

RELEASE IN PART  
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**From:** sbwhoeop [redacted]  
**Sent:** Friday, May 22, 2009 12:50 PM  
**To:** H  
**Subject:** Miliband...

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Hillary: Spoke with Jonathan Powell. What we heard is accurate. More: Labour will suffer a large defeat in the European elections on June 4. (New poll in Guardian shows widespread disaffection with all parties as a result of the Commons expenses scandal; 27 percent voting for fringe parties.) Gordon will attempt to overwhelm news coverage of the loss with a cabinet reshuffle, as early as the next day, June 5. The plot (sounds like the Tudors): David is the target, from multiple angles and motives, personal ambition mixed with anti-Blairism. Peter has always wanted to be Foreign Secretary, a job held by his grandfather, Herbert Morrison. (Morrison was also deputy PM, why doesn't Peter want that?) New Labour people regard Peter as more ambitious than New Labour at this point. He supported Gordon's utterly misbegotten and wildly unpopular proposal to raise the top tax rate to 50 percent. The fallout is less resentment of the affluent to paying more or grudging understanding of need for new revenues as it is a sense that Labour under Gordon is abandoning the project for social aspiration and opportunity that is at the heart of the New Labour message. Ed Balls, one of Gordon's closest longtime advisers, is also determined to topple David. Balls is a contemporary of David's, wants to be leader of the party himself, and continues the Gordon v. Tony bitter rivalry into the future. Balls is currently Minister for Children and Schools and was linked to Damian McBride (Gordon's hatchetman, who has trashed Blairites, got caught out on his blogging scheme to smear Cameron). If Gordon names Peter to David's job, Balls would take Peter's and become Business Secretary. David would be pushed into Home Secretary. Once Balls takes Peter's job, Balls will likely reverse Peter's privatization proposal for the Royal Mail to win support from party's left-wing base, beginning of his campaign against David for post-Gordon leadership struggle. Tony sees the situation as terminal. Hope to speak with him soon. He is trying to become President of Europe if and when Lisbon treaty passes. Jonathan made an interesting and ironic comment about Colin Powell, given Tony's deference to him, that Powell's flaw was being too deferential to Bush. From bitter experience, Jonathan is wishing you well, be close to the president, and advance your ideas, too. There's more for when we can talk. Sid

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