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Journal of Liberal HISTORY

Coalition: the policy record

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Liberal Democrats in coalition Economic policy

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Liberal Democrats in coalition Education, health, social security

Oliver, Featherstone, Baker, Lindsay
Liberal Democrats in coalition Home affairs

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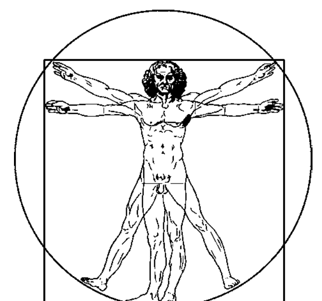

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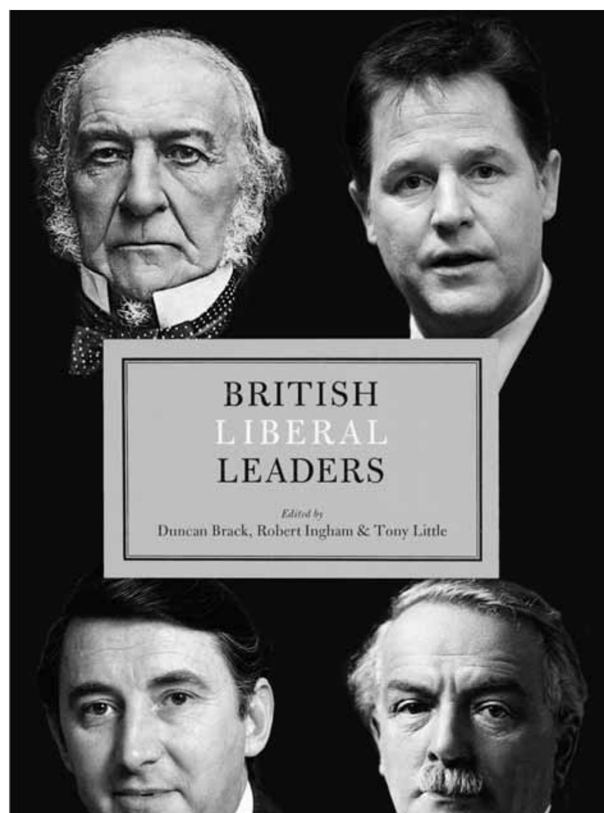

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The Liberal Democrat History Group promotes the discussion and research of topics relating to the histories of the Liberal Democrats, Liberal Party, and SDP, and of Liberalism. The Group organises discussion meetings and produces the *Journal of Liberal History* and other occasional publications.

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Coalition and the Liberal De

Duncan Brack introduces this special issue of the *Journal of Liberal History*, devoted to the the policy record of the coal

The events of 2010 to 2015, when the Liberal Democrats participated in the first peacetime coalition government at UK level since the 1930s, and its catastrophic aftermath in the shape of the party's collapse in the 2015 general election, are momentous enough to deserve special treatment in the *Journal of Liberal History*. We can reasonably expect this five-year period to be the subject of many books and articles over the coming few years. Accordingly, together with our first special issue on the coalition, published in autumn 2015, this special issue of the *Journal of Liberal History* aims to offer raw material for the political scientists and historians writing those analyses.

The core of last year's special issue was provided by interviews with Nick Clegg and ten other former ministers on their experiences of coalition. Accompanying this, John Curtice and Michael Steed's analyses of the 2015 election result showed how in most of the country the party's support had fallen back not to the level of 1970 (the last election at which the number of Liberal MPs was in single figures) but to the Liberal nadir of the mid 1950s. In the remainder of the issue a wide range of contributors presented their views on why the coalition experiment ended so disastrously, aspects of how the coalition worked in practice, reviews of some of the impacts on the party, and comparisons of the coalition with other experiences.

We did not have space in that issue to consider in any detail what the coalition government actually did – its policy record – and what difference the Liberal Democrats made to it. That topic is the subject of this special issue.

We have chosen eight policy areas to focus on: economic policy, education, health, social security, home affairs, climate and energy, Europe and constitutional reform. Under each heading, we aim to explore the impact of the Liberal Democrats. How did the coalition government differ from what a Conservative majority government would have done? What did Liberal Democrat ministers achieve? What did they stop? And what should they have achieved?

For each of the eight headings, we invited a neutral academic to write an overview of what the coalition did and what difference, in their view, the Liberal Democrats made. We then invited former ministers in the relevant departments to write commentaries on these overview pieces. In their view, was the overview a fair assessment? What did it miss out? And to balance the views of the ministers, we also invited critics of the coalition's record from within the Liberal Democrats to write their own commentaries.

Making a difference

A number of common themes emerge from these contributions. First, in most areas Liberal Democrat ministers clearly made a difference to government. Often these were positive achievements: raising the income tax threshold, developing an industrial strategy, introducing the pupil premium, moving to parity of esteem between mental and physical health in the NHS, establishing the 'triple lock' for the state pension, investing in renewable energy, setting up the Green Investment Bank, legislating for same-sex marriage, and establishing fixed-term parliaments. It seems likely that a Conservative majority government would have done none of these, or done them more slowly; as can be seen in the Cameron government's record, in 2015–16, in dismantling or eroding several of them – though some, such as same-sex marriage, now seem firmly established.

Perhaps just as importantly, Liberal Democrat ministers also blocked, or at least ameliorated, a series of Conservative proposals, including measures to reduce workers' rights, cut benefits for people with disabilities and young people, reduce immigration, extend covert surveillance and hold a referendum on EU membership. Very little of this was obvious at the time; once again, the Tory governments' record since 2015 is making some of it much more evident now.

In passing, whatever one thinks of these achievements, it should be clear that almost none of them would have been possible through a confidence and supply arrangement – the alternative to a coalition that it is sometimes suggested the Liberal Democrats should have tried to negotiate in 2010. Much of what government does is not achieved through legislation, which is the main stage at which a party providing confidence and supply can influence outcomes.

Failing to communicate

The second general theme is that very little of what Liberal Democrat ministers did – positive as well as negative – was obvious to the general public. Much of it was achieved behind the scenes, or was evident only to specialists familiar with the detail of government policy. When it did make the light of day it was not strongly associated, or not associated at all, with the Liberal Democrats.

Partly this was due to the country's lack of experience with coalition governments – people are not used to one part of government claiming responsibility for a particular policy in opposition to the other part – and partly to the doctrine of collective cabinet responsibility, in which, indeed, the government acts, or at least pretends to act, as a unified whole.

Partly also, however, this was due to the Liberal Democrats' own decision, for at least the first nine months of the coalition, to emphasise the government's unity rather than the difference they made to it. One can understand why this decision was taken – it was important to demonstrate that this new form of government could work effectively – but the Liberal Democrats did this so impressively well that they entirely submerged their identity. Opinion surveys showed that by 2015 the problem was not so much that voters disliked what the Liberal Democrats had done; they simply thought the party was irrelevant and that

emocrats: the policy record

ition government of 2010–15, and the Liberal Democrats' influence on it.

the coalition was in reality a Conservative government. Several of our contributors now regret not making it much more clear from the outset (and also during the 2015 election campaign) how different the Liberal Democrats were from their coalition partners – though this strategy would not have been risk-free either.

Failing to make a difference

The third general theme – at least with our academics and critics – is that while Liberal Democrat ministers did make a difference, in crucial areas they didn't make enough of a difference, or that it was the wong difference.

The obvious example is the tuition fees episode, a disaster from start to finish which significantly eroded voters' trust in the party in general and Nick Clegg in particular. But arguably the more significant issue was austerity, where during the coalition negotiations the party entirely dropped the stance on which it had fought the election and signed up wholesale to the Tory agenda – with profound consequences for the following five years. It is of course deeply ironic that in the end, the pace of deficit-cutting achieved by the coalition was much closer to what the Liberal Democrats (and Labour) had campaigned for during the 2010 election than to the much harsher cuts the Conservatives had wanted; but since the Liberal Democrats had signed up to the latter's agenda, they could hardly claim credit for the outcome.

An underlying problem is the lack of a solid Liberal Democrat core vote; unlike the Conservatives and Labour, the party has very few groups of voters who will stick with it come what may. The protest vote element of the party's support at the 2010 election departed almost as soon as the coalition as formed; the party lost more than a third of its support by October 2010, before the tuition fees episode. Half of those who remained were then driven away by tuition fees, the long-drawn-out and botched reform of the NHS, the bedroom tax, the 2012 cut in the higher rate of income tax, secret courts and the lack of reform of the voting system, the House of Lords or party funding – all measures they expected Conservative, not Liberal Democrat, governments to do. The party's achievements, real though they were, were not salient enough to offset this – and some of them, like the reduction in income tax, were coopted by the Conservatives anyway.

Before 2010 the party seemed to be developing an embryonic core vote among a few groups, most notably students and those who work in higher education, and public-sector professionals. The coalition almost seemed to go out of its way to alienate precisely those voters.

As our contributors argue, some of this was due to the limited influence junior partners should expect to exert in coalition governments; some of it was due to bad judgement or bad luck; and perhaps some of it was due to a lack of thinking in the party before the 2010 election. Although it is rare to claim that the Liberal Democrats lack policy detail, more than one of our contributors argue persuasively than on some key issues, particularly economic policy and health, the party was not distinctive in opposition; hardly surprising, then, that it failed to make a mark – or enough of a mark – in government. This, above all, is perhaps the clearest lesson for the Liberal Democrats as they seek to recover from the impacts of the coalition of 2010–15.

These are all, of course, matters of speculation. What we offer in this issue of the *Journal* is the story – or, more accurately, many stories – of what happened during those five years of coalition government, and what Liberal Democrat ministers did, and what they should have done. I hope you enjoy reading them.

Duncan Brack is the Editor of the Journal of Liberal History*. In 2010–12 he was special adviser to Chris Huhne at the Department of Energy and Climate Change.*

Note on contributors

Our warmest thanks go to all of the contributors to this issue. You may notice that a few former ministers you might have expected to see here are missing. Sarah Teather (Minister of State at the Department for Education, 2010–12) and Steve Webb (Minister of State at the Department for Work and Pensions, 2010–15) are both now in jobs which they felt restricted them from speaking out openly on their government experiences. Nick Clegg (Deputy Prime Minister, 2010–15) declined our invitation to write a commentary on constitutional reform, or on the coalition's record more broadly (his own book is due to be published as we go to print, and will be reviewed in the next issue of the *Journal*). Danny Alexander (Chief Secretary to the Treasury, 2010–15) agreed to write a commentary in the economic policy section, but then never submitted it.

Note on topics covered

Reasons of space have constrained us to covering just eight policy areas in this issue; we have chosen those we believed to be most politically salient in terms of the Liberal Democrats' impact on the coalition and the coalition's impact on the Liberal Democrats. It should be noted, however, that in addition to the departments covered in this issue, Liberal Democrat ministers also served, for the duration of the coalition, in the Departments for Communities and Local Government and for Transport, the Ministry of Justice, the Scottish Office and the Office of the Advocate-General for Scotland; and, for part of the coalition, in the Foreign and Commonwealth Office, the Cabinet Office, the Ministry of Defence, the Departments for Environment, Food and Rural Affairs and for International Development and the Welsh Office. We hope to consider some of these areas in future issues of the *Journal*.

Liberal Democrats in coalition: economic policy

Economic policy under the coalition: overview

Matt Cole

There can be little argument about the importance of economic policy in the formation, running and demise of the Conservative–Liberal Democrat coalition government, and therefore of the opportunity – and the threat – it represented to the Liberal Democrats. Making a distinctive contribution in this field was from the outset made more difficult by two circumstances: pre-existing divisions amongst Lib Dems over policy and, more importantly, differences in attitude to the coalition relationship. There were notable Liberal Democrat achievements in this field, but they largely went largely unseen, not always unavoidably.

Three phases characterise the coalition's economic policy – and it is noteworthy that as attempts to assert Liberalism in the coalition grew bolder with each phase, the prospects for doing so receded.

The argument between so-called 'economic' and 'social' liberals which developed in the decade to 2010 is sometimes over-simplified, but there was no doubt that some of those associated with the more free-market ideas of the *Orange Book* (2004) were keen to move away from the more social-democratic / social-liberal approach of the 1990s and early 2000s, such as raising the basic rate of income tax. Following the party's failure to break through in the 2005 election, economic liberals saw Nick Clegg's leadership as an opportunity to strike a new profile for the party, favouring policies such as the expansion of academies, cuts in the burden of income tax and selective privatisation of public services.

The circumstances of 2010, however, placed the Liberal Democrats in a traditional centre-party position on the issue of the government deficit. Where Labour hoped to draw on economic growth to restore the public finances, ahead of the election the Conservatives set out plans for immediate significant reductions in public spending. The Liberal Democrats, in contrast, argued

for a delay to allow the economy to recover before addressing the budget deficit. Clegg told broadcasters at the pre-election spring conference in March 2010 that 'it would be an act of economic masochism for us to start, as a country, cutting big time within a few weeks when the economy can't sustain it.'[1]

Under the influence of Vince Cable, the 2010 manifesto struck a more pessimistic tone, acknowledging the need for 'cuts which could be realised within the financial year', including the Child Trust Fund and tax credit restrictions, and promising wide consultation through a new all-party Council on Financial Stability to 'agree the time frame and scale of deficit reductions'.[2] Nevertheless, with the overall aim of eliminating the structural deficit over eight years – closely comparable to Labour's promise to halve it over four – the Institute for Fiscal Studies concluded that the plans of the Liberal Democrats mirrored those of Labour much more closely than the Conservatives'.[3]

Winning the Chancellors' 2010 TV debate, Vince Cable was described by one media observer as having 'ganged up' with Alistair Darling over the Conservatives' pledge to make £6bn efficiency savings, which he regarded as 'utterly incredible'.[4] Polls showed public trust in the Lib Dems stronger on the economy than on most other issues;[5] Vince Cable was the preferred Chancellor of 32 per cent, nine points ahead of second-placed Alistair Darling.[6] The Liberal Democrats had established for themselves a popular position as moderators of the economic irresponsibility of the other parties – but internal divisions and outside pressures were to make this a fragile asset.

Betting the farm: the coalition agreement

The first and most significant decision of the Liberal Democrat leadership over economic policy came in the negotiations over the coalition agreement. Early on, the party's negotiating team surrendered its opposition to early cuts in public spending, paving the way for George Osborne's emergency austerity budget of June which (together with the spending review in October) started the process of cutting £80bn from public spending.

A number of explanations have been advanced for this dramatic change of approach. The first was the shifting international situation. As Clegg said later: 'I changed my mind earlier. Remember, between March and the general election a financial earthquake happened on our European doorstep. We were all reacting to very, very fast-moving economic events.'[7] Andrew Stunell and Chris Huhne, two of the negotiators, drew comparisons with the Greek debt crisis; in the week of the election, the EU and IMF had announced a major bailout deal, and stock markets had fallen sharply as investors doubted whether it would be sufficient.[8] This change of stance was reinforced by the perceived need for the coalition – an untried form of government in recent British history – to show that it meant business in addressing the public sector deficit.

Others argued, however, that the shift reflected ideological preferences, particularly given the make-up of the negotiating team and Clegg's choice of chief secretary, David Laws, who 'needed little persuading'[9] to accept the first package of cuts. He was followed by Danny Alexander, for whom Laws left a message saying 'carry on cutting with care'. In this view the coalition was no more than a Trojan horse through which economic liberalism could enter the gates of the party and purge it of state interventionism.

The third view is that it was a simple case of poor poker play: the Lib Dem negotiating team blinked before the Tories. Faced with market turmoil, the case for a coalition government with a healthy majority in the Commons was strong, but was there any need for the government thus formed to adopt George Osborne's deficit-cutting proposals? Cable reflected afterwards that 'the Chancellor had an ideological belief in a small state, which I didn't share, as well as a ruthless eye for party advantage'.[10] Osborne was, according to Liberal Democrat junior minister Norman Baker, 'much more political' than his party leader: 'everything was a battle to be won, whereas the Prime Minister was more prepared to give and take.'[11] Chris Huhne told Clegg that he was 'mad' to accept the Tories' cuts, and Kenneth Clarke said that they towered over Thatcher's.[12]

Labour negotiators were indignant: 'I was astonished,' said Ed Balls: 'It didn't occur to me that they would think they could hold the party together on such a massive breach of the manifesto.'[13] Even former Liberal Democrat leaders queued up to offer public reservations: Paddy Ashdown accepted that if Osborne's radical cuts failed 'we're all toast'; Menzies Campbell put it more bluntly still, saying 'we've bet the farm on getting the economy right' before adding: 'we might have to leave the farm.'[14]

Whether or not the new economic circumstances required this gesture, the political ones did not. The coalition agreement's commitment to early cuts, the Budgets of 2010, 2011 and 2012 and the proposed public sector pension reforms of 2011 discredited the Liberal Democrats' claims to have applied the brakes to the runaway train of Conservative austerity. Philip Cowley argues persuasively that it was not tuition fees that were the cause of the Liberal Democrats' humiliation in 2015: in fact the party had already dropped well below 20 per cent in the polls by the summer recess in 2010, and was down to 14 per cent by October, before the Browne Report had even been published. It was austerity which killed the Lib Dems; and they were to enjoy few of the rewards of this martyrdom in the next four years.

Left: Liberal Democrat cabinet ministers Danny Alexander (Chief Secretary to the Treasury) and Vince Cable (Secretary of State for Business, Innovation and Skills)

The policy record

This article focuses primarily on the coalition's attempts to reduce the public-sector deficit – the government's overriding priority – but Liberal Democrat ministers would point to other achievements during their time in office. Most notable was the steady increase in the income tax threshold, up from £6,475 in 2010–11 to £10,600 in 2015–16. Although the objective of raising the personal allowance had featured in both parties' manifestos, David Cameron had claimed it was unaffordable during the TV debates, and it seems reasonable to recognise it as a Liberal Democrat win in the coalition. The party was, accordingly, deeply frustrated by the Tories' subsequent claiming of it as their own achievement – though perhaps they should have learned from the experience of junior coalition partners in other countries, who have found to their cost that when economic policy goes right (or, at least, is popular), the benefits are felt by the party of the prime minister and finance minister.[15]

The Department for Business, Innovation and Skills (BIS) was unique in the coalition in having two Liberal Democrat ministers: a succession of Lib Dems – Ed Davey (2010–12), Norman Lamb (2012), Jo Swinson (2012–15) and Jenny Willott (2013–14, during Swinson's maternity leave) – serving in junior ministerial roles alongside Vince Cable as Secretary of State. Although Cable was himself one of the *Orange Book*'s authors, he instituted an interventionist industrial strategy (within the limits of austerity), setting up the Green Investment Bank (after some persuasion by Chris Huhne) and the Business Bank, creating a Regional Growth Fund (replacing the Regional Development Agencies, which were scrapped in 2010) and two million apprenticeships (though the evidence suggests that some were existing employees undergoing on-the-job training 'converted' to apprentices to access government funding), and establishing a series of 'catapult' innovation and technology centres. Theresa May's retitling of BIS, after she became prime minister in 2016, as the Department for Business, Energy and Industrial Strategy is partly a tribute to Cable's efforts.

Liberal Democrat ministers also expanded access to free childcare and established the right to shared parental leave and the right to request flexible working. Cable's (and Clegg's) determination to resist curbs in immigration which might harm the economy helped to mitigate the impact of the Conservative approach, particularly as it affected the movement of skilled workers. In 2014, Cable went so far as to describe his own government's policy as 'basically very stupid', warning that it was meaningless, impossible to enforce and 'ludicrous'.[16] What garnered more coverage in the press for Cable, however, was the privatisation of Royal Mail in 2013. Unpopular with the public and widely regarded as underpriced when it was sold off, the move dented Cable's popularity – already damaged by the tuition fees episode (discussed in the article on education policy) – within the Liberal Democrats and the wider public.

Cable's dilemma

The so-called 'Omnishambles' Budget of 2012, with its pasty tax, granny tax and cut in the top rate of income tax (which, before the previous year's party conference, Clegg had 'vowed' not to allow, saying that it would be 'utterly incomprehensible'),[17] followed a double-dip recession and marked the start of more open controversy within the Liberal Democrats. As part of this it was rumoured that a break might finally come between Vince Cable and the coalition.

Voices critical of government economic policy – some senior figures – had been heard throughout the coalition calling for fewer cuts and more investment. Some spoke at conference fringe meetings; others worked through party groups such as the Social Liberal Forum.[18] Initially, at least, Cable was not one of these; he stayed publicly loyal to the programme of cuts, even defending it as Keynesian,[19] perhaps because he believed that the 'nuclear' strength of his position made future modification of policy possible. Economic liberals had taken pleasure at the influence the *Orange Book* seemed to be having over the direction of government policy,[20] and the chancellor was pleasantly surprised to see his chief secretary bluntly defending ongoing austerity to Jeremy Paxman on *Newsnight* in 2011.[21]

By autumn 2013, however, austerity and electoral punishment for the Liberal Democrats had gone far enough to prompt rumours that Cable – who was reported to have exchanged sharp words with Danny Alexander over the latest round of cuts – would break with cabinet colleagues and oppose a motion put to the party conference at Glasgow by Nick Clegg, presaging his departure from government.[22] Cable equivocated, but in the end backed Clegg. He was criticised by *Guardian* journalists Patrick Wintour and Nicholas Watt, who accused him of 'bottling it'. Danny Alexander even told David Laws that 'Vince's position on the economy is becoming a bit of a joke', adding: 'I think Nick should move Vince out of the Business Department and put me in.'[23]

A further attempt to challenge Clegg in the spring of 2014 by Cable's associate and critic of coalition economic policy Lord Oakeshott also failed; Cable distanced himself from Oakeshott, who left the party. The last chance for a significant shift in economic policy for the coalition had gone; but in reality even 2013 was too late to stage a U-turn on the economy. It was in the coalition agreement itself that the seeds of the controversy had been sown, and their trees grew harder to uproot as the government aged.

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Following the yellow budget box: 2013 to the election

Perhaps in response to Cable's threatened rebellion, but also given the approach of the 2015 election, it was in the last eighteen months of the coalition that the Liberal Democrat leadership made an attempt to show greater independence. At the 2013 conference Clegg attacked the Tories as the party of 'fire at will' and claimed that Lib Dem ministers had blocked Conservative plans to weaken employment rights. Cable called for a rise in the minimum wage, and Alexander urged private-sector employers to ease pay restraints. In January 2014 Clegg condemned the Conservatives' proposed £12bn cuts for the next parliament, and in March the next year Alexander offered the Commons the Liberal Democrats' 'Alternative Budget' (complete with yellow Budget box), which he said, foreshadowing the election campaign, 'cuts less than the Conservatives and borrows less than Labour'. It was watched by fewer than ten Lib Dem backbenchers, and relentlessly mocked on social media.

Just as Alexander sought belatedly to establish clear yellow water between himself and Osborne, however, the evidence that the medicine was working began to persuade strategic groups of voters that the coalition was on the right path, if not travelling as fast as they might like. By 2015 unemployment was at its lowest since 2008, inflation was almost invisible to the naked eye, and growth was tantalisingly close to a whole percentage point per quarter. The chancellor and his prime minister were trusted by twice as many voters as their Opposition counterparts. To choose this moment to stress equidistance was strategically costly. As Russell and Cutts concluded, 'the increasingly negative tone on the economy sent out a confused picture to the electorate. The party that had supported austerity measures was now distancing itself from the Conservatives and risked losing the full credit for its role just when the coalition's economic policies were bearing fruit.'[24]

The Conservatives knew this and claimed the credit. The 'long-term economic plan' of which they now claimed sole authorship was to be the core of their election campaign, with economic trust identified by Tory strategist Lynton Crosby as their defining issue. One academic analysis of coalition economic policy gives almost no distinctive role to the Liberal Democrats, observing that 'on the overall scale of "austerity" there appears to have been remarkably little disagreement between the coalition parties.'[25] Ironically, although the coalition did succeed in reducing the deficit, it did not achieve the Conservative aim of eliminating it, but reduced it at a speed fairly close to what the Liberal Democrats had promised in their 2010 manifesto. Partly this was due to Liberal Democrat opposition to the more extreme cuts proposed by Osborne, but partly also simply to the limits of what proved to be politically possible (as Osborne, in government without the Lib Dems, was to discover for himself in 2015–16).

Conclusion

Of course we know that the public also failed to see a Liberal Democrat dimension to government economic policy. The higher income tax threshold, the expansion of apprenticeships, the vigorous pursuit of tax evasion, the distinctive model of Royal Mail privatisation – all went unnoticed, or at any rate were not attributed to Liberal Democrat intervention. 'It is clear' Cable concluded, 'that the Lib Dems singularly failed to communicate and claim ownership of the very real achievements of government.'[26]

The lessons from the coalition are both better and worse than this observation allows, however. On one hand, the Liberal Democrats made a colossal concession in signing up to instant austerity at the point where they could have established a different dynamic with their partners in government by insisting on delay, or even the impression of delay. This strategic error had costs which became increasingly severe just as it became increasingly difficult to undo the initial error. On the other hand, liberal economic ideas were put into practice, and the British economy was stewarded successfully through a major crisis because of Liberal intervention. The role of the eponymous heroine of *Charlotte's Web* is one which will offer only the bitterest of compensation to party loyalists – but of course is the one of most interest to historians.

Matt Cole is a Teaching Fellow in History at the University of Birmingham. He is the author of Richard Wainwright, the Liberals and Liberal Democrats *(MUP, 2011) and* Political Parties in Britain *(EUP, 2012).*

The higher income tax threshold, the expansion of apprenticeships, the vigorous pursuit of tax evasion, the distinctive model of Royal Mail privatisation – all went unnoticed, or at any rate were not attributed to Liberal Democrat intervention.

1 BBC News, 13 Mar. 2010.
2 *Change that Works for You: the Liberal Democrat Manifesto 2010*, p. 98.
3 See C. Emerson, *Filling the Hole: How do the Three Main UK Parties Plan to Repair the Public Finances?* (IFS 2010).
4 N. Jones, *Campaign 2010: the Making of the Prime Minister* (Biteback, 2010), p. 307.
5 Ipsos-MORI, https://www.ipsos-mori.com/Assets/Docs/Polls/Mar10%20Political%20MonitorTopline_BPOKI.pdf
6 Ipsos-MORI, https://www.ipsos-mori.com/Assets/Docs/Polls/poll-Mar10-topline.pdf
7 *Five Days that Changed Britain* (BBC TV, 2010).
8 For Stunell, see *Liberal Democrat Christian Forum Magazine*, Autumn 2010; for Huhn, see *Five Days that Changed Britain*.
9 Gerard, J., *The Clegg Coup* (Gibson Square 2011) p.185. Laws himself gives a similar impression in the postscript to *22 Days in May: the Birth of the Lib Dem–Conservative Coalition* which refers to the significance of the *Orange*

Book (Biteback, 2010).
10 V. Cable, *After the Storm* (Atlantic. 2016), p. 17.
11 N. Baker, *Against the Grain* (Biteback, 2015), p. 262.
12 Gerard, op.cit.
13 *Five Days that Changed Britain*.
14 *Dispatches: A year inside No. 10* (Brook Lapping/Channel Four 2011).
15 See Tim Bale, 'The Black Widow Effect: Why Britain's Conservative–Liberal Democrat coalition might have an unhappy ending', *Journal of Liberal History* 76 (Autumn 2012).
16 'Vince Cable: immigration targets "unobtainable and largely meaningless"', *The Guardian*, 15 Oct. 2014.
17 See *The Guardian* and *The Independent*, 17 Sep. 2011.
18 See for example Prateek Buch, 'Plan C – Social Liberal Approaches to a Fair, Sustainable Economy', Social Liberal Forum website, 7 Jun. 2012.
19 V. Cable, 'Keynes would be on our side', *New Statesman*, 12 Jan. 2011.
20 See D. Laws, 'The Orange Book Eight Years On', *Economic Affairs*, vol. 32(2), pp. 31–35 (OUP, 2012).
21 M. D'Ancona, *In it Together: the inside story of the coalition government* (Penguin, 2014), p. 223. Osborne's reported reaction was 'this is important.'
22 George Parker and Kiran Stacey, 'Divisions between Nick Clegg and Vince Cable expose Lib Dem fears', *Financial Times*, 16 Sep. 2013.
23 D. Laws, *Coalition: The Inside Story of the Conservative–Liberal Democrat Coalition Government* (Biteback, 2016), p. 344. See also Patrick Wintour and Nicholas Watt, 'Lib Dem Conference: Clegg and Cable at Odds over the Economy', *The Guardian*, 15 Sep. 2013.
24 D. Cutts, and A. Russell, 'From Coalition to Carastrophe' in A. Geddes and J. Tonge, *Britain Votes 2015* (Hansard Society, 2015) p. 82.
25 P. Johnson and D. Chandler, 'The Coalition and the Economy' in A. Seldon and M. Finn, *The Coalition Effect, 2010–2015* (CUP, 2015), p.160. A similarly anonymous role is attributed to the Liberal Democrats by S. Lee and M. Beech in *The Conservative–Liberal Coalition* (Palgrave, 2015), which refers throughout to 'Coalition economic policy' and emphasises the ideological convergence of the ministers involved.
26 V. Cable, *After the Storm: The World Economy and Britain's Economic Future* (Atlantic Books, 2016), p. 13. Cable also blames the Treasury's dominance in policy-making, and its unfamiliarity with coalition, for Lib Dem under-performance.

Commentary: former minister

Vince Cable

It makes me angry to this day to contrast the formidable legacy of achievement from the Lib Dem BIS team I led in government (Ed Davey, Norman Lamb, Jo Swinson, Jenny Willott, Tessa Munt) with the dismal way in which the party campaigned in the 2015 general election, offering nothing more than a feeble echo of the Conservative message of public debt reduction and Labour guilt.

Our BIS team operated under a set of constraints which were fixed in the early days of coalition. The first was to respect the machinery of government inherited from Gordon Brown. My ambition from the first day in government was to establish the Lib Dems as driving bank reform responding to the financial and ethical disaster of the 2008 crisis. But it was impossible to shift bank supervision from the Treasury. In the event I was able to work with Osborne to push through the reforms separating retail and 'casino' banking through ring-fencing. These reforms were perhaps the most radical in the Western world and bitterly fought by the banks, though the Lib Dems got little credit for them. In BIS we were able to make improvements to business financing through the establishment of the Business Growth Fund for long-term patient capital, the Green Bank for co-financing environmental projects, and then the Business Bank which pioneered peer-to-peer and other innovative lending.

A second constraint was that the machinery of government placed universities within BIS and they accounted for over half of its spending. On my first day in the office I was told of the impending Browne Review of tuition fees (set up on a bipartisan basis by Peter Mandelson and David Willetts), a train heading down the track at alarming speed. A collision became inevitable once it was determined that the policy of 'protected departments', which I strongly opposed in opposition and in government, would lead to large cuts in university funding. Much of the first few months in government was spent trying to devise ways of cushioning the inevitable breach of the disastrous pledge on fees by making the repayment arrangements as progressive as possible.

I never disputed the need to address the major structural, current, deficit in the budget, initially the worst of any major economy, and had annoyed my parliamentary colleagues before the 2010 election by anticipating cuts. Together with Osborne, I promoted the model of fiscal tightening offset by loose monetary policy – though I sought to persuade him that more radical policy, including 'helicopter money' would counter the slowdown in 2011.

Early on, however, a major fault line appeared which caused serious disagreements with the Treasury and within the Lib Dems as the article above chronicles. The Treasury proposed severe curbs on capital spending as part of the

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I doubt that an alternative, distinctive, economic policy building on our real achievements would have altered the outcome of the 2015 election. But it demonstrates what can be achieved even in very adverse circumstances and that should give hope in the current depressed environment for centre and centre left politics in the UK.

2010 Spending Review linked to a 'supplementary debt target'. Osborne was obsessed by an article, subsequently discredited, by Reinhart and Rogoff about the dangers of breaching a debt threshold (based on a 90 per cent figure).[1] The curbs undoubtedly hindered recovery, since capital projects have rich multiplier effects, as the IMF pointed out. They also became increasingly absurd as the cost of borrowing fell to close to zero in real terms making productive investment an obvious step for a prudent government – permitting, for example, council borrowing for house building. The Treasury's implacable hostility to borrowing for investment was long-standing and I discuss its roots in a recent LSE paper.[2] Over the coalition, the Conservatives gradually shifted the objective of fiscal policy from the coalition agreement towards a definition of the deficit that included all borrowing for capital and current purposes (which is how the Conservative government now treats it.).

Most of what we achieved in government was against a background of cuts and trying to do more with less or through tough prioritisation. The apprenticeship programme was a big success which resulted from the decision to channel more resources to vocational education rather than university students. There were not merely bigger numbers but improved quality and in the 2015 Green Paper I set out a vision for FE which built on the rapid growth in higher-level apprenticeships. But the Tories spotted that apprenticeships were popular and sought to colonise a Lib Dem achievement.

We also prioritised the Post Office network. Lib Dem campaigning for years had featured orange placards outside threatened post offices. In office, after hiving off the publicly owned Post Office Network from the Royal Mail we stopped two decades of decline, increased the number of outlets and created a new role in financial services replacing retreating bank branches (but learnt that there was little political credit in stopping contraction).

The Royal Mail privatisation initially received bad publicity over pricing but when the speculative froth settled the Myners Report vindicated the process and for the first time in decades the Royal Mail was able to borrow for investment, liberated from the dead hand of the Treasury.

Our approach to ownership was pragmatic in contrast to the Tories' dogmatism. We created two nationalised banks (the Green Bank and the Business Bank) stopped privatisation where it had no strong rationale (Channel 4; Land Registry) and gave incentives and encouragement to mutual, social enterprise and worker ownership.

We similarly stopped the Tories imposing an ideological approach to industrial relations. The Tories had a list of around twenty measures to curb organised labour and we conceded only one, the most innocuous. They also wanted to bring in 'hire and fire' legislation following a report by the Tory donor Beecroft and we blocked it. We also legislated to strengthen enforcement of the minimum wage and to outlaw abuses of zero hours' contracts. In the tribalism of British politics we got little credit for these moves but they cemented our commitment to social justice.

In the absence of much money to spend, I decided to focus on long-term reforms designed to improve the culture of British business in the direction of long-termism and social responsibility. Following the Kay Report, institutional investors now have a fiduciary duty to act for the long term. Reforms to the Takeover Panel made it easier to stop the Pfizer move against AstraZeneca and throw sand in the wheels of hostile takeovers. We strengthened disciplines over top pay with binding shareholder votes on pay policy. And the leadership we gave to getting women on boards helped to achieve the 25 per cent target established by the Davies review and is now much missed as diversity has slipped down the Tories' agenda. We brought in regulators to protect suppliers from dominant purchasers: supermarkets and pubcos. And my overheard views on Mr Rupert Murdoch happened after, rather than before, I had made the reference of the BskyB takeover to the competition authorities, effectively blocking it.

The cornerstone of the commitment to long-term investment and productivity improvement was the industrial strategy. There were concrete achievements; the commitment to the car industry helped me to persuade General Motors to stay at Luton and Ellesmere Port. The government/business aerospace research project stopped the Airbus supply chain leaking to France. Business bought into the Green agenda through the wind supply chain investments in Hull, the renewable Catapult and the low-carbon car engine development. After a year's drift, Theresa May has recognised that our legacy must be continued.

Overall, I doubt that an alternative, distinctive, economic policy building on our real achievements would have altered the outcome of the 2015 election. But it demonstrates what can be achieved even in very adverse circumstances and that should give hope in the current depressed environment for centre and centre left politics in the UK.

Sir Vince Cable was Liberal Democrat MP for Twickenham 1997–2015 and Secretary of State for Business, Innovation and Skills 2010–15. He is visiting professor at LSE, Nottingham and St Mary's Universities; author of The Storm *and* After the Storm *(Atlantic Press); and chair of HCT, the UK's largest social enterprise.*

1 Carmen M. Reinhart and Kenneth S. Rogoff, 'Growth in a Time of Debt', American Economic Review: Papers & Proceedings 100 (May 2010), pp. 573–578.

2 Sir Vince Cable, *Why Governments Won't Invest* (LSE Centre for Economic Performance Special Paper 33, March 2016)

Commentary: former minister

Jo Swinson

The time that has passed since the general election gives us some clear blue water to assess the impact of the Lib Dems in the coalition government. On the economy, we can now see that it was the Liberal Democrats who acted as the guarantors of economic confidence and stability. In the last year or so under majority Conservative rule, we have endured a hugely destabilising referendum, almost a complete change of government and the economic outlook is now plagued with the massive uncertainties surrounding Brexit, which will take years, not months, to resolve.

The Tories' post-election rush to cut capital gains tax for high earners, while turning the screws on the working poor with cuts to tax credits, demonstrated how the Lib Dems ensured the coalition government navigated the choppy waters of recession and beyond with a much greater emphasis on fairness than the true-blue alternative.

The Department for Business, Innovation & Skills was the only department to have two Lib Dem ministers, and we used that strength wisely to chart a new course as we rebuilt our economy. Instead of returning to business as usual, Vince Cable developed an industrial strategy to plan ahead and invest in the research and skills we will need in the future. While his successor Sajid Javid turned his back on that approach, it is telling that the new prime minister has explicitly included the words in the brief for the new Department for Business, Energy and Industrial Strategy.

Through changes to corporate reporting we drove transparency up the business agenda: on company ownership, the gender pay gap, greenhouse gas emissions, business' impact on human rights and through the Extractives Industries Transparency Initiative (EITI). For the first time ever we introduced binding votes for shareholders on executive pay, we started a debate with investors and directors about promoting long-term decision-making, we boosted support for employee ownership, and we made significant progress on improving corporate governance including by increasing diversity in the boardroom.

Employment law was always a major coalition tug-of-war. I remember as Vince's aide being shown the report by Tory donor Adrian Beecroft which proposed 'fire at will' and reductions in maternity rights. As I read, my annotations grew angrier: 'Where is the EVIDENCE???' Seeing off that nonsense was not straightforward, and later when this was my own ministerial brief I had to spend valuable time neutering the Chancellor's bonkers 'shares for rights' policy, making sure no one could be forced into taking it up.

Yet we achieved major changes to the workplace for the better, by extending the right to request flexible working, making the business case for promoting workplace wellbeing, commissioning a landmark research report into pregnancy discrimination, massively increasing the enforcement and penalties for breaking minimum wage laws, and introducing shared parental leave.

We tamed the power of supermarkets to bully suppliers by creating the Groceries Code Adjudicator, and we took on unfairness in the pub industry with legislation for a new Pubs Code and Adjudicator. We invested in the Post Office to undertake an ambitious modernisation programme to ensure its sustainable future. We implemented the biggest shake up of consumer

Jo Swinson visiting the Social Incubator East programme, Cambridge, while a BIS minister

rights for a generation and led a crackdown on unscrupulous payday lenders.

Of course Liberal Democrats in the coalition government did not win every battle – we should remember it was not a Liberal Democrat government – but our successes on creating fairer workplaces, more competitive markets and better transparency around corporate behaviour will endure.

Reducing the debate on the coalition's economic legacy solely to who said what and when on austerity misses the point. In fact, there was broad consensus across the parties that restoring confidence in the economy at a time of national financial crisis required spending restraint. The 2010 election spats over the £6 billion figure masked the truth that no party dared to set out full details of the pain ahead. The £6 billion was dwarfed by the scale of what all parties recommended be delivered over the parliament – and the coalition government actually ended up delivering austerity on a scale pretty much in line with Labour and Lib Dem plans. We did learn and change course during the parliament to increase capital investment, though as Nick Clegg has publicly admitted, the ability to make more progress on social housing investment was stymied by the Conservatives.

Saying 'it was austerity which killed the Lib Dems' ignores the fact that most Lib Dem seats were not lost because of austerity. The majority of the forty-nine seats lost went to the austerity-championing Tories, with former Lib Dem voters often choosing blue in fear of the Miliband–SNP combination. In the circumstances, the ten seats that went to the SNP were unlikely to have been saved – after all, being anti-austerity didn't stop the Scottish Labour wipe-out.

Finally, let's not write any obituaries. The Liberal Democrats are far from dead: one look at our history shows it will take much more than a grim election result to drive liberalism from British politics. Given our significant achievements in government, and the pressing need for liberal values to meet the challenges of a post-Brexit world, that's just as well.

Jo Swinson was a Liberal Democrat Business Minister from 2012 to 2015. She is now director of Equal Power Consulting, chair of the CIPD Policy Forum and is writing a book on how we can all tackle inequality of power between men and women in society.

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Commentary: critic

David Howarth

Matt Cole's thesis is that the Liberal Democrats made two strategic errors in economic policy: aligning themselves with the Conservatives' austerity programme, resulting in a dramatic loss of electoral support; and distancing themselves from that same austerity programme, so failing to gain any credit from the economic recovery. The first claim makes sense, although one might quibble about details. Austerity was certainly important in the party's electoral collapse but one should not dismiss tuition fees: the party's poll ratings continued to fall from October 2010, when the Browne report came out, to January 2011.[1] The second, however, is more doubtful.

Cole also offers a generous assessment of the Liberal Democrats' (albeit unnoticed) contribution to coalition economic policy. The question is whether he is over-generous, not least because these contributions are not all obviously 'liberal'. More importantly, he glosses over the main cause of the party's failure in economic policy, that it had said nothing distinctive for fifteen years. Both Vince Cable's belief in an active state and David Laws' belief in a minimal state were pale reflections of the positions taken by the two larger parties and offered nothing the public could latch onto as inescapably Liberal Democrat.

The first strategic error: austerity

The party leadership's reversal of manifesto policy on the deficit in the immediate aftermath of the election was indeed a surprise and immensely damaging. Cole raises the question of why it happened – was it panic over the Greek crisis, the ideological predilections of Clegg, Laws and Alexander, or incompetent negotiating? It could, of course, have been all three, but another possibility is that it reflects the relative unimportance of macroeconomic policy in Liberal Democrat politics. The motion proposed to the special party conference in Birmingham approving the coalition agreement made no mention of deficit reduction,[2] and the only concerns raised about economic policy were about distributional matters, resulting in an amendment being passed that called for 'the net income and wealth inequality gap [to be] reduced significantly over the course of this parliament'.[3] In the parallel negotiation with Labour, the pace of deficit reduction also arose, but even in the account of David Laws, whose principal function was to negotiate on economic policy, it came in only fourth in his list of important policy differences with Labour, after more specific distributional issues such as raising the income tax allowance and the pupil premium.[4] The £6 billion in-year cuts might have become a 'totem' for the other parties and the

media,[5] but for many Liberal Democrats it was not what politics was about.

In fact, both coalition agreement and programme for government were unspecific about the rate of deficit reduction. The 'fiscal mandate' – that the budget should achieve 'cyclically adjusted current balance by the end of the rolling, five-year forecast period' [i.e. by the end of 2015–16] and that '[b]y 2014–15, 80 per cent of the additional consolidation measures … will be delivered through spending reductions' – came only with the budget of 22 June 2010.[6] What happened to these two targets lies at the heart of the story of the coalition's economic policy and of the Liberal Democrats' part in it. The accelerated schedule for consolidation was essentially abandoned in 2012. After disappointing GDP growth results, policy returned to a timeline similar to that proposed by the previous government. Oddly, however, the Liberal Democrats, instead of claiming the change of direction as a win for the party's manifesto policy, joined with the Conservatives to obscure it. In the simplistic jargon of the time, the whole government claimed still to be implementing 'Plan A' and that it had not moved to any 'Plan B' as demanded by Labour. Indeed, Labour joined the deception. It suited Labour to continue to complain about austerity rather than to admit that the government had adopted its own timetable. This was an important lost opportunity for the Liberal Democrats. Labour's political strategy was to pile the blame for austerity onto the Liberal Democrats in the hope (catastrophically wrong, as it turned out in 2015) that Liberal Democrat collapse would automatically benefit Labour. The Liberal Democrats needed to puncture that narrative. Instead, Nick Clegg insisted on repeating the Conservative message that the government was cleaning up a mess left by Labour, a message incompatible with pointing out that fiscal policy had returned to Labour's trajectory.

The 80:20 figure was fashionable in academic economic circles around 2010, but, crucially, it fell out of fashion soon afterwards, being dropped from the advice of bodies such as the IMF. The government nevertheless continued to insist on 80:20, referring to it again, for example, in the Red Book of 2013.[7] In the event, the balance was even more lopsided than 80:20. According to IFS figures, in 2014–15 it was 83:17 and trending towards 90:10 in 2020. All the tax increases came early in the parliament, but the spending cuts carried on throughout.[8]

Why was it so difficult to change the ratio? The inertia of government is one possible explanation – although the coalition agreement itself was no bar. Another is the ideological preferences of Clegg and Alexander, who made no secret of their attachment to tax cutting. A third explanation, complementary to the others, is that rebalancing tax and spending would reopen controversial decisions already taken, especially on tuition fees and benefits. For example, the overall effect of the government's successive reductions in corporation tax was that, on the Treasury's own estimates, by 2014–15 the government was giving away £4.2 billion a year to companies. In contrast, the annual saving from the tuition fees increase was only £1.6 billion.

The second strategic error: distancing

Cole's second strategic error is in a sense the opposite of the first. The accusation is that the party by trying desperately to differentiate itself from the Conservatives in the last eighteen months of the parliament missed out on being able to claim credit for the government's economic success (or at least its perceived economic success: many economists believe that austerity retarded UK GDP growth and employment[9]). The problem is that attempting to 'own' austerity would have made no difference. The party had disappeared from public view, becoming a mere appendage to the Conservatives. If one examines the data collected by the British Election Study in its early waves in 2014 it becomes apparent just how far that process had gone.[10] It was not just that economic optimists among the electorate overwhelmingly gave credit to the Conservatives rather than to the Liberal Democrats, but also that economic pessimists overwhelmingly blamed the Conservatives and not the Liberal Democrats. The party's problem was not so much that the electorate was angry with it but rather that it may as well have not existed. By repeating 'me too' when the Conservatives chanted their 'long-term economic plan' mantra the Liberal Democrats would merely have reinforced their irrelevance.

One can, however, make Cole's point differently. There was one strategic error: to put differentiation and coalition unity in the wrong order. The actual order, unity and then differentiation, helped only the Conservatives. From the Liberal Democrat perspective, differentiation should have come first, establishing that although the two parties were in coalition they had different approaches and that government policy was always an explicit compromise. As the public became accustomed to that, and especially after the shift in 2012 towards the Liberal Democrats' timetable for deficit reduction, the party could more credibly have claimed credit for any recovery. It would also have undermined Labour's attacks.

Lack of an identifiable economic core

Cole mentions a number of policy achievements the party could claim credit for. But many of these, while worthy and sensible, were in no obvious way distinctively liberal or Liberal Democrat. The fact that the Conservatives so easily stole the credit for raising the income tax threshold itself indicates how little the electorate associated the policy with the Liberal Democrats. Others, such

After disappointing GDP growth results, policy returned to a timeline similar to that proposed by the previous government. Oddly, however, the Liberal Democrats, instead of claiming the change of direction as a win for the party's manifesto policy, joined with the Conservatives to obscure it.

as apprenticeships and enhanced parental leave, are at best vaguely social democratic or Blairite. Only encouraging employee share-ownership could claim to be distinctively Liberal, having been party policy for over eighty years,[11] but one wonders how many voters in 2010–15 would recognise the handiwork of Keynes, Lloyd George and Walter Layton.[12]

The fundamental problem was that the Liberal Democrats' last truly distinctive economic policy proposal was Bank of England independence, and even that was successfully stolen by Gordon Brown in 1997. From the mid-nineties onward, when Paddy Ashdown embarked on his rapprochement with Tony Blair, all elements of the distinctive British Liberal approach to economic policy – Keynesian in macroeconomic policy but pro-market in microeconomic policy – were sacrificed to a succession of conventional wisdoms, ultimately emerging in the form of Clegg and Alexander's enthusiastic acceptance of the very Treasury orthodoxy Keynes had dismissed in 1928 as 'the slogans of depression and decay – the timidities and obstructions and stupidities of a sinking administrative vitality'.[13] The Liberal Democrats' political failure in economic policy was ultimately an intellectual failure, to hold onto the role it had grabbed in the nineteenth century and had held onto thanks to Keynes even at its lowest points in the twentieth, as the party of new economic thinking.

The fundamental problem was that the Liberal Democrats' last truly distinctive economic policy proposal was Bank of England independence, and even that was successfully stolen by Gordon Brown in 1997.

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1 See YouGov's daily voting intention tracker poll at https://yougov.co.uk/publicopinion/archive/9483/
2 Liberal Democrat Special Conference 16 May 2010, Motion S2
3 http://www.libdems.org.uk/special_conference_passes_building_a_fairer_britain_in_government
4 David Laws, *22 Days in May* (Biteback, 2010) at Kindle edition loc. 2692.
5 Laws, *22 Days*, at Kindle edition loc. 1852.
6 HM Treasury, *Budget 2010* (London, TSO, 2010) HC 61 1–2
7 HM Treasury, *Budget 2013* (London, TSO, 2013) HC 1033, 20
8 Incidentally, the profiling of the consolidation lies behind what was happening in the economic debate at the 2013 Liberal Democrat conference. Because of the early loading of tax increases, the ratio in 2011–12 was 65:35 but by concentrating thereafter on spending cuts it was due to reach 80:20 in 2013–14 and to overshoot it thereafter. So when Nick Clegg said that he was totally opposed further consolidation purely by spending cuts, (https://www.youtube.com/watch?v=UeqMRlN7ekI) he was denying precisely what he had just agreed in in the 2013 budget.
9 See: http://cfmsurvey.org/surveys/importance-elections-uk-economic-activity
10 http://www.britishelectionstudy.com/data-objects/panel-study-data/page/2/
11 See: *Britain's Industrial Future* (Benn, 1928), pp. 198–204.
12 It is striking that even Cole fails to notice another arguably distinctive Liberal Democrat policy success, the introduction of the 'happiness' agenda into the policy process. The use of measures of welfare other than GDP dates back to the party's 1992 manifesto and was championed in the 2005 parliament by Jo Swinson.
13 J. M. Keynes, 'Can Lloyd George do it?' in *Essays in Persuasion* (CUP, 1972 [orig. 1931]), pp. 86–125 at p. 125.

Journal of Liberal History 88: Coalition and the Liberal Democrats

Our autumn issue in 2015 was also devoted to the impact of the Liberal Democrats on the coalition and the impact of the coalition on the Liberal Democrats. Contents include:

- Coalition and the Liberal Democrats. Duncan Brack introduces this special issue of the *Journal*.
- Coalition and the deluge. Adrian Slade interviews Nick Clegg and ten other former Liberal Democrat ministers on their experiences of the 2010–15 coalition.
- Why did it go wrong? Stephen Tall, Nick Harvey, John Pugh and Matthew Huntbach offer their analyses of why the coalition experiment ended so disastrously for the Liberal Democrats; David Howarth reviews Seldon and Finn, *The Coalition Effect 2010–2015*.
- Managing the coalition. How did the coalition work as a government? And how was the party itself managed? Contributions from Robert Hazell and Peter Waller, Jonathan Oates, William Wallace and Matthew Hanney.
- The impacts of coalition. The coalition and Liberal Democrat members, by Craig Johnson; the impact on the party in Scotland, by Caron Lindsay.
- The 2015 election campaign and its outcome. John Curtice and Michael Steed analyse the election result, and Mark Pack looks at what happened to the party's campaigning machine.
- Comparing coalitions. Jim Wallace compares the coalition with the Scottish experience of 1999–2007; David Dutton draws parallels from history.

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Liberal Democrats in coalition: education

'The school of hard knocks': the role of Liberal Democrats in the coalition's education policy

Simon Griffiths

David Laws (Liberal Democrat Schools Minister 2012–15) and Michael Gove (Conservative Secretary of State for Education, 2010–14)

In December 2010, Michael Gove, the Conservative Secretary of State for Education, wrote that it has become fashionable 'to refer to the coalition as a Maoist enterprise. Not so much because the government is inhabiting the wilder shores of the Left, but because of the relentless pace of modernisation being pursued across government'.[1] Gove may have been the pilot of school reform in England, but Liberal Democrat education ministers in his department were often willing first officers. Over the next five years, the coalition government undertook one of the most radical periods of structural reform to the education system in recent history, driving through a marketising agenda from the centre across significant areas of education policy. In this article, I focus on the coalition's policies on schools and higher education in England. (Education is a devolved responsibility in the UK, with Scotland, Wales and Northern Ireland operating different systems.) There is much else that could have been written about education policy between 2010 and 2015 – the disagreements over curriculum reform, the scrapping of the Education Maintenance Allowance, or reforms to GCSEs and A-Levels – however, in this very brief article it is the pro-market radicalism of the reforms to the system of schools and higher education that is likely to be one of the most significant legacies of the Conservative–Liberal Democrat coalition. This article explores the Liberal Democrats' role

in these policies and the impact that involvement had on the party.

Higher education: markets and party splits

The coalition government carried out sweeping reforms to marketise higher education in England. The Browne Review – more formally *Securing a Sustainable Future for Higher Education: an independent review of Higher Education Funding and Student Finance* – published its findings in October 2010. Amongst other things, the review argued that there should be no limit on university fees, and that government should underwrite fees up to £6,000, with universities subject to a levy on all fees charged above that level. In addition, a new body, the Higher Education Council, would be responsible for investing in priority courses, enforcing quality levels and improving access. It should have the power to bail out struggling institutions and would be able to explore options such as mergers and takeovers if institutions faced financial failure. There was also scope for new providers to enter the system. Browne proposed that students should not have to pay any tuition fees up front, but would begin to pay their loans back (with interest) once their earnings reached £21,000.

Vince Cable, the Liberal Democrat Secretary of State for Business, Innovation and Skills, responded that he accepted the 'broad thrust' of the Browne Review. Cable had previously been seen as favouring a graduate tax. However, by the time the proposals reached parliament in November 2010, certain concessions had been made, for which the Liberal Democrats claimed credit. In particular, the government put forward an absolute cap on fees of £9,000 per year. In an effort to mitigate criticisms that the review would discourage poorer people from applying, the government also proposed that universities charging fees of over £6,000 per year would have to contribute to a National Scholarships programme and introduced a stricter regime of sanctions encouraging high-charging universities to increase participation. Despite government assurances that this would lead to price variation in the market, the overwhelming majority of universities charge fees at the top rate.

The adoption of a 'Revised Browne Review' introduced a new model of marketised higher education. While earlier reforms under New Labour ended 'free' university education, coalition policy had radical implications for the way in which higher education is provided in England. Gone was the idea that higher education was a public good, determined by academics, and paid for from public funds. In its place was the view that consumer choice, determined by student numbers, would decide which institutions, subjects and modules would survive in a market context. A university, like any other business, can now fail if it does not attract students as consumers, regardless of whether it is carrying out work in the public good. For Liberal Democrats on the left of the party, this policy caused significant ideological discomfort.

Over the next five years, the coalition government undertook one of the most radical periods of structural reform to the education system in recent history, driving through a marketising agenda from the centre across significant areas of education policy.

In courting the Liberal Democrats as potential partners in the coalition, the Conservatives recognised that the future funding of higher education was a divisive issue. The Liberal Democrats went into the 2010 general election on a manifesto pledge to 'scrap unfair university tuition fees'. Every Liberal Democrat MP elected in 2010 – much to their subsequent collective embarrassment – signed a pledge organised by the National Union of Students stating that they would 'vote against any increase in fees in the next parliament and pressure the government to introduce a fairer alternative'. Opposition to increased tuition fees was a potent vote winner for the party, especially among student voters. As such, the coalition agreement noted that 'If the response of the government to Lord Browne's report is one that Liberal Democrats cannot accept, then arrangements will be made to enable Liberal Democrat MPs to abstain in any vote'. This broke the earlier pledge, which promised the party would vote against any increase in fees, rather than simply abstaining. However, this went largely unnoticed amidst the bigger story of coalition formation. At the very least, Liberal Democrats were not bound to support any increase in tuition fees.

The Liberal Democrat leadership accepted the Revised Browne Review, but were prepared to abstain in the parliamentary vote on the measure, in line with the coalition agreement. However, when it became clear that a significant number of Liberal Democrat MPs would vote against any increase in fees, in line with their public promise, the leadership called on the party to support the legislation to ensure that it passed. The party split. When it came to the vote in December 2010, twenty-eight Liberal Democrats supported the government's proposals – despite their pre-election pledge – with twenty-one breaking the government line to vote against. It was the most serious split the coalition had faced and destroyed many voters' trust in the Liberal Democrats. In 2012, the party leader, Nick Clegg, apologised for breaking the tuition fee pledge. It made no difference to his party's fortunes: the damage had been done and the legislation remained in place. The party's poll figures, which had fallen on entering government, fell further – often to single digits. The Liberal Democrats flatlined in the polls until their collapse at the 2015 general election. The episode damaged Clegg's and the party's reputation for the remainder of the coalition (and perhaps beyond).

The split reflected an ideological division in the Liberal Democrats between the more pro-market 'Orange Book' Liberals – who had long viewed the policy of opposing tuition fees as a

low priority, and unaffordable given the economic context – and the more social democratic wing of the party. The election of Nick Clegg as party leader and the decision to go into coalition with the Conservatives over a tired Labour Party marked the triumph of these Orange Book Liberals. Strategically, however, even the party's most vehement defenders admitted that accepting a form of the Browne Review, despite being given an explicit opt out in the coalition agreement, was a disaster for the party.2

Schools policy: academies and the pupil premium

Schools policy has been dominated by the hollowing out of local authority power, which was passed upwards to the Secretary of State and downwards to academies operating in a quasi-market system. While the Conservative, Michael Gove, led these reforms with revolutionary zeal, Liberal Democrat ministers in his department – Sarah Teather and then David Laws – were in no way reactionary opponents. The Academies Act (2010) was one of the first pieces of legislation to be passed by the coalition. The Act made it possible for all state schools in England to gain 'academy status'. Academies are publicly funded independent schools that have significant autonomy from the state. Schools can either convert to academies on their own or as part of a 'chain', run by private or charitable organisations. Most academies are at secondary level, although there are some at primary level too. In May 2010, Gove wrote to every head teacher in England to encourage them to apply for academy status.

The Academies Act also made possible the introduction of 'free schools' – an even more radical move. This was part of the coalition agreement, which promised to 'promote the reform of schools in order to ensure that new providers can enter the state school system in response to parental demand'. Derived from charter schools in the USA and free schools in Sweden, English free schools are all-ability state-funded schools, free of local authority control. Under the plans it became much easier for charities, businesses, or groups of parents, for example, to set up new schools.

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To some degree, 'academisation' is an extension of the grant maintained schools programme introduced by former Conservative Secretary of State for Education Kenneth Baker in 1988, which already gave some schools considerable freedom from local authorities, and a continuation of the academies brought in by New Labour from 2000. However, the coalition pushed forward with the idea more strongly than the previous Labour administration. The result has been a dramatic rise in the number of academies. By late 2014 there were around 4,000 academies, almost twenty times as many as in 2010. In addition, 250 free schools have been created by parents or community groups, with another 112 pending, all with the same freedoms as academies.[3] 'Academisation' under the coalition is on a different scale to anything that went before.

The reforms were controversial. Critics of the academy and free school models have, amongst other things, attacked the freedoms these new schools have – described by one teachers' leader as the ability to teach 'creationism instead of literacy'.[4] For some analysts, the academy programme, with its extensive use of private companies to run schools, meant 'the beginning of the end of state education'.[5] Yet for Liberal Democrats in government, the freedom that schools would have from state control outweighed these concerns. David Laws, from the economically liberal right of the party, in particular, backed his Secretary of State, Michael Gove, and was a committed partner in prising schools from perceived state interference.

A second significant policy development was the introduction of a 'pupil premium'. The policy is most associated with the Liberal Democrats, but was put forward by both coalition partners in their 2010 manifestos – although the Liberal Democrats described it as a 'priority policy'.[6] The introduction of the pupil premium was confirmed in the Comprehensive Spending Review on 22 November 2010, committing government to 'a substantial new premium worth £2.5 billion, targeted on the educational development of disadvantaged pupils'.[7] This was expanded upon in the Schools' White Paper, *The Importance of Teaching*, published two days later. However, the White Paper also noted that, 'This money will not be ring-fenced at school level, as we believe that schools are in the best position to decide how the premium should be used to support their pupils.'[8]

The redistributory nature of the pupil premium means that some schools with pupils from predominantly better off backgrounds had to make significant cuts. Indeed, the Institute for Fiscal Studies (IFS) estimated that 87 per cent of secondary pupils and 60 per cent of primary pupils were attending schools where funding had fallen.[9] The extent of the changes in the schools budget led to a backlash against the pupil premium, particularly in the right-wing press – which strongly associated the scheme with the Liberal Democrats, despite its existence in both coalition partners' manifestos.[10]

Support for the policy was stronger in theory than in practice. The IFS was cautious, arguing that, whilst in principle a pupil premium could narrow the achievement gap between advantaged and disadvantaged pupils, the policy was not enough to lead to schools actively recruiting more disadvantaged pupils. According to IFS models, the premium would need to be higher to sufficiently reduce the disincentive for schools to attract disadvantaged pupils. As such, they concluded, the pupil premium was unlikely to significantly reduce social segregation at the rate it was

set.[11] It may be that wider austerity measures during the coalition hindered the investment needed for progressive measures, such as the pupil premium, to make a significant difference.

There is some degree of policy continuity between the coalition and New Labour on schools policy. Academies mark a long-term move from a (theoretically) universal service to one in which the school system is shaped by parental choice, with the quasi-market subsidised by a premium for poor pupils to increase social justice. (A more radical application came from the comedian Paul Merton, who once joked that it would sometimes be easier if parents were given choice of children, rather than just schools.) However it is the scope and radicalism of the coalition reforms – rolling out a market-based system to all schools – that constitutes a step-change from anything that went before. This marketising approach is consistent with the radical reform of higher education undertaken during the same period.

Conclusions

The coalition's legacy in education will be significant. The administration used the power of a strong central state to marketise the education system in England. On schools' policy, the coalition is likely to be remembered for the academies programme, which is increasingly severing the link between schools and the democratically accountable local authorities that once ran them. In many cases, the local authority has been replaced by private companies, which run chains of academies, effectively privatising some schools. This marks a radical departure from the politics of the recent past. In higher education, this marketising approach went further, turning university education into a lightly regulated market, structured around student choice. In office, the coalition used the strong central state to push through market-based reforms that are fundamentally changing the structure of education in England.

While the policies put forward by the coalition on education policy demonstrated a pro-market radical zeal, they were largely supported by senior Liberal Democrats. In particular, while there was disagreement around the margins on various specific policies, Liberal Democrat ministers in the Department for Education – particularly David Laws – were firmly behind the flagship policy to radically shake up the organisation of schools through academisation and free schools. On higher education, the implementation of a revised Browne Review was more difficult for the party. While there was a group around the leader who felt that the policy was sensible and ideologically sound, more than any other single issue, higher education policy highlighted the ideological fissures within the party and destroyed the high trust ratings the party leader in particular once held. While senior figures in the party felt that they had tempered the policy, the public – particularly student voters – missed these nuances. As such, the Liberal Democrat's decision to support the Conservatives on higher education policy, despite an explicit opt out, proved electorally disastrous, and the party – already being punished by former supporters for their decision to enter into coalition – never recovered.

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While the policies put forward by the coalition on education policy demonstrated a pro-market radical zeal, they were largely supported by senior Liberal Democrats

Commentary: former minister

David Laws

In my view, Simon Griffiths significantly understates Liberal Democrat education achievements and rather exaggerates the significance of the so-called marketisation of schools and higher education.

There were three big Liberal Democrat successes under the coalition in education – and most teachers and head teachers would I think share this view. Simon has only mentioned one of these achievements, and even here has reached the wrong conclusion.

Firstly, the Liberal Democrats insisted on an excellent funding deal for schools. We rejected Conservative plans to cut the real education budget (by freezing school spending in cash terms), and insisted instead on a £2.5bn pupil premium, to help narrow the gap between disadvantaged pupils and other students. This quite deliberately focused extra resources on the schools in greatest need, but it is simply not accurate to suggest that most other schools received significant cuts. With rising pupil numbers and frozen pay, most schools found that they were exempted from the service impact of public-sector austerity – thanks entirely to the Liberal Democrats. Meanwhile, the pupil premium was (amongst teachers) probably the most popular coalition education policy – and early evidence suggests that it is helping to narrow the disadvantaged gap, particularly in primary schools.

The Liberal Democrats insisted on an excellent funding deal for schools. We rejected Conservative plans to cut the real education budget (by freezing school spending in cash terms), and insisted instead on a £2.5bn pupil premium, to help narrow the gap between disadvantaged pupils and other students.

The second big Lib Dem contribution was in Early Years education. Here, Nick Clegg and Sarah Teather insisted on expanding early education to 2 year olds in the most disadvantaged households. And later in the parliament we introduced an Early Years pupil premium. Both changes were achieved in the face of active Conservative opposition. Both will help to narrow the gap where it currently opens fastest – in the earliest years. Other planned changes to improve the Early Years workforce were, sadly, either vetoed by Michael Gove or suffered from budget constraints.

The third huge Liberal Democrat achievement was in the area of qualifications and accountability. Not only did Nick Clegg veto Conservative plans to restore the old O-Level/CSE divide, but thanks to Lib Dem efforts we announced reforms to the key accountability measures for schools. This meant moving from judging schools only on raw attainment (which favours schools in leafy areas), to looking more closely at the progress made by all pupils. In place of Labour's flawed threshold target – the five A*–C threshold measure – came new Progress 8 and Attainment 8 measures. These have multiple benefits: they are fairer to schools in tough areas; they give schools an incentive to help all students, and not just those on the C/D grade borderline; they incentivise a wider curriculum choice; and they allow spaces for non E-Bacc and vocational subjects. These changes may presently be poorly understood by both the media and by the public, but in time they could be as important and beneficial as anything which the coalition government delivered in education policy.

Simon Griffiths focuses a lot of attention on changes to school structures. This tends to be a general political preoccupation and ignores other important policy changes. In my view, Simon has also wildly exaggerated the significance of what he describes as the marketisation and privatisation of English education. It is true that Michael Gove, Andrew Adonis and I all agreed that the minority of very poorly performing local authority schools could be improved by selecting high-quality academy sponsors to take over the schools – usually with new, much stronger, leadership and governance (more important, in my view, than the marginal extra autonomy granted to most academies).

The latest academic data, from the reputable LSE, shows that the generation of Labour-sponsored academies delivered real and significant gains in attainment, particularly for poor pupils. This programme continued under the coalition, but was probably less successful, as in the early days sponsor quality may have been compromised to deliver change quickly. But the big increase in academy numbers which Simon draws attention to did not involve much change at all – certainly not privatisation. Most coalition academies were so called converter academies – generally the same schools, with the same leadership, but no longer under local authority oversight. I was dubious that this programme would deliver big gains in attainment, as the schools saw little real change – indeed many converted only for financial reasons. The latest LSE data shows that 'outstanding' converter academies (as assessed by Ofsted) did better than comparable local authority schools, but that for 'good' and 'requires improvement' converter academies the programme made little difference either way.

My view was that both academy chains and local authorities could be good or bad. I wanted to see a contestable middle tier of both local authorities and chains, where poor providers of either type could be replaced by a better performer. But Michael Gove could not stomach any role for local authorities, so we reached stalemate on this issue – with Liberal Democrats vetoing Conservative attempts to essentially academise the whole school system.

I have written about the sad tale of Liberal Democrat higher education policy in my book, *Coalition* (Biteback, 2016). In my view, investing

extra resources at a time of austerity to abolish tuition fees would have been a crazy education policy. Extra money should clearly be targeted at the early years and in school, to have a real impact on spreading opportunity. The party was foolish not to dump this policy before the 2015 election. However, I accept that having made the manifesto commitment which we did, we should have vetoed any fee rise during the coalition. This was a serious political mistake – though most of our decline in the opinion polls occurred before the tuition fees fiasco of late 2010.

However, the policy devised by Vince Cable and others was carefully calibrated to protect the interests of those from low-income families and those who would have low earnings in the future. As a consequence, there was no adverse impact on access for disadvantaged pupils – indeed exactly the opposite. Compare that to free tuition Scotland, where student numbers have had to be cut.

Simon suggests that our tuition fees and higher education policy was some sort of dramatic boost to the marketisation of the system. It was no such thing. It was simply a continued development of the clear policy direction previously set by the 1997–2010 Labour government. And the higher education system continues to be part funded by government. Indeed, a direct impact of our political u-turn was that English higher education has never been so strong and so well funded.

The Liberal Democrats can be proud of our influence on education policy under the coalition. The decisions we took will significantly improve the quality of education over time, and are strongly progressive – helping those who most need the support of the state.

David Laws was Liberal Democrat Schools Minister 2012–15 and is currently executive chairman of the Education Policy Institute and the Education Partnerships Group.

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Commentary: critic

Helen Flynn

It is a problem when you put two parties together – one driven by values and one driven by ideology – in a coalition, particularly when the ideologically driven party is so much larger than the values-driven party. So what happened to the Liberal Democrats in coalition can serve as a cautionary tale to any other future 'would-be' junior coalition partner. If it looks as if you have 'sold out' on your values, you will be punished at the ballot box.

In the educational arena, we became particularly unstuck from a values perspective in Simon Griffiths' two areas of focus: academisation in the schools sector and tuition fees in the higher education sector. However, he unfairly ignores other areas of radical reform, evidence and values-based, where the Liberal Democrats achieved some success. I would be disappointed if David Laws in his commentary here were to not focus on these areas to defend the Liberal Democrat record.

But as a party member, with a particular interest in education, the question is: given the circumstances, could we have done more to exert influence in these key areas, so that we could have emerged with our values largely intact, both to improve our electoral prospects and also to have had a wider impact on education policy?

With reference to tuition fees, the Conservatives had long been advocates of tuition fees in the higher education sector and were enthusiastic supporters of the Labour Party when they introduced them. The Liberal Democrats at grass-roots level had always opposed them, though there were a significant number of senior members who were in fact pro-tuition fees, including Nick Clegg. Recognising this split in the party and the fact that virtually all Lib Dem PPCs had pledged their support to the NUS 'no rise in tuition fees' campaign, Clegg negotiated the right in the coalition agreement to abstain on any vote on tuition fees. But when it came to the Commons vote some Lib Dem MPs abstained (eight) but twenty-one voted against and twenty-eight voted for the policy—it was chaotic.

Surely the right and sensible approach should have been for all Lib Dem MPs, whether involved in government or not, to abstain on the vote? This is, after all, what Clegg had negotiated. Even though there was a group of Lib Dem MPs ready to rebel and vote against the rise, arguably Clegg and his colleagues in government would have been more true to the Lib Dem position and would have emerged more unscathed had they all abstained.

The fact that our leadership was left looking to the general public like a party who could so easily row back on pledges was not the right tactic – politically or morally – for a values-based party. And there was a heavy, heavy price to pay for it. We must have looked like political ingénues to the more experienced Conservatives, particularly as the net effect of the way we voted was to have no real effect as a party on the eventual vote. It was breathtaking naivety to assume we could get away with it, especially with the right-wing media waiting to exploit any stumble from us. It left party members squirming and there was to

For the party leadership to have got it so instinctively wrong on the way to handle the tuition fees issue, and not to have foreseen the legacy of the Academies Act and how it would so radically overhaul the English schools system … undoubtedly played a significant role in the fate of the party at the 2015 general election.

be an immediate and ongoing price to pay at local elections.

The Conservatives had also been keen supporters of the academies that Labour had introduced in 2002, as they built on the Conservative policy of City Technical Colleges which had been introduced in the 1988 Education Reform Act. Grass-roots members of the Lib Dems opposed academies, seeing them as undermining local government and not being sufficiently publicly accountable, though some senior members, including Clegg, were not opposed to academies. No one, however, in the Lib Dem party was advocating that all schools become academies, but it is very clear now from the speed and alacrity with which Michael Gove introduced the academies bill so soon after the general election that this was his 'project'. Could Clegg have done more to stop the steamroller?

Arguably, he could have installed at the Department of Education (DfE) a minister with more experience of education and education policy, rather than Sarah Teather who had limited experience and concentrated her efforts almost solely on the Special Educational Needs brief she had been given. It effectively left us flying blind at the DfE, and without an advocate who could more effectively fight the Lib Dem corner. For a party that had campaigned extensively on being the 'party for education', more should have been done to install an education 'heavyweight' in a ministerial post at the DfE at the first opportunity. (After he was appointed Schools Minister in 2012, David Laws was to show just what such an education specialist could achieve.)

Maybe Clegg himself, as deputy prime minister, could also have exerted more power to slow the juggernaut down, and to ensure that the bill was not enacted until after the summer recess. Rarely can any bill have reached royal assent so quickly – a mere ten weeks after the general election.

Many commentators argue that the Academies Act is the most significant development in education reform since the Butler Education Act of 1944. Maybe the Liberal Democrats were too new to government to have stopped it outright, but surely more could have been done to both slow it down and amend it?

It is a shame that these Conservative-led, ideological, pro-market reforms so heavily dominate the general analysis of coalition education reforms, as the Liberal Democrats did have a significant input and arguably punched above their weight in many areas of education reform. Much of politics, however, is about instinct, and understanding what the big issues really are – the ones you need to fight tooth and nail.

For the party leadership to have got it so instinctively wrong on the way to handle the tuition fees issue, and not to have foreseen the legacy of the Academies Act and how it would so radically overhaul the English schools system has, by any account, tested the loyalty of some Liberal Democrat members severely, and undoubtedly played a significant role in the fate of the party at the 2015 general election.

Helen Flynn is an executive member of the Liberal Democrat Education Association and chair of the Social Liberal Forum. She has stood twice as a parliamentary candidate for the Liberal Democrats in 2010 and 2015, was an elected Harrogate Borough Councillor (2012–2016), and served on the Federal Policy Committee between 2013 and 2015.

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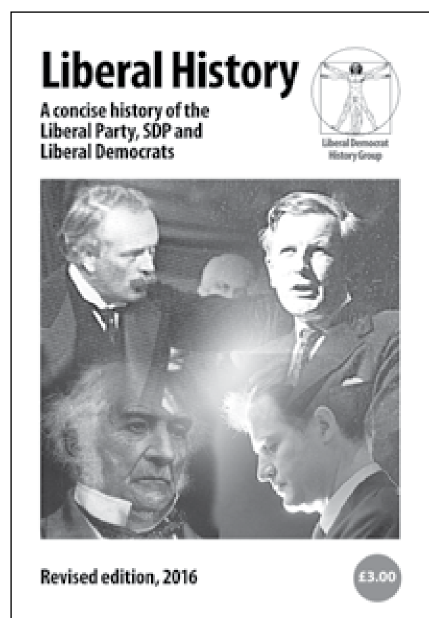

Liberal Democrats in coalition: health

Overview: health policy under the coalition

Peter Sloman

Nick Clegg, David Cameron and Andrew Lansley (Secretary of State for Health, 2012–12) in February 2012

When the coalition government was formed in May 2010, few observers expected it to engage in radical reform of the National Health Service. Health featured less prominently in the 2010 general election than in any other recent campaign, partly because New Labour's investment programme had improved public satisfaction with the NHS and partly because the Conservatives worked hard to neutralise the issue. The issue was hardly touched on in the coalition negotiations, and the NHS section of the coalition agreement focused on the commitment to increase health spending in real terms and 'stop the top-down reorganisations of the NHS that have got in the way of patient care'. Within weeks, however, the new Health Secretary Andrew Lansley had published a White Paper which proposed to abolish Strategic Health Authorities and Primary Care Trusts, transfer NHS commissioning to GPs, and promote competition between providers. The resulting Health and Social Care Act 2012 became one of the coalition's most controversial – and consequential – measures. What role did the Liberal Democrats play in the Lansley reforms, and how far were Paul Burstow and Norman Lamb able to use their position at the Department of Health to achieve liberal objectives?

In the years before the coalition, it was not always easy to discern a distinctive Liberal Democrat vision for the health service. Under Charles Kennedy's leadership, the party had stressed the need for more investment in the NHS, greater autonomy for health professionals, and a bigger

role for local councils: the Liberal Democrats thus opposed the Blair government's plans for foundation hospitals and promised to introduce free personal care for the elderly.[1] However, David Laws' provocative chapter in *The Orange Book* – suggesting that the NHS should be turned into a continental-style social insurance system – opened up a debate on the merits of competition and choice which had not been resolved by 2010.[2] After becoming leader, Nick Clegg waxed lyrical about the advantages of personal health budgets and identified mental health services as a priority for investment, but his vision of 'a People's Health Service … built on personal empowerment, local control, and fairness' did not feature prominently in the party's campaigning in the run-up to the general election.[3] The health section of the Liberal Democrat manifesto – based on the report of a working group chaired by Baroness Neuberger – proposed to halve the size of the Department of Health, abolish Strategic Health Authorities (SHAs), and replace Primary Care Trusts (PCTs) with elected Local Health Boards in order to improve accountability and free up resources for frontline services.[4] As supporters of the Lansley reforms pointed out, it also proposed that Local Health Boards should be free to commission services from 'a range of different types of provider'; but this was qualified by a promise to end 'any current bias in favour of private providers', and sat uneasily with the broader emphasis on integrating health and social care.[5]

When the coalition was formed, Nick Clegg initially proposed Norman Lamb as Minister of State for Health, but Lamb's appointment appears to have been vetoed by Lansley.[6] Clegg's second choice was Paul Burstow, who had been party's health spokesman during the 2001 parliament. In many ways, Burstow was a natural choice for the post, since his background as a former deputy leader of Sutton Council prepared him well for the care services brief. On the other hand, Burstow's focus on strengthening local government made him more receptive to Lansley's vision for the NHS than Lamb might have been. In his definitive study of the Lansley reforms, *Never Again?*, Nicholas Timmins has pointed out that Burstow's involvement made the White Paper and the Health and Social Care Bill more rather than less radical. In particular, Burstow was willing to transfer commissioning to GPs because this made it possible to abolish PCTs and SHAs and to give responsibility for public health to local government. Lansley also agreed to establish council-led Health and Wellbeing Boards to coordinate health and social care provision in each area.[7]

Burstow seems have been broadly satisfied by this deal, and Clegg initially hailed the resulting Health and Social Care Bill as an expression of the coalition's commitment to localism and decentralisation.[8] It certainly offered a more coherent synthesis of Conservative and Liberal Democrat ideas than the health section of the coalition agreement, which had been hastily cobbled together by Oliver Letwin and Danny Alexander from the two parties' manifestos. During the first three months of 2011, however, a group of Liberal Democrat activists led by the Charles West, Evan Harris, and Shirley Williams began to campaign against the bill on the grounds that it would fragment the NHS and allow cherry-picking by private providers. When the party's spring conference in Sheffield in March 2011 amended a motion on the NHS to criticise Lansley's 'damaging and unjustified market-based approach', Clegg backtracked and persuaded Cameron to launch an independent review of the legislation.[9] During this two-month 'pause' Clegg and his colleagues secured a number of changes to the bill, including an expanded role for Health and Wellbeing Boards and a redefinition of the duties of the health regulator, Monitor; and Liberal Democrat peers obtained further amendments when the bill went through the Lords. None of this, however, seems to have allayed public concerns about the disruption which the Lansley reforms caused, or the prospect of creeping 'privatisation' of the health service. Indeed, Charles West and other Liberal Democrat activists continued to campaign against the Act, though Shirley Williams was persuaded that the amendments had safeguarded the founding principles of the NHS. This led to a major row at the 2012 spring conference.[10]

Burstow's specific portfolio of social care was more comfortable terrain for the Liberal Democrats within the coalition. Following a heated controversy over Labour's plans for a compulsory levy on estates to pay for social care in the run-up to the 2010 election, the Liberal Democrat manifesto suggested 'an independent commission … to develop proposals for long-term care of the elderly', and Nick Clegg gained plaudits in the first leaders' debate by calling for the parties to reach a consensus on the issue.[11] In this field the Liberal Democrat approach offered the path of least resistance, and Burstow quickly appointed a small commission chaired by the economist Andrew Dilnot to consider how far people should be required to pay for their own care. Dilnot's July 2011 report recommended that individuals' liability to contribute to care costs should be capped at approximately £35,000 – a sum which could plausibly be covered by private insurance policies – and that the asset threshold for means-tested assistance should be raised to £100,000.[12] The Treasury seems to have balked at the cost of the proposals, which Dilnot estimated at £1.7 billion, and though it eventually accepted the reform in principle it insisted on setting the cap at the higher level of £72,000.[13] This cap was included in the 2014 Care Act and was due to come into effect in April 2016, but the new Conservative government has postponed it until at least 2020.[14]

Alongside funding reforms, the Care Act established a new statutory framework for the social care sector, which Richard Humphries

Clegg initially hailed the resulting Health and Social Care Bill as an expression of the coalition's commitment to localism and decentralisation.

of the King's Fund has called 'the most comprehensive and ambitious overhaul of social care legislation since 1948'.[15] This drew heavily on a three-year Law Commission review which had been set up by the Brown government, but it also included measures to safeguard elderly people against abuse in response to the Francis Inquiry into failings at Stafford Hospital and to extend the Care Quality Commission's inspection regime to the financial management of care homes following the collapse of Southern Cross. Paul Burstow chaired the joint parliamentary committee which scrutinised the draft bill after he returned to the backbenches in September 2012, and it was piloted into law in 2014 by his successor Norman Lamb.

Lamb's appointment, together with David Laws' return to government as schools minister, suggested that Clegg wanted to make more political capital from health and education in the second half of the parliament. It also coincided with Andrew Lansley's replacement by Jeremy Hunt, which signalled an end to structural reform and a new focus on raising the quality of care. Lamb's most distinctive contribution here was to push mental health up the agenda. The 2011 strategy paper *No Health Without Mental Health* committed the government to seeking 'parity of esteem between mental and physical health services', and in January 2014 Clegg and Lamb published a further document, *Closing the Gap*, which promised to expand access to talking therapies and introduce waiting-time limits for key mental health services.[16] Clegg announced the first targets in his 2014 party conference speech, and the Liberal Democrats made much of the issue in the run-up to the election, promising to spend an extra £3.5 billion on mental health care in England between 2015 and 2020.[17]

Although Paul Burstow and Norman Lamb can have much to be proud of, then, the lesson of coalition seems to be that voters are ultimately focused on the bigger picture. Participants in pre-election focus groups … thought the Liberal Democrats were marginally more 'caring' than the Conservatives but 'were unable to identify a distinctive Liberal Democrat approach to the NHS'.

One overview of the NHS under the coalition has concluded that '[f]or health policy purposes, this was a Conservative government' in which 'Liberal Democrat idea had almost no influence on the key policies'.[18] In fact, the Liberal Democrat legacy was rather clearer in health than in education: the party knocked some of the sharpest edges off the Lansley reforms, secured a bigger role for local government, and pushed the 'Cinderella' issues of social care and mental health to the top of the coalition's agenda. As with Michael Gove's school reforms, however, it was Lansley's NHS restructuring that dominated public debate and made it difficult for the Liberal Democrats to carve out a distinctive identity. Part of the problem was that many of the concessions which Clegg and Liberal Democrat peers achieved were either obtained behind closed doors, or were too complex to prevent a narrative of 'privatisation' gaining traction. Moreover, the benefits of most of Burstow and Lamb's innovations were either debatable or had yet to materialise by the time of the 2015 election. Health and Wellbeing Boards, for instance, had been established across the country and given a key role in integrating health and social care, but early research suggested that their impact was 'variable, and generally limited'.[19] Similarly, efforts to improve social care and mental health services were badly undermined by spending cuts in local government.[20]

Although Paul Burstow and Norman Lamb can have much to be proud of, then, the lesson of coalition seems to be that voters are ultimately focused on the bigger picture. Participants in pre-election focus groups organised by Lord Ashcroft, for instance, thought the Liberal Democrats were marginally more 'caring' than the Conservatives but 'were unable to identify a distinctive Liberal Democrat approach to the NHS'.[21] Perhaps distinctiveness is too much to ask for, since health has never been as central to Liberal Democrat campaigning as, say, education or the environment. Nevertheless, regaining trust among doctors and other public-sector professionals will be vital if the party is to turn its 'fightback' into seats at the next general election.

Peter Sloman is a lecturer in British politics at the University of Cambridge and the author of The Liberal Party and the Economy, 1929–1964 *(Oxford, 2015).*

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Commentary: former minister

Paul Burstow

There may be some points of detail in the overview that could be quibbled over but in essence it captures the main themes of Liberal Democrat successes and failures during the coalition years.

I have no personal knowledge of whether I was first, second or last choice for the job! But after thirteen years in parliament, during which time I had covered the health brief with a distinctly social-care bias, I found myself with an opportunity to do something about issues I had long campaigned on.

The loss of Short Money[1] and an ill-judged decision not to appoint special advisers to support departmental ministers left us to cope with a tsunami of paperwork, meetings and pressing decisions. So keeping on top of the flow of submissions and drafts of the NHS White Paper, establishing the Commission on the Future Funding of Long Term Care – chaired by Andrew Dilnot – and drafting a new cross government mental health strategy occupied much of my time up to the 2010 summer recess.

The reaction to *Liberating the NHS*[2] was mixed but it did not signal the intensity of the hostility the health and social care bill would later provoke. The White Paper offered a blending of ideas from the Conservative and Liberal Democrat manifestos, mostly summarised in the coalition programme for government. The goal was to vest power in independent institutions to create a buffer between the NHS and the day-to-day politics of Whitehall and Westminster – an idea that was largely stillborn as a result of the wholesale change of the ministerial team in 2012.

Both parties had set out proposals in their manifestos for restructuring the performance management and commissioning of NHS services. It is why the commitment to 'stop the top-down reorganisations of the NHS', a late addition

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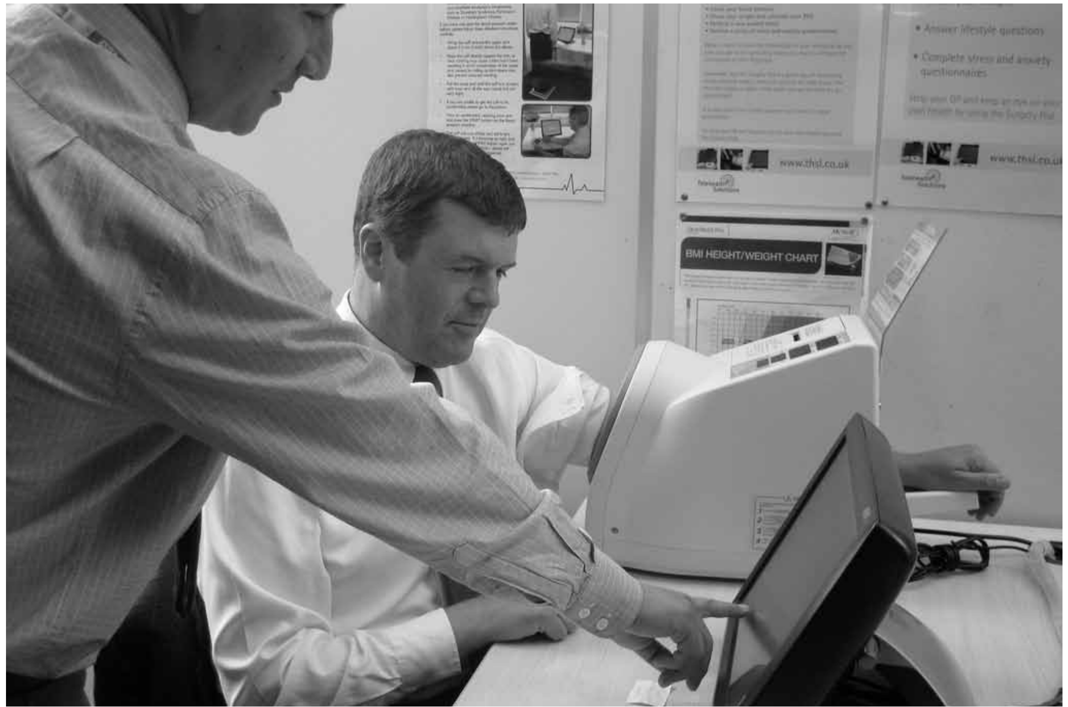

Paul Burstow as Health Minister

to the coalition programme, from outside of the Department of Health was such a hostage to fortune. For my own part I wanted to strengthen the role of local government in the NHS and I believed that Public Health England would have more opportunity to impact on the determinants of ill health through local government than in the NHS. The idea of pooling NHS and local government sovereignty through health and wellbeing boards was the result; they remain unfinished business.

The most hotly contested issue in the health and social care bill was competition. Although competition was nothing new to the NHS – it had been applied by Labour when in government – consolidating it in statute gave it visibility and made it easy prey for those determined to portray it as privatisation.

Could the changes have been killed in 2010? I do not think so, as both parties had stood on manifestos proposing structural change. The bill could have been killed by the Quad (the high-level executive committee comprising David Cameron, Nick Clegg, George Osborne and Danny Alexander) when the scale and complexity of the bill became clear. However, the true political cost only became apparent as the bill went through parliament, too late for a major reversal of policy.

Looking back I think the biggest failure was not to take a more root-and-branch approach to the long-standing issues of the funding and integration of health and social care. The party's policy of separate elected health boards would not have advanced this.

The call for integration within the NHS and between health and social care has grown louder these past six years. But the cause is not a new one. Debated in the 1920s when the Poor Law was reviewed, it was considered in the 1940s by Beveridge and again by Atlee's government. Despite these debates, the schism was entrenched by the creation of separate institutions, mandates and accountabilities. We are still living with the decisions made then. For example, over the past sixty years a number of Acts have introduced duties of cooperation on the parts of the NHS and local government, but with little result. The same is true of attempts to seed integration through the use of pilot schemes and pioneer programmes: these experiments fail to make it out of the laboratory.

The care bill not only enacted the Dilnot funding reforms, it also gave – and defined – a new organising principle for social care: the promotion of individual wellbeing. This wellbeing principle[3] could form the basis of the common purpose needed by the NHS and social care for successful integration. The legislation also put the rights of informal carers on an equal footing with those they cared for – for the first time anywhere in the world. These major social reforms are jeopardised, however, by the chronic underfunding of adult social care.[4]

Social care funding is unfinished business. The 2010 spending review kept the show on the road with a transfer of funds from the NHS budget. This was formalised by Norman Lamb in the Better Care Fund.[5] By the end of the current parliament, spending on adult social care will have fallen below 1 per cent of GDP. The consequences will be felt by families up and down the country and made increasingly visible as acute hospitals fill up with frail elderly people.

Dilnot would not have fixed this funding question. But what Dilnot did demonstrate is that, without a broad-based consensus, reform is stuck. Norman Lamb's call for a twenty-first-century

Beveridge Commission offers a practical way to reach a new political consensus on funding health and care.[6]

The 2011 mental health strategy I drew up contained a disruptive idea: 'parity of esteem' between physical and mental health. That idea has taken hold in the NHS, but there is still a long way to go. I asked the then president of Royal College of Psychiatry to map out what parity might look like in practice; her report still sets the standard.[7] However, although mental health now has a higher positive profile than ever before and has secured big funding commitments, it remains to be seen whether and when the money will make a difference.

While the Lansley reforms drew the political spotlight – for all the wrong reasons – I believe that the wholesale reform of social care law and greater prominence afforded to mental health are a legacies we should be proud of, defend and build on.

Professor Rt Hon. Paul Burstow was MP for Sutton & Cheam 1997–2015. He served as Minister of State at the Department of Health between May 2010 and September 2012. He is now chair of the Tavistock and Portman NHS Foundation Trust and Professor of Mental Health Public Policy at the University of Birmingham; he also runs a public policy consultancy covering health and care.

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Commentary: former minister

Norman Lamb

First, I think Peter Sloman's analysis is broadly fair. By the time I arrived in the Department of Health, the Health and Social Care Act 2012 had become law. I knew I had a maximum of two and a half years to do the things that I felt were important. I worked on the assumption that I would probably be gone in May 2015. This focused my mind and my resolve to try to drive change in a number of areas.

The Care Act, which I took though parliament, was widely welcomed as a long overdue reform of social care. (Paul Burstow had published the draft bill.) We managed to negotiate an agreement with the Tories to include the Dilnot cap on care costs and an extension to support for those on modest means. Cynically, in my view, the Conservatives dumped this within weeks of returning to power on their own. They say that the cap on care costs is delayed until 2020; I'm quite sure it is, in effect, abandoned. The rest of the Care Act is good legislation but it is significantly undermined by drastic underfunding.

My biggest disappointment, as minister, was our failure to get those with learning disability out of institutions. There are many people who could enjoy a better, more independent life, living in the community, with support. Yet I became more and more horrified by the inertia in the system and the abject failure to give people the opportunity of a better life. I was frustrated by my lack of power to force change. I decided that the only way to change things was to give people new legal rights to have control over the funds available for their care and to challenge decisions. We published a Green Paper shortly before the election but, frustratingly, this no longer seems a priority for the Tories.

The area where I felt I had most impact was in mental health. Our family experience helped inform my passion for change. I was on a mission to bring mental health out of the shadows, building on Paul Burstow's excellent work. I think, by the end, we had made it much more difficult for government and for the NHS to ignore the interests of those with mental ill health. Amongst the things that I am proud of are the following:

- Trebling of the numbers getting access to psychological therapies through the IAPT programme;
- New guidance on reducing the use of restraint and ending the use of face-down

The area where I felt I had most impact was in mental health. Our family experience helped inform my passion for change. I was on a mission to bring mental health out of the shadows, building on Paul Burstow's excellent work. I think, by the end, we had made it much more difficult for government and for the NHS to ignore the interests of those with mental ill health.

Norman Lamb as Health Minister

restraint in inpatient care – although not enough has yet been done to make this a reality;

- Introducing the Crisis Care Concordat which introduced standards of crisis care in mental health for the first time, encouraging police and health services to collaborate together;
- Reducing by 50 per cent in two years the number of people in crisis who end up in police cells;
- Ending the exemption of mental health from the legal right of choice (of where you are treated);
- Introducing a fast-track, high-quality, graduate training scheme for mental health social work – with the first top graduates having started the training this summer;
- Introducing the first ever maximum waiting time standards in mental health – critical to the objective of treating people with mental ill health equally with those with other health problems;
- Initiating trials to provide much better support for people who are out of work due to mental ill health to help them recover and get back to work;
- Rolling out a national, world-leading Liaison and Diversion Service to divert people away from the criminal justice system and into diagnosis and care.

Finally, my other priority was to try to get the system focused more on delivering integrated care. I felt lip service had too often been paid to this approach in the past without any real results.

We established integrated care pioneers around the country – encouraging areas to do things differently, bringing together fragmented parts of the system to provide better, more joined up care. And I introduced the first-ever legal right to a personal health budget, for those receiving NHS continuing care. This should be extended much further. It provides a real opportunity to transfer power from bureaucracies to people, a very liberal principle!

Norman Lamb has been the Liberal Democrat MP for North Norfolk since 2001. During the coalition government he was Parliamentary Private Sector to the Deputy Prime Minister (2010–12), Minister of State for Employment Relations (2012) and Minister of State for Care and Support (2012–15). He is now Liberal Democrat health spokesperson.

Commentary: critic

Evan Harris

The serious health problems that the Lib Dems suffered in coalition can be diagnosed as due to both the policy and the politics of the health and social care bill. This affliction also overshadowed the strenuous efforts of Paul Burstow to settle the question of the co-funding of long-term care and the valuable work done on mental health by Norman Lamb, both of which are well set out in the article. Peter Sloman identifies some of the factors leading to what was a disaster – for the party, the NHS and the reputation of coalitions.

David Laws writes in his book *Coalition* that Nick Clegg told friends that he 'should have pulled the rug out from under the NHS reforms and just killed them dead in 2010'. I agree with Nick.

But as with the even higher profile disaster on higher education, it was not purely due to a failure of Lib Dems to negotiate harder with the Tories, or a failure to grasp the political impact on the public's perception of the party in a Tory-led coalition. There were other factors at play.

One was a failure to settle the party's policy position firmly enough. The result, as Sloman says, was a lack of publicly discernable Lib Dem health policy. This was because the internal 'debate on the merits of competition and choice' (its evidence base, and whether it should take priority over quality and equity) … 'had not been resolved by 2010'. But in democratic policy-making terms it had been resolved – several times. But not in the minds of some of the influential minority on the neo-liberal side of public services reform within the party (the 'Orange bookers', led by David Laws) who were subsequently to allow their policy preference to be imposed on the party and the country.

Unlike the tuition fee disaster, when the pass was sold in one hour of coalition negotiations, the NHS policy blunder was carried out in slow motion – perhaps making it more egregious. The party was split between a majority who took a 'social democratic' position on the NHS (an end to repeated structural reform, stable funding, devolution of tax-raising powers and commissioning to elected local health boards) and a minority who took a 'classical liberal' position (favouring a more market-style system with the entry of more private providers).

The position of Laws and his supporters could not fairly be described as 'privatisation' of the NHS, but this would not stop real-world critics – from Labour, the Greens and the health unions – from using the label. The concern of those of us opposed to marketisation was that there was no evidence that increased competition improved quality, and plenty that would bring with it costs associated with the administration of the market. If a toxic policy is neither effective nor cheaper, what is the point of imposing it on the party?

Yet that is what happened. Nick Clegg, David Laws and their policy advisers were never really happy with the party's rejection of market-style reform of the NHS. I recall a conversation with a top Clegg adviser after the Lib Dem conference had voted against the bill in March 2011 when, as I went through the ways in which Lansley's bill breached Lib Dem policy and coalition agreement, and published Tory policy, she kept saying 'but it's a good idea.'

The fears over health policy of the party's early coalition-sceptics were assuaged by the coalition agreement's 'stop the top-down reorganisations of the NHS'. This may have been a mundane consequence of combining two bland manifestos, but it was a triumph in creating a false sense of security.

No history of the coalition health reforms can be full and fair without looking more deeply at the failure of the party to avert disaster after the NHS White Paper of 2010 was published. This did not get the attention in the party it deserved. Dr Charles West raised his concerns, as did outside health campaigners. But, to my lasting regret, I did not engage with it at that point. More crucially, a motion on the subject was not selected by the Federal Conference Committee for debate at the party conference that year. The absence of an early full-blooded party debate was not only a disservice to the party, but also to Nick Clegg and his minsters, as they were lulled into thinking that the subsequent health and social care bill could be steered through relatively smoothly.

The bill was not NHS privatisation, but it was a very poor bill. It clumsily ended the Health Secretary's responsibility for providing a universal service, it promoted innovation and choice (i.e. competition) above equity (i.e. fairness); it encouraged the privatisation of the commissioning function; and there was a complex chunk of the bill on the marketisation of almost all NHS provision. On top of that was the top-down reorganisation which – among other things – abolished the co-terminosity between health commissioners (PCTs) and local authority social care commissioners. This would put an end to Lib Dem dreams of achieving our policy of merging health and social care commissioning, integrating provision and allowing tax-varying powers by locally elected health boards to make rationing more transparent and responsive. The reforms also put GPs in charge of commissioning, a task for which they are not trained. The irony was that when I was health spokesman in opposition, and despite being the first to oppose Blair's GP contract as 'paying doctors more to do less', I had been criticised by Nick Clegg for being too much on the side of doctors and nurses (so-called 'producer interests').

Many Liberal Democrat opponents of the reforms like me tried pragmatically to resist the 'Kill the bill' calls from coalition opponents and the health unions, in favour of stripping out the marketisation section, and stopping the privatisation of commissioning and the prioritisation of competition over equity. Not only did we largely fail, despite the best efforts of Shirley Williams, but I now see that I was misguided. David Laws writes in his book *Coalition* that Nick Clegg told friends that he 'should have pulled the rug out from under the NHS reforms and just killed them dead in 2010'. I agree with Nick.

Dr Evan Harris was MP for Oxford West and Abingdon 1997–2010) and Lib Dem Shadow Health Secretary 1999–2003. He serves on the Federal Policy Committee. He trained in hospital and public health medicine.

Liberal Democrats in coalition: social security

Overview: social security policy under the coalition

Peter Sloman

Steve Webb and Iain Duncan Smith during the 2015 election campaign.

Since the social security budget accounts for more than a quarter of government spending, the Department of Work and Pensions was always likely to be at the forefront of the coalition's efforts to eliminate the structural deficit.[1] Though it was never far from controversy, the DWP turned out to be one of the more successful coalition departments. Iain Duncan Smith and Steve Webb formed an unlikely but effective partnership, and remained in post for the full five years of the coalition – a stark contrast with the nine Secretaries of State and nine Ministers of State for Pensions who held office under New Labour. Moreover, alongside a series of benefit cuts – many of them initiated by the Treasury – Duncan Smith and Webb launched the biggest structural reforms to the social security system since the 1980s, in the shape of Universal Credit and the single-tier state pension. Although the implementation of Universal Credit has been fraught with difficulty, these two policies look likely to define the architecture of the welfare state for a generation.

Like the Department of Health, the DWP benefited from a clear division of labour between Conservative and Liberal Democrat ministers: Duncan Smith oversaw the development of Universal Credit and other changes to working-age benefits, whilst Webb took the lead on pensions. As a welfare economist who had worked at the Institute for Fiscal Studies before shadowing the department during the Blair and Brown years, Webb was well placed to make a distinctive impact. The first Liberal Democrat contribution came in the coalition agreement, which promised to raise the state pension by prices, earnings, or 2.5 per cent a year – whichever was highest. This 'triple lock' meant that the basic state pension for

a single person rose from 16.3 per cent of average earnings in April 2010 to 18.2 per cent in April 2014, partially reversing a decline which had begun under Margaret Thatcher.[2] Where New Labour had targeted resources on the poorest pensioners through the means-tested Pension Credit, the coalition shifted the emphasis back towards the basic state pension, building on the recommendations of Adair Turner's Pensions Commission (2002–6).[3] By 2014/15 National Insurance benefits accounted for 76 per cent of all payments to pensioners, up from 70 per cent in 2009/10 and the highest level since the late 1980s.[4] The 'triple lock' was unsurprisingly expensive – costing an extra £1.5 billion a year by the end of the parliament – though the cost will be offset over time by the coalition's decision to accelerate increases in the state pension age.[5]

Webb was keen to reinvigorate William Beveridge's vision of a flat-rate basic state pension set at or near subsistence level, partly because of the perceived stigma attached to means-tested benefits and partly because they acted as a disincentive to saving. Indeed, as Liberal Democrat pensions spokesman in the early 2000s, he had committed the party to the long-term goal of abolishing National Insurance contribution requirements and creating a 'citizen's pension' based on residence.[6] Once in government, he persuaded the Treasury that it could raise the basic state pension to the level of Pension Credit – an increase of more than one-third – if it closed the earnings-related State Second Pension and abolished the National Insurance rebates for employers who contracted out of it.[7] Indeed, the overall package would save the government money in the long term. The Pensions Act 2014 provided for Webb's new single-tier pension to come into effect from April 2016, though the contributory qualification has been retained for budgetary reasons: only those who have made or been credited with at least thirty-five years of National Insurance contributions are eligible for the full pension.[8]

The decision to introduce the single-tier pension had two spin-off benefits for the coalition's wider pensions policy. Firstly, it smoothed the introduction of automatic enrolment – which the Brown government had legislated for in 2008 – by ensuring that workers had a real incentive to save for their retirement: the extra income gained from occupational pensions would not be eroded through means-testing. Secondly, it made possible the liberalisation of money purchase pensions which George Osborne announced in his 2014 Budget, removing the requirement to buy an annuity at the age of 75. (Webb famously sparked controversy by telling the BBC that he was 'relaxed' at the possibility that people would spend their pension pots on a Lamborghini and 'end up on the state pension'.[9])

Nicholas Timmins rightly sees this pensions revolution as a clear example of a coalition effect: 'Without the Liberal Democrats, it is highly unlikely that a Conservative government would have legislated for a single state pension.'[10] The quid pro quo for this success, however, was that the Liberal Democrats had much less impact on working-age welfare reform. In a way this was unsurprising, since the 2010 manifesto said almost nothing about working-age benefits apart from a general criticism of Labour's 'hugely complex and unfair benefits system' and a proposal to remove child tax credits from middle-income families.[11] Iain Duncan Smith – who did have a vision for welfare reform – was able to set the agenda, and the Liberal Democrats' main contribution here seems to have come not from Webb but from Nick Clegg, who supported Duncan Smith in a series of battles with the Treasury. The deputy prime minister helped ensure that Universal Credit went ahead, and also vetoed a number of cuts proposed by Duncan Smith himself, including the removal of housing benefit from the under-25s and the limitation of child benefit to two children.[12] Yet since the Liberal Democrats had signed up to Osborne's deficit-reduction targets, they could hardly protect the whole welfare budget. In particular, the party's ministers supported the government's benefit cap for working-age claimants, real-terms cuts to child benefit and tax credits, the replacement of Disability Living Allowance with Personal Independence Payments, and the controversial 'bedroom tax' on social housing tenants.

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The Liberal Democrats' complicity in benefit cuts led to severe criticism from the 'poverty lobby', disability campaigners, and some party activists, who accused Clegg of betraying his pledge not to 'balance the budget on the backs of the poor'. Though ministers stressed the need to maintain coalition unity and take 'tough decisions', much of the party was clearly uncomfortable with the government's assault on working-age benefits on both moral and practical grounds. The autumn 2012 conference passed a resolution opposing any further welfare cuts which fell 'disproportionately' on disabled people, and the autumn 2013 conference overwhelmingly demanded a review of how the 'bedroom tax' was working in practice.[13] The party leadership also faced a series of backbench rebellions, with nine Liberal Democrat MPs supporting an attempt to water down the 'bedroom tax' in February 2012 and two (Andrew George and Tim Farron) backing a Labour opposition day motion on the issue in November 2013.[14] The final two years of the coalition thus saw a rather clumsy attempt at differentiation over the 'bedroom tax', as the party leadership backed away from the policy and proposed that claimants should only be docked benefit if they refused suitable alternative accommodation. As Libby McEnhill has pointed out, this left Liberal Democrat ministers 'open to accusations of inconsistency and opportunism', and raised the question of why they had not blocked the policy within government.[15]

In view of apparent public hostility to 'welfare' claimants, it is difficult to judge what impact the coalition's benefit policies had on the Liberal Democrat performance in the 2015 election. Certainly, the party's opposition to Conservative plans for a further £12 billion of welfare cuts – backed up by claims that the Tories would cut child benefit – did not resonate with voters in the way Liberal Democrat strategists seem to have hoped. More puzzling is the party's decision not to make more of its impressive record on pensions and social care. After all, these are classic 'valence' (or competence) issues on which Steve Webb, Paul Burstow, and Norman Lamb had won plaudits from the media and came close to establishing a new policy consensus, yet by April 2015 only 2 per cent of voters thought the Liberal Democrats had the best pension policies – the lowest figure on record.[16] Perhaps some 'economic liberals' regarded the Dilnot care cap and the triple lock as embarrassing vestiges of 'soggy social democracy', but the electoral case for campaigning on these issues seems clear. It is well known that older people vote in large numbers – Ipsos MORI estimated that turnout was 77 per cent among 55–64 year olds and 78 per cent among the over-65s – and several of the constituencies with the highest concentrations of pensioners were Liberal Democrat–Conservative marginals.[17] A sharper focus on the party's record of delivery for older people might have helped the Liberal Democrats hold on to south coast constituencies such as Eastbourne, Torbay, and Lewes, not to mention Webb's own seat in Thornbury and Yate. As it was, retired voters backed the Conservatives by a huge margin, giving David Cameron and George Osborne credit for implementing Liberal Democrat policies.[18]

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Commentary: former minister

Jenny Willott

Peter Sloman has produced a generally fair assessment of the progress made in the Department for Work and Pensions (DWP) during the coalition government, and shows some insight into the relationships within both the department and more broadly in government. However, there are some areas where I think he has underestimated the Lib Dem influence on government, and others where he overestimates it!

I am glad to see that he recognises the very significant reforms of both working-age benefit and pensions that the coalition introduced, which will have an impact well into the future. As a member of the Work and Pensions Select Committee under the Blair and Brown governments, we repeatedly highlighted the importance of reducing means-testing in the pensions system: not only is it crucial to making auto-enrolment work, but it is also an important factor in reducing pensioner poverty as it eliminates the need for pensioners to provide personal financial details simply in order to have enough to live on.

Labour did not have the nerve to make the necessary dramatic changes, but Steve Webb did. His reforms will have a positive legacy well into the future and he can be rightly proud of the fact that he introduced long overdue reform, which will ensure far fewer pensioners retire in poverty than in previous years.

The introduction of Universal Credit (UC) was clearly Duncan-Smith's priority, and whilst he had the support of all his ministers within the DWP, he had many battles with the Treasury, because introducing UC effectively is expensive. In these battles it was very helpful that Nick Clegg was actively supporting the introduction of UC. A number of the battles within the coalition government were between departments and the Treasury, rather than between ministers of different parties within a department. This is why the role of the 'Quad', consisting of Nick, Danny Alexander, Osborne and Cameron, was so crucial in resolving disputes within government, and why Nick was a key player in so many of the government's decisions.

A key point that is missing from Sloman's article is an analysis of how different the decisions about cuts were as a result of the Lib Dems being within government. We moderated the cuts proposed by the Tories on many occasions, and a Tory majority government would have inflicted far more pain on working-age benefit claimants. As Sloman acknowledges, with the DWP accounting for 29 per cent of the government's budget and an agreed coalition policy to cut the deficit, the DWP could not remain untouched. However, the way cuts were imposed was very different as a result of the Lib Dem's influence.

As well as vetoing cuts to housing benefit for under-25s and the payment of child benefit only for two children, both of which were introduced as soon as the Lib Dems were no longer in government, there were a number of other proposals that the Lib Dems blocked, including proposals to cut housing benefit for those who were unemployed for more than a year, and we made sure there were significant exemptions to the benefit cap so that the number of families affected was much reduced, and ensured that councils had large amounts of money in Discretionary Housing Payments to protect the most vulnerable claimants affected by the bedroom tax.

Jenny Willott and Nick Clegg during the 2015 election campaign

Sloman is right to highlight the bedroom tax as a very challenging issue for the party. For a number of MPs, this was one of the most difficult policies we were asked to support during our time in government. It also undoubtedly did us significant political damage, although the impact would have been worse had we not moderated the policy and ensured that councils had significant resources in place to ameliorate its effects. In addition, once there was solid evidence that it was not working then we would have been remiss had we not tried to amend the policy, which is what Lib Dem ministers tried to do when the review of the first year's implementation was published.

More broadly on social security, there was a real difference of opinion between the two coalition parties over the purpose of social security policy, which led to some of the most toxic rows on the backbenches. The language used by a number of Tory MPs and much of the right-wing press to describe benefit claimants was upsetting and highly objectionable to most Lib Dems, and this framed many of the debates in a very unhelpful way. This reflected some fundamental differences between the approach of the two parties, which could be seen in the compromises that were reached and the different issues that caused problems for backbenchers in the two parties – the bedroom tax and benefit cap for the Lib Dems and gay marriage and Europe for the Tories. This difference in approach was also reflected in the decisions of the Quad, where Nick and Danny had to fight the lack of understanding and support for benefit recipients from Osborne in particular.

Which leads to my final point: on the differing positions in the run up to the election, Sloman overlooks the point that we were not a majority government and therefore many coalition government policies were compromise positions. In contrast, in the run up to the general election we laid out a Lib Dem, single-party manifesto, describing what we would do if we were a majority government, which was not and never would be the same as what we did as part of a coalition. Our policies at the election, and going forward, reflect the Lib Dem view that social security is an essential element of a fair and just society, to provide opportunity to all citizens, ensuring no one is 'enslaved by poverty, ignorance or conformity' and treating everyone with respect and dignity. That is not something that I suspect all Tories would sign up to!

Jenny Willott was the Liberal Democrat MP for Cardiff Central 2005–15. She was a member of the Work and Pensions Select Committee, party spokesperson on work and pensions, and, from 2013 to 2014, Business and Equalities Minister in the coalition government.

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Commentary: critic

Alex Marsh

The coalition's record on social security cannot really be judged in isolation from changes to the tax system and labour market regulation. The interplay of these systems determines whether households achieve an acceptable standard of living and, for working-age households, appropriate labour market incentives.

The Department of Work and Pensions (DWP) is a big-spending department that was inevitably in the spotlight in a period of austerity policy. This budgetary pressure was arguably all the greater because Liberal Democrat policy success in increasing personal tax allowances was not accompanied by fully offsetting tax rises elsewhere.

The DWP ministerial team undoubtedly showed admirable durability over the coalition's term of office, and the policy agenda was ambitious, clear and consistent. Ministers were disciplined in sticking to their own briefs. From this perspective it might be declared a success. But what about delivery and impact? I will restrict myself to brief comments on selected topics.

On pension policy the story is of a Liberal Democrat minister successfully delivering on commitments. Pensioner poverty had been a concern for the previous Labour government. The coalition took substantial steps to address inadequacies in state support. The triple lock on pensions was a major commitment. The coalition also honoured several Conservative election pledges, such as preserving winter fuel allowances, which maintain favourable treatment for older people.

There is little reason to doubt that the Liberal Democrats blocked some of the Conservatives' more egregious proposals for further cuts. It is unfortunate that the electorate gives little credit for preventing the lives of targeted groups of disadvantaged people from being made substantially worse.

Welfare reform is a paradigmatic case study in the dynamics of coalition. The major legislative moves occurred early in the parliamentary term, when the Liberal Democrats were committed to maintaining a unified front with the Conservatives and the opposition was in disarray. Iain Duncan Smith's wide-ranging welfare reform agenda therefore lacked effective scrutiny. When the Liberal Democrat leadership eventually tried to differentiate publicly, long after the membership had signalled grave concerns, the move lacked credibility.

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Few who understood the issues would disagree with the aspirations behind Universal Credit. They would, however, have been mindful of the risks and implementation challenges.[1] Many of the subsequent implementation problems were predictable. Similarly, the overwhelming view among housing professionals was that the so-called bedroom tax would not have the effects the Conservatives were claiming for it. And it would hit disabled households particularly hard. These early warnings were ignored. Almost nothing that transpired after implementation should have come as a surprise, except perhaps how quickly it was declared a 'multiple policy failure' or 'policy blunder'[2] and became a case study in new forms of online protest and campaigning.[3]

We could run through the IDS welfare reform agenda – Personal Independence Payments, Work Capability Assessments, The Work Programme, Universal Jobmatch and so on – and tell similar stories of implementation problems, weak performance or delivery failure.

Social security policy is always controversial. This controversy is stoked by politicians perpetuating divisive 'them' and 'us' rhetoric – 'strivers' and 'skivers' – which flies in the face of the evidence.[4] Under the coalition the DWP intensified and extended established policy directions, such as welfare conditionality and sanctioning, which draw on crude characterisations of benefit recipients. While many might agree state assistance should come with reciprocal obligations, the spirit animating the IDS regime was decidedly punitive. And we are yet to see the full effect of novel aspects of the sanctioning regime such as in-work conditionality. The evidence that punitive regimes are effective in producing autonomous, engaged individuals is limited.[5] The evidence that harsher sanctions lead to increased poverty is rather stronger.

The coalition's term will not, in general, stand as a beacon for rational, evidence-based policy making. The DWP was in the vanguard of policy driven by little more than strength of belief. It was also notorious for its use of statistical evidence, several times being criticised by the UK Statistics Authority for bending the data or making unjustified claims for policy impacts.[6] Such sharp practices undermine the credibility of government. They sit uneasily with Liberal Democrats' self-identity as a party that seeks to respect the evidence, even when it might challenge cherished policies.

The net effect of DWP policy change – a pensions lock coupled with restricting or withdrawing working-age benefits – was to skew social security spending ever more in the direction of older people. Given that spending for older people already accounted for the major share of the DWP budget, this is problematic.

While structural change to social security is part of the story, the Treasury's role in freezing or reducing the generosity of benefit uprating is also crucial. The net result of changes to benefits and taxation over the coalition period was broadly regressive, apart from at the very top of the income distribution.[7] Inequities are apparent across household types. While older households did relatively well, younger people and childless couples fared less well. Households with a disabled member were particularly hard hit.

The UN Committee on Economic, Social and Cultural Rights, in its wide-ranging country report of June 2016, expressed substantial concern about the negative and unequal impacts of policy on citizens' ability to secure basic rights. It called for most of the coalition's major welfare reforms to be reviewed or reversed.[8]

The British social security system is not notably generous by international standards. With older people being treated relatively favourably, the way support is allocated across the life course has become more unbalanced. This sets up serious questions regarding inequity, which are compounded by an ageing society.

And it appears the coalition set the direction of travel. The regime will get harsher for many of those unfortunate enough to need state assistance. The current Conservative government is, for example, tightening the overall benefit cap in November 2016 to further reduce household incomes affecting, by its own assessment, 161,000 children.[9] We must question whether this direction of travel is sustainable or acceptable.

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Liberal Democrats in coalition: home affairs

Overview: home affairs under the coalition

Timothy J. Oliver

Lynne Featherstone celebrating the Marriage (Same Sex Couples) Act 2013

Some of the key tensions and confluences of the coalition – both in its formation, and then in its record in government – came from the field of home affairs. When David Cameron first extended his 'big, open and comprehensive offer' to the Liberal Democrats after the 2010 general election, he argued that 'We share a common commitment to civil liberties and to getting rid, immediately, of Labour's ID cards scheme.'[1] On the other hand, he also highlighted disagreements with the Liberal Democrats, such as Conservative opposition to a government being 'weak or soft on the issue of immigration'.[2] There was also a long-standing tension over the Human Rights Act, which the Conservatives wanted to scrap, and the Liberal Democrats had vowed to protect.

However, the confluence between the two parties on the issue of civil liberties, in opposition to Labour's policies in government in this area, was strong enough to overcome the tensions over immigration and the Human Rights Act.[3] Once in government, however, the two parties frequently came to blows over issues of home affairs and, as this piece argues, the Liberal Democrats ultimately came off the poorer. Across three key areas – immigration, civil liberties and equal opportunities – the party managed to score some individual policy successes, such as on same-sex marriage, but overall it suffered a severe hit, particularly to its reputation as a party of civil liberties, one of the core tenets of its identity. The three Liberal Democrat ministers at the Home Office during this period – Lynne Featherstone,

Jeremy Browne and finally Norman Baker – each found themselves in increasingly hostile terrain. Lynne Featherstone's early decision to focus on delivering a key policy – same-sex marriage[4] – probably helped her achieve a clear victory, but the party was also struggling against a wider, increasingly unreceptive environment. Broadly, whilst some of the battles were victories, the war was a defeat, and the party has a real struggle on its hands to claw back its identity on these issues. However, we will begin by examining immigration, a topic that has been on the rise in British politics in recent years, and then go on to civil liberties, which has long been central to Liberal Democrat identity, before finishing on the topic of LGBT rights. Other areas we could consider, such as drugs policy, have been left aside for reasons of space and brevity.

Immigration

The 2010 Liberal Democrat manifesto laid out a 'firm but fair immigration system', divided into two parts.[5] In the first, the party promised to reintroduce exit checks at ports and airports, create a new border police force, introduce a 'regional points-based system' to channel workers towards areas where they were needed, and prioritise the deportation of criminals. The second section focused on asylum seekers, promising an independent asylum agency, a pan-EU asylum system, granting asylum seekers the right to work and ending child detention in immigration centres. Three of these policies made it through to the coalition agreement – that on exit checks, a border police force and ending child detention in immigration centres.[6] But, as Mike Finn notes, the big Conservative 'win' in this section – a cap on the number of migrants from outside the European Union – was one likely to alienate Liberal Democrat voters more than their victories here would appease them.[7] The underlying mechanics of this cap boiled down to a cap on a particular type of skilled worker visa, but the impression of agreeing to a cap that the party had opposed – indeed, Nick Clegg had ridiculed during the leaders debate – was also important.

During its time in office, the coalition was confronted with a steady rise in the prominence of immigration as an issue for the country. In 2010, between 25 and 38 per cent of voters raised immigration as their top issue; by 2015, the range was between 34 and 56 per cent.[8] At the same time, connected to this, was the rise of the UK Independence Party (UKIP).[9] The response of the coalition was to increasingly tighten immigration policy, particularly for non-EU migrants. Perhaps the most public example of this was the 'go home' vans deployed by the Home Office in July 2013. Whilst Jeremy Browne, who was the Liberal Democrat minister in the Home Office at the time of the van's deployment, assured the party's conference in September 2013 they would not be returning,[10] the appearance of the vans was seen as a strike against him when he lost that job in October.[11] This single episode encapsulates much of the debate within the coalition over immigration; the Liberal Democrats critical, but ultimately unable to stop the steady tightening of controls over immigration that continued right the way through.

Rebecca Partos and Tim Bale chart this division, and note that it related back to the issue of the EU, which guaranteed free movement of people, thereby forcing the Home Office to focus on restricting non-EU migration levels to try and respond to the rising hostility to immigration among the electorate.[12] The end result, they argue, was a mixed-message position on immigration that deterred high-skilled migrants from wanting to come to the UK, without actually resolving the electoral dilemma posed to the Conservative Party by UKIP's rise. In the midst of this, the party managed to deliver on one particular promise – that of ending the ongoing detention of children in immigration centres, and indeed was very vocal about this success. Yet this policy, and the party's loud rancour at the increasingly anti-immigration positioning of the Conservative Party, failed to deliver a wider shift – either in the attitude of the government, or in public perceptions on this issue. Whilst the party was clearly limited by being the junior partner in a coalition, it nonetheless failed to transmit a clear, distinct position on immigration with a meaningful impact on the wider tone of government policies.

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Civil liberties

The defence of civil liberties is a core component of the Liberal Democrat's self-identity – the party has long prided itself on being opposed to measures proposed by both Conservative and Labour governments that it counted as being too corrosive to civil liberties. In the 2010 manifesto, the Liberal Democrats argued that Britain's civil liberties were being 'eaten away', and proposed a 'freedom bill' as the centrepiece of their proposals on this topic.[13] The proposed bill would cover a variety of topics – CCTV, extradition and trial by jury – and topped off a series of other policies, such as reviewing libel law, scrapping the previous government's proposed ID cards scheme and preventing the repeal of the Human Rights Act.[14] This strong commitment to civil liberties was shared with the Cameron-led Conservative Party; as John Benyon notes, it became obvious that civil liberties were an area where the two parties had a very strong convergence.[15] David Laws noted in his book *22 Days in May* that the Conservatives themselves identified this convergence in the early stages of the negotiation of the coalition agreement.[16]

The subsequent coalition agreement, therefore, was as strongly opposed to many of the

The Conservatives had apparently been motivated much more by opposition to the policies of the Labour governments of Blair and Brown in these areas [civil liberties] than a deeper transformation on these issues. Once the initial policies – many of which were defined in opposition to Labour, rather than necessarily in their own terms – had been passed into law, the common ground evaporated very quickly.

Labour policies on subjects such as ID cards and trial by jury as the Liberal Democrat manifesto had been.[17] The coalition almost immediately introduced legislation to end the ID card scheme, and in February 2011 introduced a 'protection of freedoms bill', changing the law on topics such as CCTV and right to trial by jury.[18] Nick Clegg heralded these moves as part of a wider package of political reforms in his first speech as deputy prime minister, and promised 'the biggest shake-up of our democracy since 1832'.[19] But, by the middle of the coalition's term in office, this early optimism and consensus had begun to dissolve. In 2012, the Liberal Democrat's autumn conference came out in loud opposition to the proposal to introduce 'secret courts', contained in the government's justice and security bill.[20] Ultimately, the party's MPs overwhelmingly backed the bill, costing the party several prominent supporters and deflating a brief bounce after its victory in the Eastleigh by-election.[21] On the other hand, the Liberal Democrats did manage to continue to hold off the Conservative proposals for a 'British Bill of Rights' to replace the Human Rights Act, which they had advocated in their 2010 manifesto. The issue was moved out to a commission, and quietly buried, for the duration of the coalition.

In some ways, the Liberal Democrats were confronted with a much more vivid version of the scenario they faced on the topic of immigration when it came to civil liberties. As Peter Munce points out, the problem they faced was 'how genuine the Conservatives' long-term commitment to a robust civil liberties agenda would be during the lifetime of the coalition.'[22] As it turned out, the Conservatives had apparently been motivated much more by opposition to the policies of the Labour governments of Blair and Brown in these areas than a deeper transformation on these issues. Once the initial policies – many of which were defined in opposition to Labour, rather than necessarily in their own terms – had been passed into law, the common ground evaporated very quickly. As with immigration, the drift of the government after the initial agreement had been settled was increasingly rightwards, as Cameron battled to soothe his own party. The Liberal Democrats made angry noises – here, they were articulated by conference rather than by cabinet ministers – but their broad impotence on key issues such as secret courts can only have underlined the feeling among former supporters that the party had 'betrayed' them on these issues. On civil liberties, given its importance to the party's identity, such a feeling would have been particularly toxic.

LGBT rights

The Liberal Democrats have a long history of support for LGBT rights, stretching back to their predecessor party, the Liberals, in the 1970s.[23] However, the 2010 manifesto did not feature the issue especially prominently – the party pledged to improve recording of hate crimes against LGBT people, and to invest in tackling homophobic bulling, in the manifesto, but there was no single section or broad statement on this issue contained within the document.[24] Similarly, the coalition agreement generally avoids discussion of the issue – the two primary appearances are a pledge to lobby other governments to recognise UK civil partnerships, and to change the law so that historical convictions for now-legal same-sex acts would be treated as 'spent' and not show up on criminal records.[25]The second of these pledges was enacted through the government's protection of freedoms bill, which we introduced in the previous section.[26]

But the principal achievement that the government had on this front was in neither the Liberal Democrat manifesto, nor the coalition agreement – the Marriage (Same Sex Couples) Act 2013. Lynne Featherstone, the Lib Dem minister in the Home Office at the time, announced a consultation on the issue in late 2011,[27] and after it had closed, the government announced they would move forwards with a bill in late 2012. Featherstone herself admitted to the lack of precedent for the decision to do this in her later book, *Equal Ever After*, but argued that it was a suitable, liberal policy for her to focus on during her time at the Home Office.[28] The party had voted to support her at autumn conference 2010, and David Cameron publicly threw his weight behind it early on.[29] Nevertheless, the coalition faced a hard fight – particularly with Conservative MPs and party members, many of whom were openly hostile to the bill, and indeed a majority of Conservative MPs voted against the bill in the Commons.[30] However, ultimately, same-sex marriage passed into law in 2013. Later, Nick Clegg would herald the first same-sex marriages to be held, by having the rainbow flag flown over the cabinet office for the day.[31] The coalition also, it should be noted, broke ground in other areas of LGBT rights. In 2011, the government introduced its first ever 'transgender equality action plan', which was heralded by the government as a 'first step' towards building better policies and services for trans people in the UK.[32] However, this early advance fell by the wayside; a select committee report on the topic in 2016 noted that the plan had gone 'largely unimplemented'.[33]

In the end, therefore, the Liberal Democrats in government managed to deliver several key advances in the field of LGBT rights. Compared with their manifesto commitments in 2010, and those made in the coalition agreement that year, one could argue that same-sex marriage represented an over-delivery on this metric. Certainly, it is very difficult to claim the argument that was advanced in the previous sections – that the coalition drifted noticeably rightwards, and that the Liberal Democrats failed to prevent this drift, only being able to offer loud complaints from

In some key areas, the party managed to get a big policy win – ending child detention, the Protection of Freedoms Act, same-sex marriage – and would loudly trumpet these in the press and to voters after they had been passed … But, with the key exception of LGBT rights, the party increasingly found itself unable to deliver on a continuing basis as the coalition went on, and the government slid rightwards.

the sidelines. The delivery of same-sex marriage showed an effective partnership between modernisers in the Conservative Party, and the Liberal Democrats, to deliver a concrete policy of measurable good to the people it impacted. Here, at least, the Liberal Democrats could claim success.

Conclusion

We have surveyed three key components of the coalition's home affairs agenda: immigration, civil liberties and LGBT rights. Across all of them, we have sought to see how effective the Liberal Democrats were at advancing their agenda. Certainly, in some key areas, the party managed to get a big policy win – ending child detention, the Protection of Freedoms Act, same-sex marriage – and would loudly trumpet these in the press and to voters after they had been passed. Indeed, the early ground of opposition to Labour policies provided fertile terrain on which to drive forwards policies jointly with the Conservatives. But, with the key exception of LGBT rights, the party increasingly found itself unable to deliver on a continuing basis as the coalition went on, and the government slid rightwards. Whilst it was able to continue to block some Conservative policies, such as the British Bill of Rights, and the 'Snoopers Charter', it was not able to continue to advance policies of its own. The pressure from the Conservative Party to respond to a rising electoral challenger in the form of UKIP, and the demands of backbench Conservative MPs for policies that reached out to their core vote, motivated the Conservative leadership to seek new ways of making peace.

The Liberal Democrats, therefore, should broadly regard this area of policy as a failure during the coalition years. Once the early common ground, founded on opposition to Labour's policies, had been used up, there were precious few opportunities for the two parties to work together in the cause of wider liberal interests. The party needs to understand lessons from these failures in order to make a greater success of its time in opposition, and in any future government at a UK or devolved level. Otherwise, it risks experiencing the same electoral cycle all over again.

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Commentary: former minister

Lynne Featherstone

Timothy Oliver's analysis of Home Affairs during the coalition years concludes that 'The Liberal Democrats should broadly regard this area of policy as a failure during the coalition years'. I disagree. We delivered on the Home Office policies that were in the coalition agreement and we stopped or mitigated much of the worst of the Conservative policies.

Coalition was one hell of a challenge in a country unused to coalition, fed by a binary system of right and wrong, left and right, and by a polarised voting system and media. We know the history of third parties in coalition in Europe from our sister parties. Our destiny was created the day we 'put the Tories into government'.

We certainly were guilty in the early days of trying to demonstrate that coalition was a strong form of government and worked for the country. There was a clear objective of making our long-heralded form of consensus government work. We could have done better – of course. If we had our time again I am sure we would have been more aggressively disagreeable in the early years. We would have had special advisers in place across our portfolios and not been completely isolated in our departments for the first year. We would have beefed up our communications operation hugely. Perhaps most importantly we would have negotiated 'outs' in the coalition agreement for those areas where we should never have had to cross a principled line.

Oliver's analysis follows the same pattern as we were up against in coalition. It belittles our successes and emphasises that which it was impossible for us to change. However there definitely are lessons to be learned.

Government works to the secretary of state – and the Home Office was headed by a Conservative, Theresa May. There were five Conservative ministers, up to five Conservative private parliamentary secretaries, several Conservative whips and several Conservative special advisers – and me. The ratio hovered around 15 to 1. I was later joined by one of Nick Clegg's special advisers for one-third of her time. The same was true for Jeremy Browne and Norman Baker who followed me.

I don't set that out for sympathy but it is a statement of fact. Of course, no one is interested in the nitty-gritty of the mountains we had to climb – all that is seen is the outcome and our good outcomes counted for less than our perceived travesties.

That is where Oliver is absolutely right – that whatever we may have felt we were achieving against great odds – the perception is that in certain core areas we failed to stop, and some times seemingly supported, illiberal policies. That is coalition.

Where Oliver analyses immigration policy and the damaging introduction of the 'cap' on immigration for those outside of the EU, our reputation did suffer. All the very good work that was done in modifying the Tory charge on immigration did not translate into understanding from our supporters, who only saw the 'cap' and not all the terrible things we had managed to prevent.

Despite all the cards being stacked against the Liberal Democrats, notable achievements are given scant import in the analysis: stopping child detention and introducing exit checks and a border police force all came to pass. Oliver gives us some credit on same-sex marriage but does not rate this as important compared to 'Go Home Vans'.

Oliver makes particular reference to the 'Go Home Vans' as an example of our 'failure'. They were an absolute disaster – but they were a Conservative disaster. Jeremy paid a high price for not getting on top of that one. However, he may not even have known that was going to happen. The Conservatives did not share everything with us.

This illustrates one of the key problems that the Liberal Democrats faced: when we did good things the Conservatives would get as much if not

We delivered on the Home Office policies that were in the coalition agreement and we stopped or mitigated much of the worst of the Conservative policies.

more credit than us; when the Conservatives did terrible things we were blamed for not stopping them. And one of the huge challenges unrecognised in Oliver's analysis was that of getting the media simply to report our successes, let alone support our position.

Same-sex marriage was a huge Liberal Democrat win – one to which David Cameron is now clinging like a life raft. But it wasn't David Cameron – it was me! I wrote the book *Equal Ever After* to tell the true story and make sure history attributed same-sex marriage to us because it was so difficult to get the credit for Liberal Democrats – even for that clear win. *The Guardian*, for example, which you might expect to cover same-sex marriage extensively, never mentioned my name in connection with same-sex marriage. Had I been a Labour MP I would have been celebrated on its pages daily. Same-sex marriages illustrates clearly the challenges of getting credit even when it was due.

On civil liberties we had a roaring start with abolition of identity cards followed closely by the freedom bill. We were super strong in stopping the British Bill of Rights and the 'snoopers' charter'. However I agree that the introduction of 'secret courts' did cost us some high-profile supporters.

I will finish on a small but important policy that Oliver makes reference to – the Transgender Action Plan. This was a Liberal Democrat win – I know because I introduced it to the Home Office. It was the first Transgender Plan in the whole world. You didn't know that? Shock horror – no publicity. Oliver then goes on to say that it 'fell by the wayside' and that a select committee noted that the plan had gone 'largely unimplemented'. However the chair of the select committee whose findings Oliver holds up as evidence of one of our 'failures' was Maria Miller – the very person who, as the Minister for Equalities, had responsibility for implementing the Transgender Action Plan.

I rest my case!

Baroness Lynne Featherstone was Liberal Democrat MP for Hornsey & Wood Green, 2015–15. During the coalition she was Parliamentary Under-Secretary of State for Women and Equalities (Home Office) (2010–12), Parliamentary Under-Secretary of State for International Development (2012–14) and Minister of State for Crime Prevention (Home Office) (2014–15).

Commentary: former minister

Norman Baker

There is no doubt that the Home Office was the hard edge of the coalition and Theresa May its granite face. The die was cast on day one when the former Home Secretary decided that she was running a Conservative department, with a Lib Dem somewhere in the corner, rather than a shared coalition department.

There is no doubt that the Home Office was the hard edge of the coalition and Theresa May its granite face. The die was cast on day one when the former Home Secretary decided that she was running a Conservative department, with a Lib Dem somewhere in the corner, rather than a shared coalition department. This was in marked contrast to most other departments. Even Philip Hammond, no friend of the Lib Dems, had adopted a collegiate approach with me at the Department for Transport.

I was transferred to the department by Nick Clegg, and given the theoretical extra clout of being a minister of state, to claw back some ground, but three years into the coalition, with the honeymoon having given way to a transactional arrangement across government, it was an uphill struggle.

I was astonished to find that the basic architecture of coalition, such as access to papers and officials, was simply absent. I also had to deal with two highly political special advisors (now ensconced in Downing Street), polar opposites to the friendly and cooperative Tory Spads at the DfT.

Furthermore Theresa May had from the start of the coalition adopted a policy of negotiation with Nick Clegg, rather than the Lib Dem in the department. This was at odds, as far as I could tell, with the approach of every other Tory cabinet minister.

It would have been helpful for an agreed detailed template to have been agreed centrally in the first month of the coalition and then imposed on each department, rather than leave matters to each department to sort out itself, with only vague guidelines to follow. As I set out in my book *Against The Grain* (which Mr Oliver seems not to have consulted), in reality it was trench warfare from the off, with every inch having to be fought for.

Under these circumstances, it was indeed very difficult to find space to promote and introduce Lib Dem policies, to make progress as the only Lib Dem in a huge department when faced with a phalanx of Tories determined to stop you at every turn. So it is probably fair to say, therefore, that in my year and a bit, I took the pragmatic decision that the best chance to advance the Lib Dem cause was by stopping illiberal Tory initiatives, and by powering ahead on areas where either the Home Secretary and I were of the same mind, or where she was unlikely to notice what I was doing.

In the first category, we had some success on immigration matters when Mark Harper was the relevant Tory minister. Mark was Tory through and through but also bought into the coalition concept and happy to sit down and do

Norman Baker as Home Office minister

horse-trading. Hence we were able to win an end to child detention, as well as head off undesirable ideas, either by negotiation or by persuading him that the matter in hand would not get past our peers in the House of Lords, whose failure to follow the party line was sometimes very useful to me.

Of course if I was unable to stop a particular policy in the department, my links with the Lib Dems at the centre meant it could be raised again by Nick, either in his bilateral with the Home Secretary or with the prime minister.

It was often the case that David Cameron was more amenable to compromise than was Theresa May. When it came to the data retention and investigatory powers bill, for instance, this was something which was in my view genuinely needed for reasons it would perhaps not be prudent to spell out. But this was also an opportunity to inject some Lib Dem ideas into the framework.

Accordingly I sat down with Julian Huppert and we drew up along wish list of civil liberty safeguards and advances that was to be our negotiating position. To my astonishment, Cameron accepted the whole lot with barely a murmur, bar moving one date. Theresa May was furious. Whether she had been bypassed entirely or ignored totally was not clear.

In the second category, the Home Secretary and I shared a wish to make good progress on the issue of tackling violence against women, and she gave me good support and plenty of petrol in the tank to power ahead. The new initiatives, such as the disclosure orders allowing a woman to ask whether a partner had a history of violence, were genuine coalition policies that are positive and have made a real difference. I was given a green light to move forward on FGM, and so created the first ever cross-departmental declaration on the issue (helping to push a reluctant Michael Gove into line).

There were also issues where she and I agreed, and worked together to take on No. 10. This included alcohol issues, heading off Boris and his water cannon plans, and pushing up firearms licence costs.

In the third category, I was able, working with David Willets at the Department for Business, Innovation and Skills and with support from Oliver Letwin at the Cabinet Office, to launch the first ever government strategy to reduce the use of animal experiments. I think this was also a world first.

Of course I did also find time to sail into the teeth of the gale where it was necessary to do so, most notably over drug policy. Despite huge internal opposition, I managed to complete and publish the work Jeremy Browne had started, namely the publication of an International Comparitors Study, the first proper review of drug policy since the passage into law of the Misuse of Drugs Act 1971.

This review demonstrated that the Portuguese approach of treating drug use as a health issue rather than as a criminal justice one had been successful in reducing drug use. It also demonstrated that harsher sentences did not reduce drug use, but did worsen health risks, for example by leading to more needle sharing.

I would argue therefore that the Lib Dems did achieve more than is credited for in the Home Office, but the lesson for the future is to ensure that, in any future coalition, the architecture and processes are firmly and fairly set on day one.

Norman Baker was MP for Lewes 1997–2015, Parliamentary Under-Secretary of State for Transport 2010–13 and Minister of State for the Home Office 2013–14. He now undertakes training, including democracy building in developing countries, lecturing, and writing; he is the author of The Strange Death of David Kelly *(2007) and* Against The Grain *(2015).*

Commentary: critic

Caron Lindsay

Love is equal. Of course it is. That's why Lynne Featherstone put so much effort into ensuring that one of the key Liberal Democrat achievements in government was same sex marriage.

Unfortunately, there was little sign of this sentiment when the party agreed to an income threshold, unachievable for many, for spouses of UK citizens to live in the UK. Even if the spouse had a well-paid job, it required the UK citizen to earn more than £18,600 with additional requirements for children before they could be granted residency. This is highly discriminatory against women, who were more likely to earn less and to take time out of the labour market for caring responsibilities. It has also separated couples and families across continents. It is, in my view, one of the worst things that we agreed to in our five years of government.

Those two issues highlight the Liberal Democrats' record in the Home Office. When it was good, it was very, very good. When it was bad, it was awful.

Tim Oliver's piece highlights the tensions over immigration. I would like to focus on the human consequences of our failure to improve the treatment of very vulnerable people and of our pandering to the narrative that 'something must be done' about immigration.

The ending of child detention for immigration purposes, with families instead being housed for short periods in The Cedars facility, developed with input from Barnardos, was a major step forward. However, we did little to help women caught up in the asylum system, who faced deportation to countries where they had little or no status or legal protection. The case of Florence and Precious Mhango,[1] who faced deportation to Malawi in 2010, was an early test where we failed to make a difference.

In early 2013, a harrowing report by Maternity Action and the Refugee Council highlighted the plight of pregnant asylum seekers.[2] It included the example of a young woman forced to walk home from hospital in the snow with her newborn baby. At the same time, former minister Sarah Teather chaired an inquiry into the treatment of children in the asylum system which found that they were being brought up in an environment of state-induced destitution, disrespect and disruption.[3]

By agreeing to measures like the controversial 2014 immigration bill, which reduced rights of appeal, introduced landlord checks and allowed the deprivation of citizenship in certain circumstances,[4] we contributed to the developing anti-immigration consensus that had such an impact on the EU referendum.

Our record on civil liberties was better, but not without fault. We supported the introduction of secret courts that gave preferential treatment to the security services in cases where their actions were being questioned. We allowed the key principles of fairness in the justice system, openness and equality of arms, to be undermined.

We were, however, consistent in preventing the Tories from getting rid of the Human Rights Act and in stopping Theresa May from introducing measures which would require retention of communications data. However, our opposition to the Snoopers' Charter was not instinctive. Nick Clegg had initially been minded to accept May's plans. An angry conference call between bloggers who understood the technology and one of his advisers kick-started the process of a rethink. Jonathan Calder gave Nick some unsolicited advice at the time:

> What we need is a core of liberally minded people who naturally vote Liberal Democrat. If you put yourself on the other side of this debate from every civil liberties group in the country, it is hard to see why liberally minded people should vote for you.[5]

In July 2014, Nick Clegg agreed to rush the Data Retention and Investigatory Powers Act through parliament, much to the consternation of civil liberties groups and many in the Liberal Democrats. This measure was ruled illegal in July 2015. As James Baker wrote on Liberal Democrat Voice at that time:

> If there was one lesson I think Liberal Democrats need to learn from the coalition years is that there are things you can compromise over and other matters of principle you simply can't. After all power without principle isn't power worth having.[6]

While we were undoubtedly less bad than either the Tories or Labour would have been alone, there is no doubt that we damaged our reputation as champions of civil liberties and lost the trust of people who supported us on that basis.

One area mentioned only in passing by Tim Oliver is that of drugs policy. We never stood a chance of persuading the Tories to pursue the sort of evidence-based radical reform that is proving successful in other parts of the world. However, we were able to secure a review that came up with such inconvenient truths that Theresa May was unwilling to make them public. That refusal precipitated the resignation of Norman Baker in November 2014.[7] Nevertheless, that groundwork has been done, so a future, more-enlightened government will not have to start from nothing.

Tim Oliver is right to state our achievements for lesbian, gay and bisexual people, but for transgender people our record is more mixed. Lynne Featherstone ensured that England had the first Transgender Action Plan in the world, but it fell into some very long grass after she left.

While we were undoubtedly less bad than either the Tories or Labour would have been alone, there is no doubt that we damaged our reputation as champions of civil liberties and lost the trust of people who supported us on that basis.

The same-sex marriage legislation contained a 'spousal veto' that could stop some transgender people from being recognised in their new gender if their spouse did not agree.[8]

In a Home Office where Theresa May was determined to give as little ground as possible to the Liberal Democrats, there is no doubt that our ministers had a tough job to get things done. There is also a limit to what one junior minister could achieve even with backing from the deputy prime minister. Same-sex marriage and steps forward in gathering evidence on drugs policy were important and positive achievements. It is a matter of great regret, though, that we were unable to make the immigration and asylum system more humane or to emerge with our reputation as champions of civil liberties intact.

Caron Lindsay is editor of Liberal Democrat Voice, a member of the party's Federal Executive, and treasurer of the Scottish Liberal Democrats.

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Do you have time for Liberal history?

Can you spare some time to help run the Liberal Democrat History Group?

The Group was set up in 1988 to promote the discussion and research of topics relating to the histories of the British Liberal Democrats and its predecessor parties, the Liberal Party and the SDP, and of liberalism more broadly. We publish the *Journal of Liberal History* and a range of books and booklets, organise regular speaker meetings, maintain the Liberal history website and provide assistance with research.

We'd like to do more, but our activities are limited by the number of people involved in running the Group. The tasks include:

- Publishing the *Journal of Liberal History*, including identifying authors and commissioning articles and special issues.
- Publishing books and booklets: discussing ideas, finding authors, guiding the book through the final publication.
- Managing our internet and social media presence: developing our website as a source of research and communicating Liberal history through Facebook and Twitter.
- Organising our meeting programme: thinking of good topics and speakers.
- Running the organisation: necessary administration of a subscriber-based organisation, including our presence at Liberal Democrat conferences.

Our Committee meets about every three months, and much work is carried out by sub-groups (for instance on publications or on the website), which can often be done remotely.

If you'd like to be involved in any of these activities, contact the Chair of the History Group, **Tony Little** (a.little519@btinternet.com) – we would love to hear from you.

Liberal Democrats in coalition: climate and energy

The coalition's climate and energy policy: from consensus to conflict

Neil Carter

Chris Huhne at the UN climate conference, Cancun, 2010

> 'A flagrant reversal of a totemic commitment … When I raise it with Osborne he just says: "I don't believe in this agenda. Of course we had to say all this stuff in Opposition."'[1] (Nick Clegg)

> 'For me, the green agenda is important. For Nick it's existential.'[2] (David Cameron)

It had all started so well. Conservative and Liberal Democrat negotiators encountered few difficulties agreeing an ambitious agenda for climate change and energy policy.[3] The coalition agreement promised to 'implement a full programme of measures to fulfil our joint ambitions for a low-carbon and eco-friendly economy'.[4] It outlined a litany of climate change mitigation measures that reflected David Cameron's embrace of the green agenda in opposition and the Liberal Democrats' longstanding environmentalism. Keen to make a mark in this policy area, the Liberal Democrats demanded the Department for Energy and Climate Change (DECC) with one of their leading lights, Chris Huhne, as Secretary of State (replaced by Ed Davey in February 2012). If promises made in Opposition could be believed, even the Treasury appeared onside, for George Osborne had declared: 'If I become Chancellor, the Treasury will become a green ally, not a foe'.[5] Yet the apparent harmony was short-lived. By late 2013, Nick Clegg, the Liberal Democrat leader, reflected that: 'Energy and environmental policy has in many ways now become the biggest source of disagreement in the coalition. I have spent more time arguing about the details of this with Cameron

and Osborne than any other issue'.[6] Thus, despite Cameron promising to lead 'the greenest government ever', it is his despairing plea to his aides to 'get rid of all the green crap' that is equally well remembered. This article assesses the coalition's record on climate policy, focusing primarily on the energy sector.

The path-breaking Climate Change Act 2008 (CCA) set challenging greenhouse gas (GHG) emissions reduction targets of 34 per cent by 2020 and 80 per cent by 2050 compared to 1990 levels, backed by five-yearly carbon budgets. Progress towards these targets during the coalition government was mixed. On the positive side, UK emission levels in 2015 were below the annual average permitted in the second and third carbon budgets; emissions must fall by 2–3 per cent annually, and since 2012 they have fallen at 4.5 per cent per annum.[7] However, the reductions were almost entirely in the power sector where renewables have steadily replaced coal; elsewhere emission levels have flat-lined. Without reductions in the industry, buildings, agriculture and transport sectors in particular, the UK will not meet its targets beyond 2020. However, rather than evaluate the coalition on an outcome that is not unequivocally linked directly to its actions, it is more helpful to examine the policy measures it implemented (or did not).

Climate policy had been fundamentally transformed under the Labour government since 2006, notably through the CCA and the ambitious target, set by the EU Renewable Energy Directive, to source 15 per cent of all energy from renewables by 2020.[8] Labour instigated a hugely interventionist programme with a raft of policies and major investment in renewables and low-carbon infrastructure; the coalition agreement represented a continuation of this strategy.

However, implementing the coalition programme proved more contentious than its architects had anticipated. Climate policies provoked conflicts between DECC and the economic ministries – the Treasury and the Department for Business, Skills and Innovation (BIS) – which were prioritising austerity budgeting and anxious about anything that might damage UK economic competitiveness.[9] There were disagreements between the coalition partners, as a significant tranche of Conservative MPs became increasingly resistant to progressive climate policy measures. Tensions also arose, inevitably, between the three core energy policy objectives: affordable consumer prices, security of supply, and GHG emissions reductions.

One early conflict concerned the government's decision whether to accept the independent Climate Change Committee's (CCC) recommendation for a fourth carbon budget (for 2023–2027). Cabinet splits were revealed in a leaked letter from Vince Cable (Liberal Democrat BIS Secretary) to Clegg and Osborne expressing concern that the proposed carbon reduction targets risked 'burdening the UK economy' and 'undermining the UK's competitiveness'.[10] Several other cabinet ministers also wanted weaker targets. Cameron eventually intervened to secure approval of the budget, although Osborne insisted on a 2014 review to assess whether it was negatively affecting the UK's industrial competitiveness. In the event, the 2014 review left the carbon budget untouched, although in the interim its looming presence cast a negative light on the coalition's climate commitment.

The proposal for a Green Investment Bank (GIB) to support investment in low-carbon infrastructure encountered similar inter-departmental tensions: when Cable and Osborne initially queried the availability of funds for it, Clegg, Huhne and Oliver Letwin formed a common front against Treasury foot-dragging. Nevertheless the Chancellor promised an initial investment of £3 billion from the Treasury to leverage private-sector capital to fund projects, although the GIB wouldn't be allowed to raise its own capital until at least 2015. The GIB's priority areas were offshore wind, waste and bioenergy, and non-domestic energy efficiency, and by mid-2015 the bank had invested in fifty-two green infrastructure projects and seven funds in over 240 locations around the UK, directly committing £2.1 billion in transactions worth £8.1 billion – and it had made a small profit.[11]

The Labour government had launched a huge £30 billion programme of financial support for renewable electricity and heat up to 2020 and introduced a feed-in tariff (FiT) in April 2010 to incentivise small-scale renewable energy production. The coalition continued this policy, which leveraged massive private-sector investment, leading to the share of electricity generated from renewable sources increasing from 7 per cent in 2009 to 26 per cent in 2015, of which 53 per cent was from wind, 33 per cent from biomass and the rest from solar photovoltaic and hydroelectricity.[12] Meanwhile, the coalition designed a major reform of the financial support system for renewable energy development. The Energy Act 2013 outlined the phasing out of the expensive renewables obligation (RO) by 2017, replacing it with the Contract for Difference (CfD) mechanism, a long-term contract enabling low-carbon electricity generators to recoup their investment costs in renewables (and nuclear) via fixed prices for electricity generation. CfD is intended to provide certainty and revenue stability to generators while protecting consumers from paying higher support costs when electricity prices are high. The first twenty-seven CfDs were awarded in February 2015, worth £315 million to deliver 2.1GW of renewable energy leading up to 2020, with significantly lower prices paid for renewable schemes than DECC had expected.[13] The carbon price floor was introduced to provide additional certainty for investors in low-carbon technologies by establishing a minimum price for carbon,

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although it was widely criticised as costly and ineffective.[14]

Indeed, there was considerable uncertainty in the renewables sector by the end of the coalition. The threat posed by the Chancellor's levy control mechanism, which capped the overall subsidy payable to renewables, had been deferred in November 2012 when Ed Davey persuaded the Treasury to lift the cap to £7.6 billion by 2020, thereby encouraging both short-term and medium-term investment. But when the wholesale price of energy fell during 2014 the potential threat posed by the levy resurfaced. There were also some chaotic policy shifts, particularly affecting the solar industry, which did little for the industry's long-term security. Large-scale solar installations grew so fast – quicker than anyone had anticipated – that they outstripped the allocated budget, prompting the government to remove their eligibility for RO support from 2015; while microgeneration on domestic and business rooftops benefited from a very generous FiT, which was then cut to one half and then one third of its 2010 level. Loss of confidence in renewables also reflected the growing opposition to onshore wind power on the Conservative backbenches, whipped up by a hostile right-wing press. As Chris Huhne resigned, 101 MPs wrote to Cameron urging the removal or a dramatic cut in the subsidies paid to wind farm developers.[15] Cameron later appointed John Hayes, who opposed wind farms, as a junior energy minister, although after Hayes directly contradicted Davey, the latter insisted Hayes be removed from DECC. Clegg later had to block a proposal from Cameron and Osborne to cap the construction of onshore farms. When rising domestic energy prices became politically contentious in 2013, the criticism of wind power expanded to a broader assault on the 'onerous' green levies that contributed to increased consumer prices. With political pressure ramped up by Labour leader Ed Miliband's promised energy price freeze, Cameron reportedly made his 'get rid of all the green crap' comment as a panicky government transferred some environmental levies from customers to the taxpayer amounting to a £50 price reduction whilst also trying to shift the blame onto the energy utilities.[16]

The coalition echoed Labour in embracing nuclear power as a large-scale low-carbon energy source to replace ageing coal and nuclear power stations. The coalition agreement circumvented longstanding Liberal Democrat opposition to nuclear power by promising that new reactors would receive no public subsidy and allowing their MPs to abstain in any parliamentary vote on the issue. But delivering even one new nuclear power station proved challenging. The EDF-led Hinkley Point C consortium was offered a CfD for thirty-five years at a very generous index-linked £92.50 per MWh, plus a £2 billion Treasury guarantee for construction finance at a potentially huge cost to the taxpayer.[17] Yet the coalition still left office without finalising the deal.

An alternative solution to the electricity gap was shale, which had revolutionised the US energy sector by reducing prices and slashing emissions. Shale gas is a fossil fuel with lower emissions than coal so it would provide a short-term reduction in GHG emissions, although a successful shale industry would certainly draw investment funds away from renewable energy. A temporary moratorium on drilling was imposed after exploratory drilling near Blackpool caused minor earth tremors. Huhne was unconvinced by its potential, arguing that shale gas would not take off any time soon and dismissed claims that it would reduce energy prices in Europe.[18] Despite provoking significant popular opposition, Cameron and Osborne were both strong advocates and after Huhne resigned they worked with Davey to make it happen. Yet, despite passing supportive legislation, including offering payments to local communities where drilling would take place, no further drilling occurred before the coalition left office.

The coalition reaffirmed Labour's commitment to fund four carbon capture and storage (CCS) projects, a potentially critical technology for decarbonising the economy, but the programme fell far behind schedule. By 2015 three projects were receiving funding, although none would be operational before 2020. Numerous unanticipated technical problems hampered progress, but, again, so did consistent Treasury reluctance to fund CCS.[19]

Energy efficiency is an essential element of the UK's low-carbon strategy because its housing stock is among the least energy-efficient in Europe. The coalition's flagship initiative, the Green Deal, was enthusiastically supported by both coalition partners, including Osborne.[20] The Green Deal was a finance mechanism enabling householders to borrow money to insulate their homes, with repayments channelled through their energy bills, partly offset by lower costs resulting from the energy efficiency measures. The innovative idea was to tie the loan to the property rather than the current occupiers. Great claims were made about the Green Deal. Greg Barker, Conservative Climate Change Minister, declared that it had the potential to improve the entire housing stock of 26 million houses, yet by 2015 just 14,000 households had taken out a loan. DECC predicted that Green Deal loans would be worth around £1.1 billion by 2015; in practice it was just £50 million. The scheme cost £17,000 for every loan arranged, with minimal reductions in CO_2 emissions.[21] In short, the Green Deal was a policy disaster. The scheme was too complex, hardly tested on consumers, the Treasury-imposed interest rates of 7–10 per cent for the loans were unattractive, and the marketing emphasised financial benefits to consumers rather than the comfort and

The Green Deal was a policy disaster. The scheme was too complex, hardly tested on consumers, the Treasury-imposed interest rates of 7–10 per cent for the loans were unattractive, and the marketing emphasised financial benefits to consumers rather than the comfort and environmental benefits that might have proved more appealing.

It quickly became obvious that many Conservative MPs didn't support much of what their own manifesto said about climate change. The involvement of the Liberal Democrats enabled those Conservatives who did believe in Cameron's modernisation project, such as Letwin, Barker, William Hague, Caroline Spelman and some others, to hold the line against the bulk of their own party (although Cameron himself often wobbled under pressure).

environmental benefits that might have proved more appealing. The less-hyped complementary Energy Company Obligation (ECO), which copied previous schemes by requiring energy suppliers to install measures that reduce CO_2 emissions or bills, did improve energy efficiency in 1.4 million homes, although DECC was unable to determine its impact on fuel poverty.[22]

The roll out of smart meters gathered pace slowly, held back by delays in setting up the data infrastructure underpinning the programme, although DECC remained confident that the roll-out to 30 million homes and small businesses planned for 2016–2020 was still on target.[23] The potential for direct energy savings appears limited, but smart meters will provide flexibility over the timing and demand for electricity that will enhance the integration of renewables and deliver greater energy security.

Conclusion

The coalition continued Labour's interventionist climate policy, leaving an energy sector characterised, perhaps inevitably, by a fiendishly complex set of practices and extensive government micromanagement of energy markets.[24] The success stories were the rapid growth of renewable energy and the creation of the Green Investment Bank. By contrast, little progress was made delivering greater energy efficiency, advancing CCS or improving business efficiency.

The coalition's experience underlines the important general point that delivering climate progressive climate policy requires action across government. However, apart from the Foreign Office, Environment, and International Development, few departments were sympathetic to the climate agenda and some, notably the Treasury, BIS (sometimes) and the Department for Communities and Local Government (DCLG), were often actively hostile. The continued Treasury subsidies for North Sea oil and gas exploration, the unwillingness of DCLG to promote higher building insulation standards or push through approvals for onshore wind farms, and the failure to stop rising emissions from transport all illustrate the failure to mainstream climate change policy.

If this is a challenge common to all governments, a more specific lesson concerns the Liberal Democrats' critical role in keeping the climate agenda on track in the face of growing Conservative hostility.[25] Despite the ease with which the climate section of the coalition agreement was negotiated, given the closeness of the two parties' manifestos, it quickly became obvious that many Conservative MPs didn't support much of what their own manifesto said about climate change. The involvement of the Liberal Democrats enabled those Conservatives who did believe in Cameron's modernisation project, such as Letwin, Barker, William Hague, Caroline Spelman and some others, to hold the line against the bulk of their own party (although Cameron himself often wobbled under pressure). Clegg's increasing despair at continually having to fight the Conservatives on the green agenda reflected battles of varying intensity with Cameron and, especially, Osborne, over the fourth carbon budget, the GIB, wind power and over their willingness to blame high domestic energy bills on green policies.[26] Indeed, the positive impact of the Liberal Democrats has become clearer in retrospect, as the Conservative government has moved rapidly to dismantle many elements of the climate policy, including DECC itself.[27]

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Commentary: former minister

Chris Huhne

Neil Carter provides a fair assessment of coalition energy and climate policy. It is worth, though, laying out some big forces. The concern of the Treasury and the Business department about energy costs did not just flow from scepticism about green objectives, though that helped. Nor was it just cynicism from the Conservatives. The low-carbon transition became more difficult because of the unique British circumstances surrounding the Lehman-crisis-driven downturn in the economy. This entailed an unprecedentedly prolonged period of falling real incomes – a squeeze which highlighted any high-profile costs. There are few more substantial bills than energy. Energy policy became tough politics.

The low-carbon transition became more difficult because of the unique British circumstances surrounding the Lehman-crisis-driven downturn in the economy. This entailed an unprecedentedly prolonged period of falling real incomes – a squeeze which highlighted any high-profile costs. There are few more substantial bills than energy. Energy policy became tough politics.

Contracts for difference (CFDs) were hampered, because of the wide range of potential future costs depending on projected energy prices. The logic, though, was right: by guaranteeing energy prices for low-carbon projects, the government could reduce the interest rate charged by banks on the capital investment. Since almost all low-carbon sources of electricity are capital intensive – nuclear, offshore and onshore wind, solar – getting the cost of capital down was and is crucial to the best deal for consumers. However, a big mistake on the part of the Department of Energy and Climate Change (DECC) was allocating too many CFDs administratively based on guesstimates of costs and returns. As we subsequently saw, the process of Dutch auctions – where the lowest bidders win – has proved better at getting costs down.

The biggest such allocation was the CFD for Hinkley Point, which Carter rightly describes as expensive. Given that EDF had initially offered to build Hinkley at a much lower price, it is hard to avoid the view that the company played the coalition cleverly. George Osborne's keenness on big projects – and his and his party's enthusiasm for nuclear power – meant that DECC's negotiators had a hand tied behind their back. Unless you can credibly walk away from the table, you will never get the best offer in a commercial negotiation. That credible threat should have been backed up by a competing option, which was never clarified.

On renewables, the UK played its part in one of the most successful experiments in industrial policy of any time. The EU renewables target – to ensure that 20 per cent of primary energy consumption is from renewables by 2020 (reduced to 15 per cent for the UK to take account of our slow start) – was a significant driver of lower global prices for solar and wind power. This deployment of key technologies for a low-carbon future was key to learning and cutting costs. It is simply not possible to do this on a lab bench, as some academics have suggested. As Citi has shown using Bloomberg New Energy Finance data, the cost of solar power has fallen by 19 per cent for each doubling of installations. The cost of wind is down 7 per cent. Deployment matters. Both solar and wind can now compete without subsidy in favourable world conditions, and will do so soon even in the UK (where a solar panel yields just half the power it would yield in Arizona).

The Green Investment Bank (GIB) was another initiative that made modest progress, but had less impact than it should have done, and is now slated for privatisation and virtual death. The first problem was persuading the Treasury that the GIB should be able to borrow: the UK is the only major industrialised country not to have a state-owned bank that can leverage the government's credit standing to provide cheap long-term finance to important projects. The Treasury has always seen off rival borrowers, usually on spurious that protect its monopoly. The compromise preserved the GIB's right to borrow, but at the cost of requiring commercial returns. The management team had to be as profitable as its private-sector competitors, so that it only invested when a private player was already prepared to do so. As a result, its envisaged role as a pioneer was sabotaged from the start.

Carter is not right to imply that I was a sceptic about gas: I insisted that the projects for carbon capture and storage (CSS) should add a gas electricity generating plant, and not just be applied

to coal as Labour had ordained. The reason was precisely because it seemed to me that we did not yet know what the cheapest form of low-carbon electricity would be – whether gas or coal with carbon capture and storage, nuclear or renewables – and that we needed to have a portfolio approach, rather as you would spread your risks among different shares when investing a pension fund.

Shale gas was, though, ludicrously oversold by Conservatives on the basis of the low US price, which is entirely artificial since there are so few US export terminals serving the world market. As a result, shale gas has been trapped in the US, driving down the price. By contrast, the UK gas price varied little from the continental gas price even when we produced from the North Sea a vast surplus to our own needs, because we have so many export pipelines. It is also going to be a lot more difficult exploiting shale gas in built-up Lancashire than in desert-density North Dakota. Nevertheless, gas (whether conventional or shale) has been dealt a blow by the recent government decision to cancel the CCS programme. This does not add up.

The biggest disappointment in coalition climate policy was the failure of the Green Deal energy-saving policy. The Green Deal was and still is an outstanding vision. We waste masses of energy in heat loss, and rectifying this is far cheaper than building new power stations or pipelines. The concept was to provide consumers with a cheap way of paying for a complete home insulation makeover out of the savings from their energy bills. But the programme became far too complex as DECC attempted to forestall Whitehall critics, and it became too expensive as the Treasury insisted on market finance (not something that it required when it came to the guarantees for Hinkley Point). The real killer, though, was the failure to provide strong incentives to undertake the programme. This flew in the face of all the economic evidence that people would not adopt energy saving – even if it paid for itself – without a strong government lead and sweeteners. DECC wanted stamp duty relief for homeowners if they installed a Green Deal within a year – timed to attract people when they were anyway going to renovate their homes – but this was repeatedly blocked by the Treasury. As a result, we will pay a far higher price for more expensive energy and power stations.

Carter perhaps underestimates the contribution in the international sphere. The UN conference of the parties at Copenhagen was all the greater a debacle because expectations had been high, and it was quite possible that the whole process of the United Nations Framework Convention on Climate Change (UNFCCC) might have collapsed. The rescue – which ultimately led to the agreements at the Paris conference of the parties – began under the Mexican presidency at Cancun and continued under the South African presidency at Durban. Without the EU's incessant pressure – and without the UK's role among the climate progressives alongside Germany and France – I doubt that the UNFCCC would have been saved. That was an important achievement in which Britain's outstanding climate negotiators (such as the estimable Pete Betts) played – perhaps, post-Brexit, for the last time – a key part in the EU strike force.

The best that can be said for coalition climate policy is that we kept the show on the road for four years longer than would have happened with a majority Tory government, as Carter points out. That bought time for the UNFCCC, for renewables, and ultimately therefore for the chances of a solution to global warming. It is an honourable achievement, but fell short of our hopes and ambitions.

Chris Huhne was Secretary of State for Energy and Climate Change from 2010 to 2012, and shadow Environment Secretary in opposition, responsible for the party's 'Zero-Carbon Britain' plan. He is now co-chair of ET Index, which measures carbon emissions of quoted companies, as well as advising renewables businesses.

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Commentary: former minister

Ed Davey

Neil Carter's review is spot on about the coalition's climate and energy headline politics: the Liberal Democrats fighting an increasingly bitter war, with (most) Tories objecting to everything green as soon as the coalition agreement ink was dry.

Within this political war, he gets some of the achievements and failures of the Liberal Democrats right too: our expansion of renewable power was truly remarkable and the creation of the Green Investment Bank a lasting legacy, albeit slightly offset by the biggest failure – namely the Green Deal. (A policy Osborne told me was his idea!)

But it is the big omissions I must begin with.

The most significant is our excellent record on international climate change negotiations at the EU and UN. This is crucial, given that the UK's share of global emissions is less than 2 per cent. Chris Huhne laid the foundation for this success, particularly at the Durban UN Climate Change Summit, where, within the EU team, he played

a central role in securing an agreement to finalise the first ever climate change deal applicable to every country in 2015 – what became the Paris climate summit. I then worked at three successive UN summits to prepare for a deal at Paris. My most significant contribution towards this was leading work for the EU agreement to reduce greenhouse gas emissions by at least 40 per cent by 2030 – mainly through the Green Growth Group I established with other likeminded ministers on the Environment Council.

This EU agreement – largely unreported in the UK – helped persuade the USA and China to be bolder and was more ambitious than either my Conservative colleagues or the EU's Climate Change Commissioner, Connie Hedegaard, thought possible. It took more than two years of hard behind-the-scenes climate diplomacy and may prove to be the Liberal Democrats' most long-lasting and significant contribution to tackling climate change – even with Brexit.

On renewables, whilst acknowledging Lib Dem achievements, Carter misses two key details which mean that the success will turn out to be even greater (assuming the Conservatives do not totally screw things up). First, Chris Huhne's design of the contracts for difference (CfDs) ensured they are *private* contracts, not statute-based agreements. This means future governments must honour them. This is crucial, both in helping to reduce risk and lower costs, but also to protect the Lib Dems' renewables legacy: George Osborne apparently wanted to renege on the twenty-seven CfDs for renewable power plants I signed in March 2015, but was told he couldn't *because* they were private contracts. This means most renewable power plants built in this parliament will also be thanks to the Lib Dems, not the Conservatives.

The second is our creation of Britain's world-leading offshore wind industry. While the seeds had been sown under Labour, the big decisions had not been taken – from the massive Levy Control Framework I prised out of the Treasury to wooing Siemens to invest in their Hull factory. The shockingly poor energy policies since May 2015 coupled with Brexit have put our offshore wind industry at risk, but May/Clarke could still rescue this huge British energy success story.

The longer omissions list includes, for example, a dramatic boost to competition in the market for domestic supply of gas and electricity, a huge boost to interconnector policy (including the signing of the NSN link enabling green hydropower from Norway to be imported into the UK), Britain's first-ever community energy strategy, ensuring the potential of tidal lagoon power was taken seriously for the first time, a radical new approach to fuel poverty, new energy efficiency regulations on the private rented housing sector, pump-priming of over 100 district heating schemes, and our work on UK and EU energy security (including unreported measures to stop UNITE using fuel tanker drivers to hold the country to ransom).

Turning to what is actually in Carter's review, there are details with which I disagree.

On our strong record on emissions reductions, Carter regrets these were primarily in the power sector – but fails to add, that was the *intention*. To decarbonise, developed countries *must* start with the power sector, because the technologies are

Ed Davey as Secretary of State for Energy and Climate Change (photo: RWE)

more mature and because decarbonised electricity first makes decarbonising transport and heat easier.

On shale gas, he makes the classic mistake of thinking shale is all about electricity, when actually it is about heating. Over 70 per cent of the gas the UK consumes is for heating, and we increasingly import that gas as North Sea production falls. So shale decisions were led by energy security considerations for future heating supplies. Moreover, scientific evidence I commissioned revealed UK-produced shale gas would emit fewer emissions than the liquefied natural gas we would otherwise import from Qatar. It is not popular to make the energy and climate change case for shale, but it is a strong one.

On nuclear, Carter follows the pack in describing the price for Hinkley Point C as 'very generous'. Yet to make sensible comment on that price, you must take a view about the wholesale price of electricity <u>and</u> the carbon price *between 2025 and 2060,* i.e., not prices now but prices during the contract period. Not easy! You must also accept this was the first ever nuclear pricing to (a) include decommissioning and nuclear waste management costs; and (b) pass all construction risks to the developer, EdF (so if Hinkley is not built, the British consumer and taxpayer pays nothing.) So I do not know whether the price is generous or not (no one can!) but I do know that – unlike the past record of the nuclear industry – the UK is protected against cost over-runs, delays or failure to build and future unknown liabilities, thanks to Lib Dems' scepticism over nuclear's economics.

To add one self-criticism to Carter's, we should perhaps have realised that the collapsing price for solar energy coupled with the real potential for energy storage means that even the UK can look to generate significant amounts of our future power from the sun.

There is one point I totally agree with Carter on – Conservative actions since May 2015 should convince everyone how hard Liberal Democrats had to fight on energy and climate change – and thus the full extent of our achievements.

Conservative actions since May 2015 should convince everyone how hard Liberal Democrats had to fight on energy and climate change – and thus the full extent of our achievements.

Ed Davey was Liberal Democrat MP for Kingston & Surbiton 1997–2015 and Secretary of State for Energy and Climate Change 2012–15. He now runs his own management consultancy, Energy Destinations, and is Chairman of Mongoose Energy, a leading community energy cooperative company, and the 'Fit for the Future' network of charities and not-for-profits.

Commentary: critic

Fiona Hall

Neil Carter's analysis of coalition energy and climate policy is fair but what he does *not* say is also worthy of attention.

First, Carter highlights two energy sources – nuclear power and shale gas – where the coalition government agreed to go forward with new investments yet left office without seeing any construction on the ground. Carter appears to regard this as a negative, saying of nuclear: 'Yet the coalition still left office without finalising a deal.' But with hindsight, this failure to follow through looks very wise. The Liberal Democrats had long been opposed to nuclear power and the party conference was only persuaded to support the proposed new nuclear programme on condition that it went forward without public subsidy. In 2010 the then Secretary of State Chris Huhne had made it known privately that he did not think the proposed nuclear programme would ever go ahead, simply on grounds of cost. Subsequently, under Ed Davey, the coalition government claim that a thirty-five-year £92.50 per MWh CFD support was not a public subsidy raised some eyebrows. However, even this government underwriting has proved insufficient to secure the final investment decision on the first proposed nuclear station, Hinkley C. First, EDF hesitated, fearful that the company would be bankrupted, then the post-Brexit May government, worried about disproportionate Chinese involvement, called for a further stocktake. So the failure of the coalition government to finalise a deal on Hinkley C looks more and more like sensible caution rather than failure to deliver.

On shale gas, the change of policy under Davey was surprising, not only because the exploitation of a new fossil fuel source seemed at odds with his ambitious approach to greenhouse gas (GHG) reduction (see below), but also because fracking to extract shale gas was deeply opposed by environmentally concerned Lib Dem local activists. In September 2015, the Liberal Democrat conference adopted a policy of opposition to fracking. The failure of the coalition government to deliver on shale gas extraction might be regarded as rather fortunate.

On energy efficiency, much more could be said on why the Green Deal became, in Carter's words, 'a policy disaster'. Certainly, the Treasury's insistence on an interest rate of 7–10 per cent at a time when the base rate was half that was extremely efficient at killing consumer interest. As Green Deal assessments far outstripped Green

Had the UK set itself on a less confrontational EU path, perhaps the discipline of national targets for renewables and energy efficiency, requiring long-term strategic planning in those areas, would have helped the coalition government to achieve more consistent outcomes in its climate and energy policy.

Deal loans, it does seem, however, that some energy efficiency improvement work may have been carried out, unrecorded, by householders using alternative, cheaper forms of financing.

But over and above the interest rate difficulty, the Green Deal failed because it was simply not given enough time to bed in. Too much was expected of the scheme too quickly. The reality of house renovation is that it is disruptive and therefore tends to take place sporadically, usually linked to the buying and selling of a property. Even then, energy efficiency improvements have to get themselves onto the standard list of works that people routinely think about when moving house, alongside cosmetic improvements to kitchens and bathrooms. Upgrading to a good level of energy performance needs to become as much a must-do improvement as installing central heating was last century. But this is a long-term shift – and arguably the coalition government's biggest contribution to this fundamental mind-set change was in taking forward the previous government's proposals on minimum energy efficiency standards for rental properties. These proposals, designed to outlaw the renting out of the poorest F and G rate properties, will turn a poor Energy Performance Certificate into a badge of shame, much as an outside toilet was once regarded. Without progress on this attitudinal change first, the Green Deal was never going to enjoy the massive take-up that was predicted for it.

Carter identifies the unhelpful failure of the Department for Communities and Local Government to promote higher building-insulation standards. As well as being an example of the coalition government's failure to mainstream climate change policy, this also indicates a lack of understanding in the coalition government of the virtues of energy efficiency per se. The tensions Carter mentions, between affordable consumer prices, security of supply and GHG emissions reductions, need not have arisen if a strategic energy efficiency policy had been in place.

Nowhere was the fundamental failure to understand the wide-reaching importance of energy efficiency more apparent than in the negotiations at an EU level on the climate and energy targets for 2030. Determined to secure a 2030 EU GHG reduction target of at least 40 per cent, Ed Davey convened a Green Growth Group of Member States. But the sub-text of the admirable UK efforts on the GHG target was that *only* the GHG target really mattered. The coalition approach, inherited from the previous Labour government, was that, given a sufficiently ambitious GHG target and a high enough carbon price, the market would deliver carbon reduction in the most cost-effective way possible.

The UK obsession with a single GHG target was met with some bemusement and frustration by other Member States. Generally speaking, those Member States who wanted an ambitious 2030 approach to climate and energy, such as Denmark, Germany, Belgium and Portugal, wanted to set three separate 2030 targets: for GHG reduction, renewable energy and energy efficiency. They did not believe that the market alone could deliver GHG reductions fast enough, and saw merit in giving policy certainty to the growing renewables industry, and to supporting energy efficiency because of the many additional benefits it brought in terms of security of energy supply, the elimination of fuel poverty, improved health, increased competitiveness and job creation. Apart from the UK, the other 'one target' Member States were those who wished to do as little on climate change as possible and favoured a low GHG reduction target for 2030, not an ambitious one.

Many frustrating months of negotiation came to a head in the October 2014 Council, when Prime Minister Cameron vetoed any national renewables target for 2030 – it was set at an EU-level only, at the modest level of 27 per cent – and refused a binding energy efficiency target, which was set at an indicative level of 27 per cent, 'having in mind an EU level of 30 per cent'. Had the UK set itself on a less confrontational EU path, perhaps the discipline of national targets for renewables and energy efficiency, requiring long-term strategic planning in those areas, would have helped the coalition government to achieve more consistent outcomes in its climate and energy policy.

Fiona Hall was a Member of the European Parliament for North East England (2004–14) and leader of the UK Liberal Democrat MEPs (2009–14). She now works as an advisor on EU energy efficiency policy, principally for Rockwool International.

Journal of Liberal History 91 (summer 2016): corrections

A number of errors crept into our last issue – our apologies to all concerned.

- In the report of the meeting on 'Europe: The liberal commitment', the Scottish historian Sir Graham Watson quoted was James Lorimer (rather than Larner – p. 34) and the name of the Secretary General of Liberal International in 1946 was John H. McCallum Scott (rather than McMillan Scott – p. 35).
- In the same report, William Wallace is quoted as saying that Megan Lloyd George left the Liberal Party in the late 1940s (p. 36). In fact she was Liberal MP for Anglesey until 1951 and Deputy Leader until 1952; she defected to the Labour Party in 1955.
- In his review of Alan Mumford's *David Lloyd George: A Biography in cartoons* Kenneth O. Morgan wrote that Mumford is a notable political cartoonist and historian (p. 37). In fact he is not a political cartoonist.

Liberal Democrats in coalition: Europe

The coalition and Europe

Tim Oliver

The recent vote to leave the European Union has reenergised Liberal Democrat commitment to the EU. In promising to challenge the decision to leave, the party has found itself an issue that has helped it stand apart, appeal to large numbers of British voters, and uphold a core party commitment to liberal internationalism. The turmoil that now defines UK–EU relations (the settling of which will likely dominate the rest of this parliament) led to justifiable quips that David Cameron was only able to last a year without Nick Clegg and the Liberal Democrats.

Europe, however, has not always been an easy issue for the party, either internally or externally, especially when in coalition with a Eurosceptical Conservative Party. How then did the party succeed in managing the issue in government? Did it balance or constrain Conservative Euroscepticism? Or were the demands of government such that the party was overwhelmed by events and inadvertently helped pave the way for the 2016 referendum?

Europe in the party's worldview

If, as David Cameron once argued, Atlanticism is in the DNA of the Conservative Party, then the Liberal Democrats have Europe as a large part of theirs. It has long been a core part of the

party's liberal internationalist worldview. Various parts of that worldview have shaped views of the EU, not least the party's commitment to international justice and anti-imperialism. The party's localism and activist heart might be suspicious of the EU as a distant source of power, but the belief in federalism has helped locate the EU in a wider framework through which the party believes the UK should be governed. Even in relations with the USA, the party has seen close US–European relations as essential to an outward looking, global liberal agenda. Being out of government at UK level between 1922 and 2010 meant that some of these ideas have been shaped more by idealism and protest than the realities of national government.

Europe in the coalition government

The coalition government came to power against a long-standing backdrop of Britain as 'an awkward partner' in the EU. A late joiner, British governments, political parties and public opinion have rarely if ever appeared comfortable with the idea of European integration, preferring instead to take a transactional view to relations. Rare has been the British politician prepared to stand up and make a full-blown case for Britain's membership of the EU.

That unease could be seen in all of the UK's political parties, including to some extent the Liberal Democrats. Tensions over the signing of the Lisbon Treaty in 2009 had left the party as the only one of the main three UK parties to campaign in the 2010 general election with a commitment to holding an in/out referendum on EU membership, albeit with the caveat that this would happen the next time a British government signed up for fundamental change in the relationship between the UK and the EU. It continued a tradition dating back to the party's commitment in the 1990s to being the first to commit to holding a referendum on membership of the Euro.

Despite concerns that the issue of Europe would bring down the coalition, the coalition agreement provided a constructive basis of ideas that led to two outcomes. The first was the EU Referendum Act 2011 – a referendum lock to limit the transfer of further powers to the EU without a national referendum. A commitment drawn primarily from the Conservative election manifesto, it also met the Liberal Democrats' own 2010 commitment to holding a referendum at the time of a major treaty change, albeit as an in/out referendum.

The second, the Balance of Competences Review, was an evidence-based review of the full-range of UK–EU relations. Eventually comprising thirty-two volumes and 3,000 pages of analysis, it was the most detailed study ever undertaken of the EU by a member state. Intended to identify powers for repatriation, to the dismay of some Conservatives the study largely concluded that the balance of powers was about right.

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However, the referendum lock merely fuelled Conservative backbench demands for a referendum of some kind. The Balance of Competences Review limited the case for a repatriation of powers. To some extent this was a victory for the Liberal Democrats, but the review was largely buried by the Conservatives and overlooked by the media.

Despite the detail of the coalition agreement, it was to be events that largely defined how the two coalition parties approached the issue of Europe. And events in UK–EU relations were not necessarily on the Liberal Democrats', or indeed David Cameron's, side. The need for further reform in the EU to tackle the Eurozone's problems meant some form of treaty change or new arrangement was already on the cards as the coalition came into office. This would inevitably run into a barrage of hostility in British politics where memories were still raw about the difficulties all parties had faced over ratifying the Lisbon treaty in 2008.

When proposals for a change to the Lisbon Treaty were put forward in December 2011 in order to deal with ongoing problems in the Eurozone, the UK found itself out of sync with the rest of the EU thanks in no small part to David Cameron's failure to connect with other European leaders. The result was his 'veto' of attempts to introduce an EU-wide fiscal compact. Cameron's move was designed to protect British interests, especially those of the City of London. But his move sparked anger around the rest of the EU (which bypassed the UK and set up the fiscal compact as a separate treaty) and a moment of jubilation amongst Conservative backbenchers until they realised the veto had actually achieved little.

It also strained relations with the Liberal Democrats, with Nick Clegg eventually making clear his anger at the outcome of Britain being left isolated. Such was his anger that he shunned Cameron's appearance before the Commons to explain the veto. Yet, while he might have objected to how Cameron had got himself into the mess that led to the 'veto', disagreement focused more on the flawed ways and means by which he had raised British objections than that Britain had objected to proposals that were not in its interests.

Similar differences overshadowed the appointment of Jean-Claude Juncker as the new Commission president following the 2014 European Parliament elections. In the run-up to the 2014 European Parliament elections some of the parliament's groups had named a '*Spitzenkandidaten*' – top candidate – as their candidate for Commission president, the aim being to democratise the process of filling the position. As the European People's Party's (EPP) choice for *Spitzenkandidaten*, Juncker had the backing of Angela Merkel's CDU. Cameron's decision to withdraw the Conservatives from the EPP had long been criticised

as a move that might have met the demands of Eurosceptics in his own party but left him and his party disconnected from the dominant centre-right group of parties in European politics, including the CDU. While no other UK party had bought into the *Spitzenkandidaten* idea, including the Liberal Democrats, Cameron's opposition to Juncker once again left him and the British government isolated in the EU. He was unable to call on the support of Angela Merkel who, despite her own doubts about both Juncker's suitability and the *Spitzenkandidaten* idea, in the end decided to back him, leaving Cameron and the UK largely isolated.

If Cameron was able to get away with such flawed approaches then it might have owed something to the way in which the Liberal Democrats were positioned in government. That the party spread itself too thinly is now a well-documented critique of the coalition. When in September 2012 Jeremy Browne left the FCO and Nick Harvey the MoD, it left only a few individuals such as Nick Clegg, William Wallace and special advisor Monica Thurmond working overtime and more to keep on top of events and policies and to develop Liberal Democrat strategy. Some Conservative ministers were accommodating, William Hague in particular. The work of the few Liberal Democrats in this area did deliver successes at the European level. So too did ministers in other departments, such as the Department for Business, Innovation and Skill and the Department of Energy and Climate Change, where Liberal Democrat ministers successfully built EU-wide coalitions for more ambitious EU action on international climate and energy matters. But these few successes not only left the party fighting to be heard, but also delivered a disparate and often underappreciated set of successes that were hard to combine into an effective campaigning message.

Liberal Democrat objections over the ways and means of UK–EU relations, or their role constraining or balancing the Eurosceptic side of the Conservatives therefore mattered little when it came to public opinion. The 2014 European Parliament elections saw the party campaign on a pro-European platform. In part a product of the party's core beliefs, the position was also born from a desire to distinguish themselves from the other parties all of whom were offering messages of varying degrees of Euroscepticism. The result, however, saw the party's MEPs reduced from eleven to one. It was a crushing defeat, especially for Nick Clegg who had not only served with many of the now former MEPs in Brussels, but also debated UKIP's Nigel Farage in the run-up to the elections. Hopes that the debate would repeat the success of Clegg's appearance in the 2010 general election TV debates were dashed when they reinforced the widespread public hostility to the party and Clegg in particular. It gave Farage another platform, playing a small part in seeing UKIP come top in the elections, making them the first non-Conservative or Labour party since 1910 to win the most seats at a national election.

The decision to enter into coalition with the Conservatives inadvertently helped set the UK on a course towards the June 2016 referendum. The party became the coalition's explosive armour, protecting David Cameron in particular from a range of unpopular decisions. Amongst the most unpopular – with his own party especially – were his decisions over Europe.

The referendum legacy

Throughout the period of coalition government one of the Liberal Democrats' main claims to success was that they were able to constrain, or at least balance, the more extreme sides of the Conservative Party, not least when it came to Europe. In doing so, however, they may have inadvertently played a part in setting the stage for the 2016 referendum. I say 'in part' because ultimately the one person responsible for the referendum and its outcome was David Cameron. And as we all know, the divisive nature of Europe in UK politics long predates the 2010–15 coalition. The June 2016 result was also the product of a number of factors, including the somewhat lacklustre performance by the Remain campaign and the seductive and misleading 'nothing is true and everything is possible' approach of the Leave campaigns.

Nevertheless, the decision to enter into coalition with the Conservatives inadvertently helped set the UK on a course towards the June 2016 referendum. The party became the coalition's explosive armour, protecting David Cameron in particular from a range of unpopular decisions. Amongst the most unpopular – with his own party especially – were his decisions over Europe. By bringing together a Liberal Democrat party led by pragmatic pro-Europeans with a Conservative leadership of pragmatic Eurosceptics, Cameron was able to cope with the ideologically driven Eurosceptics on his backbenches by offering them concessions rather than facing them head on. They were a group that would not be appeased, driven as they were by anger at their party being in government with a pro-European party, worried by the rise of UKIP, and increasingly uneasy at the immigration and sovereignty consequences of EU membership. Instead of offering concessions to the Liberal Democrats, Cameron was more concerned with offering concessions to the extreme side of his own party.

The coalition therefore allowed Cameron to continue muddling through the problems his party had long struggled with over Europe. Instead of confronting and trying to solve them, he was able to continue kicking the can down the road. The road ended spectacularly, not least for Cameron himself, with the June 2016 referendum result. For the Liberal Democrats, the road ended earlier in the disastrous 2015 general election.

Alternative UK–EU relations?

Would the course of UK–EU relations, and the state of the Liberal Democrats, therefore have been fundamentally different had the party been

able to enter into coalition with Labour in 2010 or 2015, or if there had been a minority Conservative government in 2010?

While a Labour–Liberal Democrat coalition might have been easier ideologically, when it came to policy and managing day-to-day events UK–EU relations between London and Brussels would likely have remained strained and somewhat awkward. The ways and means by which relations would have been managed would have been different, but the need to adapt Britain to a changing EU alone would have lead to mounting pressure for a referendum at some point. There has always been a degree of party consensus – or constraints – in managing UK foreign policy, including over Europe. The Liberal Democrats time in government showed it can extend beyond the Conservatives and Labour.

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Commentary: former minister

William Wallace

The greatest difficulty in assessing how much Liberal Democrats in government from 2010 to 2015 influenced coalition policy on Europe is to judge how high were the obstacles to a constructive approach and how much worse the drift of Conservative policy would have been in a single-party government. The absence of a constructive narrative from the previous Labour government, from the 2003 invasion of Iraq onwards, had left public opinion sceptical about European cooperation. There was a wide gap between the realities of practical cooperation, in policing, foreign policy, defence, climate change, and other areas, and the parliamentary focus on the working time directive and a handful of judgements by the two European courts.

We started, therefore, with a range of obstacles to overcome. Cameron as prime minister cared little about the EU or European politics, and often paid more attention to appeasing his Europhobe wing than to weighing up where UK interests lay. The quip that he was an 'essay crisis' prime minister seemed entirely accurate. His preparation for the December 2011 summit had been skimpy; he then pushed last-minute demands at an unprepared European Council without informing Nick Clegg as his deputy or, it appeared, relevant ministers and officials. I spoke to one Conservative minister over that weekend who was as shaken by this unprepared mistake as I was. For European Councils after that an official from Clegg's office was added to the PM's delegation, to assure at least some communication of Cameron's intentions.

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No. 10 ran European policy, with Osborne in the Treasury actively contributing. William Hague as Foreign Secretary opted out of many EU dossiers, leaving the work to David Lidington as Europe minister. Jeremy Browne as the Lib Dem minister in the Foreign and Commonwealth Office (FCO) plunged enthusiastically into his responsibilities in Asia and Latin America, not intervening on dossiers outside those regions that touched on party interests. Drafts of the EU referendum bill had reached an advanced stage in the late summer of 2010 before I managed, as a junior 'Lords minister and whip' with Jeremy's office as my toehold within the FCO, to see them; we failed to challenge the detailed content critically as it took shape. Within the Whitehall structure, however, first Chris Huhne and then Ed Davey led for the Liberal Democrats on the cabinet EU committee and sub-committee, for which we learned to coordinate our party approach in spite of our departmental briefs. Ed actively promoted coalitions of 'like-minded' governments on specific issues, above all on climate change

Our small team of special advisors (SPADs) also followed papers on EU issues closely, and alerted us to potential difficulties; SPADs are invaluable to ministers caught up with parliament, endless meetings, and party obligations. Our links with other Liberal parties within the EU, many of them also within government, also gave us some advantages in terms of influence and information. We could hold informal conversations across borders that our Conservative colleagues, lacking party links, could not; we were occasionally asked by our Conservative colleagues to hold such conversations, and could help to shape them as they continued.

But much of this was attempting to push British foreign policy uphill. The National Security Council, trumpeted by Cameron as bringing together the different elements of international strategy, spent more time between 2010 and 2015 discussing 'Gulf strategy' than European strategy, in spite of Nick Clegg's efforts; selling arms to Arab monarchies attracted Conservative enthusiasm, unlike cultivating European governments. I raised the potential instability in Ukraine and the southern Caucasus in ministerial meetings well before the crisis broke; but the foreign secretary's priorities were elsewhere, and FCO expertise on

Russia had been run down. Hammond as defence secretary blocked our efforts to give some publicity to UK cooperation with other European countries in defence. We succeeded in persuading the Ministry of Defence to invite ambassadors from other EU governments to visit the impressive Joint Command Centre in Northwood, from which the EU's Operation Atalanta (against Somali piracy) was directed; but failed to persuade them to invite the British media, let alone offer visits to backbench MPs. Fox as Defence Secretary and then Hammond gave as little publicity as possible to the development of defence cooperation with the French; secrecy about European defence cooperation was such that I once watched a Conservative defence minister make a disparaging remark about Belgian inactivity, to be shocked by an FCO official noting that Belgian aircraft were currently flying joint missions with the RAF over Libya.

Discussions began within Whitehall, and within the Conservative Party, about who we might support as the new president of the Commission, and who the government should nominate as the UK commissioner, over nine months before the decisive European Council. We put up several suggestions about preferred candidates for Commission president, aware that the party groups within the European Parliament were floating the idea of party-nominated candidates; but No. 10, out of touch with the mood of the European Parliament because Cameron had withdrawn the Conservatives from the European People's Party, and evidently not listening to any hints from Conservative MEPs, did not respond. So, again, we arrived at a last-minute panic, with Cameron trying to retrieve a situation the he and his advisers could and should have anticipated months before.

In the coalition agreement the Conservatives insisted on including an extensive consultation exercise on the 'balance of competences' between the UK and the EU. They expected companies, trade associations, lawyers and accountants, to list a range of powers that should be restored to UK sovereignty, to provide the basis for Cameron's re-negotiation. Thousands of responses flowed in over a two-year period, with supporting seminars and conferences, overseen by a 'ministerial star chamber' chaired by David Lidington with myself and, until he was promoted, Greg Clark. The feedback, however, was overwhelmingly that the current balance suited UK interests well, in fields from transport to services to regulation of drugs. We fought Whitehall battles on the papers on free movement of people and on civil justice, for which the initial drafts from Theresa May's and Chris Grayling's offices distorted the evidence to suit Eurosceptic prejudices. With active assistance from LibDem SPADs who covered those departments, we insisted on following the evidence presented – though the deep reluctance of the Home Office to give in delayed the Free Movement paper for six months. The response of No. 10 to this unwelcome outcome was to bury each group of papers, six to eight every six months, by publishing them the day after parliament had risen for the summer or for Christmas, allowing Lidington and me to brief ambassadors from other EU countries within the FCO but not to encourage the domestic media to pick up the story.

In retrospect, we should have briefed the media more aggressively about the sceptical drift of Conservative policy. That would of course have had costs, in undermining the image of a constructive coalition. And much of the media were not interested in positive European stories. I developed a good relationship with the *Financial Times*, but *The Guardian* did not appear much more interested than *The Times*; and *The Telegraph* was still spinning Boris Johnson-style inaccuracies for Conservative MPs to lap up. It would have helped us if Labour as the opposition had wished to pick up the story. I occasionally briefed people close to Ed Miliband, on issues from the Trident review to the EU balance of competences exercise; the dispiriting answer was usually that 'we haven't taken a decision about our position on that yet', or 'we're still discussing it'.

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Nick Clegg's debate with Nigel Farage, in the 2014 Euro-election campaign, demonstrated the handicaps under which we were struggling to make our case, against an established narrative of misrepresentation and the repeated refrain in the right-wing media that Anglo-Saxons were our friends and continental Europeans our enemies. I put round a memo in the FCO in the summer of 2012 on 'Symbolic Diplomacy', to argue the case for using joint ceremonies to visualise our historical and continuing links with allies and partners; the French were particularly anxious to see the UK recognise their contributions in both world wars, and the Poles in the Second World War. But No. 10 did not want to challenge the Anglo-Saxon narrative of British identity, or the myth that Britain stood 'alone' and independent in the last war. The direction was set before the 2015 election for the flat-footed character of the 'Remain' referendum campaign, for all that the Liberal Democrats in government had attempted to hold back the tide.

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Commentary: critic

Hannah Bettsworth

In an ideal world, a Liberal Democrat government would have been at the forefront of the European Union, standing alongside our ALDE allies and defending the further development of the EU. We would have been a key voice in favour of free trade and a TTIP supporter – showing that it is not a choice between Europe and the world, but that Britain could play a leading role on both stages. We would have used the Ukraine crisis as impetus to reinforce and improve the European Neighbourhood Policy, maintaining a principled common foreign policy that supported human rights and national self-determination. A Liberal Democrat government would not have instinctively opposed European cooperation for short-term political gain in the way that the Conservatives did.

We would not have held an In/Out referendum – why should we, having opposed an independence referendum because it was damaging for Scotland to risk leaving the UK? However, we would not have been an uncritical friend of the EU – George Lyon, former Liberal Democrat MEP for Scotland, had substantial success in reforming the Common Agricultural Policy in order to build a more market-oriented system. We would have done more to ensure that the EU promoted free and fair trade globally – our international aid efforts are one of the things we can be proudest of during our time in government, but it is equally important that developing countries are allowed to compete on a level playing field.

Sadly, we do not live in an ideal world, and in that sense there was very little more that we could have done to restrain the Conservatives' Eurosceptic tendencies. The referendum lock was a necessary compromise – as the junior partner in the coalition, we had to choose our battles. We chose them correctly for the most part, prioritising education, development, and tax cuts for the poorest. The arguments over the coalition are well rehearsed, but it was the best (as well as the only possible) course of action we were faced with in 2010. Eurosceptic backbenchers would always have been a challenge for a Lib Dem–Conservative agreement, and we dealt with that as well as we could. Including an In/Out referendum in the 2010 manifesto was a mistake – it gave UKIP material to use against us in the European elections in 2014, and it implied that we thought a Leave vote would have been an acceptable outcome even if we ourselves were opposed to it. However, it was politically useful in bridging the gap in opinion at the time of the coalition agreement.

Cameron's veto exercise appears to be reflective of the wider British political attitude to the EU that frustrated Nick Clegg so greatly, and still frustrates many party members. This attitude manifested itself in a tendency to rebel against EU proposals and then complain about its decisions, when the UK could have had a substantial impact and exercise real power if it deigned to participate.

This would have been the difference between what occurred under the coalition and a hypothetical Liberal Democrat government: we would have begun with the intent to engage. Britain had a reputation in Europe as the reluctant partygoer who stood against the wall while everyone else interacted – we would have attempted to shake that off.

In terms of the party's positioning, the Balance of Competencies Review noted that the money allocated to the Department for International Development (DFID) was often being channelled into EU aid projects. It also noted that this was giving Britain a wider reach than if DFID had administered the projects itself – for example, EU aid agencies had a wider global office presence than Britain alone did. Perhaps this is a combination of the two difficulties raised in the original article – underappreciation of both the importance of the review and of some of our successes in government. An effective message from the Better Together campaign in the Scottish referendum was that DFID's presence in East Kilbride showed how Scottish and British partnerships could make positive change in developing countries worldwide. A similar message in the EU campaign may have been worthwhile in convincing Leave-leaning liberals to cast their vote to Remain.

To summarise, the referendum and its aftermath have been a useful recruiting tool because they showed the public the scale of the challenge we faced in coalition. In other words, people have learned the hard way that we did a good job of preventing Conservative Euroscepticism from damaging the UK's prospects. A Liberal Democrat majority government would, ideally, move towards an overtly Europhile posture and break political norms – both in foreign policy and at home. However, we knew that we did not live in an ideal world and therefore did all we could to speak up for the EU within the political constraints we faced in 2010.

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Liberal Democrats in coalition: constitutional reform

The coalition and constitutional reform

Robert Hazell

The House of Lords in session.

For the Liberal Democrats, being able to implement their long-held ambitions for constitutional reform was one of the stated reasons why they entered the coalition. But the Conservatives also had extensive plans for constitutional change. So this article opens by presenting the whole of the coalition's constitutional reform programme, and explaining the respective contributions of the Conservatives and the Liberal Democrats. It then analyses five key measures: the AV referendum; reducing the size of the House of Commons; fixed-term parliaments; a British bill of rights; and reform of the House of Lords.

The constitutional reform programme

Although unacknowledged (including by themselves), the Conservative constitutional reform agenda was as extensive as that of the Liberal Democrats; and the two parties shared a surprising amount of common ground. The strongest common ground ideologically was both parties' commitment to decentralisation and localism. The big Conservative constitutional changes were to reduce the size of parliament (Commons and Lords); introduce a British bill of rights; legislate to require referendums for future EU treaties; introduce English votes on English laws; and hold referendums on elected mayors in all major cities. The 'referendum lock' for EU treaties might be thought anathema to the Liberal Democrats, but their 2010 manifesto had its own, more radical commitment to 'an in/out referendum the next time a British government signs up for fundamental change in the relationship between the UK and the EU'.

In government Nick Clegg took the lead on the whole constitutional reform programme. This was a brave move, given his lack of detailed knowledge, and was aggravated by his failure to appoint any expert advisers with good understanding of how to achieve constitutional reform. By the end of the coalition government, Clegg had delivered more of the Conservative package of constitutional reforms than his own. In particular, he failed on the AV referendum and on Lords reform, the Lib Dems' two big priorities.

The analysis in Table 1 shows the main constitutional reform items in the Coalition's Programme for Government. Of the eighteen items listed, fourteen originated in the Conservative manifesto, and nine in the Lib Dem manifesto. So just on this crude scoring basis, the Conservatives did better than the Lib Dems in shaping the government's reform agenda.

Columns 4 and 5 headed Result and Score show whether the commitment was delivered or not. The analysis suggests that by 2015 Nick Clegg had delivered eight of the Conservative

Table 1 Origins of the main constitutional reform proposals in the Programme for Government, and their success or failure

Key:
● = manifesto commitment fully incorporated into Programme for Government
○ = manifesto commitment only partially incorporated
√ = delivered
x = not delivered

Programme for Government	Lib Dem manifesto	Con manifesto	Result	Score
Referendum on AV	○		Held on 5 May 2011. Defeated by 68 to 32%, on 42% turnout	x
Reduce House of Commons to 600 MPs	○	●	Boundaries revised, but Orders to approve new constituencies blocked by Lib Dems in 2013	x
Introduce referendum on further Welsh devolution	●	○	Held on 3 March 2011. Carried by 63 to 37%, on 35% turnout	√
Implement Calman Commission in Scotland	●	○	Implemented in Scotland Act 2012	√
Fixed term parliaments	●		Fixed Term Parliaments Act 2011	√
Legislate so that future treaties are subject to 'referendum lock'		●	European Union Act 2011	√
Hold referendums on elected mayors in 12 largest English cities		●	Held on 3 May 2012. Only Bristol voted for a mayor; Liverpool and Leicester had previously resolved to have one	√
Wholly or mainly elected second chamber	●	○	House of Lords reform bill withdrawn in 2012 following opposition from Conservative backbenchers	x
Commission on British bill of rights	○	●	Commission reported December 2012	√
Commission on West Lothian Question		●	Commission reported March 2013	√
Right of recall of MPs	●	●	Recall of MPs Act 2015	√
Prevent misuse of parliamentary privilege		●	Joint parliamentary Committee recommended no change in 2013	x
Implement Wright Committee reforms for House of Commons		●	Implemented in full in 2010	√
Speed up individual electoral registration		●	Electoral Registration and Administration Act 2013. Implemented 2013 to 2016	√
200 all postal primaries		●	Abandoned	x
Petitions to force issues onto parliament's agenda		●	Petitions with more than 100,000 signatures lead to debate in parliament	√
Reform of party funding	●	●	Clegg chaired inter-party talks, abandoned in 2013 after seven meetings	x
Statutory register of lobbyists	●	○	Transparency of Lobbying Act 2014 created statutory register	√

commitments for constitutional reform, but only five of his own. Clegg got little credit from the Conservatives for this, because they did not see themselves as constitutional reformers, but was damned by his own side for his failures.

The AV referendum

In government the coalition linked the AV referendum with reducing the size of the House of Commons in the parliamentary voting system and constituencies bill. This was to ensure that the Conservatives would vote for the AV referendum in part 1 of the bill, and the Lib Dems for the reduction in the size of the House of Commons in part 2. Nick Clegg took the lead on both proposals and pushed ahead at top speed.

The Lib Dems were anxious to hold the AV referendum as early as possible. The bill was introduced after just ten weeks in government with

no White Paper and no consultation. It was very tightly whipped. The bill was strongly criticised by three parliamentary committees.[1] All three lamented the rushed timetable and absence of any consultation. But despite these critical reports, no major amendment was accepted by the government in either House.

The brutal whipping left very sore feelings in parliament, especially on the Conservative benches. But the tensions in parliament were nothing compared with the bitter feelings unleashed during the subsequent referendum campaign, when Conservatives and Lib Dems campaigned on opposite sides with wildly exaggerated rhetoric.

In the May 2011 referendum, AV was convincingly defeated by 68 per cent to 32 per cent. The Lib Dems blamed the result on the failings of the 'Yes' campaign; but in truth the referendum could never have been won on such a short timescale, which allowed very little time for public information.[2] One of Clegg's advisers and several Lib Dem backbenchers had wanted to postpone the referendum; but the leadership had convinced themselves that the sooner the referendum was held, the greater its chances of success. But it may be that even if the referendum had been held later, it would still have been lost: electoral reformers and Liberal Democrats found it hard to campaign with much enthusiasm for AV, which they had so long dismissed as an unsatisfactory compromise.

Fixed-term parliaments

The Liberal Democrats have long supported fixed-term parliaments. The Conservatives have never done so. But both Lib Dems and Conservatives were anxious to buttress the new coalition against destabilising no-confidence motions. So the coalition agreement declared that legislation would be brought forward to provide for five-year fixed-term parliaments.

The bill did not have an easy passage through parliament. Labour did not oppose its second reading, but half a dozen Conservative MPs voted against the government on amendments moved by Bill Cash MP.[3] The debates in the House of Lords were even more sceptical.[4] Labour peers insisted that the proper length of a fixed term was four years, not five. A sunset clause was agreed to with strong crossbench support. The amendment was removed in the Commons but reinstated in the Lords. Eventually a compromise was reached, requiring a committee to be established in 2020 to review the operation of the Act.

The bill's troubled passage illustrated two things. The first was that even if the coalition reached agreement on a policy within the executive, that agreement could not necessarily be delivered in parliament. The second was that in parliament the House of Lords was likely to present even more difficulties for the government than the Commons. And that did not bode well for future legislation on constitutional reform.

The British bill of rights

Both the Liberal Democrats and Conservatives had a longstanding commitment to introduce a British bill of rights.[5] But the Conservative hope was for a British bill of rights which might soften some of the harder requirements of the European Convention on Human Rights ('ECHR minus'); while the Lib Dems wanted one which was 'ECHR plus'.[6] The compromise was to establish a commission, but the Programme for Government made it clear that any British bill of rights must be firmly 'ECHR plus'.

In government the policy lead was given to Conservative Ken Clarke, as Justice Secretary. A staunch defender of human rights, Ken Clarke was in no hurry to establish a commission. But in February 2011 things warmed up, with a Commons debate on prisoner voting rights, and outrage from the Home Secretary at a Supreme Court judgement about sex offenders.[7] Cameron told parliament that a bill of rights commission would be 'established imminently' to shift such decisions from the courts back to parliament.[8]

There followed intense negotiations between the coalition partners about the commission's terms of reference, timetable and membership. The Lib Dems nominated four human rights experts and advocates, and the Conservatives four known critics of the Human Rights Act. It might be thought that establishing the commission would take the heat out of the issue. But fierce skirmishing continued. The Conservatives were keen to maintain party differentiation on the issue, even if it involved ignoring collective cabinet responsibility and undermining the government's own commission.

The commission published its report in December 2012. It did not offer a strong or unanimous way forward. Seven of the commission's nine members came down in favour of a UK bill of rights, but two members (Helena Kennedy QC and Prof. Philippe Sands) feared that the risks of undermining the Human Rights Act were too great. In the remainder of the parliament Nick Clegg stood by the Human Rights Act and blocked any further policy developments. The Conservatives entered the 2015 election with a renewed commitment to introduce a British bill of rights, but their subsequent failure to publish even a consultation paper illustrates the difficulties involved, not least in overcoming the veto power of the devolved governments.[9]

Many of the Lib Dems' policy contributions to the coalition were negative, preventing the Conservatives from doing something worse. This was one example: by standing firm in defence of the Human Rights Act, Nick Clegg showed greater political wisdom than his coalition partners.

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Reform of the House of Lords, and reducing the House of Commons

The same cannot be said of the Liberal Democrats' handling of Lords reform. Clegg began by reconvening the all-party talks initiated under the previous government by Jack Straw, to help produce a draft bill for an elected second chamber. As before, the parties could not agree, and indeed were divided internally. Clegg's draft bill published in May 2011 proposed a much smaller House of 300 members, 80 per cent elected by STV, 20 per cent appointed, serving fifteen-year terms.

To try to promote agreement Clegg referred the draft bill to a joint committee of both Houses. But when the joint committee reported in April 2012 it merely highlighted the difficulties. Committee members were divided on the merits of an elected, partly elected or appointed chamber, on fifteen-year terms, on terms being non-renewable, on payment for members, on the continuing presence of bishops, and on whether the reform needed a referendum.

Nothing daunted, Clegg decided to include a bill for an elected second chamber in the 2012 Queen's Speech. The bill was introduced into the Commons in late June. With Labour support, the bill was given a second reading by 462 votes to 124, but ninety-one Tory MPs rebelled. While Cameron had pledged his support, his MPs were just not prepared to follow. Previous votes on Lords reform had shown the Conservatives were seriously split. When the rebels and Labour stated that they would vote against the timetabling motion, the government recognised the bill could not pass, and in August 2012 Clegg announced that it would be dropped. He had been naïve in supposing that the Lords were the main obstacle to Lords reform. In truth, as in 1968, the main obstacle lay in the House of Commons: many MPs, when confronted with the prospect of an elected House of Lords, felt threatened by the idea of a more powerful second chamber with a rival democratic mandate.

In retaliation, six months later the Liberal Democrats voted down the orders required to implement the boundary changes to reduce the House of Commons to 600 seats, thus aborting the boundary review for 2015. But the effect was merely to postpone, not cancel the boundary review; it has been revived in the new parliament, and if the necessary orders are approved, 2020 will see the election of 600 and not 650 MPs.

The tragedy was that in pursuit of his unachievable goal, Clegg spurned any lesser reforms of the House of Lords. David Steel had introduced private member's bills to phase out the hereditary peers, create a statutory Appointments Commission, strengthen the Lords' disciplinary powers and make it easier for peers to retire. Helene Hayman had introduced a bill which would cap the size of the Lords, appoint new members on a proportionate basis with fixed terms, and end the link with the Honours system. These changes, if pursued, would have been a major achievement for Nick Clegg; but they were denied government support, and withered on the vine.

Conclusions

These five case studies illustrate some common themes. Although both the Conservatives and Liberal Democrats had big commitments to introduce constitutional changes, there were significant differences between them on individual items. In resolving those differences there was a lot of give and take on both sides. The biggest compromise was on the AV referendum, which was neither side's first choice. The Lib Dems compromised on reducing the size of the House of Commons, which went against their electoral interests, while the Conservatives conceded over fixed-term parliaments. The Lib Dems conceded over the EU bill, and the Conservatives over the requirement for any British bill of rights to be ECHR plus.

Contrary to the stereotype that coalition government must be weak, slow and indecisive, the two parties resolved their differences with extraordinary speed and decisiveness. Once the policy had been settled, the coalition partners initially showed extraordinary unity and discipline in defending the compromises struck.

Despite ironclad discipline within the government, their compromise proposals did not have an easy passage through parliament. Conservative backbenchers hated the AV referendum and disliked fixed-term parliaments and an elected House of Lords; while the Liberal Democrats had reservations about the EU bill. But they rebelled on different issues. The government suffered no defeats in the House of Commons (even on Lords reform, despite the rebellion by ninety-one Tory MPs), but had much more difficulty in the Lords. However faithful the government's commitment to collective responsibility, they could not always deliver their supporters in parliament.

A final theme is the difficulties facing the junior coalition partner. The Liberal Democrats had entered the government expressly to deliver their long held plans for constitutional reform, and put their leader in charge. Surely they held the trump cards? And yet even here the Conservatives proved dominant. They were the larger party with the longer manifesto; and at the end of the coalition more of the Conservatives' ideas for constitutional reform had been implemented than those of the Lib Dems.

It is true that the AV referendum was an own goal by the Lib Dems. But a better-resourced junior partner, with better-informed advisers, might not have made such a disastrous strategic error. A second strategic error was Lords reform, defeated again because of Conservative resistance. But resistance came not just from the Conservatives. The truth is that there was not a majority for an

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elected second chamber in either House. A more astute leader would have recognised that, and pursued a lesser reform instead.

Robert Hazell is Professor of Government and the Constitution at The Constitution Unit, School of Public Policy, University College London.

1 See Political and Constitutional Reform Committee, 'Parliamentary Voting Systems and Constituencies Bill' HC (2010–11) 437; Welsh Affairs Committee, 'The Implications for Wales of the Government's Proposals on Constitutional Reform' HC (2010–11) 495; and Select Committee on the Constitution, 'Parliamentary Voting Systems and Constituencies Bill: Report' HL (2010–11) 58.
2 R. Hazell, *The Conservative–Liberal Democrat Agenda for Political and Constitutional Reform* (London, Constitution Unit, 2011), pp. 19–20. For the Liberal Democrats' own analysis of why the referendum was lost, see Liberal Democrats Consultative Session, *May 2011 Election Review* (Aug. 2011).
3 Hansard HC Deb 24 Nov. 2010, vol. 519, col. 312; Hansard HC Deb 1 Dec. 2010, vol. 519, col. 835.
4 Commons Political and Constitutional Reform Committee, 'Fixed Term Parliaments Bill' HC (2010–11), p. 436, and Lords Constitution Committee, 'Fixed Term Parliaments Bill' HL (2010–11), p. 69 [46].
5 The Lib Dems have long supported a British bill of rights, as part of a written constitution. In their 2010 manifesto, responding to the threat to the Human Rights Act, they adopted a more defensive position, pledging to 'ensure that everyone has the same protections under the law by protecting the Human Rights Act'.
6 For an explanation of Conservative policy and its genesis, see R. Hazell, *The Conservative Agenda for Constitutional Reform,* pp. 63–4.
7 *R (F) v Secretary of State for the Home Department* [2010] UKSC 17. For the Home Secretary's response, see A. Travis, 'David Cameron condemns supreme court ruling on sex offenders', *The Guardian* (16 Feb. 2011), www.guardian.co.uk/society/2011/feb/16/david-cameron-condemns-court-sex-offenders
8 Hansard HC Deb 16 Feb. 2011, vol. 523, col. 955.
9 For the many difficulties see House of Lords EU Committee, *The UK, the EU and a British Bill of Rights*. HL 139, 9 May 2016.

Commentary: former special adviser

Matthew Hanney

The failures on Lords reform and electoral reform have been much discussed, and form the heart of this analysis … the failure was a political one – the inability of Clegg and the Liberal Democrats more widely to persuade the Labour party to set aside its tribalism and support those reforms.

The Liberal Democrat record on constitutional reform is unlikely to ever top the list of the party's successes in government. Professor Hazell does an admirable job of summarising why: failure to reform the electoral system, House of Lords or party funding are prime examples, and indisputably so. Equally, the review is right to note some more positive elements of the record, such as the introduction of fixed-term parliaments and the defence of the Human Rights Act.

Importantly, Hazell is also right to highlight the underappreciated fact that the Conservative constitutional reform agenda was more ambitious than is often credited. As shown by ill-thought through English-votes-for-English-laws (EVEL) reforms, likely boundary changes and, of course, the EU referendum, left to their own devices an unrestrained Conservative party is capable of significant and (from the liberal perspective) damaging constitutional reform. These demonstrate the pertinence of his observation that 'many of the Lib Dems' policy contributions to the coalition were negative, preventing the Conservatives from doing something worse.'

The failures on Lords reform and electoral reform have been much discussed, and form the heart of this analysis. I remain unconvinced by the proposition that the failures were down to a lack of expert policy advice. There was in fact ample such advice[1] and it was very much listened to and considered. Instead the failure was a political one – the inability of Clegg and the Liberal Democrats more widely to persuade the Labour party to set aside its tribalism and support those reforms.[2]

Labour's tribalism, particularly towards Clegg, was such that it led them to effectively oppose Lords reform and remain neutral on AV. These were two policies that on paper they should have strongly supported. No amount of policy tinkering would have changed this. Combined with Conservative ambivalence (to Lords reform) and brutal hostility (to AV), Labour's approach doomed these initiatives. What should or could have been done to address this is an important question for any future coalitions involving the Liberal Democrats.

It is perhaps something of a shame that the wider area of devolution and decentralisation is not examined in more detail. For the second half of the coalition this was a focus for the government and Clegg personally. The Liberal Democrats' time in office moved the UK significantly, albeit very much imperfectly and with plenty still to do, closer to that historic goal of the party: the UK becoming a federal country.

By 2015 a number of significant developments were in place: more and better-structured powers for both Scotland and Wales; 'city deals' across England; and the migration of a number of powers, such as the setting of business rates, from Whitehall to town halls. That these were piecemeal, somewhat haphazard and accompanied

by austerity was clearly not ideal. But the fact remains that the coalition government was the first for several generations to give powers to English local government, rather than take them. It is unlikely this would have been the case without Liberal Democrats in government.

The one point where I fundamentally disagree with the author is on what he characterises as 'lesser reforms' to the House of Lords.[3] My difference of view is unashamedly political. Such lesser reforms – as their would-be authors acknowledged – sought to give increased legitimacy to the House of Lords. However Liberal Democrats are fundamentally, or at least should be and are officially according to party policy, committed to an elected second chamber. Legitimacy comes through holding some form of democratic mandate. So it was absolutely right that the Leader of the Liberal Democrats not expend political capital to give a veneer of legitimacy to something that fundamentally did not have it.

Perhaps the biggest, if entirely understandable, omission in this consideration of the constitutional reform column of the ledger is that of the very act of coalition itself. Clegg, and those around him, always took the view that demonstrating that a peacetime coalition was a viable form of government for the UK was a huge prize, as it would facilitate future multiparty governments and de-stigmatise the prospect of future hung parliaments.

In this respect success is hard to dispute: a better-functioning government than that which preceded or succeeded it, effective internal dispute mechanism resolutions, cohesion of the parliamentary parties for the entire term, delivery of the large bulk of its legislative agreement and stability of leadership. In an unwritten constitution such as Britain's, showing that peacetime coalition is possible is in effect a constitutional reform all of its own; a reform that through its successful implementation may have laid the foundations for future, wider, constitutional change. And, as such, it means the ledger is perhaps rather more evenly balanced than this critique suggests.

Matthew Hanney was an adviser to Nick Clegg between 2007 and 2015, and worked on the political and constitutional reform portfolio in the coalition government between 2013 and 2015.

1 Often contradictory.
2 This is also true of party funding reform, where Labour refused numerous attempts.
3 Additionally Hazell is in partial error in overlooking the House of Lords Reform Act 2014 (colloquially known as the 'Byles bill'), which introduced measures to allow expulsion and retirement of members of the Lords.

Commentary: critic

Michael Steed

Robert Hazell's analysis is rather kind to the limited Liberal Democrat achievement on constitutional reform. This policy area is of defining importance to Liberal Democrats, but not central to the Conservatives' appeal; yet on his count they put fourteen items into the coalition's programme, compared with only nine from the Lib Dem manifesto. On a wider list, the Tory score could have been higher and anyway the eighteen items listed were of unequal significance, especially for the UK as a whole.

Hazell's approach bypasses the Scottish independence referendum, where Lib Dem ministers played a major role. He mentions just one coalition change in English local government; yet with the loss of the major function of policing and the hollowing out of democratic local accountability for education,[1] local government was significantly weakened in 2010–15.

Several items (but none of Hazell's four case studies) reflect the recent espousal by one wing of the Conservative Party of ideas of populist, plebiscitarian democracy, such as the referendum lock in the European Union Act, directly elected mayors or elected police commissioners (not in Hazell's list). Lib Dem MPs duly voted through these radical Tory measures. May they one day be seen as part of a significant shift in British constitutional thinking, away from the Liberal tradition of representative democracy?

How well did Nick Clegg really understand his party's thinking on constitutional reform? This may be why he made what Hazell highlights as tactical mistakes, for example the failure to enlist appropriate expert advisors. Though his 'brave move' in putting himself in charge of what he called, rather obscurely, 'a reformed form of politics'[2] must have been intended to put a Liberal stamp of identity on the coalition's constitutional reform achievements, Clegg's attempts did not resonate in the way that his deep personal concern for liberal values rang so true in his resigning speech.

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This failure is well illustrated by the reputation acquired by the one substantial Lib Dem achievement, the Fixed Term Parliament Act. Hazell's explanation of its appearance, as fitting an immediate need to buttress the coalition, is appropriate; it was widely reported as such a short-term cynical convenience. But Liberals had seen it as more: as part of a programme of removing bits of historic royal prerogative which have slipped into the hands of the tenant of 10 Downing Street, and all too often been abused.[3]

Premature dissolutions had rarely been used successfully to benefit the party in power until opinion polls and Keynesian demand management provided it with new tools; but starting with the Conservatives' thirteen years of power from 1951, it had become accepted that Downing Street had the privilege of manipulating the election date to suit its party. It was party pressure on Heath to take advantage of the presumed unpopularity of the miners' challenge that lead to the unnecessary election of February 1974; Wilson capped that irresponsibility by six months of postponing difficult decisions before the October 1974 rerun. Britain's economic problems in the 1970s owed much to this destabilising constitutional flaw, as Liberals argued at the time.

The loss of this governing party leader's perk should have been presented as a major victory for Liberal thinking and for parliamentary democracy: the Commons' term was not absolutely fixed, but the power to shorten it was passed, in carefully defined conditions, from prime minister to parliament. However, the significance of this constitutional shift having been obscured, reaction to Theresa May's decision not to seek a premature election has concentrated on superficial and cynical interpretation. Britain needs not just constitutional reform, but better-informed public debate about constitutional issues.

Hazell presents a fair account of the Lib Dem failure over Lords reform and success, of sorts, on human rights. However, the latter was, as he writes, negative; a confidence-and-supply arrangement would have left Lib Dem MPs with a clearer, simple veto on Tory aspirations to weaken the protection afforded to British citizens by the ECHR.

As for what Chris Huhne called the crown jewels of the coalition agreement,[4] a referendum on the voting system, the harsh truth is that Clegg's Parliamentary Voting Systems and Constituencies Act has ended up by entrenching the present voting system whilst giving the stronger parties even more advantage than they enjoy with the present constituencies. Hazell focuses on the Conservative desire to reduce the Commons but, as it has varied from 615 to 659 since 1922, dropping the size from 650 to 600 in 2020 matters little; that focus misses the really significant change.

What the Conservatives put in part 2 of the bill, and got, was a streamlined set of boundary rules, to be used more frequently, intended to help them overcome the bias to Labour.[5] The new, mathematically rigid, rules will mean both more artificial constituency boundaries and more frequent and greater disturbance in them. Centralised, well-resourced parties can handle these more easily. A party more dependent on appealing to distinct, identifiable communities, on local awareness of tactical situations and on well-entrenched local MPs is put at a further disadvantage.

The referendum itself was a predictable disaster, just as the previous referendum on a constitutional reform in England had been. Opinion polls had once shown that regional devolution was quite popular in the North-east. In the 2004 referendum, a viciously anti-politician campaign focusing on the alleged cost of an elected regional assembly ensured its unexpected defeat by 78:22. The same tactics were used to defeat the alternative vote system in 2011 by 68:32, with an entirely spurious £250 million cost at the centre of the negative campaign. Was this a test-run for the bigger lie about cost in the 2016 EU referendum campaign? How did the previous Liberal and then Alliance policy of reforming the changing electoral system become just asking for a referendum? The present uninominal system was introduced in 1885 without one; but it can be now argued that the 2011 referendum has ruled out changing it without a further one.

The referendum had been a Lib Dem concession in the 1996–7 Cook–Maclennan talks to secure Blairite support for putting a proportional system to popular vote, part of the agreed joint programme which was ditched by New Labour. The 2010 agreement secured a popular vote only on a tweak to the existing system, which would have retained the two linked features, uninominal and winner-takes-all, which produce such grotesque under-representation of Liberal voters.

It may be too easy to say that the fifty-seven Lib Dem MPs could have secured a better deal on constitutional reform if they had tapped better into their party's experience and expertise, and achieved more with more determination; the hurried coalition negotiations were overshadowed by a potentially explosive financial crisis. But there is little doubt that the Conservatives played their hand more effectively and secured much more in a field where Liberal thinking was once pre-eminent.

There is little doubt that the Conservatives played their hand more effectively and secured much more in a field where Liberal thinking was once pre-eminent.

Michael Steed chaired the Liberal Party Reform of Government panel (1976–81), served on the Alliance Commission on the constitution chaired by Sir Henry Fisher (1981–3) and was part of the Liberal Democrat team in the Cook–Maclennan talks which led to the Labour/Lib Dem agreement on constitutional reform in 1997.

1 See Simon Griffiths' article on coalition education policy, pp. 16–19.
2 Adrian Slade, 'Coalition and the deluge: interviews with former ministers', *Journal of Liberal History*, 88 (Autumn 2015), p. 7.
3 See, for example, Simon Hughes, 'Democracy: towards a new constitutional settlement', in Julian Astle et al. (eds.), *Britain After Blair: A Liberal Agenda* (Profile Books, 2006), in which he lists as the first objective of his agenda several royal prerogative powers to be switched to parliament.
4 Slade, 'Coalition and the deluge', p. 29.
5 Up to 2010, the distribution of the Labour vote helped it to win more seats than the Tories at an equal level of support. The dramatically varied voting changes in 2015 have now handed that advantage to the Conservatives, without any boundary change. The new rules will add further to the Tory advantage.

A Liberal Democrat History Group fringe meeting

Coalition: Could Liberal Democrats have handled it better?

The 2015 election decisively ended the Liberal Democrats' participation in government. Did what the party achieved in coalition between 2010 and 2015 justify the damage? Could the party have managed coalition better? The meeting accompanies the publication of this issue of the *Journal of Liberal History*, a special issue on the policy record of the coalition.

Speakers: **David Laws** (Minister for Schools, 2012–15), **Chris Huhne** (Secretary of State for Energy and Climate Change, 2010–12), **Akash Paun** (Institute for Government). Chair: **Jo Swinson** (Parliamentary Under-Secretary of State for Employment relations, consumer and postal affairs, 2012–15).

7.45pm, Sunday 18 September
Lancaster Room, Hilton Brighton Metropole (no conference pass necessary)

Liberal Democrat History Group at Lib Dem conference

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