

Political Notebook by George Pascoe-Watson

David Cameron and Nick Clegg have become so close the pair spent some of the summer building IKEA furniture together for the PM's kids.

Their cooperation puts a whole new gloss on the strength of the coalition Cabinet.

In politics, small insights often tell us everything we need to know and this anecdote is particularly revealing.

The PM and his deputy have formed a genuine and lasting bond which may be stronger than those they have with their own party colleagues.

Mr Cameron was telling friends that he and Mr Clegg had been building flatpack furniture earlier in the day when he turned up at a private drinks do in a central London bar a few weeks ago.

This is the relationship which explains much of the political landscape and is the best evidence we have that this coalition is more likely than not to survive.

It explains why 10 Downing Street didn't come down like a ton of bricks on business secretary Vince Cable after his astonishing attack on capitalism.

This is politics.

The PM is bending over backwards to let his LibDem deputy win over his party.

He knows the future of this government relies on Mr Clegg carrying his party with him.

And so those in number 10 who wanted to put a red pen through Mr Cable's speech were forced to sit on their hands - knowing a media firestorm would erupt.

A figure at the heart of government tells me: "Many LibDems are beginning to enjoy being in government. But not all.

"It is important that we encourage more to enjoy being in government and that takes time. The PM was determined to ensure the LibDems had a good party conference.

"We need to give their members confidence that they are in the right place and that Opposition is not a good place to be.

"It would have been ridiculous to censor a senior Cabinet minister's views. The PM is keen to allow adults to express their views without being treated like children."

The PM's insistence on letting the LibDems flourish will infuriate some Tory traditionalists and right-wingers.

Mr Cable's jaw-dropping comments have angered the business editors and caused considerable unease in Britain's boardrooms.

But in 10 days' time, the PM himself will reassure the critics by making it abundantly clear he holds the reins of power - and he loves business, big and small.

Mr Cable's speech was aimed squarely at LibDem waverers and there is no chance of this government unleashing an assault on capitalism.

Indeed, I am told the first serious coalition crisis is on the cards as George Osborne puts Mr Cable firmly in his place on banking.

The Chancellor has taken enough action to clamp down on the bonus culture and is well aware of the importance of that sector to the UK economy.

He has bitten his tongue to allow the business secretary his hyperbolic attack on capitalism but he will stamp on any attempt to curb bank bonuses further.

I would expect the Chancellor to enjoy the full support of his Prime Minister, the First Lord of the Treasury, regardless of his new friendship with Mr Clegg.

There are bigger problems mounting in the PM's in-tray.

The latest YouGov survey puts the Tories behind Labour in the polls - as the public denounce the painful cuts they're having to endure.

It is true to point out that coupled with the LibDem ratings, the coalition government is in a strong position.

But the cuts haven't even happened yet. The medicine has not been administered.

And yet the public THINK the pain is happening now.

Expect Mr Cameron, George Osborne and the rest of the Tory Cabinet to focus solely on expectation management when the Conservatives gather in Birmingham in 10 days' time.

A fresh attempt must be made to prepare the nation for gloom and austerity - which will be delivered come October 20.

Some believe the cuts will be far less aggressive than we've been led to expect. I'm told by people I trust that they will be eye-wateringly painful. Expect the worst.

The immediate pain will be felt when councils start slashing their budgets and real services used every day by real people begin to close.

People will begin to fear for their jobs and will almost certainly stop spending as they protect their finances in case of doom.

That's before a VAT rise starts in January next year which will add to a dip in consumer spending.

If the polls are awkward now, ministers haven't seen anything yet.

The political climate will change dramatically on Saturday night when Labour finally get back into the game after four months of extended compassionate leave.

David Miliband will almost certainly become Labour leader and the coalition will have an Opposition again.

If he wins - and it is still an "if" - the former foreign secretary will lead from the centre.

He will resist the temptation to flirt with disenchanted LibDems who hate coalition government and want a lurch to the Left.

Instead he will seek out the inherent flaws and contradictions in the coalition and try to exploit its weaknesses - presenting himself as a competent leader with a clear vision for Britain's future.

He might struggle though.

One of Tony Blair's biggest failings was forgetting to scrap Labour's disastrous and prehistoric shadow Cabinet elections.

Labour's new leader will be lumbered with a collection of has-beens and newcomers he would never choose for shadow portfolios.

Yet changes at the top of Labour will undoubtedly throw up some new stars on the centre Left of British politics - and present voters with a fresh choice.

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