

Reports

Was the coalition a mistake? Why did we fail to stop Brexit?

Liberal Democrat History Group evening meeting,
7 October 2022, with Vince Cable and Rachel Smith.

Chair: Anne Perkins.

Report by **Neil Stockley**

THE MEETING CHAIR, veteran journalist and broadcaster Anne Perkins, opened proceedings by asking about the book's major revelation, that Vince suffered a 'mini stroke' in May 2018, when he was leader of Liberal Democrats. The episode was kept hidden from the party and the public.

Vince explained that, at the time, he didn't know how serious the stroke was, or how long its effects would last. In his family, he went on, there was a long tradition of keeping such things secret and never discussing them. Vince recalled some embarrassing episodes. Once, he was speaking in the Commons and completely forgot where he was, for probably a few seconds – though it had felt to him like much longer. Fortunately, 'the people who were there were either asleep or working on their iPhones' and he soon found his place.

On another occasion Vince, along with his predecessor Tim Farron, missed

what had been built up as a key Commons vote on Brexit, much to the consternation of the pro-Remain movement. Vince had spent most of the day in hospital undergoing tests and, not knowing what was going on at parliament, went on to dinner with a journalist. Alistair Carmichael, the chief whip, took the blame but the party's federal executive demanded an inquest and explanation for the leader's absence.

Then, he scrambled a joke in a conference speech so that it came out 'a good deal more vulgar than I had intended' and distracted media attention from the substance of his message about the future of liberal democracy. It all sounded amusing, 'but when you're in a high-profile position, these things matter,' Vince said.

It was a stressful time for Rachel too. She recalled how her husband, who was temporarily unable to drive, insisted on cycling to some appointments. They eventually agreed she would cycle

behind him but, she added, 'it was just hard work'. For six weeks, she also accompanied him whenever he spoke in public. Eventually Rachel and, possibly with more vehemence, Vince's family intervened, saying 'this can't go on, you're going to kill yourself shortly.' It was one factor, he said, in his decision to resign the leadership and retire from the Commons in 2019.

Most of the discussion focused, understandably, on the coalition government. Anne Perkins went back to basics by asking why the Liberal Democrats had signed up to it in 2010. Vince reminded the audience that when the coalition agreement was made there was little dissent from the party's MPs or peers, or the membership. He acknowledged that he had 'no fondness' for the Conservatives and would have preferred to work with Gordon Brown. Still, Vince had finally concluded that a full-blown coalition with the Conservatives was the only way to provide stable government. Part of his reasoning was political: had the party insisted instead on a confidence and supply arrangement, he argued, the Conservatives would simply have called another general election within six months. They would have blamed the Liberal Democrats for the lack of strong fiscal policy decisions to the party's electoral cost.

Vince also saw a powerful economic argument: the

financial markets needed to be reassured. During the coalition talks, he was approached by the head of the civil service, the permanent secretary to the Treasury and ‘various people speaking for the governor of the Bank of England’ pleading for he and colleagues to ‘step up and deliver some stability’. They called on Vince to ‘signal very quickly that there is a clear plan to stabilise the public finances, [otherwise] sterling will crash, we will not be able to sell government bonds [and] the yields will go up.’ Vince saw no choice but to accept these arguments and ‘be responsible’.

Rachel’s comments reflected the views of most party members at the time: ‘I had this image of the Liberal Democrat liberty bird stuck in a Conservative tree ... my gut feelings were ‘Help! ... the overlap [between the two parties] on policy was so small [but] I accepted what Vince was saying about the economy. Something had to be done.’

Vince calmly demolished two myths that have grown up around the coalition. First, the Liberal Democrats did not face a binary choice between Conservative austerity and Labour benevolence when deciding who to work with in 2010. The Labour Party had their own austerity programme, ‘the Darling plan’, to remove the structural current non-cyclical deficit over six or seven years. The coalition

started out trying to achieve this result over a four-to-five-year timespan, ‘but when we saw the pain this was going to cause, around about 2012, we backed off, and slowed down the process [so] in the latter part of the coalition we were exactly following the Darling plan, by which time, the Labour Party had moved on.’ The coalition could have done more to raise taxes, he mused, but early decisions to increase VAT and capital gains tax had been greeted by such outcries that cutting spending seemed the politically easier option.

Second, not all the Liberal Democrat cabinet ministers went along enthusiastically with the approach taken by the chancellor, George Osborne, to spending cuts. Vince was clear that there was no choice but to reduce the deficit, but the Treasury used a very narrow definition, so that ‘the big hit was on public investment – the railways, telecommunications, science and that was very damaging economically.’ When he made these points to Osborne, the chancellor had agreed with them, but said he would only back off if the Liberal Democrats agreed to deeper cuts in benefits which Vince refused to do.

The discussion showed just how difficult the coalition was for Vince and other Liberal Democrat ministers. He and his colleagues had to make decisions that were neither simple nor straightforward.

They often found themselves in a no-win situation.

The most obvious example was the decision to increase university tuition fees, which the party had gone into the 2010 election promising to abolish. Vince explained that some months before, he had tried unsuccessfully to warn the party conference and parliamentary colleagues that if the Liberal Democrats ended up in government, they would have to make some very difficult decisions about both taxes and spending. There was however a strong mood that ‘we needed some good offerings on fees for students and other things’. The real disaster came, he added, when the leadership agreed to sign the NUS pledge to vote against any increases in tuition fees.

Once the coalition government was formed, Vince found himself in charge of BIS, the department responsible for universities policy, including tuition fees. Before the election, his Labour predecessor, Peter Mandelson, had agreed with the Conservative universities spokesperson, David Willetts, that fees would have to increase substantially and momentum was building in the department behind such a move. All the options were ‘awful’, he said: either take money from universities teaching grants or remove maintenance grants or kill the further education sector – or substantially

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raise fees. 'I tried to package the measures to make it like a graduate tax [which was] related to ability to pay, with measures to sweeten the pill,' he went on, 'but unfortunately it was all lost in the noise: we had betrayed the pledge.'

Vince agreed with Anne Perkins that there were lessons to be drawn from the tuition fees debacle about how the coalition government was formed – 'who went where' – and what the Liberal Democrats ended up being blamed for as a result. He explained that as the cabinet appointments were being made, very rapidly, Vince had tried to have higher education policy (in which he could claim no expertise) placed under a Conservative-run department, in exchange for banking policy becoming part of his remit. The reaction, he said, 'was like a nuclear explosion in Treasury and the whole of the City mobilised to stop it.' Still, he conceded, 'we should have seen the Exocet rocket that was on the way.'

Vince revealed that he had considered resigning on two occasions. The first was in December 2010, when he was caught on tape telling undercover reporters that he had 'declared war' on Rupert Murdoch over the media magnate's plans to take over all of BSkyB. Rachel and his daughter dissuaded him from quitting. The second occasion concerned a major

policy issue: the government's approach to public investment. By the end of 2012 there was no economic growth, banks were not lending, and the IMF was criticising the government's austerity policies. 'We could have done more in terms of borrowing to invest but the Treasury and the Liberal Democrats there said you can't. I thought that was doing a lot of harm and got bad tempered about it all.' Osborne then told Vince that if he went public about his concerns, it would be the end of the coalition. 'I was tempted to go in and resign,' he remembered.

Vince had another regret. The Liberal Democrat negotiating team thought they had won quite a big prize, he said, when the Conservatives agreed to hold a referendum on bringing in the alternative vote (AV). But the Conservatives destroyed the proposal in the referendum campaign; in any case, he added, AV would not have been a radical reform. Vince was clear that the Liberal Democrats should have pressed harder in the government for reform, adding that 'this must be top of the list' if there's another hung parliament in eighteen months' time.

Despite all these bitter disappointments, Vince had not supported moves within the Liberal Democrats to break up the coalition a year or two before the end of the parliament. The issue came to a

climax after the Liberal Democrats suffered disastrous results in the European Parliament elections of May 2014, causing considerable internal unrest. Vince admitted to mixed feelings. 'I saw the argument but opposed it,' he said, 'I thought there was an argument for keeping going and piling up substantial legacy achievements. There were ministers, [such as] Steve Webb with pensions reform, doing important things that took time. I was just starting to understand how [my] department worked and starting to do seriously useful things around industrial strategy and the business bank. But maybe I should have been more decisive and thrown my weight behind [party president] Tim Farron and others and said, 'enough is enough'.

In 2015, the Conservatives waged what he called 'a relentless and brutal campaign' against Liberal Democrat MPs as they sought to win a Commons majority. Their message, he said, was as blunt as it was effective: 'you may have a good Lib Dem MP here, but a Labour and SNP government will mean chaos' and people panicked.

Vince was one of the many casualties. His defeat in Twickenham came as a shock to both he and Rachel, despite his agent's obvious concerns. He recalled that he, like many colleagues, had deluded himself that he could win on the strength of his personal vote.

When canvassing they simply hadn't heard constituents' concerns about a possible Labour–SNP administration. Rachel had found some solace in the fact that they could now spend more time together. Vince reminded the meeting how difficult defeat had been for many colleagues, both professionally and emotionally.

Even if he stopped short of describing the coalition as a mistake, Vince believed that, after the experience of the Cameron–Clegg government, the Liberal Democrats would not go into another coalition under first past the post 'for decades'. There were other models for cross-party government, he said. He also noted that 'confidence and supply' arrangements had their difficulties, as the DUP learned after 2017 when they supported the Conservatives who 'took them to the cleaners' over the Northern Ireland protocol.

The 2017 general election saw Vince back in the Commons and he was soon elected leader of the Liberal Democrats ('Nobody else wanted to contest it was the ugly truth.') He realised that the party faced a long haul as it sought to rebuild trust with left-leaning voters who were still angry about the coalition. It was not an easy time, but he found the strength and resilience of the local government base a major asset in his efforts to steadily rebuild the party.

Then there was Brexit. With Tim Farron having positioned the Liberal Democrats as firmly anti-Brexit and pro-Remain, the party was energised and membership tripled. Vince recognised there was also a dilemma. 'In becoming the peoples vote party, we walked away from the 'soft Brexit' option being promoted by Norman Lamb and others. We might have been able to play a role working with the likes of Ken Clarke, salvaging something like the customs union.' He concluded however that this was never really an option because 'we had become a fundamentalist party' on the issue. Vince added that he played his part by, for instance, supporting the 'bollocks to Brexit' slogan.

Vince was adamant that the Liberal Democrats 'shouldn't beat ourselves up' over Brexit. When Theresa May declared in her Lancaster House speech that the UK was leaving the European Union, including the Single Market, 'she burnt the boats'. It was a terrible strategic error, he argued, that ruled out any compromise options.

He also pointed out that the Liberal Democrats played no part in the 2016 Remain campaign. 'It was a [David] Cameron and Osborne campaign, complacent and arrogant, with a handful of Labour people.' Cameron and Osborne tried to use the same playbook as in the Scottish

independence referendum he said, when they should have used 'a more considered, ecumenical' approach. Vince also charged that the Labour Party leader, Jeremy Corbyn 'sat on his hands ... [he] and his people carry a heavy weight of responsibility [for the result].'

Rachel added a perspective that is too rarely considered: the impact of a political career on spouses and families. She admitted to some surprise when Vince became a cabinet minister, despite being aware that she had married an ambitious and able politician. She had her own interests and had thought occasionally about giving up her rural life. Rachel had always decided that while 'my heart was in Twickenham, my soul was in Hampshire with my walking and painting, and its what makes me happy.' She also found having a close-up view of government fascinating, even though Rachel learned to be very careful about what she said in public.

Interestingly, she did not share all of Vince's political views. They had a long-standing disagreement on free trade, where she described herself as 'something of an economic nationalist'. On issues of war, such as Syria and Libya, Rachel saw herself as something of a 'peacenik'.

Media intrusion in their lives was clearly difficult on occasion, but Rachel maintained that she 'tried to take laid back approach'. During

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what they called ‘the Murdoch stuff’, on a cold day in the run up to Christmas, junior journalists converged on their home in the early hours of the morning and were joined by others. Rachel implored them to ‘go away and get warm’ and declined their requests for a cup of coffee, but they proved persistent. When it became hard to leave the house for a lunch appointment, they had to ask police to clear the way.

In the early hours of another morning, a young woman with bright blue hair, an eco-warrior, had placed crime scene tape around their porch. She later appeared in an *FT Magazine* feature entitled ‘not too posh to protest’. Rachel wrote to the editor saying, ‘if you want to do a fashion shoot at our home, please pay us next time.’

Rachel admitted to some bittersweet memories of Vince’s time as leader. The Liberal Democrats did well in the May 2018 local elections, she recalled, and ‘his leadership was getting somewhere.’ Then they went on holiday, and he showed signs of illness on the plane with his minor stroke, and that was that.

For me, the most telling point in a fascinating, candid discussion came when Anne Perkins challenged Vince on whether the Liberal Democrats had been as ‘good at politics’ as they might have been, when the Conservatives were, as she said, ‘totally ruthless’.

He recounted how their anti-AV campaign included leaflets cynically attacking Nick Clegg, including over tuition fees. At one dramatic cabinet meeting, Chris Huhne got up and threw all the papers on the table and there were almost fisticuffs. Vince explained that he could work productively with some

Conservatives, such as Matt Hancock, one of his junior ministers, and that he developed a good working relationship with Osborne. Then, he agreed, ‘we weren’t nasty enough’.

Neil Stockley is a member of the Liberal Democrat History Group executive.

Forgotten Liberal Heroes: Sir Edward Grey and Richard Haldane

Liberal Democrat History Group evening meeting, 30 January 2023, with Thomas Otte and John Campbell OBE. Chair: Layla Moran MP.

Report by **Gianni Sarra**

SIR EDWARD GREY, 1ST Viscount Grey of Fallodon, and Richard Haldane, 1st Viscount Haldane, were both ‘big beasts’ in the Liberal cabinets of Henry Campbell-Bannerman and H. H. Asquith. Despite substantial legacies and key roles, they are largely forgotten. In a meeting chaired by Layla Moran MP, their role in British history was discussed. The case for Edward Grey was put forward by Thomas Otte, Professor of Diplomatic History at University of East Anglia and the author of *Statesman of Europe: A Life of Sir Edward Grey*. Haldane was discussed by John Campbell OBE, cofounder of Campbell Lutyens and author of *Haldane: The Forgotten Statesman Who Shaped Modern*

Britain, who has long considered Haldane a personal hero.

Grey’s claim to fame is obvious: he served as foreign secretary for a continuous eleven years from 1905 to 1916, a tenure that has not been exceeded since. His most consequential acts included the Anglo-Russian entente of 1907, defusing several crises between European powers, and ultimately supporting Britain’s entry into the First World War. His famous quote – ‘the lamps are going out all over Europe, we shall not see them lit again in our lifetime’ – is seen as one of the most articulate expressions of the impact of war. Haldane’s career was more varied, perhaps less defined by any one position: he was a highly