



Politics Informed

what we see is what others miss

Banking on delivery

With the government's focus firmly on delivery, Lisa Poole looks at some of the big challenges facing Labour in the coming months.

One would think that Gordon Brown is the most contented man in the cabinet at the moment. Despite admitting for the first time in his last Budget that direct taxes would have to rise to fund vast improvements in the NHS, he is still seriously popular, both with the public at large and his own backbenchers.

That is no mean feat in a country primed for a long time to believe that it could have better public services without paying for them.

The chancellor's fortunes are tied to the prime minister's on this one. The popularity of both will disappear fast if the NHS does not start to deliver. Mindful of that, the government is insisting on major reforms in exchange for big increases in health spending.

A private sector role

Perhaps most controversially, there is to be an acceleration of the involvement of the private sector in treating NHS patients.

The unions don't like it, and some have threatened to withdraw their financial contributions to the Labour Party as a result. The indications are, though, that eventually they are going to have to accept these kinds of reforms.

No-one is pretending that improvements to the NHS will be easy, or will come cheap.

Both Number 10 and the Treasury have been making the case for some time for big increases in revenues for health. Hence the announcement in the Budget that both employers' and employees' national insurance contributions would increase. Health has certainly been the big winner so far in this Parliament. But what of the government's other priorities, what of crime, transport and education?

Realistic growth?

The massive injections of cash promised for the health service coincided with the chancellor's announcement that the trend rate of growth in the UK economy is set to increase to 2.5%, from an earlier assumption of 2.25%. Next year Brown is predicting 3-3.5%. If that is the case, it will go a long way towards making delivery of other key services a fairly painless procedure for the electorate. Taxes, in other words, will not have to rise too much in exchange for visible improvements across the board.

The problem on the horizon, though, is that some commentators believe those estimates to be optimistic, especially in light of the continuing economic downturn around the globe. Gordon Brown, in other

continued overleaf

Coming up...

Politics International is pleased to announce the establishment earlier this month of an exclusive strategic alliance with Brussels-based public affairs consultancy Houston Consulting Europe. Our two companies have worked together on an ad-hoc basis in the past and this new agreement formalises that process. We believe this agreement will enormously benefit our existing clients by improving our public affairs offering in Europe. Contact Amanda Cunningham on 020 7592 3814 for more information.

On page 2, Jo Burgess looks at the implications for transport policy following the recent reshuffle, whilst Andy Fletcher reviews the sometimes tense relationship between monarch and prime minister on page 3.

On page 5, Stephen Edwards examines the prospects for state funding of political parties and on page 7 he turns his attention to the challenges of immigration. On our back page, Andy Fletcher takes a look at the role of the media. Elsewhere, we look at some of Labour's rising stars, and take a light-hearted glimpse at the world of celebrity politics.

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Transport has come full circle and...is once again housed in a dedicated department

Continued from the front page

words, is thought by some economists (though by no means all) to have become uncharacteristically under-cautious about the state of the UK's future public finances and expected future economic growth – both in the short term and the longer term.

If that does turn out to be the case, the problem for the government is that they will either have to put a break on their programme of delivery, seen as crucial to a third term, or raise taxes. Neither is an attractive option.

Sterling pressure

Other financial headaches may also add to the uncertainty. Some analysts, for example, are concerned that the pound is over-valued and that the UK trade deficit is increasingly unsustainable. That implies that a devaluation of sterling may, at some point, be on the cards. That will put further pressure on the public finances.

Hovering over the big themes of delivering improvements to the country's public services there is another battle in the making; the fight to win a referendum on the euro. We may yet see a clearer indication of the government's thoughts on both these issues at the forthcoming party conference in September.

The perceived wisdom is that the prime minister will not call a referendum unless he thinks he can win it; and certainly not before his chancellor has verified that the five economic tests have been met. Whether either wants to be distracted from the big agenda over the coming months is another question entirely.

All change for transport

Jo Burgess looks at the cabinet reshuffle and re-organisation following the resignation of Stephen Byers earlier this year, and the implications for transport policy.

When, on 27 May, Stephen Byers met Tony Blair to resign from his post as secretary of state for transport, local government and the regions he may not have realised the full extent of the changes which would follow. Within two days, the prime minister had announced a ministerial reshuffle and departmental re-organisation affecting all but three departments.

Transport has come full circle and, after the third major departmental re-organisation in five years, it is once again housed in a dedicated department as it was before the 1997 general election. Transport has emerged from the Department of Transport, Local Government and the Regions (DTLR) which was less than a year old. The remainder of that department's responsibilities have been passed to the newly created Office of the Deputy Prime Minister (ODPM).

Prioritising transport

Singling out transport in this way confirms the government's recognition of the political need to

sort out the crisis on the railways and congestion on the roads.

Transport people

Transferred from the Department of Work and Pensions, Alistair Darling takes on the unenviable task of secretary of state for transport in the newly created Department for Transport (DfT). Together with Rachel Lomax, who has taken over as permanent secretary of the new single-issue department, Number 10 has described the pair as "an experienced team with a proven track record of delivery". The evidence of this as far as transport is concerned is yet to be seen.

The future of transport was mapped out in the 10-year transport plan - *Transport 2010*, published by John Prescott, in his post as secretary of state for environment, transport and the regions. Responsibility for the plan has taken a meandering course through various homes. Critics argue that for the travelling public the positive impacts of the plan have been limited. Implementation of the transport plan now falls to Mr Darling.

The new departmental team is unlikely to be given much time to establish itself and begin delivering tangible benefits.

delivering on transport





For queen and country

The death of the queen mother and the jubilee celebrations have highlighted the state roles of monarch and prime minister. Andy Fletcher looks at a delicate and sometimes difficult relationship.

What Boris Johnson referred to as Tony's Blair's attempts to "aggrandise his role in the queen mother's lying in state", sparked an almighty row between Number 10 and sections of the press. Whatever Number 10 did or did not say to Black Rod during the conversation in question, Alastair Campbell's subsequent complaint to the Press Complaints Commission demonstrates the sensitivity over being perceived as "upstaging" the monarch on delicate state occasions.

A complex relationship

The relationship between monarch and prime minister is a complicated one. The queen carries out a number of largely ceremonial duties in the political arena, most notably at the State Opening of Parliament.

The debate over the queen's role in the political process forms part of the wider argument over the merits of a constitutional monarch. Critics pillory the notion of a non-elected dynasty interfering in state matters and argue duties such as the Queen's Speech are merely archaic conventions with little direct purpose. Advocates argue that aside from preserving Britain's heritage, the monarch provides a crucial non-partisan head of state, which is vital both at home and on the international stage.

It all makes for a sensitive relationship, particularly in unusual or unexpected circumstances,

often without precedent. Tony Blair attracted both criticism and praise following the death of Diana, princess of Wales and the Black Rod incident embroiled him in a row he would not have foreseen when he took office in 1997. While he has been accused of attempting to "muscle in" on state occasions, the prime minister kept a low profile during the weekend of jubilee celebrations, aside from joining in during the occasional Beatles sing-a-long.

Away from constitutional matters, the individual relationships between monarch and prime minister have long been the subject of rumour and speculation. The present monarch has seen ten prime ministers since 1952. A recent BBC documentary maintained that while Harold Wilson and Alec Douglas-Home enjoyed a good relationship, Margaret Thatcher's was somewhat more formal and at times difficult.

Private meetings

Unusually in today's political climate, meetings between monarch and PM are some of the most private, ensuring a degree of mystique both around the conversation and the relationship. For all the accusations levelled at the Number 10 spin machine, details of palace discussions are never leaked to the media.

As Tony Blair remarked of Her Majesty, "she is about the only person that you can tell something to in complete confidence and know that confidence will never be broken". Given his recent difficulties, one suspects he wishes that of a few more of his political colleagues.

The Queen's Speech

The return to Parliament after the long summer recess and the party conference season is traditionally marked by the Queen's Speech. In the midst of the pomp and ceremony that surround this most stately of occasions, the queen will set out her government's legislative programme for the coming year.

The exact content of the Queen's Speech is always a closely guarded secret, and in fact neither the text of the speech, nor information sheets issued by government departments, are publicly released in advance.

Ministerial statements and departmental leaks, however, can be a good indicator of the kinds of bills likely to be promoted. The Speech itself will tell a lot about the government's priorities for the coming year.

Politics International provides an in-depth forward analysis of the Queen's Speech. This includes a detailed brief on possible bills in the forthcoming Parliament, together with our analysis of the background to each bill and the importance the government is likely to give each one.

We will also analyse as far as possible the impact each bill is likely to have on our clients. In addition, our consultants are available to advise clients on the day.

For more information about this service please contact Lisa Poole on 020 7592 3808 or Imp@politicsint.co.uk

Prescott has long been a strong advocate of regional governance

Who's who in the ODPM

Ben Ruffels looks at some of the key players in the newly created Office of the Deputy Prime Minister.

John Prescott: deputy prime minister and first secretary of state. Was awarded his own department in the May reshuffle, taking in the regional and local government responsibilities of the defunct DTLR. Viewed as a bridge between old and New Labour, Prescott's long-standing union ties have recently been strained; he left the RMT union after 47 years following a dispute with its leader, Bob Crow.

Mavis McDonald: appointed permanent secretary to the new Office of the Deputy Prime Minister in the May reshuffle, moving from the top job at the Cabinet Office. A tough but even-handed career civil servant, she has extensive knowledge of housing and local government issues having held various senior civil service posts in these areas.

Tony McNulty MP: parliamentary under-secretary at the Office of the Deputy Prime Minister since the May reshuffle, with responsibility for planning and regeneration. PPS to David Blunkett from 1997-1999 and, prior to the reshuffle, served in the government Whip's Office. A former lecturer at the University of North London, he is regarded as an intelligent Blairite loyalist.

Paul Hackett: part-time special adviser to John Prescott. A trained economist, he developed a keen interest in regional policy and regeneration issues as special adviser at the TUC that led him to involvement in Labour's pre-1997 Regional Policy Commission.



changing direction for the regions

Prescott's progress

The government reshuffle earlier this year brought deputy prime minister John Prescott back into the political limelight. Jo Burgess assesses his priorities over the coming months.

One of the biggest surprises of the unexpected departmental reshuffle in May was the creation of the Office of the Deputy Prime Minister and its separation from the Cabinet Office to a department in its own right. John Prescott, as well as continuing as first secretary of state and all other duties of the deputy prime minister, inherited virtually all of the work, other than transport, of the former Department for Transport, Local Government and the Regions.

An expanded role

The new department covers a range of crosscutting themes, including housing and planning, social exclusion, neighbourhood renewal, local and regional government and regional co-ordination.

The White Paper *Your Region, Your Choice* was published earlier this year, and its implementation will form the basis of Prescott's workload in the foreseeable future. He has made no secret of his delight in having this responsibility,

not least because the main proposal in the white paper is for the establishment of regional assemblies. Prescott has long been a strong advocate of regional governance, fuelled particularly by his links with the north-east, home to his constituency, Hull East. It is the northern regions where the greatest interest in the establishment of regional assemblies has been expressed and it is here that priority for referendums will be given.

Planning rules set to change

Planning has made an eventful journey through various departments and the white paper proposes that assemblies will also work towards the introduction of regional spatial strategies into the planning system, thus taking over the role from the existing regional planning bodies.

A further piece of legislation in the making is the planning green paper which was published at the end of last year and puts forward the most radical reforms to the planning system in the UK for the last 50 years. Whilst Prescott has made his priorities clear with regard to policy, it remains to be seen how the planning reforms in particular will proceed under the new department.



Funding democracy

With the government becoming increasingly concerned at the growing accusations of sleaze and cronyism in the press, Stephen Edwards looks at the prospects for state funding of political parties.

After a series of embarrassing revelations the Labour party is on the back foot on some aspects of its funding, in particular the link between cash donated and policy outcomes. Lakshmi Mittal gives £125,000 to the Labour Party; Tony Blair writes a friendly letter to the Romanian prime minister in support of Mr Mittal's bid to buy the state steel industry. Paul Drayson donates £50,000 and wins a £32 million contract to supply smallpox vaccines to the NHS.

There is a perception here of influence and favours gained by money. The Labour Party suddenly finds itself being tarnished by the type of sleaze more usually associated with the last years of the Major administration.

Labour answers its critics

Labour's initial reaction to these revelations was to create a fund-raising committee with Labour luminaries such as Baroness Jay, party chairman Charles Clarke, and Lord Levy. Many commentators, however, have scoffed at this new institution, saying that nothing short of a wholesale redesign of party funding procedures will do.

The government is now expected to bring forward proposals for increased state funding of political parties, and maybe even to present a bill in the next session of Parliament. The proposals are also expected to impose new caps on election spending.

Labour's change of tack

There are a number of disadvantages to these proposals, especially at a time when politicians are generally held in low regard by the British public. The cabinet is also known to be split on these matters. Past cabinet divisions on similar issues have resulted in indeterminable delay, and policy fudge. So what explains the rumours of action in this case?

The answer is very simple. In the current political climate, it is in Labour's interests to introduce state funding of political parties. The constant allegations of sleaze from all sides is damaging the party's reputation. Labour is also experiencing considerable problems with its bank balance. Membership of political parties has fallen substantially since 1997, and shows no signs of increasing in the near future.

Labour also has its own unique problem with the trade union link that has financially supported the party in the past. A new generation of distinctly *un-New Labour* union leaders, such as Mick Rix at ASLEF and Bob Crow at the RMT, has brought into question the historic link between the Labour Party and the trade union movement. The RMT recently caused controversy by withdrawing support from 13 MPs who refused to back rail nationalisation and oppose the London Underground PPP.

Any party funding system that is brought in, therefore, will mainly be a consequence of the current difficulties being experienced by the Labour Party. Whether such a system will receive the widespread public support it would need to work is a different matter altogether.

What they get

The Electoral Commission has recently published its first report since the Political Parties, Elections and Referendums Act came into force in February 2002.

Under the provisions of this act, all political parties are required to submit a quarterly donation report to the Electoral Commission listing all donations over £5000.

The Labour Party

In the first quarterly period, the Labour Party received £8.5 million from the trade union movement. £1.5 million came from 43 individual donors, dominated by big business. The Labour figures are somewhat skewed by the fact they do not include three big donations of £2 million, all of which were made before the reporting requirement came into force.

The Conservative Party

The Conservative Party received a total of £9.3 million from private individuals, more than three quarters of which came from two generous benefactors. John Paul Getty gave the party some £5 million, whilst Stuart Wheeler donated £2.45 million. Companies accounted for another £2 million of Tory donations. However, the Conservative Party also received £2.67 million from the taxpayer in Short money. Opposition parties have received Short money since 1975 to assist them with their parliamentary duties.

The Liberal Democrat Party

In the same quarterly period, the Liberal Democrats received donations amounting to £178,000, £123,109 of which were personal donations.

Westminster talk is of a political generation skipped

Celebrity politics

With the appearance of Harry Enfield, Vic Reeves and Rik Mayall in a recent film to promote the Europe Yes, Euro No movement, Andy Fletcher looks at celebrity participation in politics.

Political "luvvies" are nothing new, of course, and have been deployed with impressive effect. Ken Livingstone mobilised his friends in the run up to the London Mayoral election. Chris Evans was disciplined for pledging money to his campaign during his radio show and Harry Enfield cropped up again sporting a "Ken 4 London" jacket at a film premiere.

But be warned, such endorsement comes with a health warning.

The Spice Girls' suggestion that Mrs Thatcher was the originator of Girl Power was later undermined by Ginger's appearance in a Labour promotional video in 2001. And who could forget Kenny Everett's instruction to "bomb Russia" at a Conservative Party conference in 1983.

Whether Red Wedge for Labour or Lynsey de Paul's long archived '80s melody *Vote Tory, Tory, Tory/ For Election Glory*, it is unclear what impact celebrity turns have on electioneering. In reality, they may very well encourage participation, particularly among young voters, rather than sway the floating voter in a particular direction.

Quite how the pro-euro campaign will respond to the use of some of Britain's best known comedians remains to be seen. While it seems unlikely that we'll see Britain in Europe reform '70s prog-rockers Yes to epitomise the cause, politics is a strange and unpredictable business.

Rising stars

The latest government reshuffle brought a new generation of MPs into the political limelight. Lisa Poole looks at some of the rising stars and offers a view on what this all means.

The resignation of Stephen Byers earlier this year gave the prime minister an opportunity to reshuffle his frontbench team early. Whilst there were few changes at the top – perhaps the most interesting being a move to the newly created Department of Transport for Alistair Darling, further down the pecking order the changes were more profound.

Rising youth

The most striking observation is that Tony Blair has made a deliberate ploy to bring youth to his frontbench team. Most prominent is David Lammy who at 29 is now the youngest government spokesman. Others include David Miliband (37), Ruth Kelly (34), Yvette Cooper (33) and Stephen Twigg (36). Westminster talk is of a political generation skipped.

Their youth aside, these appointments send out the

message that a clean and safe pair of hands is now key to career advancement. Good behaviour, hard work, and an ability to get things done are the essential attributes. Many will now be interested to see just how far the new intake can go.

Labour dissent

The promotion of so many so young has not pleased everyone though. Father of the House Tam Dalyell expressed a view that people should not become ministers after only a short spell in the House of Commons. Instead, he stated his preference for those who have "laboured in the parliamentary vineyard for a long time".

Unsurprisingly, Downing Street has emphasised that all promotions were made on merit, and Blair has apparently let it be known that there will be no more reshuffles for at least a year.

Whilst it is always difficult to predict how ministerial careers will eventually pan out, the reshuffle has lifted the veil on Labour's longer-term vision for governing Britain.

shining stars





The challenge of immigration

As immigration continues to rise up the political agenda, Stephen Edwards assesses the UK government's response.

Across the European continent, the right seems to be undergoing a resurgence. In Austria, the Netherlands and Italy, the right sits at the cabinet table. Although the Danish People's Party is not an official member of the governing coalition, the ruling centre-right party depends on its votes in the Folketing, and has shifted its policies accordingly.

Explaining the resurgence

Fear of illegal immigration has been held responsible for much of this resurgence. Therefore, within weeks of the French presidential election, in which National Front leader Jean-Marie Le Pen surprisingly knocked Lionel Jospin out in the first round, David Blunkett argued that a failed asylum system acted as a "firelighter" for parties of the radical right.

This was complemented by a recent poll showing that immigration is now the second most important issue for UK voters, ahead of both education and transport.

There are two possible responses to this. The government could toughen immigration policy in an attempt to reflect the concerns of the people, or could alternatively maintain a more liberal policy, taking the debate to the voters.

In the current UK political landscape, however, there is no place for unpopular policies, and the UK government has responded to public concerns by introducing

harsher measures to stem the flow of asylum seekers.

Efforts were made to push an even more stringent approach through at the Seville European Council, based on the sanctioning of countries who failed to prevent the movement of illegal asylum seekers to Europe.

European dissent

This did not succeed, with the Swedish prime minister commenting that the idea was "counterproductive" and "stupid". However, Blunkett still seems to be intent on tightening immigration policy even further.

Current UK immigration policy now seems to be heading in the same direction as that of other European countries with far right governments.

This echoes the Danish prime minister's claim that other Europeans will copy his new immigration rules.

However, the extent to which the government's current policy is an accurate reflection of the dual problems of illegal immigration and the rise of the right is debatable. The rise of the far right in the UK is not as worrying as has been claimed, and Europe is not by any means faced by a homogenous far-right threat.

Surveys have also shown that people throughout Britain routinely overestimate the number of asylum seekers, both legal and illegal, applying for residence in the UK. However, as always, what is important is the perception and not the reality. Expect tougher policies in the future.

The rise of the right

Austria: the decision of the Austrian People's Party to form a government with the far-right Freedom Party of Joerg Haider sparked outrage in February 2000. Haider had in the past praised Hitler's employment policies. Austria's EU partners refused to cooperate with the country in the Council of Ministers for the first twelve months of the new government.

France: the shock result of the first round of the French presidential election, where National Front leader Jean-Marie Le Pen deposed then prime minister Lionel Jospin caused much soul-searching in French social and political circles. Mr Le Pen was trounced in the second round of the election, and the National Front failed to win a single seat in the parliamentary elections.

Italy: after winning the Italian general election in May 2001, media mogul Silvio Berlusconi was sworn in as prime minister for the second time. His Forza Italia Party governs in coalition with two right-wing parties, the National Alliance and the anti-immigration Northern League. His outspoken views on Europe resulted in the resignation of his foreign minister earlier this year. Mr Berlusconi now holds both jobs.

Netherlands: the anti-immigration party of murdered politician Pim Fortuyn broke into Dutch politics in May this year, beating the ruling Labour Party to second place in the general election. Coalition negotiations have now concluded, with Fortuyn's party governing in partnership with the Christian Democratic Alliance and the free-market People's Party for Freedom and Democracy.

You spin me right round

Relations between government and the media have reached a new low, with accusations of treachery and deceit from both sides, writes Andy Fletcher.

"The worst thing you can ever do in politics is get hooked on your own press", Tony Blair once told Vanity Fair magazine. This comes from a prime minister who many see as the archetypal media manipulator. However, while it is easy to create a scenario of good versus evil, is it really fair to lay the blame for this decline solely at the door of the government?

Relations have been awkward for some time. In 1997, the press reflected the public mood that it was "time for a change", and the government, and prime minister in particular, enjoyed an elongated honeymoon period. The shine, however, was soon to wear off.

Democracy under threat?

The government cries foul of its coverage, claiming the media disregards policy issues in an obsession with personality, of seeking out the fallibility of politicians as people. The media lambasts the government for a preoccupation with spin, of telling some of the facts, some of the time. Both accuse the other of undermining the democratic process, of debasing political discourse and eroding participation in elections.

The Stephen Byers affair was typical. It began with Jo Moore's infamous email and escalated with the Martin Sixsmith affair. Scents of blood, the press dedicated enormous coverage to

the goings on in the DTLR. Byers consistently featured on the front pages of daily newspapers as his department was portrayed as spinning out of control.

His supporters called it a media conspiracy, while the embattled secretary of state maintained that the public was interested in the government's policy delivery and not in the media's so-called revelations. Ultimately, Byers was to pay the political price for becoming the story and detracting attention away from what the government was trying to achieve in terms of policy.

Public spat

Tensions were heightened further by controversy surrounding the queen mother's funeral arrangements, when three journalists accused the prime minister of trying to substantiate his role in the proceedings. The very public spat culminated in an outburst by Labour party chairman and cabinet minister Charles

a mutual relationship



Clarke, who accused the media of "pious and hypocritical" coverage, which "has the effect of reducing support for democratic politics". Unsurprisingly, newspaper editors did not take the criticism lying down. Accusations ranging from "a masterpiece in blame-shifting" to "a narcissistic government obsessed with its own image" littered the comment pages of the national press.

Many of those who have called for a greater degree of transparency in the way the government deals with the press have welcomed moves to end behind-the-scenes briefing from Number 10. The lobby briefing by the prime minister's official spokesman has made way for a more "US-style" press conference with the prime minister. Critics argue that such events are stage managed, and too infrequent.

A dependent relationship

For all the recent posturing there is an uneasy dependence between government and the media, which makes for a complicated and sometimes fraught relationship. It is not sufficient to simply portray the government as dark artists of spin, or the media as sensationalist muck-rakers.

In reality, the government relies on the press to get its message across and the press needs the government to help fill its pages. Tension arises when one side feels misused, whether it be the press sensing a story being spun, or the government feeling its policy initiatives are being misrepresented. In the current climate, the cycle of conflict seems set to continue.