

# A view from the Liberal Democrats

## David Hall-Matthews

**Coalition politics has proved surprisingly surprising.** It is not new to the UK: Scotland, Wales, Northern Ireland and numerous councils have long been familiar with parties collaborating. True, there has not been a Westminster coalition for sixty-five years, but the current balanced parliament was hardly unexpected. Psephologists were pointing out its statistical likelihood as soon as the dust had settled after the 2005 election.

The Liberal Democrats have always believed in coalition government – not just out of necessity, but also on principle. You cannot believe in proportional representation without thinking that rule by consensus is inherently desirable. Perhaps less obviously, if you believe that coalitions make for good politics, you have to be willing to try and find common ground with parties who may not seem to be natural allies. A party that is only willing to form alliances in one direction would have few bargaining chips – and would quickly become an adjunct.

So we shouldn't really have been surprised that the 2010 election result required a coalition government, nor even that the outcome was a Tory-Lib Dem one. Yet most of us were.

In addition, the process of negotiating a possible coalition itself threw up all manner of surprises. It forced all party leaders to reveal intriguing things about their beliefs and ambitions – as well as their capacities to take their supporters with them – that had not been evident. In that respect, coalition politics has already proved itself to be very good for British democracy. Activists of all parties, in reacting to events, also had to examine what their priorities were. Close political friends suddenly realised that the basis of their allegiance was not certain – that they had different motivations and different taboos. Even more uncomfortably, some long-standing enemies were forced to look beyond the easy demonisation of each other and recognise common ideals.

The process of realignment looks set to last for months, if not years. It is far more complex than how far left or right each party – or individual – is willing to shift. It might take more than one coalition parliament for British politics to re-find its feet. Indeed there will have to be at least one more for it to be established that a coalition government is not the same as a permanent alliance (obvious though that is in many other countries). Strategically, both Labour and the Liberal Democrats should be making quiet efforts throughout this parliament to ensure that a coalition between them is at least possible after the next election. But that will not be easy.

### **What we have learned about the Conservatives and Labour**

What we have learned about all parties concerns the nature of their internal coalitions; how their broad churches fit together.

Least surprising, perhaps, were the Tories – of whom it has long been said that they will be willing to swallow anything from a leader who delivers power. The unexpected twist

**RENEWAL** Vol 18 No. 3/4

was the positive enthusiasm with which David Cameron embraced the possibility of cooperation. His 'liberal conservatism' had always seemed acquisitive if not outright phoney, but his stance since the election has been genuinely open-minded in many areas. If he remains the right-wing wolf who wrote the thoroughly nasty 2005 Tory manifesto, he has somehow found a very impressive ovine tailor. His may still turn out to be sheep's clothing, but it should be acknowledged that it may not. He seems genuinely pleased to be able to use the need to keep Lib Dems onside to face down the far right of his party – which can only be a good thing for the country.

As for Labour, it was not a surprise that they lacked the energy to try and make a difficult 'progressive' coalition work, with the arithmetic and media stacked against them, after thirteen increasingly bruising years in government. But there was a more general sense of unwillingness to stay in power too. Unlike the Tories, and despite three extra days, their negotiators went in to meet the Lib Dems almost unprepared.

It was as if they felt defeated by their own lacklustre election campaign – perhaps by the failure to replace an unpopular leader – in spite of the fact that the actual election result was not nearly as bad as they had feared. Labour's late surge in the polls suggested that they had won many of the arguments about the financial crisis – but they did not care deeply enough about the pace and depth of cuts to stand and fight for their gradual approach. Maybe, as Alistair Darling suggested by talking of cuts worse than Thatcher, they did not believe in their own programme.

Perhaps they thought it would be a good time to be in opposition. In the 'Conservative twentieth century' it was argued that the Tories were the natural party of government, letting Labour in when necessary for a single term of social reform. Have Labour become so confident that they can allow the Tories a single term of fiscal tightening before returning to what is now their rightful place? There is no doubt that the chance to paint the Lib Dems as no longer progressive was seen as an additional opportunity. But Labour should beware – they had similar hopes when they last lost power, in 1979. In a global economic crisis it seemed unlikely that an inexperienced leader could retain the support of the Commons for long. Instead, within two years, it was Labour that had split.

It was striking that, during the coalition talks, doubtful Tories and Lib Dems stayed largely silent, while old tribal warhorses on the Labour side could not wait to tell the media how unwilling they were to cooperate. Given the delicate balancing act required to form an anti-Tory coalition, that was enough to scupper all hopes of a deal. However, it may not have reflected the majority view in the Parliamentary Labour Party or wider membership. Since the failure of the SDP to break the mould in the 1980s, social democrats have been at least as likely to join Labour as the Lib Dems. Much of the New Labour agenda in Tony Blair's first term could form the basis, even now, for a centre-left alliance, for all the sound and fury in 1997 at Paddy Ashdown's attempts to make a secret deal. Yet in May it seemed that half of Blair's cabinet wanted to pretend that they had never taken a reformist approach.

So Labour has to work out its long-term strategy. It is all too easy to blame the Coalition for economic circumstances and condemn the Lib Dems for sleeping with the enemy. Criticising the Emergency Budget as 'ideological', though fair comment, looked like a tactical error. Labour's own ideological position is not its current strength – it is neither clear nor sufficiently popular. The novelty of political parties cooperating has broad public support so far. Once Labour has chosen its new leader, they will have to develop a positive alternative. They also need to work out how to handle the coalition. The default position of

## Features liberals and social democrats

attacking the Lib Dems for propping up a right-wing government is unconvincing given that Labour ducked out of offering another option. A Tory minority administration would not have improved Labour-Lib Dem relations much. Cameron would have had the chance to call, and win, a snap election – and its budget, necessarily still supported by the Lib Dems under confidence and supply arrangements, would have been far nastier.

Attacks on the Lib Dems also push them closer to the Tories, strengthening Nick Clegg's hand and weakening the vast majority of Lib Dem MPs and activists who are on the left. It may turn out that this is a smart approach by Labour. Far fewer Lib Dem members have resigned than Labour likes to imagine – indeed ten times more have joined the party since the coalition was formed. However, summer polls suggest that centre-left floating voters are returning to Labour. Nonetheless, it would be a gamble for Labour to assume that a government ahead in the opinion polls after announcing savage cuts will be unpopular by the time of the next election. The Lib Dems have plenty of time to show that they can be of value in government by delivering social justice and blocking Tory self-interest. There might be more to be gained for Labour by trying to woo the Lib Dems – or at least by constantly highlighting their (huge) differences from the Tories, rather than condemning their similarities. It would be a disaster for the left if a 2015 balanced parliament created the possibility of a clear Lib-Lab majority but five years of mutual carping had poisoned the well.

At present it seems unlikely that a divided Labour Party will be able to develop a coherent new strategy. However, a lot will depend on the next leader. If it is not a Miliband, quixotic hostility to the Lib Dems is guaranteed. What the brothers will do is much harder to predict. They are too canny to reveal any risky strategies now – but either might, once installed, consider supporting serious electoral reform, for example. Certainly both would be keen to regain some of the moral ground lost through Labour's horrible record on civil liberties.

The question will be, more broadly, whether the party has the stomach to continue a modernising approach when there is easy mileage to be had in revisiting class politics with a cabinet stuffed with aristocrats. No-one should doubt that the Milibands will at least try to pursue a somewhat liberal New Labour-style agenda. What that would mean for the Liberal Democrats is uncertain – it could be an electoral threat or a welcome opportunity in equal measure. Whether Labour would unite behind it is also unpredictable. It may, however, turn out that Labour's schizophrenic attitude towards the post-coalition Lib Dems is an advantage. The old guard – often, ironically, on the right of the Labour Party – can attack, while less tribal voices offer olive branches.

### What we have learned about the Liberal Democrats

What, though, has been learned about the Liberal Democrats themselves? Like all parties, the Lib Dems are an eclectic bunch of separate interests. Unlike other parties, their coherence has not previously been tested in the furnace of government. Many commentators have emphasised the differences between the Gladstonian economic liberalism invoked in *The Orange Book* (Marshall and Laws, 2004) and social liberalism, as set out in *Reinventing the State* (Brack, Grayson and Howarth, 2007). In truth, the two are not incompatible. Indeed both David Laws, setting out his stall in *The Orange Book*, and David Howarth, in *Reinventing the State*, are at pains to argue for their compatibility. Laws insists that his goals are social liberal ones, but that the state is not always the best means

**RENEWAL** Vol 18 No. 3/4

to achieve them. If Laws is a social liberal, despite co-editing *The Orange Book*, then surely Howarth is justified in arguing that so is every Liberal Democrat.

Social liberalism emerged from the New Liberalism of T. H. Green and Leonard Hobhouse, which informed the creation of the welfare state between 1908 and 1911, driven by David Lloyd George. But the key political forebears of the modern party are John Maynard Keynes and William Beveridge. Liberal Democracy is defined by a concern for fairness – not as opposed to freedom, but as a necessary corollary of it. People are not free to fulfil themselves if constrained by poor education, health, living conditions, poverty or lack of opportunity. For social liberals, it is the *raison d'être* of the state to make sure those 'five giants' are attacked. Most liberal philosophers since the war have focused on social provision by the state, from John Rawls's *A Theory of Justice* to Amartya Sen's *Development as Freedom*.

Every Liberal Democrat is a social liberal – but some are also economic liberals and some are not. The distinction is therefore subtle but nonetheless real. The key differences are over means rather than ends. Lib Dems are naturally closer to Labour than the Tories because social justice is a higher priority than economic growth and because, on balance, Lib Dems trust the state. But for classical liberals like Laws, the state is only sometimes the best guarantor of people's rights. Pointing out the failures of Labour's best efforts to reduce child poverty through central programmes, for example, indeed puts some Lib Dems on the same page as the Conservatives – but also as Frank Field, and arguably in the same public sector reform tradition as Peter Mandelson and Tony Blair. Further, it is widely recognised that in the liberal fight against unchecked power in all guises, the state can sometimes be part of the problem.

First, over-centralisation is disempowering for local communities, with whom Liberals have been closely associated since their revival in the 1960s (it is worth remembering that, until May, there were more Lib Dem than Labour councillors in the UK).

Second, Liberals are constantly aware of the possibility of individual or collective abuse of power in and through the state, as well as in markets and society. Where Labour focuses on state targets and Conservatives on institutions, Liberals pay most attention to due process. Politics works better in the UK than most parts of the world because of the incremental development, over centuries, of rules-based checks on self-interest and unaccountable authority – but there is still a long way to go. The expenses scandal ought to have been positive for the Lib Dems, as it highlighted a genuine philosophical difference between them and the parties responsible for creating a deliberately opaque system. The problem was that Lib Dem individuals – though in significantly smaller numbers – were not untainted. Highlighting the Liberal belief in proper procedure also ran the risk of looking like an attempt to assert priggish moral superiority.

Third, the threat of the British state to civil liberties at home – and to principles of international law and justice abroad – became all too obvious under Labour rule. It is to Labour's eternal shame that they became so anti-liberal in the most obvious sense of liberalism that they allowed the Tories, of all people, to find the basis for genuine common cause with not just some but all Lib Dems. Scrapping ID cards and ending detention of children awaiting asylum hearings would not have been the first priorities of a solo Tory administration – but they were pretty easy to concede.

Following the economic crisis, the proper role of the state is at the centre of political debate. Should reducing the deficit be prioritised over economic recovery – or are the two linked? Do state institutions need to be subjected to better scrutiny and forced to prove

## Features liberals and social democrats

their worth, or will fiscal stringency necessarily worsen the welfare of those least able to help themselves? Such questions are at the heart of twentieth century two-party politics. It is no small irony that the Liberal Democrats should finally reach their holy grail of a balanced parliament, after two decades of scarcely ideological centrist government, just at the time when left-right divisions over critical economic issues have returned to the fore. There is no question that the party is divided on this and that coalition with the Tories has brought the divisions between economic liberals and social democrats in Lib Dem ranks into view.

This is not, however, the biggest problem facing the party. The *Orange Book* wing of the party may look as if they have taken over, but in truth it is pretty isolated at the top. David Laws has left the cabinet and the joke in Lib Dem circles is to ask where Nick Clegg would find another economic liberal in the event of one more slip-up. There are at most a handful in parliament. Even the cabinet is mixed. Chris Huhne ran against Clegg for the party leadership on a left-wing ticket – and both contributed to *Reinventing the State*. Indeed *The Orange Book* itself included chapters by people clearly on the left of the party, such as Steve Webb – and Vince Cable. Cable will be the interesting one to watch. Though keener on cuts than most, he has made it clear how uncomfortable he is working with Tories and remains both a social democrat and a maverick. Meanwhile, most chairs of the new Lib Dem parliamentary policy committees are on the left of the party.

The aggressive cutting approach in the emergency Budget has many Liberal Democrat opponents, but they are themselves divided. Some see the willingness of Lib Dems in cabinet to support measures the party had campaigned against in the election as an unforgivable betrayal. Rather more see the budget as one that reflects the balance of power in the government, with too much nasty Tory medicine but far less than there would have been without a Liberal Democrat influence. Indeed successes on income, capital gains and inheritance tax – and above all on welfare, protecting pensioners and retaining a child poverty focus – suggest that the Lib Dems punched above their weight.

There are competing ideals within the Liberal Democrats, which present a real challenge to the party. Economic versus social liberalism is one area of potential conflict, but that is relatively easy to resolve – because all Lib Dems are social liberals. It is self-evident that any achievements the Lib Dems make in government will be gains for the left, because they will be won from the Tories. A bigger divide, then, is between those social liberals who feel it is acceptable to enter the Tory lion's cage to try and wrestle social justice from its paws and those who find the compromises necessary to do so a step too far. In other words, the competing ideals are the overlapping ones between the desire for social justice and the desire for fair politics and compromise. That could only be resolved, logically, by the formation at some point in the future of a Liberal Democrat-Labour coalition founded on a commitment to proportional representation.

### The Liberal dilemma

Having chosen coalition with the Conservatives over the purism of opposition (and it is fair to say that some activists are unhappy with the notion of being in power *per se*), the Liberal Democrats nonetheless have a thorny strategic problem. They have to try and do three things at once that are related but also contradictory: maximise their influence on policy, make the coalition work as a stable and coherent government, and retain a distinctive voice in British politics. So far, their greatest success has been in emphasising

**RENEWAL** Vol 18 No. 3/4

common ground. It is obviously necessary for a small centre party whose only hope of influence is through coalition to sell the idea of coalition itself to voters. The difference between the Lib Dem vote share on 6 May and their opinion poll ratings the day before represented perhaps a million people who liked the party but feared coalition government. If that can be reversed, Lib Dem electoral prospects will be respectable and the possibility of an extended era of coalition will be greater. However, in combination with the undeniable personal chemistry between Clegg and Cameron, the apparent coherence of the Coalition government – based on a shared economic liberal philosophy – sticks in social liberal craws as much as it antagonises the Labour Party.

The Liberal Democrats urgently need to start showing how they are different. What they would like to do is publicise their preferred policies before government plans are formed. It has been accepted (perhaps too readily) that the principle of collective responsibility applies fully in a coalition, so decisions must be supported once made. However, if the Lib Dem position is clear before that, the public will be able to see which battles they have won and lost – and give credit for their so far insufficiently visible efforts. There are dangers, though, in publicising your losses. A Lib Dem parliamentary committee could end up calling for one thing and then be obliged by the whips to vote for the opposite. On the other hand, if the strategy worked and the media started to highlight the Lib Dem influence in popular policy while blaming the Tories for the nasty bits, the coalition could be fatally undermined. There are signs, though, that the Liberal Democrat leadership is willing to take some risks in order to be distinctive. Tory attacks on Vince Cable's call to explore the idea of a graduate tax arguably strengthened his position in the debate – though of course they reduced his chances of turning it into concrete policy. Even Nick Clegg's condemnation of the 'illegal war in Iraq' during his first Prime Minister's Questions was strategic, not accidental.

If the Liberal Democrats succeed in being distinctive, influential and loyal all at once, they have much to gain out of the Coalition. Of course they will be judged on their record in government – and even if they are judged unfairly, that is a better position to be in than any living Liberal can remember. But they have to keep their eyes on a fourth goal too. Like Labour, they need to prepare a long-term strategy that at least keeps options open. Of course the Lib Dems and Labour cannot negotiate openly, but some quiet diplomacy would be wise. In the current climate, such rapprochement sounds difficult. Once again, the answer may lie in public policy debates outside the realm of government. If the Lib Dems declare where their aspirations differ from the Coalition agreement, or suggest new policy ideas that are not taken up, it would be helpful for them to be considered by Labour. The reverse is also true. Multiple conversations on policy similarity and difference can bloom, without tying either side down.

There are a whole range of issues on which it would be useful to find out, over the coming months and years, where disagreements between Labour and the Lib Dems are intractable, and where there is room for manoeuvre. The coalition ensures that convergence and divergence between the Lib Dems and Tories will be played out very publically. The danger for the Lib Dems is less that this might cause the Coalition to split than that five years working out the parameters of partnership will make no other option seem practical after 2015. So both Labour and the Lib Dems need somehow to find space to talk about how things could be different – and about where each other's record is not so bad – while sticking to their guns in respectively opposing and supporting the government.

The obvious place to start would be to discuss the role of the state in the twenty-first

## Features liberals and social democrats

century. We know that Labour don't want cuts that are too deep or fast, but how do they envisage the future of public services in a possibly long-lasting period of austerity? Do they accept that some quangos offer poor value for money, or that some council executives are too highly paid? In turn, does Liberal Democrat dislike of centralisation mean that they are willing to direct greater funds and powers towards locally-run services, even as they support reductions in the budgets of Whitehall departments? How does either party propose to stimulate serious investment in the green economy? Which state services are essential to redress social and economic injustice and which foster dependency and waste? Does a graduate tax offer the fairest solution to higher education funding? Should the tax system be switched to focus more on unearned wealth, including rising property values?

The list of areas of potential agreement is endless. The question is whether coalition government will usher in an era where praising the ideas of opponents is more common, or whether only coalition partners can do that, while relations between the Lib Dems and Labour become more antagonistic than they have ever been before. Liberal Democrats ultimately want political reform to create a system of consensual government. Having made a rational but, for most, heavy-hearted decision to form a coalition with the Tories, it is, then, doubly peculiar to see Lib Dems scoring points off Labour in areas where they are probably privately closer to them than to their government bedfellows. But at the moment, we have a coalition within an adversarial system. The onus is on all parties to work out whether it is in their own interests to retain such a system. For the Liberal Democrats, it is obviously not. For Labour it is probably not either.

If coalition offers the possibility of grown up politics, Britain is entering its political adolescence. Plenty of mistrust and a few stand-up rows are inevitable as all parties try to reconfigure their identities and relationships. Sometimes teenage rivalries ossify into permanent disaffection between former friends. Sometimes a bit of painful but honest testing each other out – bolstered by plenty of late night chats – can grow into a healthy, mature partnership.

**David Hall-Matthews** is Chair of the Social Liberal Forum, sits on the Executive of the Liberal Democrat Policy Network, and is Chair of a new Policy Working Group on Inequality. He is Senior Lecturer in International Development at Leeds University.

## References

- Brack, D, Grayson, R. and Howarth, D. (eds) (2007) *Reinventing the State: Social Liberalism for the 21st Century*, London, Politico's.
- Marshall, P. and Laws, D. (eds) (2004) *The Orange Book: Reclaiming Liberalism*, London, Profile.