The Merger Process

An SDP Retrospect

Willie Goodhart looks back at the merger process from the perspective of the SDP negotiating team. Could it have been handled differently?

In September 1987 representatives of the Liberal Party and the SDP sat down together to begin a courtship that ended in marriage six months later. The courtship was extremely difficult and on more than one occasion nearly ended in disaster. Yet the marriage has turned out to be remarkably happy. Like the White Nile and the Blue Nile meeting at Khartoum, the two streams retained their distinctive identity for a while but then merged into an almost indistinguishable whole.

The merger negotiations started against the depressing background of the SDP split. After the failure to achieve a breakthrough in the 1983 elections, some of us in the SDP felt that we needed to start talking with the Liberals about merger. However, a vote at the SDP autumn conference in Salford (a gloomy event in a gloomy location, cheered up only by a brilliant maiden platform speech by the party's only new MP, Charles Kennedy) made it clear that most of the party was not yet ready. Four years of tedious haggling over seat allocation (single-party selection, joint closed selection, joint open selection – remember them?) and the fiasco of the two Davids' campaign in 1987 changed people's minds and convinced many of us that merger was essential.

This view was emphatically not shared by David Owen. Over the opposition of nearly half the members of the SDP's National Committee (including my wife Celia) he forced the party into a highly divisive referendum immediately after the general election. The 'Yes to Unity' campaign (run from our house) won about 60 per cent of the vote. Owen refused to accept the result and resigned as party leader, being replaced by Robert Maclennan who had opposed merger but was willing to accept the party's decision. This was followed by the meeting of the Council for Social Democracy (the SDP conference) in Portsmouth in late August. This was a sad and angry event – so much so that a supporter and opponent of merger came to blows one evening in a restaurant. The CSD adopted a resolution authorising negotiations for merger to proceed.

Shortly afterwards, the Liberals held their Assembly at Harrogate. This was a much more cheerful occasion, at which the principle of merger was approved by an overwhelming majority. However, a decision that was taken there – to create a negotiating team of 16 people – was responsible for much of the subsequent trouble. The Assembly decided to elect eight members of the negotiating team; by the time ex-officio members and representatives of the Scottish and Welsh Liberals had been added, the number had risen to 16. It should have been obvious that this was far too big to be a serious negotiating body. Meetings became far too long drawn out and turned into debates on party lines. Things would have gone far more smoothly if there had been no more than five or six negotiators on each side. However, once the Liberals had decided on such a large team, the SDP had no option but to follow suit.

Another decision which was arguably wrong, and for which the SDP was rather more to blame than the Liberals, was the decision to include the two party leaders as members of the negotiating teams. It was understandable that Robert Maclennan wished to be a member of the team. He was extremely interested in party constitutional issues and very skilled at them. He had been responsible for devising the SDP constitution (which I had drafted on his instructions) and was naturally keen on playing an active role in the planning of the new party's constitution. But his direct involvement had two unfortunate consequences. First, if the leaders had remained outside the day-to-day negotiations they could have acted as a kind of appellate body to which questions on

which the negotiators were deadlocked could be referred. Second, Maclennan's involvement meant that Steel necessarily became the leader of the Liberal team. It was the impression of the SDP team – and I think of the Liberal team as well – that David was as deeply bored by constitutional minutiae as Robert was fascinated by them. But these were crucial to the negotiating process, and the result was that the Liberal team had no effective leadership. On the one hand, David was unwilling or unable to browbeat the more obstreperous members of his team, with the result that the SDP was on several occasions enraged by the unpicking by the Liberals of issues which we thought had been agreed. On the other hand, David was not prepared to put up a stiff enough fight against us, with the result that on some issues we won when this was not in the long-term interest of the new party.

On policy issues the parties were not in fact very far apart. If that had not been the case, it would not have been possible to form the Alliance. Even on defence, the Liberal Party never called for unilateral nuclear disarmament or withdrawal from NATO. The difference was that the Liberals – unlike the SDP – had a large unilateralist minority, and the official position of the party was therefore less clearly multilateralist than the SDP's. The vote at the 1986 Liberal Assembly at Eastbourne which did so much harm to the Alliance was not a call for unilateralism but a rejection of the absurd proposal for an Anglo-French bomb. This had been floated by the two Davids to try to make good the damage done by Owen's rubbishing of the sensible ideas of the joint Alliance Commission on defence policy. On other issues, there was little serious difference except on nuclear energy, which the SDP supported while the Liberals passionately opposed it.

The cultural differences between the parties were much deeper. Those of us from the SDP who paid fraternal visits to Liberal Assemblies found them lively, stimulating and obviously much enjoyed by the participants. We also found them anarchic and self-indulgent, with important policy decisions being taken with little or no preparation; too many points of order and other time-wasting technicalities; constitutional amendments being passed by unrepresentative groups of delegates at early-morning sessions; and annual pleas by the party headquarters for a little financial support from the constituency parties. All this contributed to the public image of the Liberals as a well-meaning but disorganised bunch, dominated by beards and sandals (and anyone who thinks that that was *not* the public image should ask themselves why our opponents continue to call us 'Liberals').

The SDP, on the other hand, was perhaps too intellectual and too centralist. We were full of journalists, academics and lawyers. We had debates of high quality and produced well-thought-out, well-written papers on national policy, but we were basically uninterested in local politics. Few of us had much interest in Focus leaflets on the aspects of community politics which had, by 1987, enabled the Liberals to build a significant base in local government. The SDP was also a very centralist party in terms of organisation. Membership was recorded on a national list. There was almost no regional structure, and the words 'Scotland' and 'Wales' did not appear in the party constitution. Control of the party's administration rested firmly in the hands of the National Committee. The Council for Social Democracy had limited policy-making powers but had no power to debate or decide on questions of party administration. SDP local parties were very much under the control of the party's HQ. The SDP's centralism was understandable in the context. The Gang of Four were not certain what kind of members their new party would attract; they were afraid that unless they retained tight central control it would end up as something quite different from what they wanted. As it turned out their fears were unjustified, but the centralism was hard to abandon.

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The task for the negotiators was to reconcile these very different cultures. This was a long and painful process. I do not propose to go into any detail about it; the merger negotiations have been described fully by Rachael Pitchford and Tony Greaves in their book, *Merger: the Inside Story* (see review on page 45). Their book, though written from a viewpoint very different from mine, is an excellent description of the negotiations and factually reliable. They were of course not in a position to report on internal debates within the SDP negotiating team, but these were far less interesting and dramatic than the internal debates within the Liberals. With the exception of John Grant (who was basically an Owenite and disliked the whole concept of merger) and, to a lesser extent, Will Fitzgerald, the team worked on a common agenda and had no great difficulty in reaching a consensus on almost all issues.

We were also very defensive, fearing that the Liberal Party, with its much larger numbers, would dominate the new party. This was to a considerable extent a mistaken analysis. In the first place, it is by no means certain that the numbers of the Liberal Party were as large as all

that. In the absence of a central membership register and with the practice in many constituency parties of keeping names on their lists long after they had stopped paying subscriptions, the claimed Liberal membership of 90,000 was probably a considerable exaggeration. In the second place, there were many Liberals – not just those close to the SDP, such as Richard Holme and Alan Watson – who wanted a more efficient and coherent party structure. Many of us had met such people at constituency level and had found them easy to work with. We underestimated their influence, partly because they were not adequately represented on the Liberal negotiating team.

The negotiations were helped by the fact that relationships of trust were developed at two key levels – between Andy Ellis and Dick Newby as the parties' Chief Executives (helped by the fact that Dick had made it clear that he did not wish to become the Chief Executive of the new party), and between Philip Goldenberg and myself as the constitutional draftsmen. The close working relationship between Philip and me enabled us to produce drafts with great speed, and with the confidence that neither of us was trying to steal a march on the other. The negotiations were, however, considerably hindered by the Liberal Party Council – a body whose main function appeared to be to intervene from time to time to reject agreements reached by the negotiating teams. This strengthened the resolve of the SDP team to ensure that there was no equivalent body in the constitution of the new party.

The negotiations involved a lot of discussion about the federal structure of the party. The SDP team had little difficulty in accepting that our own constitution was too centralist (particularly for a party supporting devolution in national politics!) and that a federal structure was necessary. The Liberals equally accepted that the Scottish Liberals should be part of a federal party rather than (as they had previously been) a legally independent body. There were, however, long arguments about the nature of the federal structure – arguments which were rather more between the Scottish and English Liberals than between the Liberals and the SDP. At any rate, agreement was reached, though it had to be substantially modified by the review of the Liberal Democrat constitution in 1993.

The issues on which the SDP felt most strongly were a national membership register; an elected, and therefore representative, conference; and a deliberative policy-making process. On these, we scored perhaps two and a quarter out of three. A national register was adopted (though with a separate register for Scotland). This was undoubtedly the right decision. Information technology had of course only recently made an effective national register practicable, but the register has relieved local parties of a lot of time-consuming record-keeping and subscription renewal duty. A national register has also made it possible for the national party to communicate directly with its members, to finance its own activities more effectively and to conduct party-wide elections on the basis of a proper register of members. The Labour Party has now followed us into a national register and the Conservatives will probably have to follow suit.

The negotiations on the composition of the conference ended in the Liberals' favour. Although voting membership of the Liberal Assembly was, in theory, not self-selected, the number of places allocated to constituency parties was so large and there were so many alternative routes to becoming an assembly delegate (through bodies such as the students' or women's organisations) that, in practice, any party member who wanted to attend and vote could do so. The SDP team believed that this made assemblies unrepresentative and, in particular, gave the Young Liberals disproportionate influence. We were therefore anxious to limit the number of voting conference representatives to a level which would make it likely that there would be contests in most local parties for election to the conference. We did not achieve this. Although the alternative routes to conference were eliminated (except for students, whom we acknowledged to be a special case because they would not normally be active in their local parties) the number of places allocated to local parties (which was further increased by the 1993 review) was large enough to mean

Now you see it, now you don't; Alliance leaders Steel and Maclennan explain to the media why the policy declaration is not available (13 January 1988).

that most active party members who wanted to attend conference as voting representatives were able to do so, either as elected members or substitutes.

It has to be admitted, with hindsight, that the compromise over conference membership has proved to be justified. There are advantages – both in presenting ourselves to the outside world as a substantial party, and in improving party morale by involving a large number of members in the work of the party's governing body – of having a large voting membership. The SDP's fears that a large conference, mostly elected without a contest, would behave irresponsibly have proved to be unjustified.

On the policy-making process, the balance swung back towards the SDP, with the acceptance of the principle that policy-making should be a deliberative process based on properly researched and argued policy papers commissioned by the Federal Policy Committee. The actual process adopted in the original Liberal Democrat constitution proved to be too elaborate and had to be altered by the 1993 review, but the principle remains. In practice, almost all major policy commitments follow from the approval of Policy Committee motions based on policy papers. The process has given the Liberal Democrats a broadly coherent and well-argued set of policies which could not, in my view, had been achieved by the more informal methods of policy formation in the Liberal Party.

The final battle of the negotiating process came down to two issues – the inclusion of a reference to NATO in the preamble to the constitution, and the name of the new party. In my view, the first of these was necessary. There was a significant degree of concern in the SDP about Liberal defence policy, particularly in view of the Eastbourne Assembly vote. While I believe that this concern was largely unjustified, it undoubtedly existed and, in the absence of a clear commitment to NATO on behalf of the new party, there was a real likelihood that the SDP would have rejected merger. The Liberal argument that a reference to NATO was inappropriate as part of the new party's constitution may have been correct in principle but ignored the political realities. None of us could have known that within four years not only the Warsaw Pact but the Soviet Union itself would have broken up – making the removal of NATO from the preamble in 1990 entirely uncontroversial.

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The name was another matter. This was the prime example of the SDP team's more effective negotiating skill enabling us to win battles which it would have been better for us to have lost. The unwieldy 'Social and Liberal Democrats' was a name which was deeply unpopular with most of the party and subjected us to ridicule by our opponents. We should have called ourselves 'Liberal Democrats' from the beginning.

There was one last sting in the tail of the negotiations – the infamous 'dead parrot' policy declaration. This represented a compromise between the SDP demand that the new party should start with established policies and the Liberal insistence that the negotiations were about party structure, with the new party being left free to determine its initial policy position. The compromise – not in itself unreasonable – was that there should be a non-binding policy declaration, agreed between Maclennan and Steel. The negotiating teams played no part in its composition. It was presented to the SDP negotiating team the evening before its publication, after several hours of tense negotiations on the issues of NATO and the name. It has to be said, in the light of the furore which it caused the next day, that in the brief time we were given to study it none of us objected to it or saw it as likely to create problems, though it was hardly a ringing call to arms.

What is strange is that David Steel, who should have been far more closely attuned to Liberal sensitivities, so completely failed to foresee that it would be unacceptable to his colleagues. This was a self-inflicted wound, because the policy differences of the SDP and the Liberals were (as I have said above) less significant than the differences of style and organisation. It should have been relatively easy to agree an acceptable policy statement – and indeed such a statement was quickly hammered out, though too late to save us from a serious attack of psittacosis.

And yet, in the end, the merger has worked. The SDP has given our party an efficient party structure and a well-regarded policy-making process. The Liberals have given it internal democracy and a commitment to community politics which has been the foundation of its remarkable success in local government. This is not a bad record. We built better than we knew.

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