

# Reports

## Coalition: Could Liberal Democrats have handled it better?

Autumn conference meeting, 18 September 2016, with David Laws, Chris Huhne and Akash Paun; chair: Jo Swinson

Report by **Neil Stockley**

**B**ETWEEN 2010 AND 2015, the Liberal Democrats participated in the UK's first peacetime coalition government for some seventy years. They were momentous times for liberals, not least because the coalition came to an abrupt end with the 2015 general election, which was catastrophic for the party. The Liberal Democrats' achievements in office, what they did well, how they might have handled coalition better and lessons for the future will be debated for many years to come, not least by liberals who hope to share power again. At autumn conference, these questions were addressed by Akash Paun of the Institute for Government, David Laws, the former schools minister who was a key player in the coalition government, and Chris Huhne, the energy and climate change secretary from 2010 to 2012. As with the Liberal Democrat History Group meeting about the 2015 general election, held in July last year, there was a general reluctance to address whether the party's achievements were worth the electoral damage. The drivers of the electorate's harsh verdict on the Liberal Democrats, and they might have been prevented, again provided the dominant theme.

All three speakers accepted that, from the day the coalition took office, the party was doomed to lose a large amount of voter support. Akash Paun reminded us of the simple, brutal rule of coalitions in continental countries: the smaller parties almost always suffer at the ballot box. The senior partner claims credit for popular policies and achievements, and leaves the junior partner to take the blame for unpopular features of the government's performance. According to both David Laws and Chris Huhne, about half of the Liberal Democrats' voters from 2010 could have been expected to desert the party. Sure enough, the party's poll ratings began their nose-dive within months of the government's formation. But the speakers analysed at some length the ways in which the party

had made its burdens even heavier, and its electoral punishment worse than it should have been, largely as a result of inexperience in government and a certain political naiveté, combined with a failure, which was at times quite astonishing, to address basic questions of strategy.

The meeting heard how the damage that the Liberal Democrats inflicted on themselves had three elements: the structure of the government; the ways in which the coalition was presented; and the substance of specific policy decisions. All of these drove the party's core problem during the coalition: the loss of its distinctive political identity, which led directly to the electoral wipeout of 2015.

Akash Paun acknowledged that, immediately after the May 2010 general election, the Liberal Democrats were well prepared for coalition talks and did well at playing Labour and the Conservatives off against each other. The party's negotiating team had, however, given rather less thought to which ministerial positions the party should try to secure. He suggested that they should have driven a harder bargain, and laid claim to important public service departments that were of most interest to voters, such as Health and Education. David Laws was in complete agreement on this point, and also explained, quite fairly, that members of the team felt the need to keep their roles as negotiators separate from calculations as to which office they might themselves hold.

Chris Huhne believed that in accepting the offers of the Department of Business, Innovation and Skills (BIS) and the Department of Energy and Climate Change (DECC), 'we walked into a Tory trap'. For these departments required the Liberal Democrats to make their 'messiest compromises', on tuition fees at BIS and nuclear power at DECC. In hindsight, Huhne reflected, Nick Clegg should have taken on a major department of state, such as the Foreign Office or the

Home Office, and the party would have also been helped by having 'a gopher' minister at the Cabinet Office, 'minding what was going on'.

Similarly, the culture and structure of Whitehall was always going to present the Liberal Democrats with major challenges. Akash Paun believed that Whitehall, having grown accustomed, over many decades, to having one head of government, had no desire to allow a second centre of power, in the shape of Deputy Prime Minister Nick Clegg. He also charged that the Liberal Democrat negotiators did not think through what kind of support Nick Clegg would need in order to discharge his cross-departmental roles as deputy prime minister. Moreover, they had failed to ensure, in the early days of the government at least, that there were sufficient special advisers to support Liberal Democrat ministers dealing with Conservative ministers and their often radical policy proposals. As a result, the party failed too often to get to grips with some of the Conservatives' important, politically charged policies, such as the NHS reforms.

Both David Laws and Akash Paun were sure that the optics of the coalition had undermined the party's ability to be perceived as a separate, independent party that was making a real difference to government policies, rather than as a mere adjunct to the Conservatives. Laws pointed out that Nick Clegg had important roles in the government, as chair of the Cabinet Home Affairs Committee and first secretary of state. Whereas David Cameron was regularly filmed speaking for the government outside Number 10 Downing Street, Nick Clegg had no similar premises or media forum available to him. Two of his colleagues, Laws himself (briefly) and Danny Alexander successively held the role of chief secretary to the Treasury, yet the Conservative chancellor, George Osborne, always presented the government's major economic statements, some of which included key Liberal Democrat policies, to the Commons and the public.

The Liberal Democrats may have been complicit in making themselves secondary characters in the story. As soon as the coalition took office, Nick Clegg had appeared with David Cameron in what Mr Paun called their famous 'love in' press conference in the Downing Street Rose Garden. In the same vein, David Laws cited Nick's decision to sit immediately next to David Cameron in the Commons, listening and

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looking up to him at Prime Minister's Questions, the part of parliamentary proceedings that features most frequently in TV news bulletins.

On policy, the main topic of discussion was, understandably, tuition fees – 'the area we made the biggest hash of,' according to David Laws. He suggested that the party had made two basic mistakes. The first was to go into the 2010 general election still promising to oppose any increase in tuition fees, which Laws saw as a hugely expensive commitment that would do nothing to promote social mobility. (Akash Paun opined that the presentation of the pledge showed that the Liberal Democrats did not seriously expect to be part of the government after the 2010 general election; in other words, they did not really expect to have to deliver their promises on tuition fees.) Laws also believed that the Liberal Democrats underestimated the high political price they would pay for not following through with the commitment once in government. He suggested, with the benefit of hindsight, that the party should have vetoed the rise in tuition fees in the early months of the government, invoking the clause in the coalition agreement that allowed Liberal Democrat MPs to abstain in the relevant Commons vote. When the vote came, they went three different ways, yet in the public mind, the government parties ended up standing together behind a single compromise policy, which represented a broken promise by the Liberal Democrats.

Laws cited other policy mistakes: the 'bedroom tax', which he saw as a logical move in principle, that had been implemented too bluntly and with too many unfair impacts; and the NHS Bill which

he called 'a terrible mess ... that came of nowhere', for which the leaderships of both coalition parties were ultimately responsible.

For David Laws, and Akash Paun, the tuition fees debacle was the starkest example of a bigger, more fundamental problem for the Liberal Democrats: the loss of the party's distinctive identity after they went into coalition. Laws conceded that 'we thought too little' about the damage that was done to the party's brand, and what could be done to address it.

What, then, of the Liberal Democrats' many achievements during the coalition? Surely they proved that the party had made a positive difference, with an underlying framework of clear liberal values? Laws began his contribution with a list of policies delivered by the party, which ranged from the pupil premium, expanded early years' education for disadvantaged children, free school meals, the increasing personal tax allowances and halving the deficit to pension reform, the creation of the Green Investment Bank, shared parental leave, the 5p tax on plastic bags, and more. 'It's an impressive list, of which we can be genuinely proud,' he contended. Then there were the Conservative initiatives that the Liberal Democrats had put a stop to, including harsh welfare cuts, the dismantling of employment laws and the 'Snoopers Charter'. ('The list goes on and on,' he said.) Moreover, the Conservatives and Liberal Democrats had come together, during a financial crisis, in a way that was 'genuine' and 'productive' and that provided 'stable' and 'mature' government, Laws maintained. He went on to stress how policy-making under the coalition had been more rigorous than had been the case under

recent (and subsequent) single-party administrations.

Laws was correct to remind the meeting of how much the Liberal Democrats had delivered. However, in so doing, he may have exposed some of the weaknesses of the party's position in the coalition. On 7 May 2015, all of the achievements he listed, impressive as they were, were not in themselves, an electoral asset for the party and did not help to any significant degree in addressing its lack of an identity with voters. The meeting addressed some of the reasons, including the fact that the Conservatives took the credit for some key policies, most notably the increased personal tax allowance. I would add that almost none of the policies were perceived as being 'pre-owned' and then 'delivered' by the Liberal Democrats in office. Moreover, lists of policies seldom resonate with voters. Chris Huhne summed up the Liberal Democrats' predicament when he charged that they had failed to communicate their achievements or encapsulate them in a simple slogan or message. He also implied that some of the achievements may have been too small in scale to form the basis of an attractive appeal to the electorate.

Similarly, David Laws was correct to point out how the Liberal Democrats stopped some of the Conservatives' more pernicious policies but, as Akash Paun reminded us, they were always going to have a difficult time claiming as successes the prevention of policies that had not eventuated and that, as a result, the vast majority of voters had not heard of.

David Laws and Chris Huhne explained how they and their colleagues had tried to ameliorate the impact of the Liberal Democrats' anticipated loss in



voter support by changing the system for electing MPs. The Alternative Vote (AV) referendum of May 2011 had ended in disaster, and a personal humiliation for Nick Clegg. David Laws believed that the party made two fatal misjudgements. One was to agree that the ballot should be about AV, a compromise solution that would not lead to proportional outcomes and was too difficult to sell to voters. The other was to ‘not think hard enough about how to win the referendum, especially as a third party without the active support of either Labour or the Conservatives.

Chris Huhne argued that the party had underestimated the confrontational nature of the AV referendum and the surrounding politics. The hard political reality, he said, was that Labour would oppose anything on principle, despite having advocated AV in their 2010 manifesto. Here, the big lesson Laws and Huhne drew for Liberal Democrats in a future coalition government was that they needed to secure at least one other major party’s support for electoral reform, in order to make the campaign for change as broad-based as possible. These observations were surely correct, but other parties, more likely Labour, will only support reform when they perceive that it is in their own interests to do so.

The meeting heard many interesting suggestions as to what the Liberal Democrats might have done differently in order to reduce the electoral damage from going into coalition. Some of them broached the same issues as the group’s July 2015 meeting, and left open a large number of questions. Once again, there were few easy or guaranteed solutions.

Akash Paun briefly floated some ‘straw’ suggestions. One was that the coalition itself was a mistake. He soon recalled that the party’s options in May 2010 were very limited: a coalition with Labour was not viable. Had the Liberal Democrats entered into a confidence and supply agreement with the Conservatives, they would have had much less impact on government policy and with no Fixed Term Parliaments Act, Cameron would have been able to call an early general election.

Another was that Nick Clegg and his colleagues could have ‘said no’ more often, and blocked more Conservative policies. Similarly, Chris Huhne mused that the Liberal Democrats might have forced the Conservatives to concede on policies that were just as critical to their constituencies as tuition fees were for

Liberal Democrat supporters. Later, he argued that the Liberal Democrats had forgotten too easily that the Conservatives could have achieved very little without their support. (‘We have got to be tougher,’ he said, and ‘bend the knee to nobody.’) Still, both concluded that Cameron and his colleagues could easily have responded in kind, creating a stand-off that would have rendered the government much less effective.

Some suggestions raised interesting questions and conundrums that can never be resolved. Akash Paun recalled how, late in the life of the government, he had been converted to the view that the Liberal Democrats should withdraw from the coalition, perhaps a year out from the 2015 general election. During question time, Michael Steed recalled how, in September 1978, the Liberal Party had ended its pact with the Callaghan Labour government, which had given the party more than six months to recover from the downturn in its electoral fortunes, and achieve a respectable result in the May 1979 general election. He argued that, had the Liberal Democrats followed this precedent and withdrawn from the coalition a year before the 2015 general election, they may have saved between fifteen and twenty seats.

David Laws was not persuaded that the public would have been impressed by such an action, or that they would have so easily detached the Liberal Democrats from the difficult decisions the party had taken. His argument was compelling. A fully-fledged coalition that lasts five years has a very different impact on a party’s reputation than a pact lasting eighteen months. Even so, Akash Paun posed a fair question: would the Liberal Democrats would have really fared any worse than they did in 2015 had they staged an early departure from the government?

But I believe that Mr Paun was on shakier ground when he pondered whether a change of leader – say, in 2014 – may have helped the party, given the lack of viable alternatives to Nick Clegg and the dearth of alternative political strategies that any new leader could have pursued.

During question time, Andrew George, the former MP for St Ives, criticised the ‘one party’ model of coalition and favoured adopting some looser form of favouring arrangement for a future power-sharing arrangement. He recalled how Nick Clegg had made his own Commons statement on the Leveson

Report into the press, thereby enabling the party to carve out its own position. David Laws replied, convincingly, that Leveson was a unique situation and if replicated in future it could expose disagreements that ‘cut both ways’, across the gamut of government policies.

Akash Paun believed that junior coalition partners could define more distinctive political territory and referred to the way in which New Zealand’s multi-party governments have evolved, so as to allow ministers from smaller parties a degree of latitude to disagree in public with some government policies. Whilst New Zealand’s constitutional arrangements may merit further study in this regard, Liberal Democrats should be aware that in successive elections, junior coalition parties and support parties in that country have continued to fare badly at the ballot box.

Michael Steed suggested that Liberal Democrats in a future coalition should follow the continental practice of taking over all the ministerial positions in a few key departments, rather than being ‘scattered across Whitehall’, and deliver a policy agenda that the party could own. Chris Huhne responded that a party in coalition would, inevitably, have to take responsibility for the government’s policies. Moreover, the Liberal Democrats needed a ‘seat at the table’ across Whitehall (though not necessarily in all departments) in order to influence ‘events’.

This was a lively and stimulating meeting that produced much food for thought for Liberal Democrats, now and in the years and decades to come. At the very least, those entering into coalition government in future should be better informed than their predecessors about the big strategic questions and the tactical pitfalls that they need to address. There was, however, one surprising aspect of the meeting. The pretext for the coalition, for both parties, was the financial crisis that the country faced in May 2010. For better or for worse, the government was defined largely by its economic policies, yet the meeting hardly touched on them. Perhaps a future meeting will address directly the coalition’s economic record and the role of the Liberal Democrats in this crucial area of policy, in the context of the history of British liberal thought?

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