

## Senior Lib Dems plot 'auction for power'

By Alex Barker in Harrogate

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Senior Liberal Democrats will prepare for an "auction for power" in the event of a hung parliament by using applied mathematics to predict the future.

In the event of there being no clear election result, a small team plans to stage "war game" negotiations with the Conservatives and Labour, using scenario planning techniques honed by Vince Cable, deputy leader, when he was chief economist at Shell.

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The preparations come amid signs of frosty personal relations between leading Lib Dems and Tories, in spite of increasing common ground in some policy areas. The Conservative party has recently made overtures seeking support for boundary changes and union funding reforms, which would both disadvantage Labour.

Nick Clegg, the Lib Dem leader, on Sunday delivered a sober speech to his party's spring conference in Harrogate, condemning a seemingly "never-ending cycle of red-blue, blue-red government [that] got us into this mess".

As he urged voters to make a "leap of faith" and back his party, he pressed for reforms to split investment and retail banking, and called for the board members of failed banks to be barred from holding other directorships.

Insiders believe the three most senior Lib Dems will form a "formidable team" in power talks, should no party emerge from the election with an overall majority. Mr Clegg is a former trade negotiator and Chris Huhne, a former sovereign risk analyst, worked for Mr Cable during his stint at Shell.

Shell pioneered the commercial use of "scenario planning" in the 1970s, establishing an in-house think-tank to challenge assumptions and shape strategy.

The group, as a result, was able to plan for shocks such as rapid escalation of oil prices in the mid-1970s and the collapse of the Soviet bloc. Its success helped to popularise the techniques at intelligence agencies such as the CIA.

Mr Cable led scenario planning at Shell in the 1990s and also oversaw the development of an "auction strategy", based on game theory, to protect Shell from overbidding.

Planning for a hung parliament would involve role-playing to draw "mind maps" on a whiteboard, plotting the interaction of party interests and negotiating strategies. Mr Cable has a well-used whiteboard in his Westminster office.

Insiders stress any power talks would be "dynamic" and, if handled shrewdly, could spark a bidding war for Lib Dem support on matters from proportional representation to social policy.

Mr Clegg has prioritised tax cuts for low income families, jobs in the green economy and social reforms to establish universal childcare and boost funding for poor pupils.

Equidistance remains Lib Dem stated policy in the event of a hung parliament, which some figures see as a serious possibility. While many Lib Dems admit that it would be "suicide" for them to prop up a defeated Labour party, few are instinctively keen on co-operating with the Tories.

One said the party saw Labour as "the competition" and the Tories as "the opposition".

### 'Credit crunch racism' concerns

The Scottish secretary has admitted all of the mainstream British political parties are worried that the economic crisis could lead to an increase in "recessionary racism," writes **Andrew Bolger**.

Jim Murphy told Labour's Scottish conference this was the first recession in a genuinely global market, and said the United Nations estimated there were now 176m people living outside their country of birth.

"All of this creates additional pressure points that were not so prominent in previous recessions," he said. "While understanding people's fears and anxieties, we as a Labour party are very clear – no one should ever pander to credit crunch racism."

Mr Murphy told delegates in Dundee that the global banking crisis had been brought on by reckless lending in the subprime market in the US, combined with some unforgivable "banking vandalism" closer to home. "It is irresponsible bankers on million-pound bonuses, not industrious migrant workers on the minimum wage, [who are] to blame for this financial calamity," he said.

He accused the Scottish National party government of putting its obsession with

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Soon after becoming leader, Mr Clegg is believed to have declined a dinner invitation from David Cameron, Tory leader, and the two have yet to build a good rapport.

independence before more pressing economic priorities, Angus MacNeil, the SNP's shadow Scotland Office spokesman, countered that rather than taking Labour forward, "this unremittingly negative conference – almost entirely focused on the SNP – was a reminder of exactly why they lost the last election".

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