

RELEASE IN FULL

## CONFIDENTIAL

May 11, 2010

For: Hillary  
From: Sid  
Re: The day after Gordon

Whatever the outcome, whichever party ultimately makes a pact with the Lib-Dems, or whether neither does, the next British government will be remarkably weak, flimsy and fly apart within months. That is the only certainty now.

On Gordon's political suicide, David, Labour: Neither David Miliband nor Shaun (who has been constantly on the phone with Gordon and by his side since the election as a sort of therapist) were privy to the decision; nor did Gordon tell either before making his announcement on the steps of No. 10. Gordon's confidant in contemplating his end was only Peter, the penultimate scene (there must be at least one more) of their twisted relationship rooted in the Tony-Gordon-Peter triangle now transmuted into the perverse Gordon-Peter-David triangle. David is the heir, the son, "Our Boy," as Anji Hunter describes him to me, playing a version of the Tony role. Shaun and David met alone for an hour and a half late last night to discuss the whole situation. David is well aware of Peter's perversity, that Peter has been plotting to usurp his position as foreign secretary, that Peter seeks to direct his campaign as leader, that Peter wishes to be the arbiter and controlling figure in a government under David. At this point, David does not want Peter to run his campaign but involved. Does Peter know this? No. David is wary of a deal with the Lib-Dems and understands his perilous position in the event he were to become leader as the second unelected PM in a row. Upon reflection, it may be that a Labour-Lib-Dem alliance would not be the harbinger of a grand progressive coalition, but an illusion under these circumstances. If an arrangement were to be made the government would be extraordinarily unstable. Because it would be subject to the demands of every bit player, the government would have the potential of collapsing over every issue large or small. It could not last long. Under the stress, the result might be that in an inevitable election to be held six to eighteen months (at the outside) from now, the Conservatives would be posed to gain the majority just beyond their grasp. Shaun advised David to work things out with his brother Ed, trying to persuade him not to compete against him. If Ed runs for leader against David, Ed Balls, Gordon's heir in the same sense that David is Tony's, might get through, which would put Labour back at square one, bearing the burden of Gordon again.

Meanwhile, Peter negotiates with the LD team, a meeting that has broken up by this afternoon. Meanwhile, the Scottish National Party, which two days ago was eager to lead the way to a coalition with Labour, the LDs, and other parties, has announced it has dropped out of any arrangement, which also means the Welsh national party, its partner, has dropped out. Meanwhile, David Blunkett, former Labour home secretary, has denounced any deal with the LDs. Meanwhile, some prominent LDs have denounced a Labour-LD coalition as a "coalition of the defeated" and a deal with the Tories as "the only game in town." Meanwhile, Clegg met privately with Cameron this morning while Peter, et al were meeting with the LD negotiators. Meanwhile, this afternoon, Cameron has upped his offer to the LDs on a referendum, insisting today is "decision time." Meanwhile, the Tory right denounces any deal with the LDs. Meanwhile, Clegg dithers.

It has been said of the Lib-Dem Party that anytime anyone tries to use it, it simply crumbles in their hands. So far, so good. I suspect for the party that allies with the LDs, the deal will be a poisoned chalice.

More to come soon...