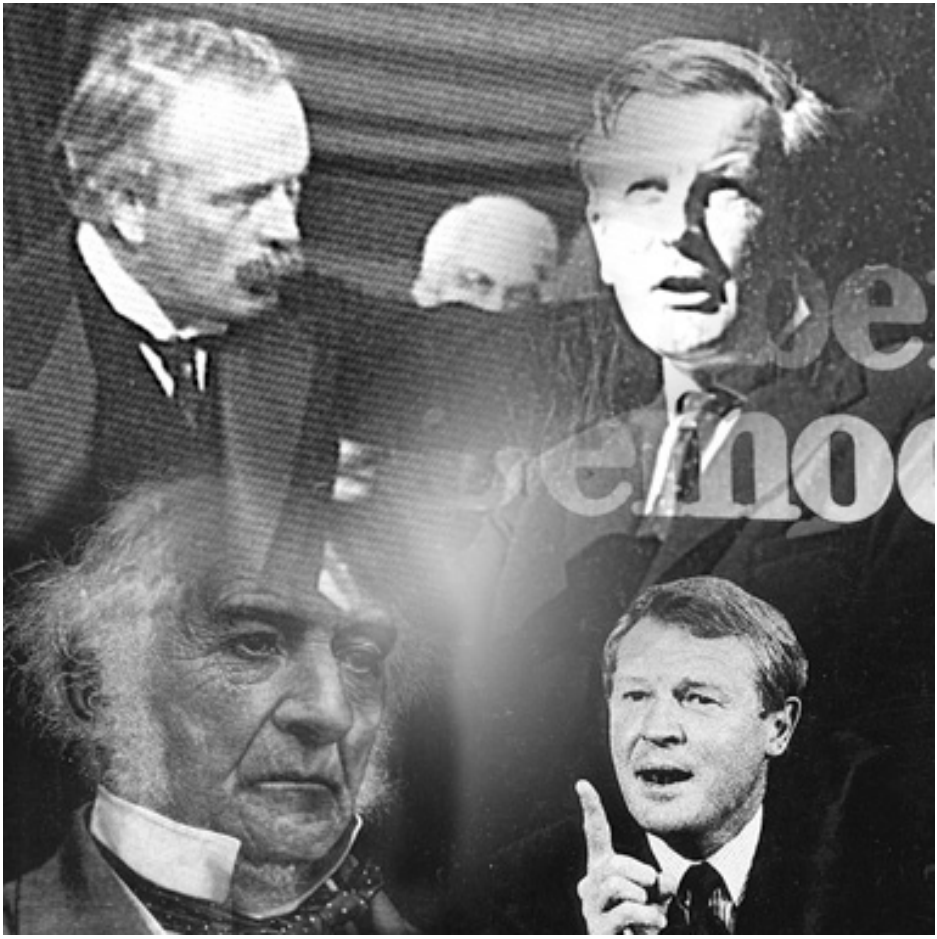
Liberal History

A concise history of the Liberal Party, SDP and Liberal Democrats

Liberal Democrat History Group



Revised edition, 2010

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The Liberal Democrats are the successors to two important reformist traditions in British politics – those of liberalism and of social democracy, which became separated from each other in the early part of the twentieth century, but are now reunited. This booklet provides a concise history of the Liberal Democrats and its two predecessor parties, the Liberal Party and the SDP.

Origins: Whigs, Radicals and Peelites

Whilst the history of the Liberal Democrats as a formal political party stretches back 150 years to the formation of the Liberal Party in 1859, Liberal political thought goes back at least a further 200 years to the ferment of the English Civil War and the reaction that set in with the restoration of the monarchy in 1660. The philosopher John Locke started the long line of British liberal thinkers, particularly with his *Treatises on Government* in 1690, in which he argued for the natural rights of the individual, and for political systems based on consent. At this time, however, there was no organisation that could reasonably be regarded as a political party in the modern sense, liberal or otherwise.

The eighteenth century saw the gradual establishment of relatively formal parliamentary groupings, the Whigs and the Tories. Broadly speaking, the Tories were defenders of the Crown and the established Anglican Church, while the Whigs drew their inspiration from the Glorious Revolution of 1688, in which the circumscription of the monarchy's role was finally established through the overthrow of James II and his replacement by William III. The ideological similarities between the two factions outweighed the differences, though it did not prevent bitter personal rivalries between the aristocratic families which provided their leadership.

The revolt of the American colonies in the 1770s, however, and the French Revolution the following decade, opened up and increased popular participation in a renewed debate over the ideological basis of government. The Whigs under Charles James Fox resisted the authoritarian measures taken by Pitt's government to suppress debate and dissension during the wars with France in the 1790s. A prolonged period in opposition encouraged the Whigs to embrace a more popular agenda, in the form of religious toleration, incorporating Catholics and Nonconformists into civil society. The Whigs also saw parliamentary reform, to widen the electorate and redistribute parliamentary seats, as the necessary means to reflect the changes in the distribution and wealth of the population which had followed the Industrial Revolution. Tory divisions over both Catholic emancipation and electoral

reform gave them their chance, and a Whig government under Lord Grey passed the 'Great' Reform Act of 1832, in retrospect a modest measure but at the time almost a revolutionary one.

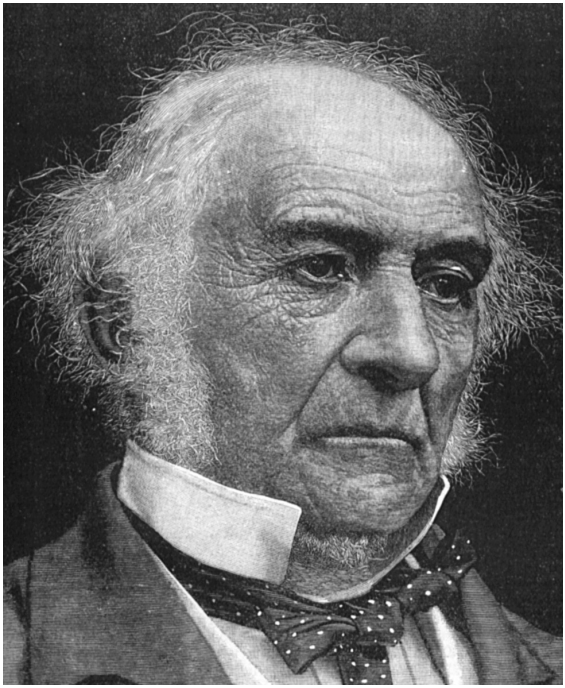
The Great Reform Act began the process of extending the franchise and, thereby, the need for politicians to engage with ordinary electors and radical elements outside Parliament. Out of this process grew the establishment of the political parties that we recognise today. The Conservative Party came into existence in 1835, but it took longer for a cohesive liberal party to emerge. Uneasy alliances between the aristocratic Whigs and the new breed of middle-class liberals elected after 1832, often to represent the newly enfranchised towns and cities of the industrial regions, could not be relied upon. There was also the problem of how to accommodate radical opinion, which was barely represented in the House of Commons, but which looked to Parliament for a strong reforming lead.

For many years personality was the most significant factor in liberal politics, with the Whigs leaders Lord John Russell and Lord Palmerston competing for the parliamentary support required to become Prime Minister. The glue to bind the two leaders and their various factions together was provided by the Peelites, a small but influential band of former Conservatives (including William Gladstone), who had broken with their previous party in 1846 over the repeal of the Corn Laws (import duties on grain), because of their ideological support for free trade.

The Liberal ascendancy

The Liberal Party was finally formed on 6 June 1859, when Whigs, Peelites and Radicals met at Willis's Rooms in St James to agree to overthrow a minority Conservative government. The Liberals governed Britain for most of the following thirty years, benefiting from further extensions of the franchise in 1867 and 1885. The Liberal slogan during these years was 'peace, retrenchment and reform', and underpinning it was the policy of free trade, encouraging exports of manufactured goods (in which Britain led the world), keeping down food prices and helping to build links between nations, thereby averting conflict. Unsurprisingly, the rising industrial and commercial middle classes largely supported the Liberals, whereas the landed interests stuck to the Tories.

Liberal leader and four-times Prime Minister William Ewart Gladstone dominated British politics during this period. During the 1850s he established his reputation for prudent financial innovation by replacing taxes on goods



Four times Liberal Prime Minister William Ewart Gladstone (1809–98)

and customs duties with a progressive income tax, which also made a modest step towards the redistribution of income. Another significant achievement was the establishment of parliamentary accountability for government spending. Although firmly devoted to the Church of England, Gladstone won strong support from Nonconformists for his attitude to religious questions, which at that time affected basic liberties as well as such matters as education. Winning the 1868 general election, Gladstone disestablished the Church of Ireland and in 1870 his government passed the first Education Act. In 1872, the Liberals established the secret ballot, but Liberal differences over Irish university education and a poorly received reform of alcohol licensing allowed the Conservatives to win the 1874 election.

Gladstone returned to power in 1880, partly because of the renown he had won for defending the rights of oppressed minorities abroad, particularly in the Balkans. The Liberal government grew increasingly concerned with bringing peace to Ireland, where sectarian differences and economic problems were intermingled. Growing support for Parnell's Irish home rule party, assisted by the secret ballot and electoral reform, made life difficult for both major British political parties. Following the 1885 election, Parnell held the balance of power in the House of Commons. Gladstone announced his conversion to the home rule cause and made an unsuccessful attempt to navigate a home rule bill on to the statute book. In doing so, he split the Liberal Party. The bulk of the Whigs, who had been gradually drifting away from the Liberal cause for some time, joined forces with a smaller group of radical MPs under Joseph Chamberlain to form the Liberal

Unionists, who were eventually to fuse with the Conservatives. The Liberals lost the 1886 election and remained out of power for most of the next twenty years, apart from a minority administration in 1892–95.

Ireland was not the only source of dissension within the party. There was no obvious successor to Gladstone when he eventually retired, in 1894, and his replacement, Lord Rosebery, proved to be a weak leader with no clear sense of direction. The party was increasingly divided between those more traditional Liberals who thought the government should keep out of economic and social affairs, and those who argued that state intervention was necessary to relieve poverty, unemployment and ill-health and thereby guarantee true liberty. The 1891 Newcastle Programme was the first step in the Liberals' embrace of the more interventionist set of policies which was to be the main characteristic of the 1906–15 government – the 'New Liberalism' of progressive social reform.

The New Liberalism

The Liberal Party was still in the doldrums in 1900, when the Conservatives won a comfortable election victory, buoyed by popular support for the Boer War. The next few years, however, were to see a startling come-back, culminating in a Liberal landslide in the general election of 1906, which saw the party win 400 seats.

There were several reasons for this reversal in the parties' fortunes. The retirement of Salisbury robbed the Conservatives of an effective and experienced leader; his successor, Balfour, was an able intellectual but an uninspiring leader who dealt badly with education reform and the re-emergence of the free trade issue. Joseph Chamberlain's call for 'imperial preference' (protective tariffs, from which the colonies would be exempt) caused ideological strife within the Conservative Party, leading to the defection of Winston Churchill and other supporters of free trade to the Liberals. The Liberals seized the opportunity to rally for free trade and were also able to downplay their support for Irish home rule. A further factor, secret at the time, was an electoral pact with the new Labour Party, which ensured that Labour and the Liberals maximised the impact of the anti-Conservative vote.

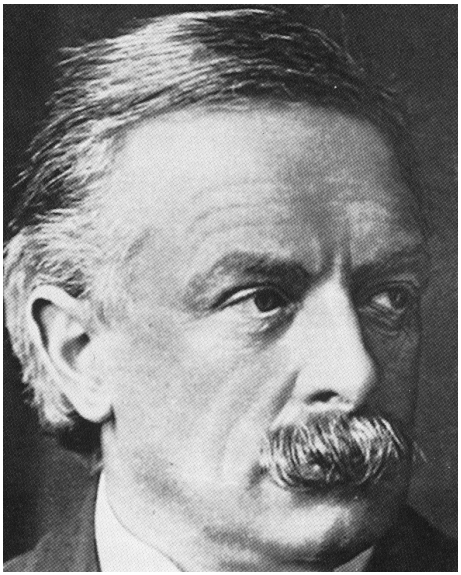
The Liberal government of 1906–15, under Prime Ministers Campbell-Bannerman and Asquith, proved to be one of the great reforming administrations of the twentieth century. Led by towering figures such as Asquith, Lloyd George and Churchill, it broke the power of the House of Lords and laid the foundations of the modern welfare state. Old age pensions were paid

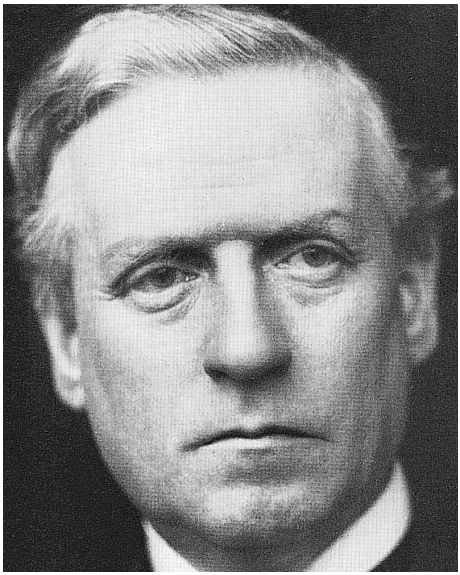
by the state for the first time, labour exchanges were introduced, and the national insurance system was created – all with the aim of removing the shackles of poverty, unemployment and ill-health so as to allow everyone to exercise real choice and realise opportunity.

From the outset the Liberals had difficulty with passing legislation through the House of Lords, which was still dominated by the Conservatives. The crunch came when the peers rejected Lloyd George's 1909 'People's Budget', which increased income tax, introduced a supertax on high earners, and proposed taxation of land values, to raise revenue for both social expenditure and naval rearmament. The battle with the Lords was one of the defining points of twentieth-century British politics. Two elections were fought in 1910 on the issue of 'peers versus people'; in both, the Liberals won but lost their overall majority and were able to form governments only with support from Labour and Irish Nationalist MPs. In 1911, with the King primed to create hundreds of new Liberal peers if necessary, the Lords capitulated and the primacy of the House of Commons was definitively established.

The years after 1910 were not happy ones for the Liberal government. Many industries were hit by strikes as the new mass trade unions increasingly flexed their muscles; the government was divided over the question of votes for women and

Leaders of the New Liberalism: David Lloyd George (1863–1945) and Herbert Henry Asquith (1852–1928)





hounded by the suffragettes; and the Liberals' dependency on the votes of Irish MPs put home rule for Ireland back on the agenda, and threatened to bring civil war to Ulster. Nevertheless, the party seemed well placed to win the election due in 1915. The New Liberal programme underpinned what contemporaries knew as the 'progressive alliance', the electoral and political combination of Liberals and Labour. The basis of political debate and behaviour had changed since the Gladstonian Liberal heyday; community and religious alignments were rapidly giving way before class-based voting, and the Liberal Party seemed successfully to have aligned itself with the working class, surviving the departure of some of the middle class vote in the 1890s. The new Labour Party displayed neither the ability to survive electorally on its own nor any distinctive political programme; it was, rather, a reinforcement to advanced Liberalism.

All these considerations became irrelevant in the summer of 1914, with the abrupt deterioration of the political situation in Europe. After decades of peace, a seemingly minor dispute in the Balkans suddenly erupted into conflict. The First World War was not only to redraw the map of Europe but decisively to change the fortunes of the Liberal Party – for the worse.

Decline and disintegration

The declaration of war with Germany on 4 August 1914 signalled the start of a period of catastrophic decline for the Liberal Party. Although there were a handful of ministerial resignations, most Liberals supported the decision to declare war, largely because of Germany's unprovoked invasion of Belgium. In terms of temperament and leadership, however, the Liberals struggled to cope with the demands of a more far-reaching conflict than Britain had ever experienced, including conscription and the mobilisation of industry to supply the requirements of total war.

The strains of war divided and demoralised the party, and in 1915 Asquith acceded to demands for a coalition with the Conservatives. After continued massive loss of life on the Western Front for little discernible gain, in December 1916 Lloyd George replaced Asquith as Prime Minister, largely at the behest of the Conservatives. Much of the party then followed Asquith into opposition. Although the Asquithians refrained from directly attacking the government until the end of the war, there was growing enmity between the two factions. In the election that followed in 1918 the two groups found themselves fighting each other, with Lloyd George's Coalition Liberals receiving the controversial 'coupon' indicating the support of the government.

The Asquithians were crushed – even Asquith himself lost his seat – but the Lloyd George Liberals emerged as the junior partners in the coalition government that followed. Even more ominously for the Liberals, the Labour Party, now fighting independently and benefiting from a further extension of the franchise, won more than twice as many seats as the Asquithians and became the official opposition.

There were few identifiably Liberal aspects of the 1918–22 coalition government. The Irish home rule saga was brought to an end with the partition of the island and the creation of the Irish Free State in 1921. The conduct of the British 'black and tan' irregular forces in Ireland during the fight with the IRA between 1919 and 1921 proved highly controversial, however, as was the sale of honours by Lloyd George for the benefit of his personal campaign fund. Eventually the Conservatives brought the coalition to an end in 1922, overthrowing their own leadership and bringing to an end the period in office of the last Liberal Prime Minister, Lloyd George.

The 1920 and '30s was a period of electoral instability which saw both Conservative and Labour parties effectively combine to drive the Liberal Party – still wracked by repeated dissension – into the political wilderness.

Unsurprisingly, the two Liberal factions performed badly in the 1922 election and Labour emerged with more MPs than both Liberal groups combined. While the Liberal Party organisation had disintegrated during the years after 1914, particularly in the constituencies, the Labour Party had strengthened its organisation and sharpened its political message. The electoral pact with the Liberals had been discarded in favour of a more aggressive strategy to capture the Liberal vote, which was quickly to bear fruit. Crucially, Labour was able to portray itself to millions of newly enfranchised women and working-class voters after 1918 as a genuine and effective alternative to the Conservatives, while the Liberals were disunited and disorganised. The 'social democrats' in the Liberal Party – those most concerned with social issues of unemployment, poverty and health – steadily defected to Labour.

Conservative Prime Minister Stanley Baldwin's decision to advocate an end to free trade precipitated another general election in 1923 and helped the two Liberal factions forge an uneasy alliance on the basis of the threat to this cherished Liberal ideal. Significant gains were made but Labour were the real winners. Ominously for the Liberals, the industrial areas which had once returned a solid phalanx of Liberal MPs were now mostly controlled by Labour, and it was becoming difficult to discern any areas of the country, beyond rural Wales, which could be regarded as Liberal heartlands. Although the Conservative Party was the largest in the

Commons, it had lost its majority and its proposal for tariff reform had clearly been rejected; Ramsay Macdonald was therefore invited to form the first Labour government.

Faced with a number of unpalatable strategic options, Asquith, the leader of the reunited Liberal factions, was probably right to support a minority Labour government in 1924, but the decision had severe consequences for his party. The confirmation of Labour's new status as a party of government polarised British politics to a greater degree than before between 'left' and 'right'. This provided further impetus for the defection of Liberals, from prominent former ministers to ordinary supporters, to both Conservatives and Labour; by 1924 Churchill was already on his way back to the Conservatives, whilst the Labour government included a number of former Liberal ministers in its ranks.

The Macdonald government fell after just nine months, but had clearly established itself as both fit to govern and not dangerously radical (probably Macdonald's aim from the beginning). The ensuing election thus focused the mind of the electorate on the choice between Conservatives and Labour, whereas the Liberals collected the blame for all the negative features of the government without attracting any praise for its positive achievements. The party was driven decisively into third place, losing three-quarters of its parliamentary representation, to be left with just 40 seats. Asquith was again out of Parliament and the Liberals were relegated to the fringes of British politics, only nine years after enjoying sole control over the levers of power.

Lloyd George returns

With Asquith's retirement in 1926, following another damaging internal dispute about the Liberals' stance over the General Strike, Lloyd George took over the party leadership. Brimming with ideas – and with substantial campaign funds from the sale of political honours while Prime Minister – he set about reinvigorating the Liberal Party. He attracted a range of innovative thinkers, the most prominent of which was John Maynard Keynes, to consider how the nation's ailing economy could be revived. By the time of the following election, in 1929, the party had published several important reports and policy documents, including the famous 'Yellow Book', *Britain's Industrial Future,* in which the Keynesian idea of using public money to alleviate unemployment, and thereby boost national income and growth, was first taken up.

The Liberal platform for the 1929 election, building on these ideas, has been described (by the historian Robert Skidelsky) as the most intellectually

distinguished manifesto ever put before British voters. The party polled well, winning over five million votes, but took only 59 seats. Whereas support for the Conservative and Labour Parties was concentrated in heartland areas, which delivered hundreds of seats, the Liberal vote was spread too evenly across the nation and there were few areas where Liberal candidates could be confident of victory. This pattern, a consequence of the first-past-the-post electoral system, was to persist until the end of the century and beyond.

Once again, a minority Labour government depended on and received the broad support of the Liberal Party, but found itself faced with a rapidly deteriorating economic situation, after America's 'Great Crash' of 1929. The 1929–31 government stuck to the orthodox financial policies of its predecessors, rather than adopt Lloyd George's more radical ideas, and this precipitated a catastrophic financial crisis in 1931. Labour Prime Minister Ramsay Macdonald formed an emergency coalition government with Conservatives and Liberals, alienating most of his supporters in the process, and called another election to seek support for any means necessary to deal with the economic crisis (the 'doctor's mandate').

The Liberals split three ways. Lloyd George, resigning the party leadership, led a small group, mostly members of his family, which was firmly opposed to the coalition. The new leader, Sir Herbert Samuel, backed the coalition on condition that it remained true to free trade. A third faction, led by Sir John Simon, promised unconditional support for the coalition. The 1931 election saw the new National Government returned with a huge majority, but it was a Conservative administration in all but name. The Samuelite ministers left the government in 1932 once tariffs were introduced and joined the Lloyd George group in opposition in 1933. The Simonites were reconstituted as a new political party, eventually known as the National Liberals. In a repetition of the defection of the Liberal Unionists in the 1880s, Simon and his colleagues were gradually absorbed into the Conservative Party, disappearing completely in the 1960s.

Nadir

Another prolonged bout of turmoil dealt a further blow to the Liberals' political standing and in the 1935 election the party was reduced to just 21 MPs. Samuel was amongst the casualties and his place was taken by Sir Archibald Sinclair. He and his colleagues played a supporting role to Sir Winston Churchill in warning of the dangers posed by Nazi Germany and of the need to uphold the League of Nations and for rearmament in the late 1930s. When Chamberlain's government fell in 1940 (the Liberal MP Clement Davies being instrumental in his downfall

over the crucial Norway debate) the Liberal Party took its place in the resulting national coalition under Churchill, with Sinclair serving throughout the rest of the Second World War as Secretary of State for Air.

By the end of the war, there was cautious optimism in Liberal circles that the forthcoming general election, to be fought on party lines (unlike that of 1918), would herald the beginning of the party's return to prominence. Some Liberals detected a shift in the mood of the electorate towards the left during the war and it was hoped that the party would reap the rewards, not least because Sir William Beveridge, author of the famous eponymous report on the need for a comprehensive welfare state, had become a Liberal MP in 1944 after a by-election. In fact, in the 1945 election the Labour Party benefited in full from the radical zeal of the electorate, while the Liberals again met with disaster. The party was reduced to a rump of just twelve seats, all rural, half of them in Wales, and most dependent on the personal votes of the incumbent MPs or the absence of one or other major parties from the contest. The party's leadership was wiped out and its urban representation disappeared.

Clement Davies, MP for Montgomeryshire, was elected as temporary chairman of the Liberal MPs in the wake of Sinclair's defeat. It was widely expected that Sinclair would soon return to Parliament in a by-election, his victorious Conservative opponent having promised to stand down if he won. The by-election never happened, Sinclair did not return, and Davies remained as an uninspiring leader for eleven years. Free trade, the great cause of Victorian Liberalism, was still the central plank of the 1945 and 1950 Liberal election manifestos, but by then it seemed the echo of a bygone age – much like the party itself.

After years of neglect, however, attention turned to reviving the Liberal Party's grassroots organisation. This contributed to the emergence of 475 candidates for the 1950 election, the highest number since 1929. Another reason for this was the conviction, after 1945, that people would be more likely to vote Liberal if sufficient candidates stood to enable the formation of a Liberal government if all were elected. This misguided strategy generated unrealistically optimistic expectations which inevitably were dashed. Not only was Liberal representation further reduced in 1950, to nine MPs, but hundreds of deposits were lost.

It was not simply a matter of bad strategy bringing the Liberal Party to its knees, however; ideologically, the party lacked direction, seemed old-fashioned, and was failing to mark out territory distinct from that of the main parties. Liberals were divided in their attitude to the Labour government, and Liberal MPs could often be found in both division lobbies in key Commons votes. Both main parties were keen to convince Liberal voters that they were the true

inheritors of the Liberal tradition of Gladstone, Asquith and Lloyd George. The Conservatives were particularly adept at exploiting recruits from the Liberals for this purpose, using the National Liberal label in many constituencies. Some Conservatives were keen to go further and absorb the Liberal Party into an anti-socialist alliance. Clement Davies' decision to refuse Churchill's offer of a ministerial post in 1951 probably contributed more than anything else to the survival of the Liberals at this time.

The Liberal Party came very close to extinction in the early 1950s. It could muster barely more than 100 candidates in the 1951 and 1955 elections and held four of its six seats only as a result of electoral pacts or informal local arrangements with the Conservatives. Even in rural west Wales, the party's last stronghold, the Liberals were in retreat and there were only a handful of seats held by other parties which the Liberals had any chance of winning. The party's local government base had disintegrated, with fewer than 300 Liberal councillors left in the whole country. The party was hit by further defections in the early 1950s, including those of prominent figures such as Megan Lloyd George and Dingle Foot who went on to become Labour MPs. The party was rent with ideological disputes between doctrinal loyalty to free trade and supporters of assistance to British agriculture, and had developed just one significant new policy after the war, that of co-ownership in industry. The outlook was bleak.

Revival

The Liberals' parliamentary nadir was reached in 1957, when Lloyd George's daughter Megan, of all people, won the Carmarthen by-election for Labour, leaving the Liberals with just five MPs. Shortly before this darkest hour, however, signs of dawn had been detected. Clement Davies retired in 1956, to be replaced by Jo Grimond, the youthful MP for Orkney & Shetland. At his best Grimond was a superb communicator, especially on television, and an inspirational leader with a clear sense of where he wished to lead the party. He was also in possession of the Liberals' only safe seat.

Grimond gave a much sharper edge to party policy. Years of dispute over free trade were ended with a clear declaration in support of British membership of the Common Market and the departure of many of the party's right-wingers (some of whom went on to form the Institute of Economic Affairs, later to be influential on Mrs Thatcher). Policy commissions were established under independent experts to revamp the party's message. Grimond personally devised a distinctive policy of opposition to the British nuclear deterrent. He also led his party in clear opposition



Jo Grimond (1913–93) with the victor of the Orpington by-election, Eric Lubbock

to the Suez expedition of 1956. An influx of new members and supporters was immediately apparent. Benefiting from the failure of Labour to make any impact on the Conservative government, the Liberals suddenly seemed a young, fresh party of the future.

Another development was the recognition by the Liberals of the importance of by-elections to small parties. From 1955 the party began to pour resources into promising by-election campaigns, raising the Liberal profile and gaining momentum between general elections. In 1958 the party won the Devon seat of Torrington, its first by-election gain for twenty-nine years, and four years later a massive swing delivered Orpington to Eric Lubbock.

The Liberal leadership hoped that the Orpington victory would lead to significant gains at the next general election, particularly amongst the upwardly mobile suburban middle classes. They were, however, to be disappointed. Although steady progress was made in the 1964 and 1966 elections, the party could still claim only 12 seats in 1966, no better than in 1945. Most of the gains were in north and east Scotland and in the south-west of England, rather than in the Home Counties commuter belt. In fact the gains were largely a result of another significant new trend – the targeting of resources on winnable seats.

Ideological divisions within the Labour Party throughout the 1950s had given rise to Grimond's hope of a realignment of the left, with the creation of a new non-socialist radical alternative to the Tories. The decisive Labour majority in 1966, however, put an end to Grimond's dreams and, disappointed, he retired from the leadership in 1967, to be replaced by Jeremy Thorpe.

Never assured of the complete confidence of his parliamentary colleagues, Thorpe's period as leader brought both spectacular highs and terrible lows. He inherited a difficult situation. During the years of the Macmillan government, disaffected Conservative voters had happily defected to the Liberals, if only on a temporary basis. During the period of Labour government between 1964 and 1970, however, support for the Conservatives was shored up and the Liberals found it difficult to attract the votes of temporarily disaffected Labour supporters. The squeeze on third parties exerted by the electoral system again took its toll. The Liberal leadership also found itself embarrassed by the activities of the Young Liberals who, after 1966, enthusiastically embraced the 1960s counter-culture and tested the party's tolerance of radical ideas to the limit.

Unlike six years earlier, there were few commentators who expected the Liberals to make a major advance at the 1970 election. The party did worse than anticipated, however, being again reduced to just six seats, and Thorpe himself was nearly defeated in North Devon. It seemed as though the gains of the 1960s had been lost, although at least Liberal MPs were no longer dependent on local pacts with the Conservatives.

Pavement politics

The party responded to the 1970 election by adopting a focus on 'community politics', backing a motion along those lines promoted by the Young Liberals at that year's Liberal Assembly. The concept was based on empowering local communities to achieve their own aims and objectives, putting the emphasis on more assertive local campaigning using regular newsletters, frequently entitled 'Focus', featuring largely local, non-partisan issues. 'Pavement politics', as it came to be called, was not an innovation. The strategy had been adopted by Liberals in places such as Rugby and Southend in the 1950s and had delivered considerable success in local elections. The establishment of an office in the party organisation responsible for local government issues in 1962 helped disseminate community politics ideas and contributed to an explosion in the number of Liberal councillors in the early 1960s.

The by-election victories at Orpington and Birmingham Ladywood (in 1969), and the election of a Liberal MP for Cheadle in 1966, had been based on Liberal success on local councils. Even though the party's position in local government had deteriorated in the latter half of the 1960s it remained considerably stronger than in the barren years of the early 1950s. Still, the party leadership, most of whom had no experience of local government, were sceptical about the link between success in local and national politics, and the decision to concentrate on community politics in 1970 was a significant landmark in the development of the party.

The new focus was quickly vindicated. A series of by-election victories, particularly at Sutton & Cheam in 1972, owed much to vigorous and innovative campaigning. Even more noteworthy were the local government gains made during the early 1970s, particularly in Liverpool, where the Liberals briefly took control of the city council in 1973. It helped too that the Liberals were facing an unpopular Conservative government again at national level. Just as ten years before, talk of a Liberal breakthrough seemed plausible, if still optimistic.

In terms of policy, the party became steadily more centrist, stressing its moderate and non-class-based approach in response to signs of growing extremism in both the other main parties and to widespread labour unrest. The Liberals continued to stress their earlier themes of decentralisation, industrial co-partnership and support for European integration, and provided crucial support to the Conservative government (which was having troubles with some of its backbenchers) in several key votes on the legislation taking Britain into the European Community in 1971–72. The Liberals also became the first of the major parties to develop a comprehensive environmental policy.

The election of February 1974 was fought by the Conservatives on a slogan of 'Who governs Britain?', following the extensive miners' and power workers' strikes in 1973–74. The Liberals offered a candidate in 517 seats, more than ever before, and portrayed themselves as the fresh alternative to the tired old parties of left and right. Under Thorpe's energetic leadership six million votes were cast for the party, a record. Nevertheless, only 14 Liberal MPs were returned to Westminster. The bias of the electoral system towards the main parties, whose support was concentrated in parts of the country rather than being evenly spread across it, was again brutally apparent.

The 1974 Parliament saw no overall majority, and for a few days Conservative Prime Minister Edward Heath clung to power, keen to strike a deal with Thorpe which would provide the votes necessary for his survival. Thorpe's condition was electoral reform, something Heath would not concede,

so the Tories were turned out. Another election was inevitably close, but the October 1974 contest was a disappointment to the Liberal Party. Its vote share and tally of MPs both fell and a period of Labour government, never kind to Liberal interests, ensued.

In early 1976, allegations about Jeremy Thorpe's private life, which had simmered quietly for some years, reached the public domain and led to his resignation from the party leadership. David Steel was elected in his place in July 1976, this time by means of a ballot of all party members, the first time any major party had used this method to select its leader.

Realignment

The 1974–79 Parliament saw Labour's narrow majority gradually eroded through by-election losses until, by 1976, it had vanished completely. One of Steel's first decisions as leader was to take his party into an electoral pact with the government, enabling it to survive a motion of no-confidence tabled by the Conservative leader Margaret Thatcher. The pact built on the good relationships established between leading Liberals and pro-European Labour MPs during the referendum on Britain's continuing membership of the European Community in 1975, and saw the front-bench team collaborate with Labour ministers across a range of policy areas.

The Lib-Lab Pact restored a degree of stability to British politics and contributed to improvements in the economic situation, but it was never popular with either of the parties involved. It was brought to an end in October 1978, with many Liberals complaining that Steel had failed to extract sufficient concessions from the Labour government, particularly over electoral reform. The Pact did help to boost the credibility of the Liberal Party, however, and showed how it could engage with the realities of high-level politics as well as community campaigning and abstract theorising.

Associated with the Labour government, which suffered disastrously from a period of industrial disputes in the 'winter of discontent' of 1978–79, and still dogged by the Thorpe scandal, the Liberal Party did not entertain high hopes of making substantial progress in the 1979 election. A disaster of 1970 proportions was averted, however, and the landscape of British politics was soon to change dramatically in the party's favour.

Following Labour's defeat in 1979, the internecine strife and growing success of the left within the Labour Party alienated many MPs and members. Moderate Labour leaders such as Roy Jenkins, David Owen, Shirley Williams and Bill Rodgers (soon to be known as the 'Gang of Four') had worked with



'What do you mean, can't we slow down a bit? We haven't even started the motor yet!' – how the press saw the run-up to the launch of the SDP by the Gang of Four (*Guardian*, 2 February 1981)

the Liberal Party during the European referendum and the Lib–Lab Pact. Jenkins, after serving as President of the European Commission, had even (supposedly) considered joining the Liberal Party but was advised by David Steel that the formation of a wholly new political party might prove more effective.

On 26 March 1981 the Gang of Four broke away from Labour to found the Social Democratic Party (SDP). They were joined by a significant number of moderate Labour MPs, and one Conservative. The new party attracted ordinary members of both parties and also brought many people into politics for the first time. Later the same year the Liberal Party and SDP formed an alliance, agreeing to fight elections on a common platform with joint candidates. This decision was not inevitable – there were doubters on both sides – but similar approaches to policy on matters such as Europe and electoral and constitutional reform, and the exigencies of the electoral system, encouraged close cooperation from the outset. After a period of collective leadership, Roy Jenkins was elected as SDP leader in July 1982.

The Alliance's political impact was immediate. Both the SDP and Liberals won a string of by-election victories and the Alliance topped the opinion

polls for months; as with the Liberal revival a decade earlier, the electorate seemed to respond well to a moderate consensual approach in the face of the ideological polarisation of Tories and Labour. The early momentum proved hard to maintain, however, after the war to recover the Falkland Islands from Argentinean invasion, especially as the onset of an election focused media attention on the differences between the parties and who might lead an Alliance government. In the 1983 general election the two parties together won 25.4 per cent of the vote, the best performance by a third force since 1929. Labour won just 27.6 per cent of the vote, but 209 MPs, compared to 23 for the Alliance (17 Liberals, 6 SDP) – suffering from the familiar problem of a too-even spread of votes. Jenkins resigned as leader of the SDP, to be replaced by David Owen.

The Alliance gained further by-election victories in the 1983–87 Parliament, and made significant progress in local government, but tension between the leaderships of the two parties also became apparent. David Owen was personally less sympathetic towards the Liberals than had been his predecessor and was also more determined to maintain a separate (and in practice more right-wing) identity for his party, despite its numerical disadvantage in the House of Commons. Differences emerged on economic questions and, principally, on defence, with the SDP much more strongly in favour of a British nuclear

The two Davids: David Steel, Liberal leader 1976–88, and David Owen, SDP leader 1983–87



deterrent than the Liberals. The 1986 Liberal Assembly was the scene of a particularly damaging spat between the parties and the 1987 election campaign was poorly coordinated and again focused attention on the key differences, small in number though these were.

The Alliance's vote share dropped to 22.6 per cent in the 1987 general election, and the Liberal leader David Steel immediately proposed a merger of the two parties. David Owen opposed it, but lost the SDP's ballot on the opening of negotiations, and resigned, to be replaced by Robert Maclennan.

A new party

The winter of 1987–88 saw a lengthy period of tortuous negotiations between the two parties. The merged party's constitution and even its name were the subjects of intense discussion, as was the question of whether an initial policy statement was needed and, if so, what it should say. The whole process was almost brought to an end by the farcical episode of the 'dead parrot' policy document, a vacuous sub-Thatcherite platform which the two leaders, Steel and Maclennan, should have known would have been unacceptable from the beginning.

Nevertheless, merger was eventually approved by a majority vote of both parties and the new Social & Liberal Democrats came into being on 3 March 1988. Paddy Ashdown was elected leader of the merged party in July 1988; Roy Jenkins (Lord Jenkins of Hillhead) led the party in the House of Lords. David Owen led a significant faction of Social Democrats who would not be swayed from their opposition to merger, but after a couple of reasonable by-election results, Owen's 'continuing SDP' declined into irrelevance and wound itself up in 1990.

After a difficult birth, the new party suffered from a troubled infancy. There was even confusion over its name. Initially known as the Social & Liberal Democrats, the first party conference agreed to use the short title 'Democrats', but both names were deeply unpopular with the wider membership and proved to be confusing to the electorate. In 1989 the party voted to adopt the name 'Liberal Democrats'.

The merger process had made even more apparent the policy disagreements between Liberals and Social Democrats, particularly on defence, though it also provided a democratic means of resolving them, and most of the major differences were ironed out in the first four years. The membership of the new party was also much smaller than that of its two predecessors combined. Although some had clung to the 'continuing SDP' and the even smaller (though longer-lived) independent Liberal Party, many more had drifted out of politics altogether.



Paddy Ashdown, leader of the Liberal Democrats 1988–99

Recapturing the enthusiasm of former supporters seemed a daunting task, even before the Conservatives and Labour could be tackled. The nadir was reached with the 1989 European Parliament elections, in which the Liberal Democrats secured only 6.2 per cent of the vote, being convincingly beaten into fourth place by the Green Party.

Under Ashdown's energetic and inspiring leadership, however, slowly but surely morale, finances and membership all recovered. In 1990 the Liberal Democrats re-established themselves on the political scene by winning the Eastbourne by-election, overturning a substantial Tory majority, and further by-election victories followed. Ashdown – who, like Grimond but in contrast to Thorpe and Steel – was always fascinated by ideas, oversaw a substantial revision of the party's policy platform. The party stressed the need for investment in public services, and adopted a radical environmental policy; support for European integration and sweeping constitutional and electoral reform were maintained. In the 1992 general election the party won 17.8 per cent of the vote and 20 seats. Paddy Ashdown was consistently described in opinion polls as the most popular party leader and the party's policies, especially its pledge to raise income tax to invest extra resources in education, were widely praised.

'The Project': coalition with Labour?

The 1992 result showed that the Liberal Democrats had both survived and securely established themselves as the third force in British politics – neither of which had seemed clear just three years before. The following Parliament was to usher in a major upheaval in British politics.

Five years of weak and unpopular Conservative rule, coupled with ideological divisions over Britain's role in Europe (where in 1992–93, as in 1971–72, Liberal Democrat votes saved key legislation on Europe from defeat in the face of a Eurosceptic Tory rebellion) paved the way for further advances by the opposition. There were massive swings away from the Conservatives in local government elections every year between 1993 and 1996; in 1995, the Liberal Democrats became the second party of local government with over 5,000 councillors. In many urban areas, Liberal Democrats became the main opposition to Labour. The party won its first-ever seats in the European Parliament in 1994, and by-election successes continued.

Tony Blair's election as Labour leader in 1994, however, transformed the political scene, with many observers predicting that moderate New Labour would destroy the Liberal Democrats; indeed, the party's standing in the opinion polls halved between 1993 and 1996. Skilful footwork by Ashdown, however, successfully positioned the party to ride the rising tide of support for the centre-left. The Liberal Democrats won the Littleborough & Saddleworth by-election in June 1995 against a determined challenge from New Labour, and the defections of two Conservative MPs in the run-up to the 1997 election both helped to thrust the party back into the limelight and suggested that some at least of the departing Tory vote might prefer the Liberal Democrats to Labour. The party further developed its policy platform of investing in public services, with increases in income tax (both the basic and top rates) to pay for them – in conventional terms, a position well to the left of New Labour.

The 1997 general election was characterised by a high degree of tactical voting in many areas, which helped ensure that the Conservatives were crushed, going down to their worst electoral defeat for a century and a half. The Liberal Democrats won 46 seats, the highest number won by a third party since 1929. Whilst the party's overall share of the vote fell slightly, to 16.8 per cent, ruthless targeting of resources on winnable constituencies showed how the detrimental effects of the first-past-the-post electoral system on a third party could be countered.

The tactical voting was assisted by covert cooperation between the Liberal Democrats and Labour. Early in the 1992 Parliament, in a speech at Chard,

Ashdown had argued that the party needed to 'work with others to assemble the ideas around which a non-socialist alternative to the Conservatives can be constructed' in the face of that party's seemingly endless hegemony in British politics. There were echoes in Ashdown's pronouncement of Grimond's call for a realignment of the left in the 1950s, the formation of the Lib-Lab Pact in the 1970s, and the alliance with the SDP in the 1980s. The Liberal Democrat policy of 'equidistance' between the two main parties was formally abandoned in 1995, and largely secret negotiations between small teams from the two parties edged towards agreement on a set of policies and possible Liberal Democrat seats in cabinet. Talks on constitutional reform between Robin Cook, for Labour, and Robert Maclennan, for the Liberal Democrats, helped reinforce the constitutional modernisers within the Labour Party and firm up some of their proposals, most importantly the devolution of power to Scotland and Wales.
But Blair could not or would not deliver a final agreement; possibly he never intended to. In any case, the size of Labour's majority in 1997 destroyed the case for a coalition. The final outcome was a Joint Cabinet Committee between the two parties, created to discuss issues of constitutional reform, such as devolution or first-stage reform of the House of Lords. Lord Jenkins was appointed to head a commission set up to examine the case for proportional representation, but his report, produced in October 1998, was rubbished by Labour ministers, a clear sign that the limits of cooperation were being reached.

In the light of this Ashdown decided to announce his intention of resigning the leadership, though he led the Liberal Democrats through a series of elections in 1999 before standing down. The introduction of proportional representation helped the party increase its representation in the European Parliament from two to ten MEPs, the largest national contingent in the European Liberal group. The elections to the new Scottish Parliament proved even more successful, resulting in a Labour/Liberal Democrat coalition government. In Wales a coalition with Labour, which had also failed to gain an overall majority, was established in 2000.

Changing leaders

In August 1999 Charles Kennedy was elected to replace Ashdown as leader of the Liberal Democrats. From the outset he was less inclined to work with Labour, focusing instead on replacing the Conservatives as the principal party of opposition. He also represented a marked change of style from Ashdown's hyperactive leadership, being much more laid-back and collegiate. His first two years were encouraging; the party gained Romsey from the Conservatives in a

by-election in 2000, made significant gains from Labour in local government elections, and saw both its share of the vote and number of seats increase in the 2001 election – the first time the party's vote in a general election had risen since 1983.

The events of 11th September 2001, and the Labour government's decision to join the US invasion of Iraq in 2003, transformed the political situation. The Liberal Democrats were the only one of the three main parties to oppose the war, and also the steady infringements of civil liberties perpetuated by New Labour in the name of the war on terror. The party's critique of over-centralised and micro-managed public services, its proposals for a fairer tax system (a local income tax to replace the Council Tax, and a new 50 per cent rate of income tax for top earners), its consistent support for strong environmental policies, and its opposition to Labour's introduction of tuition and top-up fees for university students, all provided it with a popular and distinctive policy platform.

Combined with the growing public distrust of Tony Blair and the continuing disarray of the Conservatives, this led to electoral dividends in the 2001–05 Parliament, in local elections (including beating Labour into third place in 2004), by-elections and European elections. The Liberal Democrats remained in coalition in Scotland after the 2003 elections, though not in Wales, where Labour fared slightly better in 2003 than in 1999. Thus the party entered the 2005 general election in an optimistic mood.

And the results indeed provided grounds for celebration. The Liberal Democrats emerged from the contest with 62 seats, the highest number of Liberal MPs since 1923, and 22.0 per cent of the vote, a 3.7 per cent increase from 2001. The party did particularly well amongst students and Muslim voters, gained 12 seats from Labour, and beat the Nationalists and the Tories to take second place in Scotland. Above all, the conventional wisdom that Liberals always lose support under periods of Labour government was well and truly undermined.

The election results were not all good news, however, with a net loss of two seats to the Conservatives, and many party activists thought the outcome should have been better. At the same time Kennedy's parliamentary colleagues were becoming increasingly exasperated with his lackadaisical leadership style and the party's drift and lack of direction – reinforced by the suspicion that his well-known fondness for a drink was really code for alcoholism. After two attempts to persuade him to resign, in January 2006 he finally stood down.

The ensuing leadership contest, although marred by personal scandals revealed in the media, enjoyed a far higher level of media coverage than either of the two previous leadership elections. In February an impressive by-election win in

Dunfermline & West Fife demonstrated that the party remained an electoral force despite two months of almost universally negative press coverage, and was still able to take seats from Labour. In March Sir Menzies Campbell was elected to replace Kennedy.

The Campbell leadership, which lasted just nineteen months, was not, in general, a happy period. A well-respected foreign affairs spokesman, Campbell found it difficult to adjust to the rough and tumble of Prime Minister's questions, and his age was mercilessly lampooned in the media; although he was only sixty-four when he was elected, he looked and sometimes sounded older. In some respects he was a distinct improvement on Kennedy – he restored a sense of purpose and professionalism to the party organisation and drove through important reforms of party policy, particularly on taxation (scrapping the 50 per cent top tax rate but replacing it with a more redistributive package). Local election results under his leadership were not encouraging, however, and the party's slide in the opinion polls throughout 2007 caused panic amongst some parliamentarians and led to a systematic undermining of his leadership.

If the new Prime Minister Gordon Brown had called the election widely expected for October 2007, Campbell could well have ended up leading the party holding the balance of power in the Commons; but Brown's failure to do so spelled the end of his leadership, and he announced his resignation in October. the party's deputy leader Vince Cable took over as acting leader until the end of the year, and after a hard-fought election, Nick Clegg narrowly beat Chris Huhne for the leadership; both men had been MEPs from 1999 to 2004, and both had been newly elected to the House of Commons in 2005.

Into government

Nick Clegg's assumption of the leadership stopped the slide in the opinion polls and stabilised party morale – which came as a distinct relief after two leadership resignations and elections in as many years – and the Liberal Democrats performed strongly in the local elections in 2008 and 2009, beating Labour into third place on both occasions. The party did particularly well in urban areas, picking up much of the collapsing Labour vote under Brown's deeply unpopular leadership; by the beginning of 2010, the Liberal Democrats were responsible, either by themselves or in coalition, for running seven of the ten biggest British cities outside London. The intervention of several 'fourth parties' in the European elections meant that the party finished in fourth place in 2009, as it had in 2004, but only just behind Labour and with a (notional) net gain of one seat.



'The more they argue, the more they sound the same' – Nick Clegg (Liberal Democrat leader 2007–) comments on his two opponents in the first TV debate of the 2010 election; and voters show their approval.

The world-wide credit crunch and the bail-out of a series of major banks by the government in 2008–09 resulted in a major deterioration in British public finances, and a transformation in the political scene. Gordon Brown was widely seen to have performed well in the crisis, and Labour support began to recover. The Liberal Democrats did well, too, largely thanks to the reputation of the party's Shadow Chancellor, Vince Cable, who had been warning of the unsustainability of the economic situation for some time. At the same time, Liberal Democrat policy, which had largely relied on promising higher public expenditure in key areas, clearly had to change. In any case, Labour's pouring of public money into public services, often with disappointing outcomes, coupled with the government's increasing degree of control from the centre and the stifling of local initiatives, had undermined support for central state activity.

This process led to some tensions within the party, particularly between the so-called 'economic liberals' (aligned with the proposals published in 2004 in *The Orange Book: Reclaiming Liberalism*), who argued for a smaller state and less government intervention, and the so-called 'social liberals' who in their turn pointed to the need for continued government action, in particular to reduce inequality and deal with the growing environmental challenge (set out in 2007 in *Reinventing the State: Social Liberalism for the 21st Century*). The divisions between the two groups were never as hard and fast, or as deep-rooted, as the media liked to pretend, however, and in general Clegg and Cable won support for their proposals for cutting the public deficit and prioritising public expenditure more

sharply. Proposals to drop the commitment to abolish tuition fees were the most controversial issue within the party and in the end the commitment was retained.

The Liberal Democrats entered the 2010 election with a programme based on fairness, including redistributive taxation, a 'pupil premium' to improve school education for children from poorer families, an economic stimulus package focused on low-carbon investments, and a far-reaching programme of political and constitutional reform. Opinion polls at the start of campaign saw the party on about 20 per cent, a promising start.

In the event the election campaign was unlike anything Britain had seen before, thanks to the country's first-ever television debates between the three main party leaders. Clegg performed strongly, particularly in the first debate; his message that real change was needed clearly resonated with the electorate, and the argument that only the Liberal Democrats, with no record of failure in government, could deliver it seemed to strike a chord. The party shot up in the opinion polls, reaching as high as thirty-four per cent on a couple of occasions, ahead of both the other two parties. The Liberal Democrat 'surge' became the highlight of the election, and was itself covered at length in the media, helping to perpetuate the phenomenon.

What observers failed to notice, however, was that many of those claiming to be thinking of voting Liberal Democrat were also those most likely to change their mind and least likely to vote. In addition, the fact that the polls steadily pointed to a hung parliament as the probable outcome seemed to have scared voters back into their traditional alignments. In the end the result was disappointing: 23.0 per cent, one point higher than in 2005, but only 57 seats, a net loss of six. In a reverse of the previous three elections' results, the Liberal Democrat vote was rather less concentrated around the country, rising in many places where the party could not possibly win.

Nevertheless, the fact that the result was indeed a hung parliament gave the Liberal Democrats their first real chance of power for decades, and negotiations for a coalition began with both Conservative and Labour parties. Although Labour might have seemed to be the more natural partner, the party had performed very poorly in the election (with its final vote of 29.0 per cent its second worst ever) and had not won enough seats for a Labour–Liberal Democrat coalition to be viable. The Conservatives, however, proved to be much more flexible than anticipated, and in the end a coalition programme was agreed that contained a substantial portion of the Liberal Democrat manifesto.

And so, on 11 May 2010, the Liberal Democrat parliamentary party and Federal Executive voted almost unanimously to enter a coalition with the Conservative

Party, a decision endorsed overwhelmingly by a special conference five days later. Five Liberal Democrats entered the cabinet, and a further fourteen became junior ministers; the party's leader, Nick Clegg, was appointed Deputy Prime Minister. And so, sixty-five years after the end of the wartime coalition, Liberals entered into government once more.

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The recovery of the Liberal Party, and its successors, from the period after the Second World War, when it nearly disappeared altogether, is one of the most remarkable stories in British politics. Entry into government in 2010 now gives the party the chance to put Liberal principles into practice. The next five years will be crucial to the evolution of political Liberalism in Britain.

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