



POLITICAL REVIEW - SPRING 2008

Budget Time tends to be busy for lobbying companies. Of course, they need to study the detail for the benefit of their clients, and the devil can indeed be in the detail, buried amongst hundreds of pages of background releases. The other common product at Budget time is for lobbyists to rush to prepare Budget summaries for general distribution. I have always been rather sceptical of the value of these efforts not least because they tend to cover the same ground as the newspapers on the day after the Budget. I received half a dozen of these productions after Budget Day, and one close observer noticed that the very same interpretative mistake had been made about Capital Gains Tax by two of them. Either one was filching from the other, or they were drawing from a common incorrect source. So, maybe I'm becoming a grumpy old lobbyist, but I tend to be cynical about the value of these repetitive Budget digests which say more about the spare capacity of public affairs companies than their insight. So, I have nothing to add to the Budget commentaries that you will all already have read.

Nor do I have any predictions for you. "The man that once did sell lion's skin while the beast lived was killed with hunting him". Public affairs companies can make real chumps of themselves if the predictions they do dare to make come unstuck. It shows an expensive lack of judgement – an expense about which clients might think, "I'm paying for this". Besides, predicting the demise prematurely of a body in power hardly earns the gratitude of that body while it continues to hold the reins. Clients do tend to like to think that they are on the inside track of where the smart money is going, and all gossip tends to be eagerly devoured: however, predictions are best left to psephologists and crystal ball gazers. About the only thing that is predictable in British politics is that politics have become more unpredictable.

The introduction of cameras to the House and the Americanisation of politics have emphasised the importance of personality in swaying votes; the perception of personality and mutable fashion in the perception of personality undermine the old stable Party system. The introduction of the stratagem of triangulation from the States has had a similar effect. Since before Tony Blair came to power, New Labour has used the techniques of triangulation to steal the most promising policies of others, thus denying them space to build a wider platform. But, the Conservatives are learning to anticipate the triangulation of the triangulators. Hence Osborn's call for lower Inheritance Tax was not a "dog whistle" to the right and it had an almost immediate effect on Labour's economic policy. Just as the doctrine of monetarism and the careful observation of monetary measures changed the way that monetarism expressed itself in economic results, thus the triangulation of triangulators alters the way that policies come out of the pipe. The old

mantras that Labour will always tax you more and the Conservatives will tax you less are no longer dependable, and the political Parties seem to prefer it that way.

The Mayoral elections in London in May are typical of modern politics, with two showbiz artists slugging it out, both trying to impress the sardonic London voters with their insouciance and devil may care contempt for traditional politics. The result may well depend on differential turnout. This is a personality battle rather than a right-left ideological battle. Whatever transpires, and under any result Brown has little to gain. Ken, if re-elected will continue to be Ken running a personal fiefdom (Labour must regret having concentrated so much untrammelled power in the hands of a single man – the Greater London Assembly has minimal powers to stop him or even oversee him). If Boris wins, Cameron will spin it as the capital returning to Conservatism.

The other area that has emerged of great complexity is how to play the political game now that there is a Welsh Assembly and Scottish Parliament. Leaving aside the Northern Ireland institutions, the motive behind devolution was a fear about nationalism on the part of Labour. Labour thought that devolution would bind Wales and Scotland more closely into the Union, preserve Labour's cadre of MPs in Westminster from Wales and Scotland, and continue Labour hegemony in Wales and Scotland if the Tories were to be at some point returned nationally. It did not work out that way. No wonder Tony Blair used ripe expletives about the ungrateful Celts.

In Wales, Rhodri Morgan as Welsh "Prime Minister" has cut a more traditional left wing path for Labour, more Labour than New Labour, sending off dissonant signals from both Blairism and Brownism. He has now had to let the Nationalists into Government with him. More powers are being devolved to Wales and the Assembly Members are keen on this partly because it means they can argue for more pay. We expect the Assembly to gain more power, and for the Nationalists to keep sustained pressure on building the status and power of the Assembly, until they can normalise a debate about potentially breaking off from the UK. The Assembly has also launched a study about the Barnett formula – which determines the share of the national cake devoted en bloc to Wales and Scotland. The Barnett formula is out of date since relative economic wealth has changed in different parts of the UK. It is thought that a more up to date formula would mean a much bigger share for England, a much smaller share for Scotland and a slightly bigger share for Wales. The prospect then for Brown is of continued difficulty in sustaining Labour's pre-eminence in Wales with a long-term threat to the Union as the Nationalists thrive off dissent.

It's far worse for Labour in Scotland, where Labour are in Opposition to the Nationalists who are running a minority Government. The Nationalists have been playing a very canny game, shedding some of their socialist economics in favour of broadly prudent policies which are reaping some conservative Scottish support. They have been pressing for more powers, but have not frightened the electorate. Nobody really is talking the politics of unionism – "unionism" is almost a dirty word. This is definitely not what Labour wanted for Scotland, because they need to keep their Scottish Labour MPs at Westminster to avoid a virtually permanent Conservative English Government. Brown's

response to the threat appears tardy: he wrote on 25th March 2008 that the Union has “too long been taken for granted” and was “more like a covenant founded on shared values that have created bonds of belonging that make us **all** feel part of a wider Britain” The problem is that not **all** Scots feel like this. He has instituted a low key review of the Barnett formula with its implicit threat of reducing the English subsidy to the Scots; and, in response to the Nationalists’ Scottish Conversation designed to normalise political consideration of independence, Brown launched a Commission on 25th March to review the Scotland Act under Professor Sir Kenneth Calman. The Ministerial statement read: “The Government welcome that Parliament’s support for the aim of strengthening devolution, and securing Scotland’s place in the Union”. The Commission will be asked to make an interim report by the end of this year. The terms of reference for the Commission are:

“To review the provisions of the Scotland Act 1998 in the light of experience and to recommend any changes to the present constitutional arrangements that would enable the Scottish Parliament to serve the people of Scotland better, that would improve the financial accountability of the Scottish Parliament and that would continue to secure the position of Scotland within the United Kingdom.”

The Commission is clearly a unionist-minded body: it should not be assumed that it will on balance recommend further devolution of power to the Scottish Parliament.

I once tried to play a game of three-dimensional chess, a fiendishly difficult task. Brown’s political problems with Westminster, Scotland and Wales remind me of that. At least in three-dimensional chess there are only two players. In Brown’s version, however, there are at least four players – Tory, Labour, Nationalist and Lib-Dems. For a man who likes to plan every move meticulously, and to be in control, devolution has opened up a Pandora’s Box of nightmarish difficulties.

This comes back to the point I made about unpredictability. Anyone telling you that the smart money is backing “x” or “y” is a “smart Alec”. We gave this as standard advice – do not worry about who is going to be in power in the future so much. Deal primarily with those who currently have power until that changes. Make your friendships and invest time in advance with key Opposition Members in Westminster, Scotland and Wales. Increasingly, the three dimensional chess between the various bodies mean that advances in a client’s favour – say in Scotland – can be reinterpolated and used for advantage, say in Westminster. For instance, if the Scots are advanced in their control of oil pollution then maybe England and Wales can be persuaded to catch up. As these complexities intensify there tends to be more work for professional lobbyists. Thank goodness this business moves with the political rather than economic cycle.

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