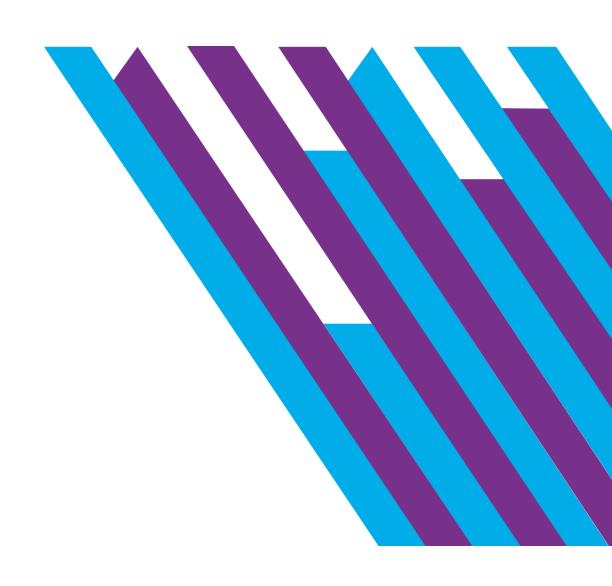
Ministers Reflect Lord Michael German



Biographical details

UK parliamentary history

2010–present: Liberal Democrat Member of the House of Lords

Welsh Assembly history

1999–2010: Liberal Democrat Assembly Member for South Wales East

Welsh government career

2002–03: Deputy First Minister for Wales and Minister for Rural Affairs and Wales Abroad

2000–01: Deputy First Minister for Wales and Minister for Economic Development

Lord German was interviewed by Akash Paun and Tess Kidney Bishop on 11 September 2018 for the Institute for Government's Ministers Reflect project.

Lord German reflects on leading the Liberal Democrats into coalition with Labour and making the best use of the limited budget and powers of the Welsh Government in its early years.

Akash Paun (AP): In the first 18 months or so of the Welsh Assembly, you were the leader of the Liberal Democrat group but you were not in government. In October 2000, you came in as minister.

Lord Michael German (MG): That's right. May 1999 was the first elections, so a year and a hit

AP: There were political problems facing the Labour administration during that time. It would be interesting to hear your recollection of the process by which you formed the [Labour-Liberal Democrat, 2000-03] Coalition and became a minister.

MG: I can take you right through that, starting from the beginning. The Labour Party ended up without a majority in the first National Assembly because there was a more proportional system of voting [than for UK general elections]. Alun Michael, who had been the Secretary of State for Wales, had been Tony Blair's favoured person to be the new First Minister, and the [Welsh] Labour Party duly followed suit [in selecting Michael]. The relationship between the leaders of the party in Wales and the leader of the Labour Party altogether has always been, and particularly was at that time, quite subordinate. The use of the electoral college system had led to Alun Michael becoming the First Minister against the wishes, as far as I can judge, of the wider Labour Party. The incoming Labour administration and Labour [Assembly] Members were also largely uncomfortable with Alun Michael being their leader and would much rather have had Rhodri Morgan. But Alun Michael did battle on.

But it was so important to all of us to establish a firm pattern for the institution and a strong role for Wales that there was a need to put your stamp on it. It was felt that his regime was one which really harked back to being subordinate to London, in a way which was not the intention of devolution. And clearly there was a lack of progress in being able to establish that stamp through policy work and there was a backlog of ideas coming forward. We didn't give the impression to the outside world of being an organisation which was about to make changes and to make a difference for Wales. And without a Labour majority, of course, with the opposition parties behaving as they would normally do, it became clear that the Welsh Government in that format couldn't continue.

So there was dialogue, in the sense that there were private conversations between members from the Labour Party and myself and other members from the Liberal Democrats about looking forward to a time when they might have a different Labour administration leading the National Assembly. Those conversations became wider and longer, and at the same time Alun Michael began to realise that he couldn't carry on as he was without a majority. He approached me on several occasions to talk about relationships and partnerships. He started this by offering what I call 'baubles', goodies in a bag, things that you might want. When I refused the baubles, he then, over a period of time, came to the view that what we could have was baubles and some influence about what was going on. He interpreted that as me being able to find out about a policy in advance and to give views before the Government announced it. And in return, I would support him in key votes. Of course I turned that down, and I told him that there was only one way in which you can influence things: being on the inside not the outside. And he wouldn't countenance a full working relationship in a coalition.

He got to the point when it was on a knife edge at the very end of his term, before he submitted his resignation and before a vote of no confidence in him in the National Assembly, when he was prepared to virtually offer anything in a coalition of whatever sort. But by that time, it was quite clear that he didn't have support of his own party. Conversations between other members from the Labour Party and particularly of the Labour Cabinet (though it wasn't called a Cabinet, they were called secretaries) had been going on privately during the course of the previous five to six months. In fact, on one memorable occasion when I met the Chief Whip of the Labour Party in the bar of a hotel in Brecon, he told me in no uncertain terms: "You will not lose your resolve, will you?" and I said: "What resolve do you mean?" "To get rid of Alun Michael." This is the Chief Whip of the Labour Party telling me to get rid of their own leader. At the same time, we'd been discussing it with colleagues. Rhodri Morgan had what I call 'ciphers', people who would speak on his behalf and they would have conversations with others.

Then we started to have conversations directly with Cabinet ministers, but we didn't discuss portfolios for allocation in a coalition at all. I insisted that it was meant to be a programme for government and then we would discuss how that would work afterwards, that was the last thing we would do. So my colleagues were meeting with ministers and we looked back at our manifesto — we had something like 132 things that we were going to do that we actually signed up through conversations with individual ministers. So it was very easy to draw up the programme at the end, because we'd already been through our manifesto, each department had been through, and we'd had those conversations.

We have some very funny memories. We went to the constituency office of a minister at the time, one of my colleagues and myself, to discuss the portfolio programme. I can't remember exactly what part of the programme it was we were discussing. We got through the door and she said: "Be careful, I don't want any of the staff here to see

you." So we were smuggled upstairs to her office, and as we went out, she said: "Hang on", and looked down the stairs to see if there were any members of the Labour Party, of her own constituency staff, looking. And we ran down the stairs out into the street. It was that sort of clandestine operation over a period of months before Alun Michael's resignation. We were able to get a good sense of a programme. But these conversations also continued after his resignation.

By the end, working with the other party leaders, it became absolutely clear that there was going to be a vote of no confidence in Alun Michael, for the very obvious reasons that we were just not progressing in the way we wanted to be as a new political establishment. So the motion was put down, and Michael realised he could lose. That's the point at which he offered everything, the night before: "I would like to see you, could you come and talk to me." I talked to him about this subsequently, not so much about this because it was a very sore part of his own personal history. But he took the decision that he would make a statement before the motion was put. And he walked up to the speaker's lectern, the speaker's lectern was in front of the Presiding Officer and we were in the old chamber then, he just turned to the Presiding Officer and put the letter of resignation onto his table and said: "I offer you my resignation," and went and sat down. Of course then there was the election of a new first minister. It did not take long for that to happen.

Then [after Rhodri Morgan took over as First Minister, in February] we started to write everything down. The civil servants were able to help, because Rhodri was a minister, so we were able to use that. His special adviser, and a civil servant, managed all these operations. We went round to the special adviser's house and we went round to Rhodri's house, and we got all the things that we'd been talking about down on paper and agreed. Then our party rules say that you have to have the agreement of the party for a coalition. The group knew about it. By this time, in the last discussions I had with Rhodri, we'd agreed that we would have three ministers, two full ministerial positions and a deputy as well. And we were only six [Liberal Democrat Assembly Members] anyway, because the Welsh Assembly is a small institution, only 60 altogether.

The last thing that we agreed was portfolios. I took economic development and Deputy First Minister. I then offered Jenny Randerson to do culture and Welsh language, and Peter Black to do housing as Deputy Minister. Those three things we agreed in our group. Then Rhodri and I together announced that we intended to do it. And we both said that we [the Liberal Democrats] were holding a special conference seven days later and that we would have a ratification process. Then in October we had the meeting of the National Assembly at which Rhodri announced his ministerial team. And that's the point at which I became a minister.

AP: What are your memories of that first day going into work as a minister? What changed for you?

MG: The first thing was that somebody grabbed hold of your life. Suddenly you found that you were being handled by someone who wasn't in your office. You were transported to another venue, actually two offices, because there was a ministerial floor in the National Assembly building and there were the Welsh Government offices in Cathays Park, which is quite separate. You were introduced to a whole mammoth treadmill of people who came through, and the civil service put a portfolio of information in front of you and told you: "This is where you are, and this is all the things we need to do". Then they would take you through everything that was possible. So it was a blur of somebody grabbing hold of you and saying: "All right, this is what you do next", and facing decisions which you had to take pretty rapidly. Mostly about expenditure, because even though we had limited legal powers we didn't actually have very many legislative things we needed to do. They were mainly to do with policy implementation, getting people online and feeding money out to various bodies, associations and groups.

That actually was quite a stunning change because I'd been used to running the party. I was leader in the National Assembly – I wasn't the leader for the Welsh party as a whole because we didn't change our policy as a party until some way through, but eventually I became leader of the whole party in Wales. So I'd been used to running the party because most of the emphasis was on what was happening in Cardiff. I was used to running the party machine, attending meetings and doing all the things that you do as an opposition party. Then having to convert your party into a party of the Government was very important and having had a special conference on the previous Saturday was very, very important. I still reckon that, from the moment Rhodri Morgan and I made the announcement of the Coalition at the beginning of the week, I would have had only 20% support for the Coalition from my party. But I ended up the other way round with 80% support because I spent all that week going around the country talking to local groups and party members and having meetings and so on. In fact, only one constituency voted against it in the end, but of the members present we got 80% in favour. And I don't think that would have happened had it not been for this process that week.

But I hadn't got used to it in my own head. I'd been used to standing up and making statements about things that ought to happen but then suddenly the buck stops with you. It's probably the first and biggest challenge for someone: suddenly you're being asked to make decisions. And it's not just signing a name on the end of a piece of paper in front of you. You need to know what you're up to. I think that shook the way I thought about being in government. It hadn't been real, and suddenly here it was, facing you. That's my memory of the first day.

Then the second day is exposure to the media. I was faced with journalists who wanted to know my view on absolutely everything to do with economic development. We'd already had a clear programme. The main things in our programme were about supporting small- and medium-sized enterprises, having an entrepreneurship bank, having some form of funding for business that was less bureaucratic. So I was able to say what we were planning to do because we'd already agreed those things with a tick box in the Coalition agreement which we had signed and published; I've still got the leather-bound version. There were only two leather-bound versions of this first Coalition agreement for Wales, both signed by myself and Rhodri Morgan. I've got the one, I don't know what happened to the other. He [Morgan] died about 12 months ago and I have no idea what the family estate is doing with them, knowing the gigantic number of books and papers that he had.

Not the most difficult bit, but the bit I found challenging [in dealing with the media], was how you're going to deal with a problem which was a current event, because they were interested in current events. Thankfully that's where the portfolio came into play. You just have to learn on your wits how to handle and manage multiple pieces of information, all the time keeping that political oversight in your mind as to where you're going. That's the big lesson that you learn very rapidly indeed as you shoot into a place. There's no point in going and being told what to do when some of these people grab hold of your life. You also have to have a sense of purpose. And they need to know exactly where you're going.

AP: Were you satisfied with the support you were provided by the civil service?

MG: Yeah, I was. I've always believed that if you can't listen to the people who are in charge of the most important things you decide you want to do, and you can't come up with tenable arguments about why you shouldn't do this or why you should do it, then you're stuffed. So I judged the people who they put in front of me, heads of departments, departmental managers and so on, on the basis of: are you able to do the sort of challenging that I need, or are you simply going to say "Yes, minister" to me and then do something different. I wanted people in front of me challenging me, telling me to my face if they had anything to say.

There were some pretty good people around tourism. There was a really good chairman and chief executive of the Wales tourist board at that time. My colleague here [in the House of Lords], Lord David Rowe-Beddoe, was the Chairman of the Welsh Development Agency [WDA], and the Chief Executive was a very brilliant person who had built a business up as well. There were good departmental heads in the civil service. They had different strengths, obviously. The Scientific Officer frightened me to death because I didn't know a great deal about science, and since we were responsible for huge chunks of [policy on] how to attract science-based industries into the country, it was a bit of a learning process. I asked him for help. So it was good. There were some weaknesses, but I think in general I was very impressed.

We had strong quangos in Wales, both the WDA and the tourist board had been there for a long time developing policy and ideas in a fairly hands-off manner. Here I was now handling quangos. They could still take instruction from me if I wanted something done but they also had a lot to teach me. So building a relationship with those was very important in the first stage, and later in other portfolios as well. But they were the ones I was interested in in the portfolio I was dealing with.

The other thing that we agreed, which I learnt from Jim Wallace, was that you needed to have sight of everything. I call it the 'no surprises, no shocks, no surprises' policy. So I needed to see all the dossiers, all the jackets, as they call them – I don't know what they call them in London but that's what they were calling them in Wales. They were obviously about a whole variety of areas. Rhodri was very open to that. So I was able to see what other ministers were doing. I learnt a lot very quickly about how coalitions work and what ministers do from other parties. They'd still have their caucus inside the Cabinet and there were private conversations going on.

Tess Kidney Bishop (TKB): It sounds like you were always going to have a portfolio as well as being Deputy First Minister.

MG: Yes, because they weren't enough people to do otherwise.

TKB: How much of your time were you spending on the economic development portfolio compared to this oversight of whole of government priorities?

MG: It varied according to political circumstance, but I'd probably say 75% was portfolio and 25% was the governmental oversight work. Rhodri and I used to meet formally weekly, and we would meet more often than that because it's a small place. I mean, I often used to bump into the people from the Welsh Development Agency in my supermarket, so I'd often get information when they're pushing a trolley around. So the formal stuff with the First Minister was once a week, but we used to have other conversations. You're in the chamber together as well, you walk the corridors together, you can get a quick word with them en route and that wouldn't be a problem. There were times when it was heavily the other way, but not very often. What you had to watch out for was what I call the 'prepared Cabinet', when somebody prepared a paper and put it before the Cabinet where clearly they'd been round the houses among their own people and we hadn't been engaged. We needed to think carefully about that.

TKB: Were you jointly chairing Cabinet or would Rhodri Morgan chair them?

MG: No, Rhodri would chair them all. He was a lovely man. He had a brilliant memory. Sometimes it played him up, but generally speaking he knew things. He read the *Financial Times* first of all the papers and read it avidly from the front to the back, and he could retain information in a way which I think was brilliant. But the trouble was that he knew so much about everything that if you triggered him... They used to tease him.

All of the Cabinet together would say: "Right, Rhodri's just come back from a journey to Africa. Whatever we do, don't mention the visit." Because if you mentioned the visit you'd get the history of the country, the history of the government, half an hour later he'd be still telling you a story about this place that he'd visited.

So his way of handling Cabinet was very collegiate, but I knew that people were thinking about what they'd already had a chat about to each other to get people onside. Now that's not unusual in Cabinet. It's when it was party political that I had to worry. I didn't worry if people came to me, and we had that conversation, and we were going to take on other members of the Cabinet in that dialogue. It's when it was clearly them and us. There wasn't a great deal of that, but there were one or two ministers who still wanted to play the party game a lot. And the Finance Minister, who certainly wanted to use the power of the purse. It's probably no different to being Chancellor of the Exchequer. It came down to that at the end all the time as well.

TKB: Were there any challenges in managing that relationship with the First Minister, Rhodri Morgan? Can you remember any issues that became particularly thorny?

MG: We wouldn't let him get rid of the Welsh Tourist Board and the Welsh Development Agency: he did that later [when Labour governed alone after 2003].

We had no trouble with the free prescriptions, which is what they [Labour] wanted to do. We agreed in the end, because the figures came before us. We saw that if you wanted to charge nothing for prescriptions, what it was actually costing was very little extra because the cost of administering a prescription service is huge. Making it free for everybody was not going to cost us a great deal of money.

It was in general the structure of the health service where we had the most difficulty. It was to do with [proposals to change] the way in which the health service was going to be structured, so that there was a definite sort of command structure. There was a level of bringing power in. It was almost like Labour wanted a red button on the desk of the Health Minister, a yes/no button. Our [Liberal Democrat] inclination is to let things be determined by professionals and with oversight. We wanted to be closer to the people on the ground and to have a tiered level of activity. There were things that you need to do all together, because they were so little, but it was on the high cost and small usage stuff. So I think that was probably where we disagreed.

But we were on the same page about devolution, which was very helpful, so we were able to move that along. One of our first calls was that we would have a review of the National Assembly itself. Ivor Richard's commission, which produced a very powerful report, has in turn led to the changes which we've got now. And, to be fair, Rhodri wanted that. He wanted a powerful Assembly.

I think the difference, philosophically, between us in coalition was about this matter of control. How much you could let people get on with things and let people organise things, rather than holding them close to you. And that implicated mostly the health service, and through the behaviours of a couple of ministers who tended to work in that manner, which is a bit closed. They required everything to come through them and everything to be determined by them. In the end, my view is that you create a policy framework and then people can interpret it as the best solutions that you can get. Especially in the health services we delivered locally. There was definitely something to do with local authority social care, the way it was funded, that was a source of controversy.

TKB: So things like getting services delivered locally were the Lib Dem influence on the agenda. How were you making it known what your party's achievements were in the Coalition?

MG: We were learning lessons very rapidly. Obviously when you spoke, you spoke on behalf of the Government, and occasionally I would speak on behalf of the party depending on whether it was a party issue, or something perhaps that Westminster had proposed. The first thing that they all had to get used to was that I would speak against the Government here [in Westminster] if it was something which we disliked. That was quite common. When the Secretary of State [for Wales] used to come, I would challenge him from a Liberal Democrat perspective rather than from the Government perspective. If the Government [in Westminster] was the same party, they wouldn't necessarily challenge them.

The trouble was the media bit at first. We had a well-oiled machine for getting our message out. We were able to do that and to get people to bang it out in literature and local campaigning, and we always tried to think about campaigns that we could run that would be local campaigns that people in the party could do on the ground. But sticking the words 'Liberal Democrats' into every phrase that you said was a little tricky. You did rely on people in the media to say you were a Liberal Democrat minister, that was always useful. But the most difficult thing was to learn how to manage to get credit for what you had done. The Labour Party developed this thing called 'the Labour-led Assembly', which meant every time they mentioned it they had to say 'Labour-led Assembly'.

What we would tend to do was name everything that was one of something like 132 things in our manifesto, and that was the importance of our coalition agreement. Those things were ours. We could identify them quite clearly. They were things for which we would get credit. But we couldn't use the government machine for getting that message across, it had to be our own. So retaining a very strong presence in your own party office inside the Assembly was critical to making sure that happened. But it was a tough lesson to learn.

TKB: So you had just under a year in government and then about a year out. When you came back into government you changed portfolios. Why was it decided that you would switch away from economic development?

MG: What happened in the interim was that somebody was appointed to do that job and then didn't want to release it. It was all about personalities. I could have done a sort of internal job, I could have done the Chief Whip's job. But the bit that I fancied doing was the Europe job, and actually I don't regret for one minute doing the rural affairs job.

At first I thought: "Oh gosh, this is going to be difficult." But I was handed a poisoned chalice. The current First Minister in Wales, Carwyn Jones, as the previous Rural Development Minister, had put in place a system for paying farmers direct farm payments as part of the European Common Agricultural Policy. And as you know, all computer systems fail. I've decided this: you can't rely on a computer system coming into place on day X and it doing the job. And they got all this shiny stuff in, he handed over that portfolio to me and on day two: "I've got something sad to tell you, minister. The machine's not working". To put it bluntly, that's what it was roughly like. So we were doing all sorts of things like paying people cheques, paying people by hand, we were going round the country explaining. That was probably the most trying time of all while we were there, handling farmers' payments, because if there is one thing farmers can do it's that they know how to make a fuss. They know how to get out shouting everywhere, and of course you get no quarter from the opposition parties in the Assembly. And you've got no quarter from half of the Labour people, who are thinking "Thankfully this is a problem [for which] I've got someone else I can nail, and he's not Labour, so I'm okay". So it was a tough old call. We got through it, and then a year later they did the same thing here in London and they had the same problem, but Wales didn't, because the machinery was working by then.

I decided that given that the choice was quite limited, it needed to be outward-looking. It included rural development as well, and it was linked with the European job, which was very important.

TKB: How linked were the two bits of that portfolio [Wales Abroad and Rural Development]?

MG: They were two entirely separate civil service bodies. I had two separate teams. It also made sure that the role that I had been playing [as Minister for Economic Development] was replicated by something which was manifestly important as well. There were such overlaps between the funding for rural affairs and European matters. But European matters allowed me to get into a whole set of other areas, largely economic development and social policy. It allowed me to spread out and do a range of work.

So I would have liked to have gone back to do the economic development job, but the person who was handling it happened to be the previous Chief Whip. He was the one I had that conversation with in Brecon all that time ago, and he just was not going to let go of it. He wanted it. Because Rhodri Morgan had had that portfolio first, it was regarded as being a very important portfolio. It didn't have as much of a budget by any means as the rural affairs budget, which was massive compared to others, but a lot of it was European money going into rural affairs. We did a fair bit of changing around to the farm payment policy, we helped small family farms, but at the same time we did a lot of environmental work in the countryside. And it was quite fun to go around and see the sort of things that people had done and been encouraged to do. There were some wonderful opportunities that people had seized from the funding that was available. But in my first term on economic development, I'd already done exactly what I wanted to do, which was to have very small grant of between £5,000 and £50,000 for start-up businesses and for businesses that wanted to scale up. A grant scheme, not a loan scheme, funded mostly from European money. The application form was two sides of an A4 sheet. And nobody said we could do that, but we did in the end. That worked well.

TKB: Can you talk a bit more about how you solved the farm payments issue in practice?

MG: Yes, we had to find a practical way of doing it. We took over a building in the north of Cardiff. We put in masses of civil servants who we could spare, anyone we could find, and we did all the calculations by hand. We worked them all out by hand rather than using the machinery. And we paid people interim payments. If people could show us a bank statement to show they were short of money, they got their money first. So it was really papering over the cracks. And then, as the machines started to work, we could make adjustments to the payments that they'd already had, either topping it up or taking a bit off the next one, so that it regularised over time. I'm sure it cost us more money at the beginning. The cost of actually doing it was no greater in the totality because people only got what they were due, but they may have got more of it in the beginning than they would have had previously. And of course, I got all the blame.

TKB: Did you have relative freedom from the First Minister to get on with solving this?

MG: Yes. He said to me: "Well, what're you going to do?" Again, the quality of the civil service in that department was excellent. The director was just superb, an intellectual, and he had grasp of detail, and this is an area of detail where you had to be on top of it. So I had really good people who gave me the options.

We had foot and mouth [disease] as well of course when I was in economic development. That was the other big challenge. When all the farms were closed down, I had to keep the countryside open because Wales' tourism product is huge. It's a big part of our GDP [gross domestic product]. Some people estimate 7 to 8%, depends what you pull into the equation. But in order to do that, we had to make sure that people

could still come to the countryside. Because it's all right they can come to the coastline and stand at the beach and everything, but if there's all these farms saying "Do Not Enter"... We had a big push on getting footpaths opened so that we could say: "Look, don't go walking on a farm, but all the public footpaths are open and here are the maps you can use. And ensure you're not crossing them." So that was the other big challenge. Two challenges: the farmers at both ends. The farm payment scheme was the big one I had to find a solution to. But Carwyn Jones never got the blame for it, and then he became First Minister.

What you've got to understand about Wales is that it is a bit collegiate, in a slightly strange sense. Before I went to the Assembly, I used to do trade missions for education and training with Carwyn Jones' father. He used to come with me occasionally, we'd be on things together. So I knew about Carwyn from him before I met Carwyn. As I said about pushing the trolleys in supermarkets around, there is a big machinery of information gathering, largely in the non-formal sense, which you wouldn't necessarily find here [in London].

AP: In that period, there was a brand new set of institutions, with new systems being set up, and there were some changes made early on. You referred before to the separation between the Government and the Assembly. The initial model was that it would be an old-style council or corporate body structure, wasn't it?

MG: Indeed. At first, ministers were on the committees. So they're scrutinising themselves, which is just clearly bonkers. It just wouldn't work. And you had to be on every committee – you were there as a minister and as a member of the committee. So you could be investigating a policy which you as the Government had to put in place. And it was quite embarrassing because you could either sit back and say nothing, or if you said something, you would be asked: "Well, are you speaking on behalf of the Government or are you speaking on behalf of your party, or are you speaking on behalf of you as an individual?" It didn't make sense. Clearly that position wasn't satisfactory. And ministers started abstaining from going to committee meetings, because essentially they didn't do the job properly. The only thing going for it was that you had many more conversations in the open than you would have had by having a government under scrutiny. A lot of discussion went on around issues. Even if you only said very little in the meeting, you at least were able to hear what was going on and what people were thinking, and you might be able to make conversations as well.

The real tricky bit was also for the civil servants, because they were civil servants of both. They were supporting the Assembly as well as the Government.

I blame Alun Michael and Ron Davies particularly. Ron Davies' words to me were: "I've got from the Labour Party the maximum that I can get." And I thought to myself that this wasn't a structure that the Labour Party would have cared a toss about, you know,

whether I behaved in this manner or not, or whether the ministers were separate from the Assembly scrutiny committees. But clearly it failed.

But it wasn't the only thing it [the original devolution settlement] failed for. It failed because of [a] lack of powers. At the beginning, we had the power of the purse and that was the main thing. And we manipulated secondary legislation in the sense that you did whatever you could to get something through. The civil servants were very good at finding ways in which you could change the secondary legislation in order to be able to make changes, but you couldn't do major changes to the policy. So largely, it was the power of the purse in that first period.

AP: So the separation between government and [the] Assembly clearly didn't work early on. When did things actually start to change? It was around November 2001 that people started to refer to the Welsh Assembly Government [WAG], and that was later formalised in the legislation. What actually happened in that period?

MG: That was a determined attempt to say that the WAG, as it got called, was actually different from the Assembly corporate body.

It's rather like sorting out your wardrobe, when really what you want to be trying to do is to get people to look at the architecture of the whole building. I think we were all convinced that the big issue was about the powers that we had, and also about the electoral system and the number of [Assembly] Members. This was an internal problem which we could get consensus on quite easily, but we did not have the power to change it at first. We needed legislation to change it. But if you were going to put one thing at the top of the agenda, it would have been powers. That was the hierarchy of what we were trying to do.

The outside were much more interested in powers: "We'd like to do this in Wales, but we can't do it because we haven't got the powers," than this sort of separation of powers thing. I've just been to a school sixth form this morning, and I would say that on average the role of Parliament in scrutinising and the role of government in governing isn't well understood. It isn't something that rolls off the tongue even with economics and politics students. So it isn't as easy to prove that this is something that is of vital importance compared to the fact that we couldn't change the name to 'Parliament' or provide a new structure for the health service or whatever else without major powers.

AP: Or without primary legislation authorising it. Were there specific things that the Government was trying to achieve where you found yourself constrained or just unable to act because the area wasn't fully devolved?

MG: All the time. What you would try to do is to find a route around it with secondary legislation. On the environment for example, if you wanted to promote a particular set of policies which promoted a certain use of the land, you would have had a Landscape

Act or an Environment Act of some sort. But because we couldn't do that, you'd then look at all the secondary legislation that had come out of the UK Environment Act and say "How much of a change can we make to that?" to make new regulations. So we were, as far as we could, stretching the potential of the secondary legislation. But though we were still fighting all this battle, trying to squeeze as much as we could get out of the legislation tube, I still think that the major tool that we had at the beginning was the power of the purse and where we directed our funding. That hasn't changed a great deal, and we had responsibility for that from the beginning.

AP: You had significant autonomy over the block grant.

MG: Total autonomy.

AP: How well did you feel that the budget process worked then?

MG: That's another thing I learnt very rapidly, that the Minister for Finance is the person you've got to go and talk to, and the first thing that the Minister for Finance will tell you is there's no more money, we're short of money, it's always bad. So you're spending your time flitting around with your colleagues and trying to do deals with them, to find a way in which you could ask for so much. You would get something which had joint application across two department portfolios. A lot of the civil servants' time was spent arguing the budget with the Finance Department officials. What they used to come to you with was "Here's our policy agenda, this is what it's going to cost to put these things into place. Here, minister, is how far I've got. These are the bits that we can't achieve because we can't get any traction with the Finance Department or the Finance Minister's team on what we should do about this." So then there is an element of getting the First Minister on your side, working with other colleagues and talking face-to-face with the minister. We always ended up with a ministerial meeting one-toone. I'm sure it's nothing new, but the Minister for Finance would say: "That's all very interesting, thank you very much for telling me that. I'll put it into the mix." And then you, somehow or other, have to influence what comes out of the mix. That's where you could use the relationship with the First Minister really well.

AP: This was where the fact that you were the Deputy First Minister as well became more important.

MG: Exactly. Both of us had to sign things off, anything like this had to have my signature on it as well. So I knew what was coming up and we used that power. When the portfolio thing came through, you'd look at it and then I'd go off and talk to Rhodri. You don't always say: "I'm not signing this." It's all about doing the right sort of deal. So you say: "We need to find a way of making this happen", and then we could come up with some way of trying to make it happen. One usual process is stretching the money out over a longer period. The favourite thing, which became a bit of a joke, was that you start something in a pilot project, and then the joke is you have more pilots than British

Airways. So there were a whole number of strategies that you use then to try and stretch the money a bit further.

AP: Was this a matter of the Government as a whole setting priorities that you collectively wanted to achieve? Or for you was it about making sure the Lib Dem bits were funded and battling against the Labour ministers?

MG: Well, we always thought, and I still think, that the Labour Party largely rolled over on our policy programme, because once it was there they had to put it into the programme. The only thing we didn't get was that every child in every school in Wales would be given an email address. At that time of course it was quite important, but it was put to me, and we had never realised that it was all about the security of children's data and access to children. Giving everyone an email address meant that they would probably be far more open and public and could be receiving emails that they didn't really want – this was the early days of all this happening. Everything else we'd agreed we got through. Free school breakfasts, we got that. Actually, what we said was that we wanted to bring back free school milk, we ended up with free school breakfasts which included milk, partly because of European money. In fact, nearly all of it was paid for with European money because they had a European subsidy scheme for milk at that time, which was very handy.

So I don't think that we were fighting a battle internally about the process beyond what I would call normal politics. I've been in local government politics, I've been in joint leadership of a city council in Cardiff, where under the old system we had to haggle and negotiate. So I was quite used to the balancing of arguments and getting deals. So it didn't strike me that we were just trying to get Lib Dem things and blow the rest.

AP: To what extent was there ongoing negotiation with UK ministers?

MG: Of course there were the formal mechanisms, which were the JMC [Joint Ministerial Committee] and JMC(E), which was the European one, which we used to be members of. I used to come to them. I can always remember Neil Kinnock turning up after he had been in to see Blair about something in Europe that he'd got upset about.

AP: When he was an EU commissioner?

MG: Yes, and he bumbled into this JMC. He sat down and started to moan about Tony Blair and how awful he was. And my colleague who was Deputy First Minister at that time in Scotland, Nicol Stephen, leaned over and said: "Do you think he recognises that we are not Labour here?" But he must have, because I've known Neil for a long time because he didn't live far from me at the time, he was my local constituency MP. So he knew who I was and what I was doing.

The JMC mechanism worked okay, but it was so infrequent and people didn't come to the table to make decisions. They came to the table to have the discussion. We

occasionally had some bilaterals with the Prime Minister, we had some bilaterals with ministers, which Rhodri Morgan and I would tend to come to together. Not always, depending on what the subject matter was. They were very useful as well.

AP: Did you work through the Secretary of State for Wales much, or did you not really need to?

MG: I don't think there was a great deal of love lost, or much belief that the Secretary of State for Wales for the Labour Party was actually greatly enamoured with the National Assembly. I know Paul Murphy [then Secretary of State for Wales] very well, but there was this challenge inside the Labour Party which I could see about where the power lay, who was in charge of the Welsh Labour Party. Rhodri handled that by not really bothering too much about it. He would use the system to get what he wanted to do out there, and he used to have meetings with the Secretary of State and we used to meet occasionally and take him through things. But I said at the time, this was not really about them hearing our view, this is about negotiation, about the way in which we are going to make changes. The official mechanisms were just not good enough for doing that. They were "sit and listen". "I tell you what I'm concerned with." And then it's all sort of: "Oh, that's very interesting, I've made a note of that" stuff. I'm exaggerating, but that's the principle which they operated under, as opposed to the principle of being able to negotiate and make decisions.

AP: By the time you reached the end of the first term, you headed into the election hoping you might be back in government. To what extent had you already made plans as a government about how you might work differently in the second term, including this debate about the additional powers you thought you needed?

MG: That was the easiest bit, the additional powers. That was still a major thing for us, and PR [proportional representation] for local government was another thing which we wanted to achieve. I found that the 2003 manifesto was the most difficult thing that I've done. We had been in a coalition where we achieved a great deal, but you were not writing about the past, you were writing about the future. And you were writing it from the perspective of what more you could do as a majority government, as opposed to writing it in a coalition, that's the difficulty. How to avoid the argument of why you haven't done this beforehand without saying "We were stopped by Labour," which would be the natural instinct. As it was, we didn't have as strong a manifesto as we had in 1999. But, and I learnt this lesson over the years, it's not policies which sell elections: it's emotions, how people feel about you, what sort of values you're expressing. We were certainly able to express the values that we wanted at the time of the election campaign. But I still think that people voted in 2003 basically as they would have done in any national election in the UK at the time, that's pretty much what happened. Our vote shifted a tiny bit, but it wasn't anything more than that, and didn't give us any more seats.

TKB: What is your proudest achievement in government?

MG: I am very much proud of the fact that we started the process of getting the National Assembly turned into a real national parliament, with a real government with real powers. It's been a long journey, but we started that journey with our review that took place in the early years of the National Assembly for Wales.

TKB: What would your advice be to a minister in the Welsh Government?

MG: If you're a minister in the Welsh Government, think first of all of the people you're serving in your own country, in Wales. Don't worry too much if you are not doing the same thing as they're doing in Westminster. But equally, I think it's important that we learn lessons from other parts of the United Kingdom. We need to share and we need to think about what other people do better, and make sure we learn those lessons. So it's not just a one-way process. In a real federal United Kingdom, where each nation has responsibilities, we've got to learn from each other. That's part of the big unifying thing about the United Kingdom. So we've got lessons to learn in both directions.

TKB: Were you talking to the Northern Irish and Scottish ministers at the time often?

MG: Yes. I have a story for you. We used to meet with the Labour minister who was the Secretary of State for Rural Affairs, the former Deputy Leader of the Labour Party.

Margaret Beckett, once a month. It would be three devolved ministers and her, because it was the one area of powers that she couldn't operate on her own. We used to have pre-meetings. So we'd go in and we'd say to her: "This is what we want." And she found it very difficult because it was three votes to one. It wasn't as if she was one and we were all equal, there were three votes to one. So we won all sorts of deals. And of course we could sit at the table in the [EU] Council of Ministers. At the Council of Ministers, we could present the unified position of the United Kingdom Government, which had often to be the view of the devolved administrations rather than her.

One Christmas, we finished our meeting and she said: "I'd like to thank you for coming here every month and wish you a very happy Christmas." And with that a civil servant pushed in this trolley, and the trolley had all the Christmas presents that she'd been given, all sorts of odd things from farmers and organisations. "Just take something", she said, "It's my gift to you.". You should have seen the three of us, we were hysterical.

AP: What did you take?

MG: I can't remember, I was gobsmacked. But my colleague from Scotland, who was very good, said something which meant we'd seen parsimony but this is it. That's what we all felt, you'd get second-hand Christmas presents.

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Institute for Government 2 Carlton Gardens, London SW1Y 5AA **United Kingdom**

Tel: +44 (0) 20 7747 0400 Fax: +44 (0) 20 7766 0700