

# THE NEXT HUNG PARLIAMENT

## HOW LABOUR CAN PREPARE

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# THE NEXT HUNG PARLIAMENT? How Labour can prepare

The formation of the coalition between the Conservatives and Liberal Democrats was a shock for many people on the centre-left. As someone who tried to prevent the Liberal Democrats entering into any arrangement with the Conservatives in May 2010 many of the policies of this government are contrary to my core values.

Over recent months Labour members have watched the Liberal Democrats vote through a series of socially regressive policies that will deepen poverty and potentially increase income inequalities. It is therefore understandable that hostility to the Liberal Democrats has intensified within the Labour movement. The days in which people across the political spectrum within Labour explored the possibility of an alliance with the Liberal Democrats seem far away. However the wider political and electoral context makes it essential for Labour to build broad social and electoral alliances in order for us to realise our objectives. Twenty-first century Britain with its declining class identities, greater connectivity and ethnic diversity, is one where both Labour and Conservative parties may struggle to secure governing majorities.

Even if Labour wins an outright parliamentary majority in 2015 we will need to marshal a strong social coalition in order to overcome the entrenched vested interests that will seek to defend the profound income and wealth inequalities within Britain and the developing world. Labour may be able to win on its own but to govern it must forge ties with wider social movements. The last Labour Government's most progressive initiatives, such as the adoption of the Climate Change bill and the international commitments to increase development aid for Africa, were underpinned by huge nationwide coalitions. Labour also faces the threat that there

will be a realignment on the centre-right of British politics that will prevent us returning to power.

In this paper I will identify the lessons we can draw from both the experience of past Labour-Liberal Democrat engagement and the intense negotiations in May 2010 that led to the formation of the current coalition. I will argue that the emergence of the Tory-Liberal Democrat coalition was in part influenced by mistakes made by Gordon Brown in his management of relations with the Liberal Democrats. I will examine the approach taken by Labour and the Liberal Democrats in turn. Given the possibility that the next election may result in another hung parliament, Labour needs to learn and act upon this experience.

## Why hung parliament negotiations will be of continuing relevance

**Devolution:** In Wales and Scotland proportional representation systems mean that minority governments or coalitions will continue to be likely electoral outcomes. The approaching elections in Scotland may well lead to the creation of a new coalition. The first two Scottish parliamentary terms saw Labour-Liberal Democrat coalitions and the two parties may again find themselves as coalition partners in the future.

**A change in the electoral system:** The possibility that the Alternative Vote will be introduced for general elections as a result of the forthcoming referendum creates the potential for coalitions becoming more of the norm in future. Labour must be prepared for the possibility that it may need to form a coalition to govern again. As will be argued below, Labour needs to 'get ahead' of this scenario not find itself in a reactive position on the day after polling.

The prospect of a change in the electoral system will also encourage the Conservatives to deepen their relationships with the Liberal Democrats such as explicitly or tacitly encouraging tactical voting. The voting patterns of the Oldham East by-election where Conservative voters voted tactically for the Liberal Democrat candidate in large numbers, could be a harbinger for wider electoral trends in the coming years and represent a real threat to Labour's revival in Tory-Labour marginal constituencies.

**A realignment of the centre-right?** The existence of the Tory – Liberal Democrat coalition also creates a risk that the Conservatives could be helped back into power by the Liberal Democrats even in a scenario where they are the second placed party in a general election. Ambitions to create a realignment on the centre-left of British politics, much discussed during the Blair and Ashdown era in the 1990s, never came to fruition. However the prospect of a realignment of the centre-right where Conservatives and Liberal Democrats coordinate tactical voting in parliamentary constituencies must be prevented.

The electoral landscape has shifted greatly since the heyday of two party politics in the 1950s. The share of the combined two-party vote has declined and the vote of both the Liberal Democrats and smaller parties has risen over time. At the 2010 the combined vote share of the Labour and Conservative vote was 65%. The secular trend of higher vote shares secured by smaller political parties also reflects the growing diversity within the British population and the weakening of older class identities.

**Declining number of marginal seats.** John Curtice drew attention to the declining number of marginal seats in his chapter in the recent study of the 2010 general election. Curtice demonstrates that since 1983 the number of marginal seats has fallen and that it now stands at just 85. (Curtice in Kavangah and Cowley 2010: 414). Alongside this trend, both the Labour and Conservative parties have seen a reinforcement of their electoral strength within existing strongholds. The inconclusive outcome of the 2010 general election was the product of gathering electoral and social trends.

All these factors indicate that the Labour leadership would be ill-advised not to plan ahead for the possibility of another hung parliament either in 2015 or before. There has been much commentary and analysis focused on whether or not Nick Clegg and the Liberal Democrat leadership ever seriously entertained the possibility of an alternative coalition with Labour in the days that followed last year's general election. However setting all of this aside, the wider history of engagement between Labour and Liberal Democrat figures provide important lessons that need to be considered as Labour prepares for the gruelling task of recapturing

power after a defeat of historic proportions. Both the Labour Party and progressives within the Liberal Democrats can also learn lessons from the intense negotiations that led to the formation of the current coalition government in May 2010.

## What Labour should consider in advance of a future hung parliament

**Tone:** David Cameron's tone in the key Friday post-election speech where he floated the proposal of a coalition was well judged. He sounded generous and accommodating to the Liberal Democrats, even though at this stage it risked antagonising his own party. He also made a crucial connection between the overture and the wider political context. This context could be summarised in terms of 'the new politics'. Cameron could have claimed a 'moral mandate' to govern given the 100 seats the Tories had won in a similar way that Alex Salmond did when the SNP emerged as the largest party in the 2007 Scottish Parliamentary elections. Instead, given the high levels of alienation and cynicism about the political process, Cameron positioned his offer so that it responded to this mood.

Ed Miliband could take the moral high ground in any future hung parliament if he is able to link coalition negotiations to the wider political mood the country at that time. Cameron's tone also impressed the Liberal Democrats. People like Shirley Williams who were not well-disposed to the Tories gave an immediate positive reaction to the statement.

The second tonal issue is how Gordon Brown engaged with Nick Clegg in the two years prior to the Five Days In May. Brown was dismissive of Clegg and made no effort to cultivate him or build a relationship.

**Signalling potential movement:** Gordon Brown made an error when he failed to signal any potential policy movement on Labour's part in his Friday speech. He merely reiterated Labour's offer of a referendum on the Alternative Vote. Whilst in the short term this stance meant he did not antagonise the party by indicating policy concessions, it meant that had any deal been done that involved policy changes the ground would not have been prepared in advance.

**Don't destroy trust:** Gordon Brown's leaked offer to Ming Campbell to join his government in 2007 appeared more as a ruse to destabilise the Liberal Democrats than a serious offer. Given the previous history of the Liberal Democrats feeling that they were being 'strung along' by Labour, Brown's tactics exacted a long term price in terms of loss of trust.

**Understanding the other side's perspective:** Any successful negotiation must involve an appreciation of the other side and the factors that inform their negotiating position. David Cameron and George Osborne recognised in advance that the Liberal Democrats could not go along with a deal that did not include serious movement on electoral reform.

**Do your homework:** The Conservatives intensively researched Liberal Democrat policy positions and identified where there were interfaces or conflicts with Tory positions. Oliver Letwin and his researcher Peter Campbell had prepared in depth position papers for his party's negotiating them (Wilson 2010: 147). Labour, by contrast, were almost totally unprepared and were therefore disadvantaged in terms of any negotiation with the Liberal Democrats.

Don McIntyre's biography of Peter Mandelson refers to the extensive work that Northern Ireland Office did not just on Sinn Fein negotiating positions but also on the personalities and styles of individual negotiators like Gerry Adams and Martin McGuinness. In the Rhodesian settlement negotiations in 1980 the Foreign Office staff used a character analysis of General Peter Walls to help them peel him away from the rest of his negotiating team.

**Communicating with the electorate:** It is notable that the Tories' 'final offer' to the Liberal Democrats was made publicly by William Hague on the Monday after the election. The Tories hoped this would encourage voters to believe that they had been accommodating and so avoid the blame for a second election. Labour could draw on this approach in order to overcome inevitable criticisms of 'deals in smoke filled rooms.'

The issue of communicating with the wider electorate would become even more relevant if the alternative vote is in place during the election. The movement of second preference votes and influencing that movement will be of continuing relevance to Labour. If first past

the post continues to be in place tactical voting behaviour is potentially affected by how Ed Miliband interacts with the Liberal Democrats at this juncture.

**Consulting Labour MPs:** The most significant mistake made by Brown was that he did not consult the Parliamentary Labour Party about the negotiations with the Liberal Democrats. Cameron had a crucial meeting with his MPs on the Monday after the general election where he sounded them out about the offer of an AV referendum to the Liberal Democrats. The Chief Whip also circulated a round robin in advance of that meeting seeking views on a referendum. The PLP was never convened during this time and this allowed people like John Reid and David Blunkett to argue that Labour MPs were being 'steamrollered' when in fact they were opposed in principle to any coalition. Gordon Brown's approach was fundamentally wrong-headed as viability of the proposed 'rainbow alliance' depended on containing any backbench rebellions.

**Prior engagement:** The Ashdown diaries document in great detail the engagement of Tony Blair and Paddy Ashdown over a two year period prior to the 1997 general election. This meant that both Labour and the Liberal Democrat leadership were:

- Able to understand the underpinning of each other's positions, for example, Blair made clear the constraints he faced on electoral reform.
- Able to make some agreements in advance of the general election, for example, the introduction of proportional representation for the European elections.
- Trust was built up and personal relationships were established.
- Divisions within the leaderships of either party about negotiating objectives are far more difficult to overcome in the frenzied aftermath of an inconclusive election.
- Both sides were able to coordinate the language that they used in public about relations with each other and equally importantly about policy questions of relevance to their relationships. For example, Paddy Ashdown formally abandoned the position that the Liberal Democrats were equidis-

tant in their attitude to Labour and the Conservatives.

- The Ashdown diaries also show that the relationship building of this period allowed tensions to be managed. For example, misunderstandings about public statements from either side could be overcome as result of the trust that gradually built up at senior level.

**Publicly agreeing a shared policy agenda:**

The pre-1997 engagement delivered the Cook/Maclennan agreement on constitutional reform. The Cook/Maclennan agreement was the precursor to major advances in the constitutional reform agenda. This shared platform meant that had Labour needed to negotiate a coalition in 1997 it could have drawn on the momentum generated by the Cook/Maclennan agreement. There is a case for a comparable exercise that lays out shared policy commitments between Labour and other political parties in this parliament.

**Managing the mood:** Cameron ensured that he had ‘outriders’ – people who were encouraged to speak publicly to prepare his party for entry into coalition. John Major called for a coalition on the afternoon of Friday 7th May and talked about how it would serve the wider national interest. There were no equivalent people within Labour who were publicly making the case for a coalition. Equally, people who had credibility with key constituencies like the trade unions and younger Labour MPs, were not ‘put up’ to speak in a coordinated way.

**‘Coalition of the losers?’** Labour’s slump to 29% understandably led some party figures to say publicly that they feared a ‘rainbow alliance’ would be perceived as a coalition of the losers. However forming such a coalition as a defeated former government is materially different from trying to form it having spent a spell in Opposition. In any future hung parliament Labour might well have increased its vote share at the expenses of other parties even if we are still in second place in terms of the national vote. Labour should be careful not to reinforce a media narrative where second place parties are delegitimised as candidates for government. Many coalition governments in Europe have been headed by political parties that were narrowly second in the popular vote.

## What the Liberal Democrats should consider in advance of a future hung parliament

**Democratise negotiation strategy:** Tim Farron MP has subsequently acknowledged that the coalition agreement left open the question of tuition fees despite the pledge that Liberal Democrat MPs had made. David Laws in his book concedes that the negotiation strategy was drawn up in secret without reference to the Liberal Democrat Shadow Cabinet (Laws 2010: 19-20). The Liberal Democrat parliamentary party could insist on democratising their party’s negotiation stance in the months prior to the next general election. A key issue will be what is the shape of post-cuts Britain.

**Prevent leadership ceding ground:** Nick Clegg did flag up negotiating bottom lines early in 2010 and the whole structure of the manifesto elevated the pledges on tax allowances, political reform and the pupil premium above others. All these commitments were ones that Liberal Democrat negotiators treated as red lines. The Liberal Democrat Left expended immense energy in influencing the party’s manifesto (with some success) but took their eye off the ball when it came to which pledges should be treated as red lines. In some cases the leadership conceded policy issues in the context of manifesto in the knowledge that they were going to discard them when it came to coalition negotiations.

**Second election:** David Cameron ‘hustled’ the Liberal Democrats in part based on the calculation that they would be too fearful to be seen to be the instigators of a second general election. As it has transpired in Rob Wilson MP’s account of the post-election negotiations, the Prime Minister was far from certain that the Conservative Party could win a second election outright particularly having failed in very favourable circumstances. Liberal Democrats need to consider if they weaken their own negotiating hand by the widespread assumption that they will never ‘hardball’ and indicate a clear willingness to fight a further election if a satisfactory deal cannot be reached.

**Clarity of objectives:** People within the wider Liberal Democrat party and indeed individual MPs need to make a strategic choice about where to try and exert influence coalition negotiations. Liberal Democrat MPs focused on widening the

negotiations to include Labour in their early meetings with Nick Clegg. However what many of them did not realise was that Nick Clegg wished to do this anyway because it gave him more leverage with the Conservatives. Liberal Democrat MPs and campaigners could have utilised their political capital on insisting on specific policy commitments in the coalition agreement. Liberal Democrat MPs will have to decide if there is to be 'a next time' whether they can assert themselves more vis-a-vis their own party leadership.

**Do an assessment:** According to David Laws, Peter Mandelson shared with the Lib Dem negotiators a version of his analysis of the risks and opportunities of the competing coalition options in front of them. The Liberal Democrats correctly judged that David Cameron would favour a coalition but did not do a serious enough assessment of what the risks and rewards might be for their party as a junior coalition partner across the range of available options. One crucial piece of experience that has emerged since the Con-Lib Dem coalition experience of the last few months is that the Liberal Democrats have absorbed a disproportionate amount of opprobrium for the most difficult decisions of the coalition.

**Don't box yourselves in:** Nick Clegg may have intended that his public declaration to commence talks with the political party with the largest vote would be a precursor to ultimate coalition. However for the wider party it had the effect of limiting options and giving one party, in this case the Conservatives, the ability to set the agenda in the media. The benefit that this formula had in closing down probing by journalists was exacted at a higher long term price.

**Dont' try to negotiate a coalition agreement over five days:** The sovereign debt crisis in May 2010 meant that the political parties were under pressure from Gus O'Donnell to quickly put in place a new government. However in any future coalition scenario these pressures will hopefully not be so pressing. The imprecision of the coalition agreement in key areas like capital gains tax provided room for decisions to be re-opened. The five day time limit completely disempowered Liberal Democrat MPs from being able to properly scrutinise the text of the coalition document. There is nothing to prevent parties publishing initial outline agreements if

negotiations are going well in order to generate public and market confidence.

## Conclusion

Labour was badly served by Gordon Brown in his insensitive dealings and lack of preparation for the hung parliament that opinion polls indicated was a real prospect from at least January 2010 onwards. David Cameron, in contrast, was skilful in his post-election engagement with Nick Clegg and was supported by advance policy preparation. The 1997 election result was in part influenced by the engagement between Tony Blair and Paddy Ashdown as it created a climate that encouraged tactical voting against the Conservatives. Had there been equivalent engagement and informal coordination between Labour and Liberal Democrat leaderships in 2010 it could have generated levels of tactical voting that might have resulted in Labour being the largest single party in the House of Commons.

The Liberal Democrat leadership was well prepared for the Five Days in May period. Nick Clegg and his allies had prepared a clear negotiating strategy and managed their parliamentary party well in this period. In the process they obscured the fact that the party's negotiating lines had been devised without the input of Liberal Democrat MPs.

At the next general election the two ends of the current coalition will have a shared record and one forged in tremendous adversity. From the early period of the coalition both Nick Clegg and David Cameron did not only defend themselves against Labour attacks but also proactively sought to entrench a version of history where they inherited a devastated economy from the third term Labour Government. The longer the two governing parties position themselves against Labour, the more they will share a common identity and not simply a policy record. These are powerful factors that Labour has much to overcome if it wishes to prepare the ground for potential future collaboration.

Labour should begin constructive engagement with the Liberal Democrats and the Greens in advance of the next general election. The policy terrain that could be explored during informal discussions between the two parties is the scope

for rebuilding public services and relaunching the drive to eliminate child poverty in a post-spending cuts environment. Progressives within the Liberal Democrats need to be aware that the Tory Right will be agitating for renewed commitment to cuts in personal and corporate taxation once the deficit has been eliminated. The Liberal Democrats will also be watching to see how Labour approaches the referendum on the Alternative Vote. The extent to which Ed Miliband actively campaigns for a 'Yes' vote will be one indicator of this.

My own decision to resign from the Liberal Democrats reflected my fundamental opposition to major elements of the coalition agreement, particularly the acceleration of deficit reduction. So it is easy for me to understand the visceral feelings of fellow Labour members against any notion of engaging with the Liberal Democrats. However whilst I hope that Labour will win a good majority at the next election, we need to prepare for the eventuality that there is another hung parliament. The party must set emotion aside and be hard-headed in its attitude to the Liberal Democrats. Our ability to regain power and begin to repair the growing tears to the social fabric of Britain may depend on it.

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