

H: Latest UK politics, polls, relevance to US. Sid

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B6

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RELEASE IN PART
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Subject: H: Latest UK politics, polls, relevance to US. Sid

CONFIDENTIAL

January 26, 2011

For: Hillary

From: Sid

Re: Latest UK politics, austerity, new poll, relevance to US

1. Cameron's harsh austerity program, drastically slashing the social welfare state, including radical cuts in every government department, not least at Whitehall, and the most radical attempt to cut and reorganize the NHS, a feat even Thatcher did not try, has provoked steady erosion of his governing coalition with the Lib-Dems and the standing of the Conservative Party itself. First, the students protested, some violently—the incident involving an attack on the car carrying Charles and Camilla foolishly being driven through the demonstration at Trafalgar Square was the flashpoint. Next came the implosion of the Lib-Dems—down to 9 percent in one poll. The most prominent and popular Lib-Dem supporter, Colin Firth (silver screen King of England), marked the party's collapse. Then economic figures arrived on Tuesday, January 25, showing contraction of the UK economy by 0.5 percent. Cameron's policies are exactly miscalculated and guaranteed to worsen the effect. (See two articles below.)
2. Labour has steadily risen. The day before the bad economic number was released, a Guardian/ICM polls showed Labour at its highest point in years, on 39 percent, the Conservatives fallen to 35 percent and the Lib Dems on 15 percent. The Labour recovery has little if anything to do with its new leadership. Ed Miliband has failed to establish himself strongly and his personal

standing in polls remains mediocre at best. He has not advanced a program for economic growth. Instead, his most notable remarks since his election as leader have been continuing criticisms of New Labour. It is apparent that Ed M's main motive in pursuing the leadership has been psychological: a struggle with his older brother. The manner of his overthrow of his brother, losing majorities of the parliamentary party and the membership but with trade union support, did not give him solid legitimacy. He has floundered since, unable to project himself or formulate policies. His constant harping against New Labour seems neurotic, part of his psychological fixation on David. And yet, having provided little direction and a weak image, Labour rises. And still, Cameron is personally more popular than Ed M. Meanwhile, the Labour shadow chancellor Alan Johnson, long imagined a prospective leader and PM, abruptly resigned, after which it was disclosed that his police bodyguard was having affairs with both Johnson's wife and secretary.

3. If the Conservative-LD coalition fractures it will be from the unbearable weight of the Tory program, shattering the LDs and dragging down the Tories. Enough of a fall and there will be a new election.

4. Unlike Thatcher, Cameron has not made his government, policies and ideology into an appealing international cause. Thatcher's election heralded Reagan's. Cameron's difficulties, especially the disjuncture between his austerity measures and economic recovery, are discrediting him. The right in the US, eager to cite him as example, is thwarted from gaining broad trans-Atlantic resonance. The presence of this factor gave depth and power to Reagan and Reaganism; its absence deprives the Republicans going into the 2012 cycle. This omission cannot be catalogued tangibly, but it is significant nonetheless. Moreover, Cameron's misguided right-wing austerity stands as refutation of the Republican right mirror approach. In light of Cameron's problems, the conservative plan can be described as a threat to economic recovery, already discredited by Cameron's experience.

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David Cameron brushes aside calls for change of economic policy

* H  l  ne Mulholland , political reporter

* guardian.co.uk , Wednesday 26 January 2011 13.26 GMT

David Cameron today faced down pressure to change course on the economy by insisting that the "worst thing" the government could do now would be to ditch its economic plans on the basis of one set of "disappointing" growth figures. Ed Miliband seized on yesterday's shock figures that show the economy has contracted by 0.5% to urge Cameron at prime minister's question time to "put his arrogance aside" and acknowledge his government's economic strategy was not working. The coalition government has been barraged with calls from unions and the opposition to rethink its plans to cut public spending following the figures amid fears of "stagflation" - high unemployment and inflation with stagnant growth - in what marks the first serious challenge to the coalition's political and economic direction to date. The markets had been expecting growth of between 0.3% and 0.7% in the final quarter of 2010. Ministers blamed the coldest weather in a century or a survey error by the Office for National Statistics.

Commenting on the figures, Cameron admitted to MPs that the latest growth figures were disappointing "even when you have excluded what the Office for National Statistics say about the extreme weather".

Blaming the "extremely difficult economic situation" caused by the biggest budget deficit in Europe and the "biggest banking boom and the biggest banking bust anywhere in Europe" left by the Labour government, Cameron said it was inevitable that the recovery would be "choppy" and "difficult".

But he made clear his intention to stand firm as Miliband pressed him to "change his strategy to get the economy moving" in light of the figures.

"The worst thing you could do would be to ditch your plans on the basis of one quarter's figures," said Cameron.

Miliband said that the economy was growing when Labour left office and told Cameron he still had a choice about whether to press ahead with plans to "take another £20bn out of the economy this year when the recovery is fragile".

"Are you telling the house and the country that you are determined to go ahead, irrespective of the figures and irrespective of what people up and down the country are feeling?"

Cameron mocked the claim that the government had been left a "golden inheritance" by the Labour administration as "laughable".

Cameron told him: "What we need to do in our country is get the deficit down and accompany that by doing everything we can to encourage growth."

He said head of the OECD had backed the government's deficit-reduction strategy and also drew on the comments of reassurance made last night by Mervyn King, the governor of the Bank of England, which backed the government's strategy. King said: "The UK economy is well-placed to return to sustained, balanced growth over the next few years as a result of a fall in the real exchange rate combined with a credible medium-term path of fiscal consolidation. Of course, there will be ups and downs as the squalls from the world economy blow us around. But the right course has been set, and it is important we maintain it."

Cameron quipped today that he would rather heed the words of King than those of the Labour leader.

Earlier today, Ed Balls, the shadow chancellor, claimed everything had gone wrong since the government decided to move away from former chancellor Alistair Darling's approach not to cut too quickly.

Balls warned: "The danger is that is going to make it worse this year that's why the governor [of the Bank of England] and the chancellor need to have another look at the facts."

Cameron told the Commons this lunchtime that had the government followed Labour's deficit reduction strategy, the deficit would still have been higher than Portugal's in four years' time.

Labour extends lead over Tories in latest Guardian/ICM poll

Latest opinion poll - carried out before the poor GDP figures were released - puts Labour on 39%, the Conservatives on 35% and the Lib Dems on 15%

Julian Glover

* guardian.co.uk, Tuesday 25 January 2011 18.00 GMT

Labour has extended its lead over the Conservatives but voters have yet to warm to Ed Miliband as a potential prime minister, according to a Guardian/ICM poll.

Carried out before today's poor GDP figures were published, but after the resignations of Andy Coulson and Alan Johnson, the poll confirms that Labour's overall position has strengthened since the autumn. The party is on 39%, unchanged from the last ICM poll of 2010 and up 10 points since Britain voted last May.

The Conservatives are on 35%, down two to their joint-worst ICM score since the general election. The Liberal Democrats are on 15%, up two. Other parties are on a combined share of 11%, including Scottish and Welsh nationalists on 4%, Greens on 3% and Ukip with 2%.

The Lib Dem score is higher than in some recent online polls. That may be down to differing methodology but could also be a sign the party's position has stabilised. A YouGov poll this week also put the Lib Dems up - to 11% - although further polls will be needed to confirm any trend.

Labour's static score also hides flux among voters. ICM adjusts its raw data by the likelihood of people to vote, and by how they say they voted in the past, to produce more accurate results. Had these measures not been applied, Labour support would have been higher this month and Conservative support lower.

For the moment at least, David Cameron remains more popular than his party, and Miliband less so. Asked who they think would make the best prime minister, 38% name Cameron and 25% Miliband. Only 12% pick Nick Clegg.

Cameron also remains the most popular among his own supporters. While 62% of current Labour supporters - and 58% of people who backed the party last May - think Miliband would make the best prime minister, 83% of current Tory voters say the same of Cameron. Clegg is least popular with his own party: only 38% of definite Lib Dems say they think he would make the best prime minister, although that result is not out of line with the long-term score of third party leaders.

The coalition also retains, narrowly, an advantage over Labour for being best placed to deal with Britain's problems. Asked to choose, 41% pick the coalition and 36% Labour. Male voters appear to be more enthusiastic about the coalition than women, and older ones keener than younger ones. But only a narrow majority of Lib Dems prefer the coalition to Labour - 54% to 20%, with 26% liking neither.

- ICM Research interviewed a random sample of 1,000 adults aged 18+ by telephone on 21 and 23 January 2011. Interviews were conducted across the country and the results have been weighted to the profile of all adults. ICM is a member of the British Polling Council and abides by its rules.