



POLITICAL COMMUNICATIONS THROUGH THE CREDIT CRUNCH

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A is for...

Austerity

- Governments have to pick a side for their communications approach

Do you:

- Tell people that pain is coming and hope they appreciate your honesty and your solemn determination. People *may say* they recognise the need for cuts, but in the ballot box will they vote for it?

- Scattergun policies at every demographic and ethnicity and try and lessen the blow with an optimistic message. This was the difference between Gordon Brown and George Osborne in their respective conference speeches last year. Now Cameron is rowing back on that message of SWINGEING cuts, if I was advising him I'd tell him to pick a message and stick to it. Uncertainly does not sell in politics.

B is for...

Blame

- Governments need a bad guy because obviously they don't want to blame themselves.
- Also every good comms strategy has a villain, but this was and remains tricky ground. Do you play the man or play the ball as we say in the UK?
- If you play the man and demonise the banks, why are you bailing them out? Also overt criticism invites opposition blowback around messages on fault, and if you crack down hard on bonuses you risk driving away the wealth creators.
- I don't think that governments will go too hard on bankers, partly because it's very complicated and they will lose the will and not wish to expend the capital. They might go after venture capital, hedge funds and private equity, who don't have experienced comms people to fight back.

C is for...

China

- Internationally China has been very successful, less so domestically . However, if you inject USD1.4 trillion you will get growth but you have to ask if their export led model is developing fast enough.
- For me, when it comes to comms China plays its own game and it plays it very well. I always get the impression when there are stories such as Google threatening to withdraw that China has chosen the field of battle, that it is happy to stir that controversy while it concentrates on making use of something that does matter to it, like keeping its currency artificially low. I think most of their comms is a deliberate distraction. Also, as a dictatorship and command economy it can do what it likes, so it does.
- It would be interesting to debate whether Obama has taken a leaf out of this book, and whether his current provocation of China is a deliberate attempt to reinvigorate his presidency.

D is for...

Damian McBride

•You may not know his name but he was Gordon Brown's Comms Chief. I include him because he was the first political to be successfully driven from office by a campaign by a blogger, Guido Fawkes, so he was the first social media scalp. This beat the print press at their own game. There will be many more as these sites become used for leaks and scandal. This will have an effect on communicators who will be even more circumspect about putting anything down in emails.

E is for...

Europe

- Europe as in the European Union. The European Union has shown it is still a political lever of the nation states rather than its own entity, so it has shown it is still not mature. However, it may come out of this stronger. The Internal Market Commissioner is now French, you have a President and Foreign Minister (although they were clearly chosen as the most unthreatening figures so as not to provoke further division), and Europe put out the message that it was not a charity to Iceland. Also it showed that its anti-trust pursuits of Intel and Microsoft were prescient. It will be very interesting to see if this translates into a stronger Europe down the line, or whether deficit worries have a centrifugal effect. But certainly if there is going to be more connectivity between banks and governments and it will be interesting to see what role Europe carves for itself here.

F is for...

Free Market Liberalism

•Wasn't it interesting how the hegemony of free market liberalism was suspended for massive socialist style government intervention without, really, much of an outcry from the efficient market guys. It took a long time to see real organised resistance. Partly I think this was because no one knew what the hell was going on and what the consequences would be, but apart from Fox News Tea Parties there wasn't really a right-wing reaction to this. I don't know if this is indicative of a trend towards a longer-term rejection of pre-Crunch high leverage economics, but there is an ideological war to be fought on this and it will be fun to watch.

G is for...

Goldman Sachs

•Otherwise known as Government Sachs, commentators argued that nothing symbolised the annexation of the regulatory tools of power by private business like Goldman Sachs. Many ex-staffers hold positions of power in the US administration and have influenced policy in the UK and elsewhere. The politicians listened to the bankers and pretty much abdicated responsibility for financial policy-making to them. And when you think about the confusion of the crisis, if regulators like the FSA didn't really understand it, the politicians, being led by the bankers, had no chance.

H is for...

Hyperbole

•This would have been bigger than the Great Depression. Would it? How do we know? Why are we still being given scare tactics on double dip recession and inflation? It is the politics of fear and I think this is being promulgated so that people don't ask too many questions of why the politicians dropped the ball in the first place. If there is a constant fire-fighting going on, no one stops to look into the causes.

I is for...

Iceland

•Iceland got itself into a very serious situation, and with trying to bounce itself into the EU looked opportunistic. However, a lot of people do compare Iceland with Greece and say that at least Iceland is trying to be transparent and there is probably some sympathy on the heavy-handed way the UK and Dutch governments are pushing Iceland for their repayments. The fact that the President has called a referendum means some of the politicians will be campaigning on something they oppose. You had the Finance Minister say “History will show we are doing the right thing during the debate on the Icesave Bill. That cpmms message means a few things – a) we know better than you and b) you won’t get any value out of this but your grandchildren might. It’s the austerity message in a different way, and its tricky to sell when every taxpayer is looking at 99 euros a month for eight years to pay it back.

J is for...

Japan

- Japan is indicative of what might happen to some of the countries hit by the crunch. Japan has been struggling ever since the early `1990s with reform, and the up-down nature of it and what people expect from their governments. Hotayama came in on a reform agenda but he's bogged down with the Ozawa scandal, so Japan has not been able to reinvent itself. That's quite a chilling precedent.

K is for...

Kraft

- The first big acquisition of the crunch, the deal was in trouble for a while and Cadbury's was bought at quite a high price. However, the really interesting comms situation about this is that you had a now UK government-owned bank, RBS, lending money to an American company, Kraft to buy a UK company Cadbury's, where UK jobs will be lost. Banks are now a political football and they have to be aware of this and ensure their stakeholder mapping and frequency of engagement is up to scratch. They will need good political radar going forward.

L is for...

London

- There was a good argument that said people in Britain got used to the loss of Empire pretty quickly, but they were insulated from the loss of prestige by the reputation of the City of London. I think that is now changing. I don't think any first world nation will lose its markets quickly, but long term marginalisation is a real threat to the City. That will see the UK become a second class player and that will hit national confidence, causing a lot of political problems and possibly, added to demographic change, issues around social cohesion. The French are delighted.

M is for...

Money

- It sounds obvious but there is money out there. We had many of the recent accession states going to Europe and saying that they wanted money, but they haven't been able to draw it down. This is because they go to Europe and say:
Can we have some money?
And Europe says "Sure, what for?"
So Romania or Bulgaria or whoever says: "Er, a motorway"
And Europe says "Sure, can we look at the plans?", and the Country says "Plans?"
- So there was a big contrast between the message of 'come and get it' and the reality of jumping through hoops. A lot of agency time was taken up in explaining the comms around the funding process to countries.

N is for...

New Markets

• I work in the Middle East so I'll concentrate on that. The Abu Dhabi bailout of Dubai was the first time there had been a risk of a default on an Islamic bond. Dubai is a strange one, everyone knew that it was unsustainable, but I've always thought that Dubai figured the boom was worth the bust, as the infrastructure would still be there. They've lost the Burj Dubai and may lose Emirates Airline as the price of Abu Dhabi's bailout.

• You can see the general Arab approach to comms with the timing of the announcement of the possible default by Dubai World - the request for more time to pay. It was released the day before Eid Al-Adha, a four day holiday in the Middle East, thereby creating a vacuum into which all sorts of media speculation and a good bit of the inevitable schadenfreude poured. They said nothing, just banned the Sunday Times because of an image they didn't like. You can bet their Western Advisers didn't recommend that tactic. So they still bury their heads in the sand when it suits them.

O is for...

Opel

- Opel was a really drawn out case that showed the lack of power of national governments in a global age. Aid to the company was to protect German jobs which was a clear breach of European competition law – and a clear rejection of the European Dream. The list of troubled companies demanding government attention is huge and now Germany has colossal debt. Now Merkel is calling for a universal response, so you can see that countries act as it suits them. Her first 100 days have been marked by squabbling, but nothing like as bad as Greece.

P is for...

Papandreu

- Greece. Greece's comms and actions have been a total nightmare. It's very difficult for Papandreu as he battles to restore credibility with the markets. Greece has been like the Boy who cried Wolf, it's comms plans built around damage limitation on a growing debt. Now it's the politics of last resort. Fewer than 1 in 10 Greeks is satisfied with their public authorities, the average through the European Bloc is 40 per cent. Their three year plan submitted last week was not tough enough. Papandreu faces a stakeholder nightmare, but at least there is a realisation of the scale of the problem, so Greece is out of the denial phase.

Q is for...

Question Time

•Gordon Brown saved the world at Question Time. It's a Freudian slip. Now he is loathed at home and loved abroad, but here is a case in point about staying the course. Brown was responsible for causing the crisis by his light touch regulation and the FSA, and has to take the blame for allowing the financial class to annexe the regulatory responsibilities of the political class, but he is widely credited abroad with acting decisively because there is a perception that if he hadn't the UK could have faced total financial collapse and even political collapse too.

R is for...

Reinflation

- Almost a certainty. Governments want a certain degree because it will cheapen their repayments. You saw the UK government last week stop buying bonds back to try and curb this. But you can bet that the price of the stimulus will be inflation, and it will come back. How governments handle the balance between inflation, chances of a double dip recession and spending cuts will be the key factor in who emerges well, and a lot of governments will fall over this. Or like Obama's, and this is the great worry for the 'incoming' Conservative administration in the UK, never get off the ground.

S is for...

Spain

- Spain had a hard time last week at Davos, being criticised by everyone else. That's because if Spain goes bang it will be a serious problem. Greece and Portugal are minnows. At the moment there are worries that Zapatero is in denial about the scale of the problem and will continue 'flip-flopping', so consequently he had a hard time in Davos. He fought back and said he didn't have to bailout his institutions, which is a fair point, but the worry for Europe is not Greece or Portugal, or Ireland, it's Spain.

T is for...

Time's Person of the Year – Ben Bernanke

•Said in 2007: “The problems in the sub-prime market look likely to be contained.” So why did he get 2009 Person of the Year. Because when he got it he acted, organised a six-nation rate cut and was bold. Recently he said: “I’m not happy with where we are, but it’s a lot better than where we could be.” It’s not a bad soundbite, Obama should be so succinct. Thank God we didn’t have Greenspan...

U is for...

Universal Legislation

- It will never happen, for the same reason that there will never be a world government. The regulatory system is political, not financial, and comms people have to realise that. Countries will always act in narrow self-interest or they will lose advantage, and they know that unlike countries, businesses can move. The other reason is that to be successful legislation will have to be very specific, which precludes a watered-down global pact.
- However, in terms of unity, you could argue that there has been more unity on the response to this than there ever was on Iraq, or will be on global warming.

V is for...

Volcker

•Poor old Paul Volcker dragged out of exile to have to be the poster boy for the Dem's knee jerk reaction to Massachusetts, the Proprietary trading legislation. For 8 months not a word then this? Smacks of desperation, such attempts to seize the news and policy agenda are often doomed to failure, because they are not thought through and opponents can pick them apart at their leisure.

W is for...

Western Hegemony

- The balance is shifting. This is what the real row is about between China and the US. You've all heard of BRIC, they are the next powerhouses and the West is worried that this crunch was the swansong of their hegemony. The only choice they have to limit this is protectionism, so this will be the one of the next big political battlegrounds.

X is for...

Xylophone

- Joke slide – ‘Or anything else you like that begins with X. This is where the alphabet approach breaks down...’. I guess I could have chosen Xetra Dax but I’ll be honest I know nothing about it... I’m a comms guy.

Y is for...

Yes We Can

- Or rather, No we can't
- Remember the optimism that met Obama when he was elected? He's taken four comms baths since he was inaugurated – Chicago Olympics, Copenhagen, Massachusetts and healthcare, which no one understands. Also the Mid-East peace process is stalled, and he has got no credit for acting fast with the stimulus. Everything he touches at the moment turns bad, and his people have really dropped the ball. And it is because for all his soaring rhetoric, there is no message, no comms discipline. Does the average American know that 80 per cent of the bailout money has been repaid with interest? I don't think so.
- I think the fight with China is part of a bid to reinvigorate his presidency, but that is a very dicey comms tactic, can easily go very bad. Nixon is still credited with opening up China, if Obama closes it down it will be remembered for decades.

Z is for...

Zeroes

- Lots of them, and lots to pay back. Just ask the people of Iceland, who will have to pay back 99 euros a month for eight years if they pay back the British and the Dutch... this is a long term crisis and politicians have to think in terms of legacy as well as short-term electoral survival. It's a heady brew.
- Thank you.