54% of large Labour donors have received an honour, only 0.035% of non-Labour donors can expect to receive one. Large donors to Labour are 6,969 times more likely to receive a peerage than anyone else, and 9,955 times more likely to receive a knighthood. They are 1,549 times more likely to receive a CBE and 443 times more likely to receive an OBE. However, large Labour donors appear to disdain the more common MBE – none opted for one of those.

Honour	Chance if you give > £50k to Labour	Chance if you do not donate to Labour	How much more likely for Labour donors?
Lord	9.76%	0.001%	6,969 times
Knighthood	24.39%	0.002%	9,955 times
CBE	14.63%	0.009%	1,549 times
OBE	9.76%	0.022%	443 times
<b>Total</b>	<b>58.54%</b>	<b>0.035%</b>	<b>1,657 x</b>

### 2. Honours Price List

The analysis of donations to the Labour Party in excess of £50,000 since 2001 also gives an average donation value for the holder of each type of honour. We publish the price list below:

Honour	Labour’s Price, 2001-2006	Lloyd George, 1922 Prices	Lloyd George, 2006 Prices
Lord	£1,065,000*	£50,000	£1,906,442
Knighthood	£747,638	£15,000	£571,932
CBE	£675,833	n/a	n/a
OBE	£552,500	£100	£3,813
No Honour received	£505,358	n/a	n/a

\* £2.65m if you include Lord Sainsbury

Becoming a Lord costs an average of £1.07 million, but just half a million buys an OBE. A Knighthood comes in at £750,000 and a CBE at £675,000. It is very clear from this table that the more prestigious the honour, the more the donor has given. Taken together with the statistical data in Section 1, it is very hard to avoid the conclusion that the Labour Party has been selling honours, including places in the House of Lords.

This practice is utterly reprehensible for several reasons:

- It debases and devalues the honours system, most recipients of which are genuinely deserving; it is an insult to their hard work that it appears that honours can also be bought
- It undermines the integrity of public life
- It corrupts the independence and stature of the House of Lords, a legislative assembly, when membership appears to be for sale
- It suggests a level of dishonesty and venality amongst our leaders that calls into question their fitness to govern honestly and in the interests of all in society

We have compared the prices which the Labour Party appears to be charging to those charged by Maundy Gregory, Lloyd George's fixer, in the 1920s. We then adjust these for inflation between 1922 and 2006, to allow a direct comparison.

In 1922, a Peerage cost £50,000, and Knighthood £15,000 and an OBE £100. Lloyd George was particularly prolific in distributing the latter, which explains the low price. In today's money, this works out at £1.9m for a peerage, £571,000 for a Knighthood and £3,813 for an OBE. Compared to Lloyd George, Labour today charge less for a peerage, but much more for an OBE. OBEs have gone up at a compound rate of 10.8% per year since 1922. Knighthoods have increased by a more reasonable 4.8% per year since Lloyd George's time. This compares to a general average inflation rate of 4.4% between 1922 and 2006.

## 4. Recommendations

This blatant abuse of the honours system is symptomatic of Labour's general lack of concern for standards in public life. This is especially surprising given that Blair came to office promising to be "whiter than white". His cynical use of loans (when some of the donors wanted to make a straight donation) to circumvent his own rules is particularly shocking. These findings are consistent with a pattern of unethical behaviour, going right back to the Bernie Ecclestone scandal, when Labour changed their policy about a ban on tobacco advertising in a way that one of their large donors found helpful. Blair's claim at the time that he is a "pretty straight kind of guy" looks particularly hollow today.

A series of basic reforms need to be urgently enacted to restore the integrity of the honours system:

- Conferring honours should be handled by an "Independent Commission for Honours", which should not include any current or former politicians or anyone who has held office or donated more than £5,000 to any political party. This will restore public faith in a valuable system for rewarding public service that has now been undermined
- The Independent Commission for Honours should also publish a set of criteria that are

applied in deciding who will receive an honour and who will not

- All financial transactions by individuals or companies to the value of more than £5,000 of any nature need to be disclosed. This should include loans, benefits in kind and benefits in kind provided at below market terms
- Failing to make such disclosures, by the donor or the recipient, should become a criminal offence punishable with a custodial sentence

At the same time, this scandal highlights the need to reform the House of Lords. It is particularly shocking that people appear to have been buying seats in the House of Lords.

Principles that could be applied to House of Lords reform could include:

- Replace the House of Lords with a newly constituted "Senate" of 250 members, 50% elected and 50% appointed
- People currently holding peerages should not automatically sit in the Senate
- The 50% elected component would be elected for an 8 year non-renewable fixed term. Half the elected component (i.e. 25% of the whole house) would be elected every 5 years
- The appointed component of the Senate would be appointed by the Independent Honours Commission, based on their previous experience in public life, the judiciary, as religious leaders, trade union leaders, business leaders, military leaders etc. The criteria would be published, and those judged to meet the criteria must agree to serve actively as members of the Senate
- Members of the Senate may not be members of the Government and may not stand for Parliament in the future (although they may have been MPs or Ministers in the past). Ministers would appear before the Senate to give statements and take questions, much as they already appear before Select Committees
- The powers of the Senate should be similar to those of the current House of Lords

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