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**Birth pangs or a honeymoon from hell? The long annus horribilis for  
Welsh devolution, 1998-2000**

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**Abstract**

2024 marks twenty five years since the first elections to, and meeting of, the National Assembly for Wales. The Assembly had been established by the narrowest of margins at a referendum in 1997. However, supporters of devolution would have no form of honeymoon period. Instead, the period of Autumn 1998 to February 2000 marked what might almost be seen as a long annus horribilis for Welsh devolution. This was a period of political instability, weak leadership and partisan infighting, all of which threatened the credibility of an already vulnerable devolution project. This article outlines how this saga began with the resignation of Ron Davies as Secretary of State for Wales in 1998 and only ended with Alun Michael, his successor as Welsh Labour leader and the first First Secretary of Wales, being forced out of office. This paper uses new archival materials to add new detail to this story, demonstrating the extent to which the UK Government orchestrated Michael's rise to power, the clear sense of buyer's remorse Michael's backers would go on to experience and the frenzied discussions that went on within Whitehall during his beleaguered tenure as First Secretary.

**Key words:** Devolution, Welsh politics, British constitutional history

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### Introduction

2024 marks twenty five years since the first elections to, and meeting of, the National Assembly for Wales. In that twenty five year period, the Assembly has undergone a remarkable transformation. Now known as the Senedd Cymru – Welsh Parliament<sup>i</sup>, a law making and tax raising legislature that bears little resemblance to the body (a body corporate with no formal separation of powers between the Assembly and the ‘executive’ and with no primary legislative powers) that began its life in May 1999. The architect of Welsh devolution, Ron Davies famously declared devolution to be a “process and not an event” and looking at the Senedd today one can almost take its development for granted. Such a view however risks forgetting how precarious the early life of Welsh devolution was.

The Assembly had been established by the narrowest of margins at a referendum in 1997, with the Yes campaign winning by a margin of just 6,721 votes (with less than a percentage point separating the Yes and No camps). With such a narrow mandate, it would be imperative for devolution to embed itself and gain legitimacy, and, while Welsh devolution would eventually secure that legitimacy and be seen as the settled will of the Welsh people, the period from October 1998 until February 2000 saw a series of unfortunate events that threatened to undermine a vulnerable constitutional settlement.<sup>ii</sup>

This long *annus horribilis* began and ended with resignations. The first, in October 1998, was that of Ron Davies, the then Secretary of State of Wales, architect of the Welsh devolution

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settlement, and a man who had widely been seen as the favourite to be the first First Secretary of Wales. The second, in February 2000, was that of Alun Michael, the man who would become the First Secretary. Michael's brief and unhappy tenure as First Secretary was haunted by the bitter nature of his battle with Rhodri Morgan for the leadership of Welsh Labour after Ron Davies' departure, and the thorny issue of match-funding for the Objective 1 funds that Wales had secured from the EU. This period was one of significant challenges for Welsh Labour and for the nascent Welsh devolution settlement, these challenges were principally focussed around leadership, money, and near relentless partisan bickering.

On leadership, Michael struggled to overcome the manner with which he defeated Rhodri Morgan, seen by many as a more popular and avuncular figure.<sup>iii</sup> Cast by his critics as having been parachuted in by, or as a poodle for, New Labour<sup>iv</sup>, Michael's woes worsened by the underwhelming result he delivered in the first devolved elections. Once the Assembly began its work, the pressures on his leadership only intensified as Michael's minority administration was forced to fend off increasingly frequent attacks from opposition parties.

However, it was the second challenge, that of money, which dealt the mortal blow for Michael's leadership. In March 1999, Wales secured £1.2bn in EU funds after West Wales and the Valleys was granted Objective 1 status. The snag was that unlocking these funds required a commitment of match funding. The sums involved would have been a significant percentage of the block grant, resulting in intense pressure on Michael to secure the necessary

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funding from the UK Government This issue would dominate the early years of Welsh devolution.

While the story of this period is, for Welsh political observers, well known, this paper draws upon the memoirs of the key players in these dramas, as well as recently released Cabinet papers, to provide a new level of depth to the story that demonstrates just how engaged the UK Government was in Michael's rise to power and the frenzied discussions that went on within Whitehall during his beleaguered tenure as First Secretary. It therefore contributes to our understanding of Welsh politics during this period, but also to the way in which the centre of government operated under Tony Blair.

### **Backdrop**

The road to the advent of Welsh devolution in the late 1990s was long and not without complications.<sup>v</sup> Prior to New Labour's rise to power in 1997, devolution had dogged the 1974-79 Wilson and Callaghan governments. The Wilson-Callaghan governments would propose the creation of a law making Scottish Assembly, while Wales was offered an Assembly that would operate on the then local government model as a body corporate (i.e. with no separation of powers between the Assembly and an 'executive') and with only executive powers devolved to it.

Eventually after a tortuous few years, devolution entered the statute book for Scotland and Wales in 1978. However, referendums in both nations were required – referendums where

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any Yes vote had to at least equal 40% of the total electorate. While this threshold proved particularly controversial in Scotland, with devolution being endorsed by a majority of voters but failing to reach the threshold, in Wales devolution was decisively defeated, with Yes campaigners losing by a four to one margin.

After being rejected by the Welsh electorate in 1979, devolution entered the political wilderness and it would take the cumulative effects of three successive election defeats and concerns about a democratic deficit (fuelled by the growth of Quangos and the patronage powers of the Welsh Office) for Labour to return to the issue. It is one of Welsh political history's great ironies that Labour would recommit itself to an Assembly, albeit as part of a broader reform of Welsh local government, under the leadership of Neil Kinnock – one of the leading opponents of devolution in the 1970s. At the 1992 General Election, Labour's manifesto included a commitment to establish a 76 Member Assembly with executive, rather than legislative, devolved powers -in short, the very Assembly that Kinnock had decried in 1979.<sup>vi</sup>

After Labour's defeat in 1992, the party's devolution proposals were taken forward under the care of the new Shadow Secretary of State for Wales, Ron Davies. Davies, the MP for Caerphilly, had been a critic of devolution in 1979, but, like a number of his colleagues in Welsh Labour, he had undergone a political conversion as a result of the experiences of the 1980s.<sup>vii</sup> By the time of the 1997 election, Labour was once again proposing a modest

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devolution offer, based around a body corporate Assembly with only executive and secondary legislative powers. While pre-legislative referendums had been conceded by Blair (despite the protestations of Davies) there would crucially be no 40% threshold – a simple majority of those voting would do.<sup>viii</sup>

Labour's electoral landslide in 1997 meant that devolution referendums would soon follow.

In Scotland, where voters were being offered a law making parliament and an additional option of limited tax-varying powers, the referendum on 11 September 1997 saw a decisive 'Yes Yes' win. Wales went to the polls a week later. Where Scotland had enthusiastically embraced devolution, polling day and night would be a remarkably tense affairs for Welsh devolution campaigners. Eventually, and after earlier signs that the No side might win, devolution was endorsed by the narrowest of margins: 6,721 votes.<sup>ix</sup>

With a mandate secured, no matter how narrowly, the Labour Government brought forward the Government of Wales Bill to establish a National Assembly for Wales. After considerable wrangling within the government's devolution sub-committee and in both Houses of Parliament, the Government of Wales Act became law on 31 July 1998.<sup>x</sup> The architect of the Act and the man who had overseen the development of Labour's devolution proposals since 1992, Ron Davies was widely expected to become the inaugural First Secretary (the title that was given to the head of the Assembly's Executive Committee). With the first elections to the Assembly due to take place the following spring, in September 1998 Ron Davies was elected

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leader of Welsh Labour, after a competitive but decisive contest with the Cardiff West MP Rhodri Morgan.<sup>xi</sup>

### *From moment of madness to losing the Rhondda: October 1998 to May 1999*

The beginning of the period of difficulties which afflicted Welsh Labour, and which risked undermining the nascent devolution project, can be traced to the resignation of Ron Davies in October 1998. Various described in the memoirs of Davies's contemporaries as "mind boggling"(Tony Blair) and "the second most surreal day of my life" (Peter Hain), Davies's "moment of madness" on Clapham Common plunged Welsh Labour into disarray.<sup>xii</sup>

Davies's resignation would prompt a furious contest for the leadership of the party in Wales between two Cardiff MPs, who had been former office and flat mates, Alun Michael and Rhodri Morgan. Morgan was seen as the favourite of the party's grassroots and of ordinary voters in Wales, whereas Michael, who had been appointed by Tony Blair to replace Davies as Welsh Secretary, was cast as an establishment candidate imposed from London.<sup>xiii</sup>

It is instructive, both about the relative merits of the potential candidates and of the role played by New Labour's leadership in this contest, that Peter Hain (the MP for Neath and junior Wales Office Minister) actually rang Morgan first after Davies's resignation to encourage him to throw his hat in the ring. However, to do so Hain urged him to press his leadership credentials to Number 10. According to Hain, Morgan was "the obvious candidate to do the job" and was urged to speak to the Prime Minister "before the die had been cast

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(...)(otherwise there would be) no possibility of him receiving the support of the party leadership and the party structures for the job”.<sup>xiv</sup> When Hain spoke to Alastair Campbell later that day, he was informed that Morgan was unacceptable and that Number Ten “can’t have him in that post”. It was at this point that Michael was suggested by Hain as the next most obvious person. While Hain suggests that Campbell queried whether Michael would want the post as his career to date had “not been entirely focused on Wales”, by the end of the day Michael was being put forward by the Number Ten press team for media interviews on the Davies resignation -a sign that he had been anointed as the preferred successor.<sup>xv</sup>

At the same time as this was happening, Morgan claims that he was trying and failing to follow-through on Hain’s advice and speak to the Prime Minister.<sup>xvi</sup> Eventually Morgan was summoned, while he was actually en route from London to Wales, to see the Prime Minister. When Morgan met Blair, he claimed that he had a “warm meeting”. However, when he was invited back to Number Ten the following week, he was asked to enter via the Cabinet Office, i.e. through the back door (there is a connecting passage between the Cabinet Office and Number Ten which therefore avoids being seen walking along Downing Street).<sup>xvii</sup> Morgan claimed that his then aide, and the current MP for Cardiff West, Kevin Brennan warned him that this meant Blair “wants to try to persuade you not to stand”.<sup>xviii</sup>

Morgan’s memoirs suggest that Brennan’s warning was prophetic and that the conversation that ensued in Number Ten was entirely focused on dissuading him from standing. According to Morgan, the Prime Minister told him that he “couldn’t stand for the leadership (...) he said



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I didn't have any ministerial experience and I wasn't ready". Morgan claims that he retorted by pointing out that neither the Prime Minister nor most of his ministerial team had had any prior experience before entering Government. The Prime Minister, he claims, "countered that the Welsh Assembly was a brand new idea, and therefore experience was seen to be essential". This failed to convince Morgan who expressed incredulity at the idea that running Wales was more onerous than being Prime Minister of the United Kingdom.<sup>xix</sup>

With Morgan deemed "unacceptable", Number Ten's machine cranked into operation behind Michael's candidacy. Safe in the knowledge that Number Ten's preference was not Morgan, Peter Hain approached Alun Michael. While Michael had managed Hain's successful by-election campaign in Neath in 1991, theirs was not, according to Hain, the easiest of relationships. According to Hain, Michael had "actually done a terrific job (in Neath), albeit in a rather uptight and unapproachable way", with Michael's fundamental issue being that "when we did have political disagreements, he took them personally." According to Hain, he told Michael that if Morgan would not be supported by Number Ten then the First Secretary role had to go to Michael due to his role as Welsh Secretary.

Intriguingly, Hain suggests that Michael was "clearly unsure what to do" and that it took a week before he agreed to run and to invite Hain to be his campaign manager.<sup>xx</sup> The leadership contest would prove incredibly brutal and divisive. Reflecting back on it, Hain suggests that while the devolution referendum had been "tough enough" it was "almost a doddle compared to the campaign to get Alun elected". Rhodri Morgan, Hain recounts, was

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the party's favourite and feelings ran very high". It was, he claims, "my first real taste of being denounced by colleagues on the left."<sup>xxi</sup>

While Michael had the party establishment's support, his candidacy faced a sizeable issue:

the question of how their would-be First Secretary designate was going to get into the

Assembly. He had entered the fray too late to get a winnable constituency, and indeed the

constituency which he represented at Westminster had already selected a candidate. For

Rhodri Morgan, who had been selected to run for Cardiff West (the seat he had held at

Westminster level since 1987), it seemed "pretty bizarre to ask me to stand down from a

contest where I had a seat to fight, while the other winnable didn't have one and might not be

able to get a winnable seat."<sup>xxii</sup>

The Assembly would have 60 members: forty representing constituency seats, mirroring the

forty constituencies used in Wales to elect MPs to Westminster, and twenty members elected

via regional list seats. The twenty list seats were divided equally between five regions and

were filled using a proportional electoral system, as opposed to the first past the post

constituencies. The way the electoral system would work was that parties who had a

reasonable level of electoral support in any given region could have representation in the

Assembly, even if they were unable to secure a first past the post seat. For those parties who

did particularly well in winning seats in the first past the post ballot, their support would have

to be incredibly high to have any chance of additional seats from the list. With all the

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seemingly winnable constituency seats nominated, Michael was left trying to find a winnable berth from one of the regional lists.

Michael's fraught efforts to secure a berth in the Assembly certainly caused anxiety in Number Ten. On 18 December 1998, Pat McFadden (a senior aide in Number 10 who would go on to become the Prime Minister's Political Secretary between 2002 and 2005 and thereafter MP for Wolverhampton South East) wrote to the Prime Minister advising him that Michael had been forced to seek a place at the top of the Mid and West Wales regional list.<sup>xxiii</sup> Summing up the rather desperate situation facing Michael, McFadden warned that he "has no (leadership) nominations from that area<sup>xxiv</sup> and badly needs the endorsement of Eluned (Morgan) who is the MEP for the area". Unfortunately for Michael, Eluned Morgan (MEP for Mid and West Wales since 1994) was refusing to provide such an endorsement, despite party heavyweights such as Glenys Kinnock (a Welsh Labour MEP from 1994-2009 and the wife of former Labour leader, Neil Kinnock) being deployed to lobby her. It was, therefore, with an evident hint of embarrassment that McFadden had to write to the Prime Minister, "I hate to bother you with this but you did say that if push came to shove you would speak to her. I think that is now necessary."<sup>xxv</sup>

Number Ten's involvement in buttressing Michael's campaign went beyond trying to get him a place on the party's list of candidates for Mid and West Wales. Indeed, Number Ten played a critical role in managing his leadership campaign, whether it was overseeing a quasi-whipping operation aimed at gathering nominations for his candidacy<sup>xxvi</sup>, or in providing

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supportive media lines for senior cabinet figures. For example, in November 1998 the Prime Minister, according to a memo sent from Angus Lapsley to Sally Morgan, spoke to the then General Secretary of the Labour Party in Wales, Anita Gale with the key pro-Michael lines that John Prescott should deliver during media rounds in Wales. According to the memo, Blair told Gale that Prescott should deliver lines emphasizing the need for “judgement” and emphasizing the role Welsh Labour played as “part of a wider family, the British Labour Party”. Apparently, the “tactical aim was to get these messages up over the weekend” before a letter from Rhodri Morgan calling for a separate Welsh Labour Party was leaked by Peter Hain. According to Lapsley, Number Ten believed that this was a “significant mistake” by Rhodri Morgan and would in contrast show Michael to be the candidate with better judgement. Unfortunately, it seems that this messaging fell rather flat with Lapsley telling Morgan that he “could not put hand on heart and say that Anita Gale understood what TB (Tony Blair) was telling her”.<sup>xxvii</sup>

While Michael was backed with the full might of the Number Ten operation, there was considerable anxiety about his campaign. In January 1999, a month before the leadership contest was due to conclude, Angus Lapsley wrote to the Prime Minister suggesting that he might ask Michael, during a routine meeting with the Welsh Secretary, how he was balancing his role as Secretary of State with fighting a leadership campaign. According to Lapsley, “the Wales Office are deeply concerned at the moment, because he is not providing leadership in

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the run up to the establishment of the Assembly”. This was not, Lapsley suggested, due him devoting too much time to his campaign, rather his Private Office felt he should spend more, but was instead “because he is getting very bogged down in detail. He will not delegate to junior ministers, who consequently feel isolated or disengaged, or officials and is spending disproportionate time on a few pet subjects he brought with him from the Home Office”.

Indeed, Lapsley noted that his Private Office were “exasperated by the time he spends on redrafting every letter or answer to a parliamentary question”.<sup>xxviii</sup> This approach to management would become a recurring issue for Michael.

As the leadership campaign drew to a close, the mood in Number Ten felt rather bleak. In a memo sent from McFadden to the Prime Minister on 1 February 1999, McFadden reported that Michael’s “camp are very downbeat”. McFadden warned that “‘parachuted in’ is the most common phrase (expressed) in relation to Alun” and that his team “think the election is now running away from them”. Scrambling around for anything that might steer their candidate to victory, McFadden told the Prime Minister that the “only thing” he could suggest was “that you repeat the line about this not being a game when you are down there (in Wales) tomorrow”.<sup>xxix</sup>

McFadden also returned to the issue of how, even if he won the leadership contest, Michael could secure a seat in the Assembly. McFadden warned the Prime Minister that he “should be aware” of an academic analysis which suggested Michael “only has a 50/50 chance of being elected even if he wins”. This, he noted, had been seized by the Morgan campaign

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which was warning Labour members that “voting for Alun is voting for going through this all again if he doesn’t get elected”.<sup>xxx</sup> One might wonder how much of a surprise this was to the Prime Minister and the Number Ten team, given Michael’s well publicised travails securing any form of winnable route to the Assembly. Indeed, Morgan’s memoirs imply that he warned the PM of Michael’s likely electoral difficulties when they met in Downing Street in November 1998.

Nonetheless, by another of the Welsh political world’s narrow margins, Michael emerged victorious when the leadership contest results were announced on 20 February 1999. While Michael would win the overall electoral college by a 53% - 47% margin, his victory was built on strong showings from the elected members and affiliates (predominantly Trade Union) sections of the college. Indeed, among individual members, Rhodri Morgan was the preferred candidate by a near two to one margin.

*Results of the 1999 Welsh Labour leadership election*

|                           | Elected members (%) | Individual Members (%) | Affiliates (%) | Overall result |
|---------------------------|---------------------|------------------------|----------------|----------------|
| Rt Hon Alun Michael JP MP | 58.4                | 35.7                   | 64.0           | 52.7           |
| Rhodri Morgan MP          | 41.6                | 64.3                   | 36.0           | 47.3           |

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Number Ten quickly went to work, producing lines for the media which emphasized that Michael's win was a "bigger victory than predicted", with a four to one margin among Welsh Labour MPs; that Michael had only had 12 weeks to campaign versus an opponent who had been running for a year (Morgan had stood against Ron Davies in the 1998 contest); and that Michael had had to face a "completely out of order campaign to discredit him by complaining he was 'parachuted in by London' and 'couldn't represent Wales'". <sup>xxxi</sup>

Despite the lines prepared by the Spin Doctors, there was little sign of jubilation among those who had directed Michael's campaign. Indeed, in his memoirs, Peter Hain (the man formally appointed as Michael's campaign manager) claims that when Michael won "I felt no sense of joy – only of a necessary job done, of an obligation delivered". <sup>xxxii</sup> Certainly, Michael's win seemed to be seen as a rather pyrrhic one incredibly swiftly by Number Ten. Over a series of memos sent to the Prime Minister in March 1999, only a few weeks after Michael's victory had been secured and less than two months before the first devolved elections, McFadden laid out the polling situation. In one such memo, on 10 March 1999, McFadden suggested that "the basic picture is that the party's ratings in Wales are okay, but Alun's are dire and we have no election organisation in Wales". <sup>xxxiii</sup>

According to McFadden, "the key problem is not selling Labour. It is selling Alun." In an extensive and damning memo, McFadden listed a series of apparent weaknesses in Michael's leadership. McFadden suggested that since the leadership contest, Michael had:

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(...) retreated to his red boxes and done very little to pull the party together or give it a lead. He shows no inclination of reducing Wales Office business during April yet, as his poll ratings show, he desperately needs to be more publicly visible in the run up to the elections.

McFadden went on to suggest that the net outcome of this behaviour, and the highly divisive leadership contest, was that “the dominant press narrative is ‘Labour messing up devolution’”.<sup>xxxiv</sup>

While McFadden also sought to spread the blame by implying that Rhodri Morgan had done little to help the situation and that Ron Davies was on manoeuvres, he was clear it was Alun Michael who needed to seize responsibility and turn the situation around. McFadden therefore urged the Prime Minister to “give Alun a very clear message that he must respond to this situation by throwing himself into the campaign and emerging from his red boxes”.<sup>xxxv</sup>

Rehearsing the complaints about management style that were aired by Lapsley in his January memo to the Prime Minister, McFadden noted that “even his private office try without success to dissuade him from accepting invitations to tiny meetings and events that could be handled by someone else (...) the minutiae of the Wales Office will have to be handled by others.”<sup>xxxvi</sup> It seems this memo had minimal effect for little over a week later, on 18 March, McFadden wrote again to the Prime Minister to reinforce the point that, “as far as Alun goes, they (Welsh voters) either know nothing about him or think he’s your ‘poodle’”.<sup>xxxvii</sup>



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As Peter Hain acknowledges in his memoirs, Michael's victory over Morgan in the Welsh Labour leadership election "had consequences for Labour in 1999". Michael, he concedes, was "widely perceived to be a candidate 'imposed by Blair' from London and Labour suffered a serious backlash".<sup>xxxviii</sup> The backlash was indeed serious for Labour. In what was described at the time as a "quiet earthquake", the Welsh electorate delivered a series of staggering blows for Welsh Labour and shock victories for Plaid Cymru.<sup>xxxix</sup> Islwyn (Neil Kinnock's former seat at the Westminster level), Rhondda and Llanelli, all of which had long been considered bastions of the Labour movement in Wales, fell to Plaid Cymru. Plaid Cymru, led by Dafydd Wigley (who had served as the MP for Caernarfon since 1974), would end up with seventeen seats (nearly a third of the total number of seats available in the Assembly), while Labour ended the night with twenty eight seats. It would be the biggest party in the Assembly, but without a majority.

As for Alun Michael, despite some apparent speculation over the course of election night about a 'Plan B' candidate in case he failed to get elected<sup>xl</sup>, he was able to gain one of the four Mid and West Wales list seats. In his memoirs, Rhodri Morgan reflects upon the seemingly perverse state of affairs where Michael's fate was tied to the party underperforming in that region. According to Morgan, Llanelli was the "most confusing result of all – Labour fought hard to win the seat, but the Labour Party establishment needed us to lose it!"<sup>xli</sup> By losing Llanelli and Carmarthen East and Dinefwr (both of which had

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returned Labour MPs at the 1997 General Election) to Plaid, Michael's entry to the Assembly was secured.

### *A "sorry time for the new Labour Group": May 1999-February 2000*

While Michael had secured his seat in the new Assembly, he would have little time to relax. Indeed, he would soon sail into increasingly uncomfortable and dangerous waters that would ultimately doom his tenure as First Secretary.

On 12 May 1999, the new Assembly met for the first time and Michael would play a leading role in the new body's opening ceremony. In what may be seen as the ultimate expression of the Assembly's legal status as a body corporate, Michael was not only the main candidate for First Secretary but he also, in his capacity as Secretary of State for Wales, presided over the beginning of the plenary session. After welcoming Assembly Members (AMs) to the new institution, he oversaw the election of a Presiding Officer. The figure elected, by acclamation, to the post, Dafydd (Lord) Elis-Thomas would go on to play a key role in Michael's short and unhappy tenure in office.

With the Presiding Office elected and in situ, the Assembly then turned to the election of the First Secretary. Michael would be elected to the post unopposed, a rare moment when he would be the beneficiary of unanimity in the Assembly chamber.<sup>xlii</sup> In his opening remarks, Michael spoke of his hopes for a new politics (as opposed to the 'old politics' witnessed at

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Westminster) and stressed that “agreements on policies and agreements between parties will be important as we seek to give stability to our Assembly”. He ended by pledging to work across the Assembly to “build a new confident Wales together.”<sup>xliii</sup>

While many of the remaining speeches in this first plenary session shared the theme of embracing a ‘new politics’, there were two warnings of the potentially difficult road ahead for Michael. Dafydd Wigley, the leader of the Plaid Cymru group, acknowledged that “the future of Wales depends, to a great extent, on your leadership, on our co-operation as parties and on the credibility of this Assembly.” However, he also emphasized the hard realities of the new Assembly, reminding AMs that “that all four parties are minority parties.”<sup>xliv</sup>

A far more pointed warning came from the Welsh Conservative group leader, Rod Richards. An avowed devo-sceptic, and adherent of the Thatcherite wing of the Conservative Party, Richards (who like Michael and Rhodri Morgan had a Westminster hinterland) quickly embraced the role of an opposition group leader and used his speech to call for Michael, who was still Welsh Secretary, to lift the ban on beef on the bone “before the Assembly compels him to do so”. He closed his speech by warning that “the time for action has come and the clock of reckoning is ticking.”<sup>xlv</sup>

Indeed, in what would become an unfortunate, for Michael, portent of things to come, no sooner had he delivered his first business statement than he faced points of order from Conservative AMs. Glyn Davies, a farmer from Montgomeryshire and fellow regional list member for Mid and West Wales, expressed his disappointment at the business statement not

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including a debate on removing the ban on beef on the bone and said he would like to put forward a motion to ensure such a discussion took place.<sup>xlvi</sup> He was swiftly followed by his party leader, Rod Richards, who asked for the numbers who had signed an alternative motion for debate to be counted towards his colleague's move. While they were swiftly put down by the Presiding Officer, this was a sign of the partisan conflict and manoeuvring that would engulf the Assembly in the months to follow. The old politics would prove a difficult thing to truly disavow.

This early attempt by the Conservatives to assert themselves was not the only warning of things to come. Michael's personality and leadership skills, which had been under scrutiny for some time prior to the Assembly's first meeting, would continue to be questionable at best, problematic at worst. In his memoirs, Rhodri Morgan recounts an early episode, post-election, when he was invited by Alun Michael to join his new cabinet. According to Morgan, the meeting "started very oddly" with Michael telling him that he was going to be the minister responsible for economic development and European affairs. Just the job, Morgan says, "that I'd always wanted". However, Morgan notes that no sooner had Michael given him this good news then he added, "of course, this is the job I had in mind for Wayne David (an MEP since 1989 and the Labour candidate who had surprisingly lost the Rhondda seat to Plaid in the May Assembly elections) , but sadly he's not available now. I was going to ask you to be the Deputy Presiding Officer." That, Morgan states, was "the one job I would have absolutely refused under all and any circumstances." Michael's decision to offer Morgan a

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job he desired, in such a back handed way, clearly baffled Morgan at the time and afterwards (hence the inclusion of the episode in his memoirs). As Morgan reflects, the “strange thing was that since it was all now academic, why did Alun feel the need to tell me anyway.”<sup>xlvii</sup>

The two key fissures at the heart of Michael’s leadership: the nature of his accession and his personal traits, would continue to hover over him. In another vignette recalled in Morgan’s memoirs, Michael gave a reading at the thanksgiving service for the Assembly in Llandaff Cathedral. The reading was from John Chapter 15: “you did not choose me, but I chose you.”

A rather unfortunate passage which left fellow Labour MP Paul Flynn “hooting with laughter” and which Flynn eagerly recounted himself in his book ‘Dragons led by Poodles.’<sup>xlviii</sup>

However more problematic was the continuation of his micro-management tendencies which had previously alarmed Number Ten during his leadership and then the Assembly election campaign. According to Morgan, Michael continued his style of working which had been so evident during his tenure at the Welsh Office. Any decisions, for example, made by Ministers “were not, in fact, decisions until Alun had seen the outgoing decision letter and approved it”.

As a result, “three weeks’ worth of letters would pile up on his desk”. While Michael was, Morgan concedes, a workaholic, his reluctance to empower others was a major issue for the functioning of his government. As Morgan noted, “if you don’t delegate, the backlog still piles up.”<sup>xlix</sup> This reluctance to delegate, or to reach out beyond his inner circle, would be

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cited by another future Labour First Minister, Carwyn Jones, as one of Michael's biggest mistakes.<sup>1</sup>

Fairly rapidly, Michael came to experience the brutal realities of life as a minority administration. Despite the promises of a new politics and partnership, partisan manoeuvring would be a defining feature of the first year of the Assembly. On 15 September 1999, shortly after the Assembly returned from its first summer recess, Michael's administration faced its first motion of censure. The motion, targeted at Christine Gwyther (the Assembly's Agriculture and Rural Development Secretary) read as follows:

[...]that the Conservative Party deplores the failure of the Secretary for Agriculture and Rural Development to bring forward measures to address the worst crisis in farming this century and calls upon the First Secretary to dismiss her.<sup>li</sup>

On this occasion, the motion was defeated with the principal opposition party, Plaid Cymru, describing it as "premature and irresponsible."<sup>liii</sup> However, as a show of the power which the opposition parties could wield, the Assembly went on to vote shortly afterwards in favour of a Plaid Cymru motion calling for the Assembly's Executive Committee to bring in ewe culling and Calf processing schemes (the opposition parties also ensured that another motion, proposed by the Conservatives, "to resolve the financial crisis now affecting the NHS in Wales" was passed).<sup>liiii</sup>

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Not to be deterred, and despite the Presiding Officer's warning for AMs to consider whether repeatedly tabling censure motions was an "appropriate use of Assembly's procedures", the cogs were in motion behind yet another motion against Gwyther.<sup>liv</sup> Writing after the Presiding Officer had insisted on a cooling-off period between the tabling of the motion and the scheduling of the debate on it, Pat McFadden cautioned the Prime Minister that while such motions had no practical effect, it was "an unfortunate business and a stark reminder as to how fragile our position in the Assembly can be."<sup>lv</sup>

Quite how fragile the situation was would be cruelly exposed when the Assembly met on 19 October to consider the second censure motion against Gwyther. Where the Conservatives had ploughed a lonely furrow in September, on this occasion all the opposition parties (i.e. a majority of AMs in the chamber) supported the censure motion. Responding to the claim that Gwyther had been targeted for the alleged crime of being a vegetarian, the Plaid Cymru leader, Dafydd Wigley said this was nonsense and that the Agriculture Secretary was being censured for "the way in which she has dealt with the agriculture and rural crisis generally and the calf scheme in particular". A particular source of ire among opposition members was that the Assembly's previous vote calling for various agricultural support schemes to be introduced had failed to be implemented by the Assembly's Executive (notwithstanding that the failure was largely due to objections from the European Commission).<sup>lvi</sup>

On this occasion the opposition majority was successful in censuring Gwyther. This would be a key moment for the nascent Assembly. Not least due to the fact that it would lead to an

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emboldened and frustrated opposition looking at more radical tools when it became clear that the First Secretary would not sack his minister.<sup>lvii</sup>

Unsurprisingly, the view from Number Ten, when looking at the situation in Wales, was far from positive. Updating the Prime Minister after the second censure vote, Pat McFadden claimed that if you asked Welsh voters what the Assembly had achieved to date, “they would say, ‘nothing’, or maybe ‘fought with one another’.” According to McFadden, a “succession of censure motions, threats to pull down the minority Labour administration [...] have left the public with the sense that this new body has no sense of purpose or mission.” Once again, Michael’s beleaguered leadership came under fire from his kingmakers, with McFadden stating that if Alun was asked how he wants to be judged by posterity, “answer comes there none” before cautioning that “if the leadership of this new body doesn’t know why it’s there how can we expect anyone else to?” Michael, McFadden warned, “needs to communicate a sense of mission and to do so soon. Otherwise the Nats (sic) set the agenda.”<sup>lviii</sup>

However, as McFadden’s memo would also go on to note, the third of the triptych of woes that would consign Michael’s reign to an early demise was also rising fast on the political agenda: money. Specifically, how the Objective 1 funding which Wales had been awarded would be match-funded.

By way of background, the European Union provides a series of funding programmes aimed at improving the economic and social cohesion of regions within its member states. These funds, collectively termed as ‘structural funds’ have various tiers, the most generous of which



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is the Objective 1 programme (aimed at regions whose average GDP per capita is less than 75% of the EU average). In March 1999, the UK Government was successful in securing Objective 1 status for West Wales and the Valleys, a region which accounts for two thirds of the Welsh population. The funds were worth around £1.2 billion in revenue from the EU; however this sum would need to be match funded with funding from UK public funds as well as from the private sector. In Wales's case, the proposal rested on a higher proportion of public expenditure in match funding than in other successful regions.<sup>lix</sup>

What should have been a major success story for Labour, and for Michael's administration, however turned into the issue which, more than anything, condemned him and his leadership to eventual failure. Essentially, the size of the package offered by the European Commission and the subsequently amount of match funding required to unlock it, created huge pressure for Michael to secure guarantees of match funding for the full programme from the Treasury.<sup>lx</sup>

This pressure was beginning to develop before the first elections to the Assembly. Writing to the Prime Minister on 16 April 1999, Pat McFadden warned that Alun Michael was bound to raise the issue of Objective 1. While Michael accepts that it was not an immediate issue in financial terms, he was concerned that the question of additionality (i.e. match funding) was "becoming an important election issue", with an "alliance of the press and Nats (sic) attacking us over this."<sup>lxi</sup>

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Plaid Cymru's manifesto for the elections devoted considerable attention to this issue, claiming that while Wales stood to benefit from Objective 1 funding, "these resources can only be used to best effect if matching funds are available".<sup>lxii</sup> Their manifesto argued that, in the absence of revenue-raising powers for the Assembly, "only the UK government can ensure that the available European money is brought into Wales." Firing a shot across the bows at Labour, Plaid Cymru warned that a "failure to do so would be a betrayal and a clear sign that tax cuts in middle England are a higher priority for New Labour than the regeneration of Welsh communities".<sup>lxiii</sup>

According to McFadden's memo of 16 April, there was a danger that Michael, in trying to fend off Plaid Cymru, could promise "something which he won't get from central government". Indeed, McFadden feared that Michael "may be already too close to doing" that. To illustrate the point, McFadden claimed that Michael had been "saying [to colleagues] you wouldn't have flown direct from Berlin to Wales to announce this if the full benefits of this package were not going to be implemented."

The message was clear: Michael would be asking the Treasury to pick up the tab for the match-funding. According to McFadden, Michael had told the Chief Secretary to the Treasury (Alan Milburn) that the Welsh block grant (the budget provided to the Welsh Office, and post-devolution the Assembly, to fund devolved public services in Wales) cannot meet the need to partially match the new funding that will come from the EU." According to Michael's calculations, in the financial years 2001, 2002 and 2003, the match funding would

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cost £300m per annum, a sizeable percentage of the roughly £8bn Welsh block grant.<sup>lxiv</sup> The problem from a Welsh perspective was that the region covered by Objective 1 status represented over half of the Welsh population and it was thus “much more difficult for them to absorb the additional expenditure needed to maximise the European funds within the block compared to the Highlands and Islands in Scotland, which covers a small number of people, being funded from a larger block”.

Summing up, McFadden told the Prime Minister that what Alun “is really bidding for is the commitment that there will be increased funding to cover this in the next CSR and even to say that we’ll look again at year 3 of this CSR (to cover financial year 2000).” But, the counter view, from the Treasury was that success for Michael could trigger “a number of copycat claims” and thus drive “a coach and horses” through New Labour’s public expenditure plans.<sup>lxv</sup> Recognising the potentially treacherous political terrain ahead, McFadden warned that even “if we simply rebuff Alun, this whole thing could increase in importance as an election issue over the next couple of weeks and what started as a story about successful negotiations in Europe could turn into a big anti-government story about public expenditure.”<sup>lxvi</sup> This would prove a prescient warning.

By the end of 1999, Michael’s administration was already suffering from the vagaries of governing as a minority in the face of a boisterous and, when required, well organised opposition bloc. Having faced two rapid fire censure votes, one of which the administration

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had lost, it was clear that delivering some form of success on Objective 1 would make or break Michael's administration.

Having experimented with censure motions, November 1999 saw the emergence of one of the nuclear options: a vote of no confidence in the First Secretary. On 2 November 1999, the Conservative group moved the following motion, "that this Assembly has no confidence in Alun Michael as First Secretary of the National Assembly for Wales". According to the new leader of the Conservative group, Nick Bourne (an AM for Mid and West Wales and one of the leaders of the defeated no campaign in the 1997 referendum), the motion was motivated "to address how the Assembly is run". He complained of the minority Labour administration's behaviour, claiming that it "acts and fails to react as if it were a majority administration" and condemned the "high handed" way in which Michael had failed to act after the successful censure motion against Christine Gwyther.<sup>lxvii</sup> For their part, and as with the first attempt at a censure motion earlier that year, the other opposition parties were unimpressed by the Conservatives manoeuvring. Responding to the motion for Plaid Cymru, Dafydd Wigley dismissed the ploy as "inappropriate" and an "abuse" of standing orders. However, this was not a free pass for Michael. Yet again Michael's leadership qualities came under fire with Wigley bemoaning the fact that the Assembly was "getting little inspiration because the First Secretary is bogged down in detail." More ominously, Wigley warned that while the time was not right for a confidence motion, a question of confidence would arise if

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the Government failed to deliver on match funding.<sup>lxviii</sup> The opposition may have been divided in this instance, but the battlelines for the next critical battle were laid down.

The debate triggered yet another worried memo to the Prime Minister from Pat McFadden.

According to McFadden, Michael's administration had "got themselves into a very awkward position on this". He told the Prime Minister that Plaid Cymru had successfully made match funding a key issue and had turned the whole affair into "a negotiation between Plaid Cymru and the UK Government". McFadden's memo concluded by noting that if the Chancellor were to agree to an increase in funding from Whitehall, then it would need to be sold to Plaid Cymru as well as to Michael.<sup>lxix</sup>

As Christmas rolled into the New Year there was scant sign of any cheer for Alun Michael.

By late January it had become clear that the opposition parties were moving towards a second vote of no confidence. On 21 January 2000, Pat McFadden sent another of his Wales-focused despatches to the Prime Minister. Confirming that a further no confidence motion was expected in early February, McFadden told the Prime Minister that Plaid Cymru were demanding an "absurd" settlement of hundreds of millions of pounds above Barnett to match-fund the Objective 1 funding package. Once again bemoaning the performance of their man on the spot, McFadden laid a significant portion of blame at Michael's feet, lamenting that "if Alun could get a grip of the situation that argument (that Wales should wait for the CSR) might get across but he is completely on the backfoot."

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McFadden set out what he thought Labour needed to do next to stem the tide and take back control of the situation. The first point was fairly obvious: “we want to save Alun”. As for how they might do that, he suggested it was “time to hit the Nats on the complete irresponsibility” of their demands”. On the funding issue, McFadden advised that if further cash could be found then “we need to ensure it is sold and presented properly” and he told the Prime Minister that it would be useful if he and the Chancellor could discuss this. In addition he wanted a fairly strident letter to be sent to Dafydd Wigley. The draft letter would have accused the Plaid leader of “irresponsibility” and of behaviour that was “destructive and damaging to the Assembly.” While the letter was blocked by the Prime Minister, he agreed that a similar message could be conveyed orally to the opposition leader.<sup>lxx</sup>

There was a frenzy of activity in the following days. This activity took place on two fronts: seeking to lobby opposition parties in the Assembly, and, within Whitehall, trying to calculate the actual financial situation, and to contemplate solutions, with the Treasury. The Prime Minister’s Chief of Staff, Jonathan Powell met with Plaid Cymru’s leadership on 24 January in an attempt to get them to step back from supporting any nuclear options against Michael’s administration. This meeting failed to move Plaid Cymru who continued to insist that the Treasury provided the match funding required for 2000-1, in addition to the CSR delivering a medium term package for Wales.<sup>lxxi</sup>

Among the most senior officials in Number Ten and the Treasury, there was a rapid exchange of emails discussing the next steps. While the general sense was that the CSR would have to

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deliver additional funding for Wales, there was obvious frustration at both Michael's opponents and the First Secretary whom their political masters had put in place. Writing to Jeremy Heywood, Jim Gallagher and Owen Barder (all of whom were senior civil servants, with Heywood a future Cabinet Secretary), Pat McFadden suggested that, on the face of it, there was no need for crisis and that Plaid Cymru had been wrong on the need for immediate financial support (Michael's administration were clear that money had been set aside for the small amount of match funding needed in 2000-1). However, he conceded that there was a "strong case for more money" for Wales as part of the CSR. Despite this, and pointing the finger of blame towards Cardiff Bay, McFadden bemoaned the fact that "Welsh politicians do not have the weight or credibility to make this message (i.e. don't panic wait for the CSR) carry so it must come from here".

In response, Jim Gallagher emphasized that "for good or ill this was now the touchstone of Alun Michael's position and he could easily come a cropper over this". However, he too bemoaned the performance of their man on the spot, adding that Michael had "not helped matters by failing to depress expectations, but this is now where we are." Despite Michael's poor communication efforts, Gallagher was clear that the centre of government was also responsible for the situation, telling his colleagues that "we are complicit in this. It was the UK Government which manoeuvred to get Objective 1 for most of Wales<sup>lxxii</sup>, and the Prime Minister and Chancellor did not think that they were simply redirecting spending in the Welsh budget block from health and education to economic development." However, this

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still, as he acknowledged, left the short term issue of surviving until the CSR, “how much comfort can we give Alun Michael just now that we will see him alright somehow (...) the Prime Minister has gone pretty far publicly with some words to the effect that we will not let Wales down”. Turning once again to Michael’s communication skills, Gallagher ruefully suggested that “a more skilful operator than Alun Michael would have been able to work with that quite comfortably.”<sup>lxxiii</sup>

While there was no shortage of chagrin within the upper echelons of Number Ten and the Treasury at the performance of Welsh politicians, it was clear that the match funding (or at least a significant proportion of it) would need to be given to Wales by the Treasury in the CSR. Writing to the Prime Minister, after the above mentioned exchange of emails, Owen Barder advised that it was “probably unrealistic to expect Wales to find the cover for Objective 1, plus the match funding, from within their normal Barnett formula block.”<sup>lxxiv</sup> A similar message came from Pat McFadden who told the Prime Minister that the Treasury “accept that something will have to be done in the Spending Review”.<sup>lxxv</sup>

This emerging, albeit behind closed doors, consensus that something would probably have to be delivered for Wales in the CSR was of little comfort to Michael who was unable to publicly offer more than the Treasury’s ‘wait and see’ line. Indeed, McFadden warned the Prime Minister that Michael was now “in deep trouble” and that there was a potential prospect of the Assembly taking control of the executive committee’s responsibilities (as a body corporate the Assembly had to vote to delegate functions to the First Secretary, who in



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turn could delegate those to individual ministers – if the Assembly so wished it could reverse the delegation of functions). McFadden told the Prime Minister that any deal in the CSR should be pitched as a relaunch moment for Michael in the summer, and that in the interim Michael should explain to Number Ten how he planned to set expectations in Wales on what “is reasonable for him to ask for” – a curious strategy when one considers the imminent peril facing Michael.<sup>lxxvi</sup>

### *End game: February 2000*

While McFadden may have hoped for a summer reset, it was clear that Michael’s administration was now entering its final days. On 4 February 2000, Pat McFadden wrote to the Prime Minister with another of his regular updates on the crisis engulfing Michael’s administration. According to McFadden, it was obvious that the party had a “Welsh problem.” In what reads like an obituary of Michael’s leadership of the Welsh party, McFadden’s memo goes on to decry the “lack of leadership and absence of message and direction” that Labour suffers from in Wales. Arguing that the key to the party’s recovery in Wales lay in “taking on the Nats who are running the whole agenda”, McFadden bemoaned the fact that the party leadership in Wales was “too defensive and reactive” with “no strategy to defeat Plaid.” McFadden went on to tell the Prime Minister that Michael had “very little support in the group, is obsessed with details and seems incapable of thinking about the big picture.” He was, according to McFadden, incapable of developing a “winning strategy”. McFadden was clear that Michael was expected to lose the vote of confidence, yet still

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Number Ten and Whitehall refused to deviate from the public ‘wait for the CSR line’. While McFadden suggested that they should continue to try and lobby the Liberal Democrats to give Michael a chance of survival, McFadden cautioned the Prime Minister that the most he could tell Charles Kennedy was that he would do his best to get Wales a decent deal in the CSR.<sup>lxxvii</sup> Preserving the integrity of the CSR process seemed to trump saving the man that Number Ten had spent so much time putting in place as First Secretary.

The same day the Welsh Secretary, Paul Murphy, wrote to the Prime Minister warning, along similar lines to McFadden, that a vote of no confidence was imminent and that there “is no reason to believe that the result will be anything other than a defeat for Alun.” Murphy’s letter also indicated that one strategy being considered by Michael’s aides was for the cabinet to resign en masse as a show of support for Michael in the event that the First Secretary lost the confidence vote. This would be part of a strategy to force a vote to renominate Michael as First Secretary and get him back in office. However, Murphy sadly noted that, due to splits in the Labour Group, “unfortunately it appears unlikely that this will happen.”<sup>lxxviii</sup>

It was unlikely to happen due to the significant divisions which had long lingered under the surface within the Labour group and which dated back to the rancorous leadership contest between Michael and Morgan. In his autobiography, Peter Hain recalls that Michael’s leadership was “always in question, including from his own Labour Assembly group, most of whom had supported Rhodri (Morgan).”<sup>lxxix</sup>

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For his part, Rhodri Morgan claimed, in his memoirs, that while the Labour group had pulled together in its defence of Christine Gwyther during the censure vote episode, there “wasn’t the same sense of pulling the covered wagons into a circle over the no confidence vote.”

Rather, when Michael’s supporters sought to deploy a strategy of renominating Michael in the event of a no confidence vote, the Labour group grew fractious. This agitation reached its apex when a press release, threatening to renominate Michael, supposedly issued on behalf of the Labour group was published, without Labour AMs being consulted. According to Rhodri Morgan, “all hell broke loose” within the group on discovering this manoeuvre.<sup>lxxx</sup>

While internal tensions within the Labour group had always cast doubt over a renomination strategy, the fatal blow was delivered by the Presiding Officer. In the run-up to the confidence vote, Morgan met with the Presiding Officer, Lord Elis Thomas to discuss, among other things, what might happen if, in the event that Michael lost a vote of no confidence, an alternative candidate from the Labour group such as Morgan was nominated only for a no confidence motion to be immediately tabled by the Opposition. According to Morgan, the Presiding Officer told him that he would rule such a motion out of order – thus avoiding a new First Secretary avoiding the prospect of immediate instability. However, that was not the only decision the Presiding Officer had reached. The next day, the Labour Business Manager, Andrew Davies, was told by Lord Elis Thomas that any move to renominate Alun Michael, should he lose a vote of confidence, would be unacceptable.<sup>lxxxi</sup>

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This was the culmination of an increasingly fraught internal tussle between the Presiding Officer and the First Secretary about the procedure which might follow a successful no confidence vote. It was a battle which demonstrated the tensions of the Assembly's body corporate status and what that meant for the support and resources provided to the Executive Committee and the Assembly more widely (including the Presiding Officer as the representative of the Assembly). The Presiding Officer took the view that he had the right to refuse an attempt to renominate as a candidate for First Secretary someone who had been removed from that post by a vote of the Assembly, while Michael's team took the view that he did not have the right but was obliged to disallow repeated votes of no confidence. To complicate matters further, due to the body corporate nature of the Assembly, the Presiding Officer was expected to draw upon the advice of the Counsel General and his legal team, the very same officers who were providing advice on these matters to the First Secretary and Cabinet.<sup>lxxxii</sup>

The Presiding Officer would go on to claim that these advisers had put him under pressure to accept an interpretation of the rules which would have allowed renomination of a recently ejected First Secretary. He therefore decided to seek his own advice, courtesy of an academic at Cardiff University's Law School, prompting outrage from Michael and his supporters.<sup>lxxxiii</sup> Indeed, Michael, writing later to the Cabinet Secretary, accused the Presiding Officer of attempting "to rewrite the devolution settlement which established the Assembly as a single body corporate." Michael claimed that the Presiding Officer had originally advised him that

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he had no power to refuse to accept no confidence motions or to block a motion to renominate a First Secretary candidate. However, when he spoke publicly later, he only made reference to refusing, at some point, to take further renominations (but would allow further no confidence motions). When asked by Michael whether the Presiding Officer had sought the advice of the Counsel General, the Presiding Officer said he hadn't. Indeed Michael went on to accuse the Lord Elis-Thomas of deliberately refusing to see the Permanent Secretary of the Assembly and the Counsel General and his note implies that a judicial review of the Presiding Officer's decision making was briefly contemplated and then dismissed on the grounds that it would too "time consuming".<sup>lxxxiv</sup> Despite Michael's evident anger, the Presiding Officer had won that fight. Renomination was now a dead strategy.

And so, the end game. On 8 February, the Assembly met for its usual plenary session. Objective 1 and the fate of Alun Michael lingered over proceedings. During questions to the First Secretary, all three opposition leaders opted to focus on the inability to date of the Assembly's Executive Committee, and Alun Michael as First Secretary, to secure match funding from the Treasury for the Objective 1 programme. Pointing to figures suggesting that £210-250m would be needed per year, the Liberal Democrat leader, Mike German asked the First Secretary whether he would be "going to raid the larder and [...] cut back on health, education, schools and teachers". The Conservative leader, Nick Bourne used his question slots to challenge Michael "even at this late hour, (to) fulfil his duty and stand up to Tony Blair's Labour Government in Westminster to ensure that we get full match funding." Even a

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question about intergovernmental relations was used to ask the First Secretary about how he had been lobbying the Treasury over Objective 1. To his evident frustration, the First Secretary could do little more than repeat the Treasury's lines to take – i.e. wait for the CSR.<sup>lxxxv</sup>

However, First Secretary Questions were the respite in what would otherwise be a long and difficult day for Michael. After question time came the debates on the Assembly's budget for the forthcoming financial year. Again Objective 1 dominated proceedings. In his opening speech, the Plaid Cymru Finance spokesman, Phil Williams, asked the Assembly to consider four questions: "How much money do we need for Objective 1? How much money has been allocated? Where has the money come from? What other budgets are affected?" Williams conceded that the situation "posted an acute dilemma" for Plaid, noting that the Finance Secretary had listened and made concessions to the opposition. He noted that a budget needed to be in place and expressed his concern that "if we vote against this budget, teachers, nurses and local government staff will be the first to suffer." The result was that Plaid would abstain from the budget vote (therefore allowing Labour to pass it through the Assembly), however he warned that Plaid would "express our deep discontent through a motion of no confidence tomorrow." In a later contribution, a Conservative AM, in words which Michael might privately have agreed with, declared that the Prime Minister "has hung the First Secretary out to dry." Michael's administration won the vote by 28 to 14, but with 15 abstentions the vote was a reminder that the opposition had a majority of seats.<sup>lxxxvi</sup>

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That night, what little hope Michael still had of remaining in post depended on a last minute change of heart from the Welsh Liberal Democrats. After plenary on 8 February, the Welsh Liberal Democrat Assembly group met for a final time to consider the vote of confidence.

While the Liberal Democrats mulled over Michael's fate, Morgan recalls that Michael invited him and Paul Murphy to join him in his office. In his memoirs Morgan questions why he was invited to join Michael that night, wondering whether "perhaps (...) he (Michael) had realised his period as First Secretary was coming to an end and that I was his probable and natural successor."<sup>lxxxvii</sup> Whatever reason motivated the invite, the evening saw Michael's fate sealed when it was revealed that the Liberal Democrats had opted to go for a curry rather than negotiate a deal to save the First Secretary.<sup>lxxxviii</sup>

All this meant that when the debate on the no confidence motion began the following day, it was all but a formality for Michael. Over the course of this debate, the original sin of Michael's election to the leadership, his leadership style and the failure to deliver on Objective 1 all came home to roost. Opening the debate, Plaid Cymru's soon to be leader, Ieuan Wyn Jones (the AM and MP for Ynys Mon and a future Deputy First Minister) claimed that Plaid Cymru had "made it clear that from the outset that we consider Objective 1 funding to be a matter of confidence in the First Secretary" and that on "this matter of crucial importance to Wales" Michael had failed.<sup>lxxxix</sup> For Nick Bourne, Michael's problem was obvious "he is where he is because his Tony Blair's man" and that he gave "the impression that Tony Blair only has to say 'jump' and he will ask 'how high'." Portraying Michael as a

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creature of the Prime Minister, Bourne argued that Wales needed “someone to fight for these vital match funds”.<sup>xc</sup> The Liberal Democrat leader, Mike German, made a slightly more generous contribution, emphasizing the personal integrity of Michael. However, he too was left criticising the First Secretary’s performance, suggesting that Michael had been guilty of being too cautious an operator.<sup>xcii</sup>

With a unified opposition and the mathematics of the situation being abundantly clear, Michael, described by Morgan as “as angry as I have ever seen him”<sup>xciii</sup>, used his speech to announce, in somewhat dramatic fashion, his resignation from the post as First Secretary. In particular, Michael decried the position which had been forced upon Labour AMs of having to choose between their party loyalties and their loyalty to the Assembly. To Michael’s chagrin, and despite some objections from the Labour group, the Presiding Officer decided to proceed with the vote, notwithstanding Michael delivering his letter of resignation to Lord Elis-Thomas.<sup>xciii</sup> By a margin of 31 votes to 27, the Assembly carried the vote of no confidence.<sup>xciv</sup>

Over in Westminster, the Prime Minister would infamously discover the fate of the man he had helped appoint as Welsh Labour leader (and thus First Secretary) courtesy of a former Welsh Secretary, and the then Leader of the Opposition, William Hague. In response to an earlier question about the fate of Michael, Blair praised the “excellent job” that the First Secretary was doing.<sup>xcv</sup> Shortly after that vote of confidence from the Prime Minister, Hague pounced to inform Blair that Michael had just resigned from his post. Dedicating three of his



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six allotted questions to the topic, Hague sought to embarrass and fluster the Prime Minister on whether he knew that “a First Secretary whom he imposed on the Welsh Labour party in the Welsh Assembly” had resigned and whether he would promise not to “interfere” with the appointment of Michael’s successor.<sup>xvii</sup>

### **Conclusion: “Eventually Tony finally acknowledged that he had made a mistake”**

After what Peter Hain calls in his memoirs “a difficult nine months”, Michael’s brief tenure as First Secretary and Welsh Labour leader had come to an ignominious end. Shortly after the no confidence debate, resignation and post-humous vote, the Labour group retired away to rapidly install Rhodri Morgan as their group leader and as First Secretary designate. Writing over a decade later, Peter Hain, the man who ran Michael’s leadership campaign, noted that “eventually Tony finally acknowledged that he had made a mistake” and that “New Labour ‘control freakery’ had come at a huge cost in lost support and lost faith in the party.”<sup>xviii</sup>

Blair’s efforts to install their man had ultimately been a pyrrhic victory for New Labour. As the cabinet papers disclosed in this article demonstrate, they were fully aware, from quite early on, of the limitations both in personality traits and leadership qualities of their chosen man on the spot. Taken all together, the manner with which he was elected and Michael’s personal quirks and abilities were a toxic combination for Welsh Labour. Michael’s micro-management and obsession with small details left him fundamentally unsuited to running his party, let alone a government. His party paid the price with a poor performance at the 1999 Assembly election and the loss of former citadels in Llanelli, Islwyn and Rhondda. As a

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result, Michael, who had only entered the Assembly himself by the skin of his teeth, would be charged with leading an internally divided party as a minority administration.

His leadership style prompted repeated grumbling from those at the centre of power in London. Indeed, all too often, those at the top of New Labour, the very people who had thrust Michael into the limelight, seemed to display profound signs of buyer's remorse.

Nonetheless, Michael may have been able to stagger on as First Secretary for a longer period of time had it not been for a final killer factor: money.

It is a cruel irony that what should have been a landmark achievement for Labour in Wales, securing a vast package of structural funding from the EU, became the straw that broke Michael's back. Objective 1 promised much, but it came at a financial and political cost: match funding. Michael's failure to secure a cast-iron commitment from the UK Government that it would provide the additional funding needed to unlock Objective 1, despite the consensus (towards the end of his tenure) within Whitehall that such a funding settlement would be needed, was to be his downfall. It provided the casus belli for an already assertive opposition bloc to eventually unite and call in the nuclear option: a vote of no confidence.

This was a far from ideal landscape for his successor, Rhodri Morgan to inherit. However, Morgan would benefit from his personal popularity, the Welsh Labour group in the Assembly being far more unified behind his leadership than they were for his predecessor's, and from a

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resolution to the Objective 1 issue.<sup>xcviii</sup> It had been clear that, after the manner of Michael's defeat, the issue of Objective 1 would need to be swiftly dealt with by the UK Government.<sup>xcix</sup> And so it was, in July 2000, when the Spending Review was finally published. The UK Government confirmed that it would "guarantee funding for the European share of Objective 1, 2 and 3 projects within departmental allocations", this meant "an extra allocation of £80 million in 2001-02, £90 million in 2002-03 and £100 million in 2003-04 to Wales to ensure funding of the European share of its Objective 1 needs".<sup>c</sup> What was once envisaged by the Prime Minister's aides as a relaunch moment for Michael was now a moment of victory for Morgan.

Morgan would go on to serve as First Minister until 2009. As for Michael, he had gone from being the Prime Minister's man on the spot to a man who couldn't get his calls answered by the Prime Minister. Two days after being ousted from office, Michael rang Number Ten and was reported by Jonathan Powell to be "desperate to talk to you (Blair)". Powell suggested that the "clear subtext is that he wants you to offer him a job in the UK Government."<sup>ci</sup> A month later he again had no luck in speaking to Blair. According to Powell, Michael had tried to ring on 15 March to say he was planning to stand down as an Assembly Member and would stay at Westminster. In a reminder of how brutal politics can be, Powell informed Blair that he had told Michael that "it was too late to disturb you."<sup>cii</sup> However, after the 2001 General Election, Michael returned to the UK Government as a Minister of State in the Department for Environment, Food and Rural Affairs. He would eventually leave

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Government in 2006 and served in the House of Commons until 2012 when he resigned after being elected as the Police and Crime Commissioner for South Wales. This latter office he continues, at the time of writing, to hold.

That period from Autumn 1998 to February 2000 was a hugely damaging time for Welsh Labour and Welsh devolution. Having only been established by the narrowest of margins in the 1997 referendum, the stakes could not have been higher for a devolution project trying to embed itself and to gain legitimacy and public support. The manner with which Ron Davies was forced to leave government, the bitter leadership election that followed and the failed leadership of Alun Michael all risked undermining public confidence in devolution. The Assembly's evolution into the powerful Parliament it is today should not be taken for granted, it was by no means inevitable.

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*Assembly for Wales*, CREST Working Paper No.85 (2000)

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<sup>i</sup> The National Assembly for Wales's name was legally changed to the Senedd Cymru – Welsh Parliament in 2020 as a result of the *Senedd and Elections (Wales) Act 2020*

<sup>ii</sup> R. Wyn Jones and R. Scully (2015), 'The Public Legitimacy of the National Assembly for Wales', *The Journal of Legislative Studies*, 21(4), p.516

<sup>iii</sup> R. Wyn Jones and R. Scully (2003), 'Coming home to Labour'? The 2003 Welsh Assembly Election, *Regional and Federal Studies*, 13(3), pp.126-128

<sup>iv</sup> J. Bradbury and J. Mitchell (2001), Devolution: New Politics for Old? *Parliamentary Affairs*, 54 (2), p.262

<sup>v</sup> For an account of the devolution debates of the 1970s, see: A. Evans (2021). 'Far reaching and perhaps destructive'? The 1974–79 Labour Government, devolution and the emergence, and failure, of the Scotland and Wales Bill, *Parliaments, Estates and Representation*, 41(1), pp. 42-61; A. Evans, (2020), 'The best-laid schemes o' mice an' men'? Proposals, planning, defeat, and legacy, of devolution in the 1970s, *Parliamentary History*, 39(3), pp. 462-480.

<sup>vi</sup> J. Mitchell (2009). Devolution in the UK, Manchester University Press: Manchester, 158

<sup>vii</sup> Mitchell, Devolution in the UK, pp.155-160

<sup>viii</sup> For more detailed discussions of the evolution of Welsh devolution in the 1990s, see: K. Morgan and G. Mungham (2000), *Redesigning Democracy: The Making of the Welsh Assembly: The Welsh Labour Party and Devolution*, Seren: Cardiff; R. Wyn Jones and R. Scully (2012), *Wales Says Yes: Devolution and the 2011 Referendum*, University of Wales Press: Cardiff, pp.39-41; O. Gay (19 May 1997), *Wales and Devolution*, House of Commons Library: Research Paper 97/60, pp.18-22

<sup>ix</sup> R. Wyn Jones and B. Lewis (1999), The Welsh Devolution Referendum, *Politics*, 19(1), pp.37-46; L. McAllister (1998), The Welsh devolution referendum: definitely, maybe?, *Parliamentary Affairs*, 51(2), pp.149-165

<sup>x</sup> For more on this, see: A. Evans (forthcoming), "There will be no shortage of Cabinet ministers taking part in the Scottish referendum campaign. The same is not true in Wales": New Labour, old struggles, and the advent of Welsh Devolution, *Parliamentary History* (due for publication in 2023)

<sup>xi</sup> For an entertaining, albeit partial, account of the leadership contest, see: R. Morgan (2017), *Rhodri: A Political Life in Wales and Westminster*, University of Wales Press: Cardiff, pp.121-125

<sup>xii</sup> P. Hain (M. Ward ed.)(2015), *The Hain Diaries 1998-2007*, Biteback: London, p.10; T. Blair (2011), *A Journey*, arrow books: London, pp.217-218

<sup>xiii</sup> Bradbury and Mitchell, Devolution: New Politics for Old?, p.262

<sup>xiv</sup> Hain, *The Hain Diaries*, p.15

<sup>xv</sup> Hain, *The Hain Diaries*, p.16

<sup>xvi</sup> Morgan, Rhodri: A Political Life in Wales and Westminster , pp.119, 126-128

<sup>xvii</sup> Morgan, Rhodri: A Political Life in Wales and Westminster, p.131

<sup>xviii</sup> Morgan, Rhodri: A Political Life in Wales and Westminster, p.131

<sup>xix</sup> Morgan, Rhodri: A Political Life in Wales and Westminster, p.132

<sup>xx</sup> Hain, *The Hain Diaries*, pp.15-19

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- xxi P. Hain (2012), *Outside In*, Biteback: London, p.210
- xxii Morgan, Rhodri: A Political Life in Wales and Westminster, p.133
- xxiii TNA (The National Archives). PREM 49/1135. Memo from P McFadden to T. Blair, dated 18 December 1998
- xxiv According to Rhodri Morgan's memoirs, on four occasions Labour delegates in the region refused the list that had been put forward by the party (Morgan, Rhodri: A Political Life in Wales and Westminster, p.150).
- xxv TNA (The National Archives). PREM 49/1135. Memo from P McFadden to T. Blair, dated 18 December 1998
- xxvi See, for example: TNA. Memo from P. McFadden to T. Blair, dated 30 November 1998
- xxvii TNA. PREM 49/1135. Letter from A. Lapsley to S. Morgan, dated 20 November 1998
- xxviii TNA. PREM 49/1136. Memo from A. Lapsley to T. Blair, dated 11 January 1999
- xxix TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 1 February 1999
- xxx TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 1 February 1999
- xxxi TNA. PREM 49/1136. (22 February 1999) Memo on Alun Michael: lines to take
- xxxii Hain, *Outside In*, p.211
- xxxiii TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 10 March 1999
- xxxiv TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 10 March 1999
- xxxv TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 10 March 1999
- xxxvi TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 10 March 1999
- xxxvii TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 18 March 1999
- xxxviii Hain, *Outside In*, p.212
- xxxix R. Wyn Jones and D. Trystan (2000), A 'quiet earthquake': The First Elections to the National Assembly for Wales, CREST Working Paper No.85, p.4
- xl Hain says that Ron Davies "under the delusion that he could still become First Minister" had approached him during election night to ask what the party's Plan B was. Hain says that he did not disclose to Davies, who he believe had "lost the plot", that a Plan B did exist which was to convene the party's Welsh Executive Committee and install Morgan by acclamation (Hain, *Outside In*, p.212). Morgan, in his memoirs, expresses the belief that Wayne David, the Member of the European Parliament for South Wales Central and candidate for the Rhondda, would have been the establishment's Plan B, although it is worth nothing that such a plan would not have lasted long during election night due to David's surprise loss to Plaid Cymru in the Rhondda (Morgan, Rhodri: A Political Life in Wales and Westminster, p.158)
- xli Morgan, Rhodri: A Political Life in Wales and Westminster, p.158
- xlii The National Assembly for Wales (The Official Record), Wednesday 12 May 1999, pp. 3-26
- xliiii The National Assembly for Wales (The Official Record), Wednesday 12 May 1999, p.10
- xliiv The National Assembly for Wales (The Official Record), Wednesday 12 May 1999, pp.14-21
- xlv The National Assembly for Wales (The Official Record), Wednesday 12 May 1999, p.13
- xlvi The National Assembly for Wales (The Official Record), Wednesday 12 May 1999, p.25
- xlvii Morgan, Rhodri: A Political Life in Wales and Westminster, p.159
- xlviii Morgan, Rhodri: A Political Life in Wales and Westminster p.161; P. Flynn (1999). *Dragons Led By Poodles: Inside Story of a New Labour Stitch-up*, Politico: London, pp.159-160
- lix Morgan, Rhodri: A Political Life in Wales and Westminster, p.162
- <sup>1</sup> C. Jones (and A. Gibbard) (2020), *Not Just Politics*, Headline: London, pp.100-101
- li The National Assembly for Wales (The Official Record), Wednesday 15 September 1999, p.12
- lii The National Assembly for Wales (The Official Record), Wednesday 15 September 1999, p.15
- liiii The National Assembly for Wales (The Official Record), Wednesday 15 September 1999, pp.69, 86
- liv The National Assembly for Wales (The Official Record), Wednesday 13 October 1999, p.3
- lv TNA. PREM 1688. Memo from P. McFadden to T. Blair, dated 15 October 1999
- lvi The National Assembly for Wales (The Official Record), Tuesday 19 October 1999
- lvii A. Thomas and M. Laffin (2001), The first Welsh constitutional crisis, *Public Policy and Administration*, 16(1), p.21
- lviii TNA. PREM 1688. Memo from P. McFadden to T. Blair, dated 3 November 1999
- lix Welsh Affairs Committee (2002), Objective 1 European Funding for Wales, Second Report of Session 2001-02, HC 520
- lx Thomas and Laffin, The first Welsh constitutional crisis, p.21
- lxi TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 16 April 1999
- lxii In a rather desperate letter to Alan Milburn, the Chief Secretary of the Treasury, Alun Michael described the section on Objective 1 as "the one serious point in the Plaid Cymru manifesto" (TNA. PREM 49/1136. Letter from A. Michael to A. Milburn, dated 15 April 1999).



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- <sup>lxiii</sup> Plaid Cymru 1999 Assembly Election manifesto, available via BBC News [http://news.bbc.co.uk/1/hi/english/static/events/wales\\_99/manifestos/plaidcymru.html](http://news.bbc.co.uk/1/hi/english/static/events/wales_99/manifestos/plaidcymru.html) (accessed 1 November 2022)
- <sup>lxiv</sup> TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 16 April 1999
- <sup>lxv</sup> Emphasizing the party's commitment to fiscal and economic prudence was a key pillar of New Labour's political messaging and economic statecraft, particularly in the run-up to and immediate period after the 1997 General Election (see: M. Moran and E. Alexander (2000), *The economic policy of New Labour*, in, D. Coates and P. Lawler, *New Labour in power*, Manchester: Manchester University Press, pp.108-121).
- <sup>lxvi</sup> TNA. PREM 49/1136. Memo from P. McFadden to T. Blair, dated 16 April 1999
- <sup>lxvii</sup> The National Assembly for Wales (The Official Record), Tuesday 2 November 1999, pp.17-19
- <sup>lxviii</sup> The National Assembly for Wales (The Official Record), Tuesday 2 November 1999, pp.19-21
- <sup>lxix</sup> TNA. PREM 1688. Memo from P. McFadden to T. Blair, dated 3 November 1999
- <sup>lxx</sup> PREM 1688. Memo from P. McFadden to T. Blair, dated 21 January 2000
- <sup>lxxi</sup> PREM 1688. Memo from J. Powell to T. Blair, dated 24 January 2000
- <sup>lxxii</sup> It should be noted that Jeremy Heywood offered a far less charitable take on this, arguing that "Wales needs to realise that they cannot simply expect other to pick up the Bill", noting that it was "wrong to suggest that Objective 1 was thrust down the throats of an unwilling Welsh Office by Gordon Brown and Tony Blair."
- <sup>lxxiii</sup> PREM 1688. Email exchanges between J. Heywood, O. Barder, J. Gallagher and P. McFadden, dated 27 and 28 January 2000
- <sup>lxxiv</sup> PREM 1688. Memo from O. Barder to T. Blair, dated 28 January 2000
- <sup>lxxv</sup> PREM 1688. Memo from P. McFadden to T. Blair, dated 28 January 2000
- <sup>lxxvi</sup> PREM 1688. Memo from P. McFadden to T. Blair, dated 28 January 2000
- <sup>lxxvii</sup> PREM 1688. Memo from P. McFadden to T. Blair, dated 4 February 2000
- <sup>lxxviii</sup> PREM 1688. Letter from P. Murphy to T. Blair, dated 4 February 2000
- <sup>lxxix</sup> Hain, *Outside In*, p.212
- <sup>lxxx</sup> Morgan, 172-177
- <sup>lxxxii</sup> Morgan 177-178
- <sup>lxxxiii</sup> Thomas and Laffin, *The first Welsh constitutional crisis*, pp.21-29
- <sup>lxxxiv</sup> *Ibid.*
- <sup>lxxxv</sup> TNA. PREM 1688. Letter from A. Michael to R. Wilson, dated 14 February 2000
- <sup>lxxxvi</sup> The National Assembly for Wales (The Official Record), Tuesday 8 February 2000, pp.3-17
- <sup>lxxxvii</sup> The National Assembly for Wales (The Official Record), Tuesday 8 February 2000, pp.23-33
- <sup>lxxxviii</sup> Morgan, Rhodri: *A Political Life in Wales and Westminster*, p. 178
- <sup>lxxxix</sup> Morgan, Rhodri: *A Political Life in Wales and Westminster*, p.179
- <sup>lxxxix</sup> The National Assembly for Wales (The Official Record), Wednesday 9 February 2000, pp.17-20
- <sup>xc</sup> The National Assembly for Wales (The Official Record), Wednesday 9 February 2000, pp.21-23
- <sup>xc</sup> The National Assembly for Wales (The Official Record), Wednesday 9 February 2000, pp.23-26
- <sup>xcii</sup> Morgan, Rhodri: *A Political Life in Wales and Westminster*, p179
- <sup>xciii</sup> He also appeared to throw his speech in the direction of the Presiding Officer (Morgan, Rhodri: *A Political Life in Wales and Westminster*, p.179)
- <sup>xciv</sup> The National Assembly for Wales (The Official Record), Wednesday 9 February 2000, pp.31-32
- <sup>xcv</sup> HC Deb (Hansard) 9 February 2000, Vol. 344, c.243-244
- <sup>xcvi</sup> HC Deb (Hansard) 9 February 2000, Vol. 344, cc.245-247
- <sup>xcvii</sup> Hain, *Outside In*, p.212
- <sup>xcviii</sup> Hain, *Outside In*, p.212; Jones, *Not Just Politics*, pp.100-102
- <sup>xcix</sup> TNA PREM 1688. Letter from J. Gallagher to T. Blair, dated 28 March 2000; Letter from P. Murphy to T. Blair, dated 28 March 2000
- <sup>c</sup> HM Treasury (July 2000), *Prudent for a Purpose: Building Opportunity and Security for All - 2000 Spending Review: New Public Spending Plans 2001-2004*, Cm 4807, para. 5.20
- <sup>ci</sup> TNA PREM 1688. Memo from J. Powell to T. Blair, dated 11 February 2000
- <sup>cii</sup> TNA. PREM 1688. Memo from J. Powell to T. Blair, dated 15 March 2000