

# Liberal Democrats in coalition: Europe

## The coalition and Europe

Tim Oliver



**T**HE 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

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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.

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largely concluded that the balance of powers was about right.

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

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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

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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 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 led 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

**T**HE 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.

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

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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 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'.

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

**I**N 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' Euro-sceptic 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. Euro-sceptic 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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