

## **Interview with Dr Jonathan Hopkin discussing the state of British Politics.**

**Government Department, LSE**

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00.00

**Justin Gest:**

Hi, welcome to the hotseat, I'm Justin Guest here in the Government Department. The world economic crisis has affected the world economic system dramatically. But it has also had a severe influence on national government politics. Here with us to discuss this is Dr Jonathan Hopkin, senior lecturer in the Government Department, thanks for being here.

00.18

**Jonathan Hopkin:**

Thank you.

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**JG:**

It's a pleasure to have you.

How would you rate Labour's immediate response to the world economic crisis?

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**JH**

Well, initially it seemed that they responded quite quickly and quite effectively, especially compared to a lot of other world governments, including the United States, who found it very hard to play a leadership role with Bush being in the tail end of his presidency, and Gordon Brown was immediately on the international stage, coordinating a response to the crisis and seemed to perform very well. He also had the advantage of being one of the few world leaders who probably had some quite detailed understanding of the financial system - he'd probably heard of credit default swaps before everybody else had. So he seemed quite effective in the immediate response and some policy measures such as extending protection of bank deposits and sort of an aggressive response to defending British savers' assets in banks such as Icesave and so on, appeared quite effective and I think went down quite well in public opinion. In terms of concrete measures, there probably wasn't an awful lot of difference between what Labour did in Britain and other European governments, but certainly Gordon Brown was able to give an impression of decisive action.

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**JG:**

Well since the first indications of this world financial crisis, Labour's had more time for a more calculated response in the form of the budget that they presented last month. How would you interpret the moves that they've made there?

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**JH:**

Well economically there was nothing very earth shattering in the budget. A lot of the action in terms of the British Government's response to the crisis has been through monetary policy, through the actions of the Bank of England, cutting interest rates very aggressively, pumping liquidity into the markets and so on. Also the government anticipated the budget by cutting VAT by a small amount just before Christmas, and so there were a number of policy measures already in place before the budget. I think the budget was more important politically than economically, it was Gordon Brown's chance to make a political statement in terms of response to the crisis and in particular the biggest statement within the budget is the increase in the tax rate for highest paid employees in the UK, people earning more than £150,000 a year have seen a tax increase from 40% to 50% on all income above that level. And that was a clear political marker, it was an invitation to the other political parties in Britain to respond, by either approving the measure or countering it, and the idea was to put the Conservatives in an embarrassing position by forcing them to side with wealthy moneyed interests in a period where the British electorate on the whole is rather angry and hostile towards the financial sector and towards people who have made a lot of money in the past few years of the boom.

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**JG:**

Indeed. And now some people of course in parliament have been aided by this boom and in other ways in which they used the Government expense accounts, to purchase things like moat cleaning and hedge trimming and various other goods and services. This new expenses scandal that's been revealed this past week, who has it damaged the most do you think?

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**JH:**

At the moment its quite hard to say. Most commentators suggest that although all parties have been affected – or both of the main parties, Labour and the Conservatives, have been affected by the expenses scandal – the assumption is that the party in power is going to suffer more. And there is a precedent to this, in the mid 1990s there were a number of relatively minor scandals on the whole, affecting the Conservative Government of John Major, which appeared to damage John Major quite a lot and contributed to Labour's election victory in 1997, and the assumption would be that this could have a similar effect. The big difference here though is that because it relates to

MPs' expenses and there doesn't seem to be a very clear difference between the parties and how MPs have used and abused the expenses system, it could well turn out to damage the Conservatives too, and end up probably favouring minor parties - either the Liberal Democrats in the middle of the political system or indeed more fringe parties, and most worryingly perhaps even extremist parties like the British National Party who look like they may do well in the European Elections that are coming just now.

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**JG:**

Great. Now taking a step back, have the prospects of the election next year been affected by the world financial crisis?

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**JH:**

Well, if we look at the state of the opinion polls now, and compare them to the opinion polls before the financial crisis started to really hit home in September 2008, there's not a whole lot of difference. Already in September 2008, Gordon Brown was looking very weak, he was quite an unpopular Prime Minister, Labour was doing very badly in the polls - 15, at times even 20% disadvantage in the polls, Conservatives leading by about 15-20% - and the financial crisis gave a brief fillet to Gordon Brown, he seemed to do quite well in terms of selling himself as having a response to the crisis and Labour's poll results improved. But since about Christmas time they started to decline again and we're back to square one. So its hard to see whether the financial crisis in itself has changed the general position of the parties. It seemed that Labour were down to lose the next election, the polls suggest that right now. But there is a good year or so to go before the likely date of the election, things could change, and a lot will depend on how severe the recession is. If the recession bottomed out very quickly, and there were already signs of economic recovery late this year or early next year, then we could say that Labour might be in with a shout - perhaps, especially with a new leader, given that Gordon Brown has lost a lot of credibility. So its quite hard to predict, but on the whole the parties seem to be in a similar position to where they were a year ago, and the fact that we've moved from a situation of economic growth to the worst recession perhaps for decades, doesn't seemed to have affected that all that much.

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**JG:**

Alright, very good, Jonathan Hopkin, you are off the hotseat, thanks very much for being with us, and thank you for joining us on the hotseat, we will see you next month.