

# Coalition before party?

## Reviews

David Laws, *Coalition: The Inside Story of the Conservative–Liberal Democrat Coalition Government* (Biteback Publishing, 2016); David Laws, *Coalition Diaries 2012–2015* (Biteback Publishing, 2017)

Review by **Duncan Brack**

**A**LTHOUGH A NUMBER of former Liberal Democrat ministers have now published books dealing with their role in the Liberal Democrat–Conservative coalition government of 2010–15 (we reviewed Norman Baker's and Lynne Featherstone's in *Journal of Liberal History* 93), David Laws is the only author to have published solely on the coalition. Laws was a member of the Liberal Democrat coalition negotiating team in 2010, and then Chief Secretary to the Treasury for two and a half weeks until forced to resign over expenses claims. He returned to government in September 2012 as schools minister and minister at the Cabinet Office, though in the interim period he had remained close to Liberal Democrat leader and Deputy Prime Minister Nick Clegg.

His first book, *Coalition*, is his summary of what happened throughout the lifetime of the government; it is primarily descriptive rather than analytical, though it does end with a chapter examining how the coalition worked and what went wrong for the Liberal Democrats. *Coalition Diaries* comprises edited extracts from the diary he kept from early 2012. It doesn't contain all that much significant additional material, but it's a very enjoyable read, more emotional and more revealing than *Coalition*, and illustrates well the day-to-day pressures faced by Liberal Democrat ministers in government. Although, at a combined length of almost 1,200 pages, the books can be rather heavy going, both *Coalition* and *Coalition Diaries* are well worth reading. *Coalition* is essential for anyone seeking to understand what happened between 2010 and 2015, and *Coalition Diaries* adds colour and flavour.

So what do we learn from these books? Laws' conclusions broadly support our findings, in the two special issues of the *Journal of Liberal History* we

published on the coalition (issue 88, on the coalition in general, and issue 92, on the policy record): that in terms of government function, the coalition worked reasonably well, better than had been expected at its outset; that it delivered a considerable number of policy outcomes that a Conservative majority government would not have, and that it stopped an even larger number of Tory initiatives; but that nevertheless, the Liberal Democrats made a number of key mistakes that contributed to the catastrophe of the 2015 election – though in reality the party would have suffered electorally even if it hadn't made a single error. These books add significant levels of additional detail to the analysis in our two issues of the *Journal*.

### The workings of the coalition

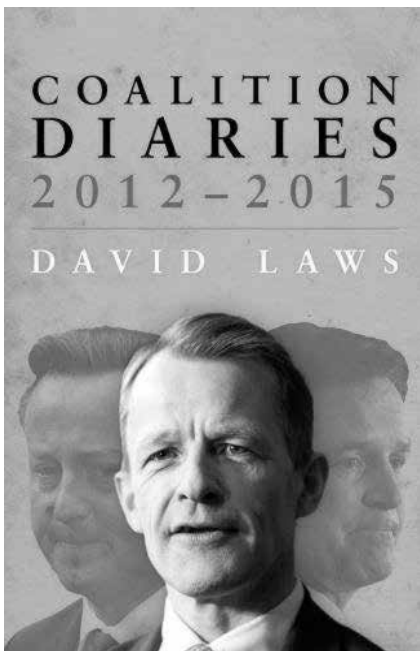
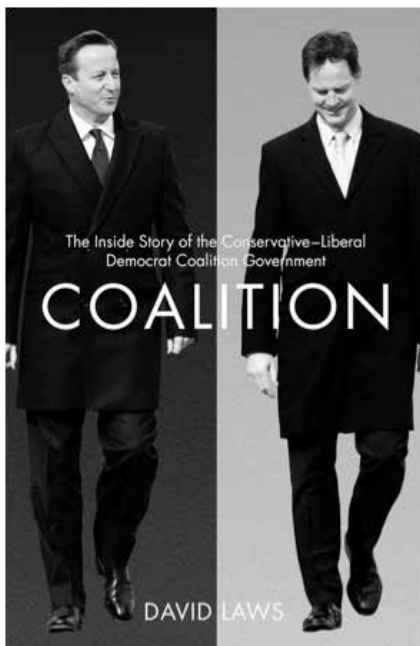
As Laws observes, the coalition worked better than almost everyone expected. He identifies a number of reasons: the generally good relations between the leaderships on both sides, the fact that both parties had previously been in opposition, and shared many views on the failings of the Labour government; and the fact that the key decision-making structures – the 'Quad' of Clegg, Laws' replacement as Liberal Democrat Chief Secretary Danny Alexander, Prime Minister David Cameron and Chancellor of the Exchequer George Osborne, together with bilateral meetings between Clegg and Cameron – in some ways effectively delivered a government of equals.

Behind the scenes, things didn't work so smoothly. Laws chronicles the steadily more evident divisions between the parties, fuelled by Cameron's accelerating slide to the right and determination to use the coalition as a staging post to an outright

Tory victory in 2015. In contrast, Liberal Democrat ministers' tendency to put coalition before party, particularly for the first twelve months or so, was one of the mistakes the party made, and contributed to their eclipse in the public view – polling after the 2015 election showed not so much that the public disliked what Liberal Democrats had done in coalition but had no real idea that they'd done anything; they saw it as basically a Conservative administration. This is not a conclusion Laws draws, but it is borne out by several of his observations. Even where Liberal Democrat ministers clearly did make a difference, often by stopping Tory initiatives, this was not visible to the wider public.

Laws identifies welfare and tax policy as particular flashpoints, with Clegg increasingly finding himself defending the welfare budget against Cameron and Osborne (far more effectively than Iain Duncan-Smith, Secretary of State for Work and Pensions). There are repeated references to the Tories' lack of interest in the poorest. After the disastrous reception of the 'omni-shambles' Budget in March 2012, Clegg observed to Laws that both 'Osborne and Cameron have shown an extraordinarily tin ear to their greatest vulnerability – that they only care for the rich and not for everybody else' (*Coalition*, p. 131).

The Liberal Democrats' vetoing of the constituency boundary review after Conservative rebels killed reform of the House of Lords in July 2012 is a marked example. Clegg's private threats in advance of the vote on the Lords sent Cameron and Osborne apoplectic; Cameron predicted that he would lose the 2015 election without the new boundaries, and that 'he would be savaged by the *Daily Mail* and the *Telegraph*' (*Coalition*, p. 158). (Cameron's



obsession with looking good in the right-wing press is another constant theme.) But as Laws pointed out, this was ‘the only thing the Tories understand – clear threats and the exercise of power’ (*Coalition*, p. 153). In the end both measures fell, the Tories calmed down and the coalition carried on.

By 2013 Cameron and the Tories, panicked by the growth in support for UKIP, were becoming even more difficult to work with; as Clegg said to Laws, ‘being in coalition with the Conservative Party feels like being stuck in a cage with a huge, mad gorilla’ (*Coalition*, p. 388). Laws describes well the Tories’ abandonment of their – never very convincing – commitment to

green issues in the face of rising energy prices, local Tory opposition to wind farms, lobbying by construction firms opposed to the zero-carbon homes standard and, probably most importantly, Labour leader Ed Miliband’s proposal for an energy price cap. After Cameron hinted several times that the government would reduce the levies on electricity bills that paid for renewable energy and energy efficiency measures – in defiance of the agreed coalition line – Clegg had to threaten him effectively with ending the coalition: ‘This has got to change. I am sorry – I have no intention of being a prisoner in my own government’ (*Coalition*, p. 378). By late 2013, energy and environmental policies had become the single biggest source of disagreement within the coalition.

Another common feature was the Tory propensity to oppose Liberal Democrat measures in private and then, when Clegg and his colleagues stood firm, announce in public that it had been their idea all along – for example over the increases in the personal income tax allowance. As Laws said, however, ‘The Tories are doing what politicians do. In future, we need to get their first ourselves. It’s no use playing by the rules when the other team has torn up the rule book.’ (*Coalition*, p. 398) But later, when the same thing happened over the early years pupil premium, and the eventual compromise was for Clegg and Education Secretary Michael Gove to announce it jointly, Laws commented that this was: ‘hardly ideal, but what mattered to me more than anything was the policy substance itself’ (*Coalition*, p. 402) – a good example of a Liberal Democrat minister putting government before party.

### The psychology of coalition

Both of these books illustrate two important reasons why the Liberal Democrats struggled to maintain their identity in coalition. First is the tendency of ministers to ‘go native’, to be captured by their departments. All ministers in all governments are prone to this; the business of government is so vast that inevitably they know less about their department’s activities than their civil servants – particularly where they haven’t shadowed the department in opposition – and unless

they are exceptionally able and exceptionally determined, often end up adopting the departmental line in most if not all respects. The second reason is similar: the desire of ministers to get on with their ministerial colleagues regardless of party. People working closely together under pressure, sharing common objectives – the success of the government was clearly in both parties’ interests – almost inevitably come to develop a degree of respect for each other and a desire not to damage their future relationships. But in the case of a coalition, this is more likely to mean the smaller partner giving in to the larger than vice versa.

Both tendencies are well demonstrated in the books, usually implicitly rather than explicitly. During Laws’ brief tenure as Chief Secretary, for example, he clashed with Business Secretary Vince Cable during the negotiations to identify the initial package of cuts the coalition announced soon after taking office: ‘He had been our Treasury spokesman until May 2010, and at that time he had been very “gung-ho” for cuts ... But by the time he came to see me at the Treasury, he seemed to have gone native overnight.’ (*Coalition*, p. 34)

A more striking example came in February 2012, when in a meeting of the Quad, Danny Alexander sided with Cameron and Osborne against his own party leader over cutting the top rate of income tax from 50p to 40p (on the grounds that it could be compensated for by other taxes on the rich such as a mansion tax – though why Alexander thought the Tories would ever concede that is a mystery). He did it again in September, failing to support Clegg’s desire to implement the Dilnot Report on the costs of social care. In 2014 Laws records him wanting to make a speech advocating a fully balanced budget in the next Parliament, with no borrowing allowed even for infrastructure investment. In November 2014, ‘Danny is still maintaining that there is a “huge prize” for us if we sign up to the new Osborne plan – as he claims that this would all be seen to be our great success’ (*Coalition Diaries*, p. 427). As Richard Reeves, one of Clegg’s special advisers, put it in May 2012, ‘Alexander had ‘become the Treasury’s representative to the Liberal

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Democrats, when it was supposed to be the other way round' (*Coalition*, p. 144).

Another example is provided by Liberal Democrat debates over whether they should veto the review of constituency boundaries. Laws recounts a heated discussion in July 2012 when several ministers and special advisers urged the party not to kill the boundary review, or at least not straight away: 'they were worried in particular about coalition relations if we just "blew up" boundary reform' (*Coalition*, p. 154). Laws strongly argued for sending a signal to the Tories that the Lib Dems meant what they said; fortunately, Clegg came down on his side.

In March 2015 Clegg agreed to the inclusion in the Budget of the Tory proposal for significant cuts in taxes on savings, at the cost of the Liberal Democrat proposal to increase free childcare for all families. The Tory counter-proposal was to raise it only for the children of working parents (Cameron's main argument for this was that Paul Dacre, editor of the *Daily Mail*, 'would go mad. He doesn't think that mothers of young children should go out to work' (*Coalition*, p. 498)). Laws, and Jonny Oates, Clegg's chief of staff, were deeply opposed to this trade-off, and Clegg himself worried that: 'Have I done the right thing, or have I let the Tories walk off with it all? Have I given the Tories a trampoline into the election?' (*Coalition*, p. 497). In the end Laws threatened to resign as party spokesman on education if the childcare offer was not made universal; the Tories would not budge, so the childcare proposal was dropped entirely, just hours before the Budget statement went to print.

Although there are several examples of this tendency, it would be wrong to pretend that Clegg and his colleagues were simply a push-over; there are more cases where the Liberal Democrats successfully dug their heels in. In 2012, for example, Clegg refused to support Cameron in a coalition row over a possible independent enquiry into whether Jeremy Hunt, then the Culture Secretary, had broken the ministerial code by colluding with the Murdoch media empire to allow NewsCorp to take over BSkyB. As Clegg said to Cameron: 'One of the things that I have learned to appreciate

and admire about you, David, is your ruthless protection of your own party's interests. I have put the coalition interest ahead of the party interest too much. You made this decision not to refer Hunt over a possible breach of the ministerial code without even bothering to consult me. I am learning from you. Look at it that way.' (*Coalition*, p. 162). In late 2012 he threatened to veto the Autumn Statement altogether unless the Tories dropped their proposal for major cuts in benefits. 'At this suggestion David Cameron had looked shocked. The eyes of the Cabinet Secretary, Jeremy Heywood, had bulged visibly.' (*Coalition*, p. 232.) Had the public at large known about these kind of exchanges, they would have had a considerably more positive view of Clegg than they did in reality.

One conclusion that can be drawn from this is that in any future coalition the party will need someone with the explicit responsibility of scrutinising all coalition decisions, before they are made, with an eye to maximising Liberal Democrat interests across the entire government agenda. This is a tricky balance to strike: this person needs at the same time not to need to worry about upsetting relations with the party's coalition partner and also to have the authority to be able to veto proposals. After his return to government, Laws' role at the Cabinet Office was designed to enable him to do this, and he lists many examples of Conservative proposals he held up or vetoed. In March 2015 he listed eight separate proposals he was blocking, sometimes because they were objectionable, sometimes to gain leverage over Liberal Democrat proposals he wanted to push through (*Coalition Diaries*, p. 479). As he observed, 'In coalition, "no" is a far more powerful word than "yes". And when the other side of a coalition is determined not to do something, there is not much that you can do about it – unless you are prepared to trade something else off against it.' (*Coalition Diaries*, p. 456).

Laws does not, however, consider whether the coalition's decision-making structures themselves undermined the Liberal Democrat profile. He comments on the accidental emergence of the Quad as the key coalition decision-making body, but does not discuss

what impact this may have had compared to the original notion of a much larger Coalition Committee, involving more ministers from each side (*Coalition*, p. 45). The Quad was clearly a more efficient decision-making body, but the fact that it included two Treasury ministers, Alexander and Osborne, together with Alexander's tendency to support Tory austerity objectives, had the effect of strengthening the hand of the Tories and the Treasury, and weakening that of the Liberal Democrats.

## Personalities

One recurring thread throughout both books – though I don't think Laws intended this – is just how dreadful a Prime Minister David Cameron was. Time after time Cameron vetoes any proposal which might hurt Conservative voters or party funders, regardless of its merits. He even opposed his own 2010 manifesto proposal for a £50,000 cap on political donations.

On top of this was Cameron's own lack of direction. As early as February 2012, Laws recounts how 'astonishingly disillusioned' one of Cameron's own special advisers was: 'I'd expected to find a Prime Minister who was strategic, modernising and focused on the big issues. Instead, Downing Street is utterly dysfunctional and Cameron is obsessed only with tactics, the media and opportunist interventions.' (*Coalition Diaries*, p. 1). By April 2013 Clegg claimed that he had lost all respect for Cameron. 'He's extremely petulant and difficult over issues like this [the 'snooper's charter' proposals], and utterly shallow in his engagement with policy ... I have more time for George Osborne, who may be an arch-Tory but who at least goes out of his way to understand other people in politics and the way they see things. Cameron is not like that at all. He thinks he can bully people into things in a rather unattractive way.' (*Coalition Diaries*, p. 113) A month later Clegg even wondered whether the Liberal Democrats would have gone into coalition at all if they had known: 'what the Tories were going to be like, and if we'd known how right-wing they would become. I had a telephone call with Cameron yesterday and frankly as far as I'm concerned he's lost any credibility as Prime

Minister of the United Kingdom. The way in which he discusses issues and the superficial way that he deals with important matters is just unbelievable.’ (*Coalition Diaries*, p. 125).

In July 2013 Clegg observed that: ‘Cameron does have a lot of emotional common sense, and good abilities as a political leader. But I really don’t know what he stands for, other than keeping the Conservative Party in power.’ (*Coalition*, p. 312). After the Scottish independence referendum was defeated in September 2014, and Cameron announced his intention to examine the possibility of devolving powers to all parts of the UK (thus betraying his referendum campaign promise to devolve more powers to Scotland unconditionally), Clegg commented that: ‘I used to disagree with the Conservatives but at least respect them. But now I have contempt for what they have done. It is so bloody short-termist and short-sighted.’ (*Coalition*, p. 449). This had followed a conversation with Cameron in which Clegg had warned that the Tory approach risked the break-up of the UK. Cameron’s response was eye-opening: ‘Look, Nick, I just don’t care. We’ve only got one Conservative MP north of the border. Let Labour sort it out. It’s now their problem.’ (*Coalition*, p. 449)

If there’s anyone who comes out worse from *Coalition Diaries* than Cameron, however, it’s Michael Gove, Education Secretary until 2014. Entry after entry records fundamental disagreements between Gove and Laws over education policy – including, for example, Gove’s efforts to pour money into his free schools policy regardless of outcomes, and his belief that local authorities should have no serious role at all in delivering education. More entertainingly, they also demonstrate how utterly bonkers he could be. In November 2013, for example, Gove attempted to exempt academy schools from the duty to provide free school meals, a Liberal Democrat policy about to be introduced. Laws attempted to discuss the matter with him, but Gove simply refused, even to the extent of hiding in the toilet to avoid meeting him. A few days later Gove gave orders that the desk reserved for Matt Sanders (Clegg’s special adviser responsible for education policy) be removed. He

also appeared to be largely unable to restrain his – if anything, even more demented – special adviser Dominic Cummings (who was later to run the Leave campaign in the Brexit referendum), whose antics included ‘leaking’ fictional documents from the Department for Education designed to discredit Clegg and Laws. It was behaviour such as this that eventually persuaded Cameron to move Gove from Education in July 2014.

### Liberal Democrat mistakes

One of the main errors the Liberal Democrats made in coalition was of course the botched handling of the increase in university tuition fees. Laws’ recounting of the episode in *Coalition* (pp. 49–63) is mostly a good one, though he omits any mention of Cable and Clegg welcoming the Browne Report, which made the case for increases in tuition fees (though without a cap, which the coalition introduced) as soon as it came out – which made it look as though the Liberal Democrats were not only prepared to ditch their election pledge to oppose any increase in fees but to be positively enthusiastic to do so.

Laws identifies two main errors that led to the disaster. First, he blames the party for sticking to its policy of abolishing tuition fees when Clegg proposed dropping it, in 2008–09. Second, he blames the Liberal Democrat leadership, including himself, for not thrashing out an alternative position when it became clear, in October 2010, that Cable’s initial idea of a graduate tax was running into severe practical difficulties: ‘With a divided party and plunging poll ratings, this was the moment to decide to veto any rise in fees’ (*Coalition*, p. 60). With the benefit of hindsight, the party should have insisted on its policy in the coalition negotiations; the inclusion instead of a provision to let Liberal Democrat MPs abstain on any proposal to increase fees was not just worthless but damaging. But, as Laws recalls, the negotiating team had decided months before not to press for it because neither Labour nor the Conservatives would support it – not, perhaps, the best approach in trying to reach an agreement with political enemies. Laws makes a good

case of explaining why the policy wasn’t in reality a good one, given the pressure on public finances, but that argument with the party had already been lost. Given that opposition to tuition fees was one of the very small number of things many voters knew about the Liberal Democrats, and given the pledge that all party candidates had made to vote against an increase in fees, abandoning it was a huge political mistake.

The NHS reforms were probably the second-most serious policy error the Liberal Democrats made, though the mistake here – shared with David Cameron – lay in not strangling Health Secretary’s Andrew Lansley’s lunatic proposals at birth when he submitted them three weeks after the election, especially given the coalition agreement’s explicit commitment to: ‘stop the top-down reorganisations of the NHS that have got in the way of patient care’. Laws blames a lack of attention from Cameron and Clegg, too busy sorting out the workings of the coalition in its first few weeks, together with Cameron’s lack of interest in policy detail. The result was two years of a controversial and politically damaging reorganisation and a worse functioning NHS thereafter. As Clegg said in 2012, ‘I should have pulled the rug out from under the NHS reforms and just killed them dead in 2010. I was trying too hard to work in a cooperative way with the Tories in that first six months of the coalition.’ (*Coalition*, p. 75)

Laws does not include economic policy in the list of Liberal Democrat mistakes, but there’s a strong case for thinking it was one. During the coalition negotiations the Liberal Democrats effectively abandoned the position on which they had fought the election – for an economic stimulus based on infrastructure investment and a smaller reduction in current spending than the Tories had argued for – and simply adopted the Conservative position wholesale. Partly one can blame the Greek debt crisis, which exploded the day after the 2010 election, but it can also be attributed to the Tories’ success at winning the argument over who was to blame for the economic crisis (later aided and abetted by Liberal Democrat ministers, who were happy to join in on piling the blame

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on Labour). The end result was that the coalition ended up adopting a policy for austerity which the electorate expected from the Tories but not from the Liberal Democrats.

Throughout the coalition, however, Liberal Democrats came to realise that austerity was biting too deeply, and – with the exception of Alexander – increasingly opposed Tory proposals for further cuts. Vince Cable in particular did this publicly, for example in an article in the *New Statesman* in March 2013 and in a speech just before the Liberal Democrat conference in September 2013 – much to the irritation of Clegg, who felt that this made it impossible for the Liberal Democrats to gain any political credit for the signs of economic recovery that began to be evident from 2013. In reality, this might have been impossible anyway; experience from coalitions in other countries show that voters usually credit the party of the Prime Minister with any economic good news.

One further mistake that Laws does recognise was the decision not to put Liberal Democrats in charge of any major spending departments, which contributed to their eventual invisibility. In May 2012, Clegg contemplated

the possibility of taking on a big department, such as Business or Education: “the problem is”, said Nick, “that nobody knows what a Deputy Prime Minister actually does” (*Coalition*, p. 144). In March 2015, Laws records a discussion over Liberal Democrat demands for another coalition with the Conservatives after the election; this included arguing for something ‘very big’ in exchange for the Euro referendum they assumed the Tories would push for, such as two mainstream public service departments, perhaps health and education (*Coalition Diaries*, p. 481).

I expect Laws wouldn’t share all of my judgements above, but I agree with the conclusion with which he ends *Coalition*: that probably, even if all the mistakes had been avoided, the result in 2015 would not have been all that different. ‘The truth is that we took one really big decision and one really big decision only. That was to go into coalition in May 2010, rather than attempting a confidence and supply agreement with the Conservatives, or trying to knit together a multi-coloured coalition with the Labour Party and others.’ (*Coalition*, p. 570). He does not, however, answer the question of whether, in the long run, it was worth it. While he

defends the decision to enter coalition, and what Liberal Democrat ministers achieved, he observes that: ‘what we cannot yet know is what price we will pay in future influence because of the setbacks we suffered as a consequence, and therefore what the net balance of overall advantage to the Liberal cause will be’ (*Coalition*, p. 572). Nevertheless, ‘for myself, reflecting back on my time in politics and on the Liberal Democrat achievements in government of which I remain proud, I join with other colleagues in concluding that for me, losing my seat on 7 May was a price I was and am willing to pay.’

Whatever the outcomes, David Laws was at the centre of Britain’s first peacetime coalition for eighty years, and his story is required reading for any student of Liberal Democrat politics.

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