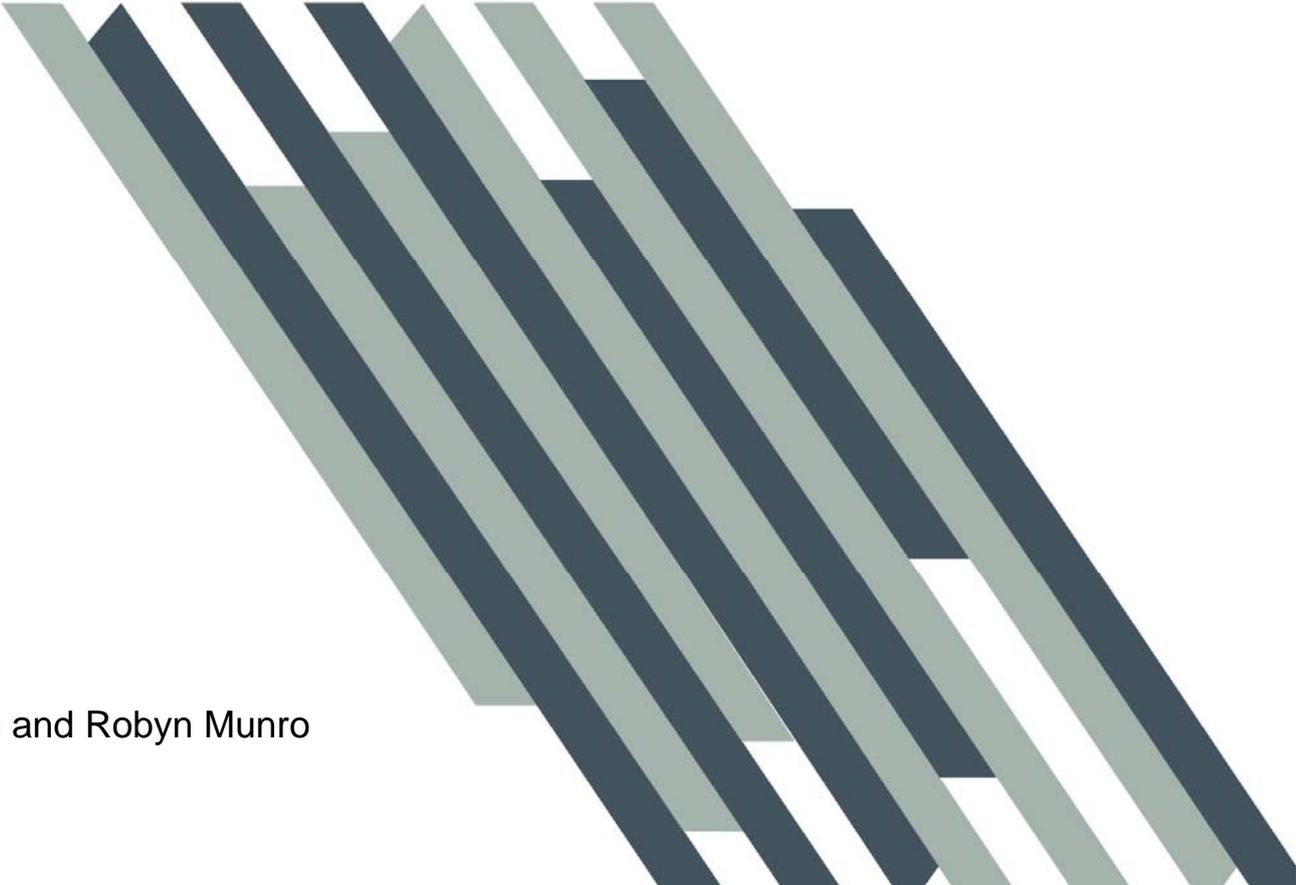


Endgames: Lessons for the Lib Dems in the final phase of coalition

Briefing paper for the Liberal Democrat Conference 2013

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Introduction

As the coalition heads into its endgame, the two parties of government face a novel set of challenges in governing together while positioning themselves for the next election. As the smaller partner, the Liberal Democrats face a particularly tough situation. The party must emphasise its distinct values and achievements, while defending the overall coalition record, most of which has been Conservative-led.

Since 2010, the Institute for Government has studied the challenges of making coalition government work at each point of its life cycle. We now turn to the question of how the Government will work in its final 18 months. In this short paper – prepared for distribution at the Liberal Democrat Conference 2013 – we draw on international experience of how coalitions end and how smaller parties fare. International experience shows that coalition can indeed be tough on smaller parties, who often see a drop in vote share at subsequent elections. But there are also examples of junior coalition partners who have profited from coalition in terms of both policies achieved and increased vote share. Here we explore how six small parties have coped in coalition with larger parties.

Green Party, Ireland

In Ireland, smaller coalition parties have been described as ‘punchbags for heavyweights’. The most recent example of this phenomenon is the Irish Green Party, which entered Coalition with Fianna Fail in 2007 after gathering vote share across three previous elections. The Greens had gained popularity as a small party with a distinct ideology and agenda. The party did secure some distinctive policy wins in coalition, such as a ban on stag hunting, but at a time of economic crisis this was seen as an esoteric priority. The Greens were also criticised for backing down over issues which had previously been seen as key policies, such as opposition to motorway expansion. The party struggled under the pressure of having to agree on tough action to tackle the financial crisis and ultimately pulled out of government shortly before the election, but this was in vain. The party’s vote share collapsed with the loss of all seats in 2011. This episode illustrates the difficulty of a small party maintaining its distinct identity. But the party also suffered from the bad luck of being in government at a time of crisis, and in partnership with a tired and ultimately discredited larger party.

Free Democrats (FDP), Germany

The pro-business FDP have been in government for most of the postwar period as kingmaker between the SPD and CDU. Having moved to the right, the FDP are now seen as a natural partner only of the Christian Democrat CDU, with whom they formed a supposed dream coalition in 2009. Although both parties are now campaigning for re-election as a coalition, this most recent experience of government has not been a happy one for the FDP. Having won 14.6% of the national vote at the last election, the party has hovered around the 5% threshold below which it will win no seats. If the party does reach 5% this will be largely due to ‘second votes’ from CDU supporters.

Several factors account for the FDP’s poor performance. Its leader (and vice-chancellor) performed poorly after the election – prioritising a controversial tax cut for hotel-owners, who tend to support the party. A mid-term change of leader has divided the party and failed to revive its fortunes. The FDP has also been eclipsed by its coalition partner, specifically by Chancellor Angela Merkel. Merkel’s dominance of European politics during the Euro crisis has made it difficult for the FDP to create a distinct political profile – and has rendered the FDP’s ownership of the foreign affairs portfolio largely irrelevant. The FDP has also moved closer to its CDU partner on several key policy points, partly as a result of economic and

fiscal challenges. It has changed its line on tax cuts (which it now opposes) and a minimum wage (which it now supports). It was also forced to back Euro bailouts against its fiscally-conservative instincts. These changes have lost the FDP much of its political distinctiveness and relevance, and some of the party's support base is turning to the new Eurosceptic 'Alternative for Germany' (AfD).

New Zealand First

New Zealand was once entirely dominated by its two large parties – Labour and National – who won over 99% of the vote in the 1950s. By the 1990s, however, a number of smaller parties had challenged the old duopoly leading to a switch to proportional representation. In 1996, the first PR election, the main beneficiaries were New Zealand First, whose leader had split from National. NZ First (NZF) held the balance of power and chose to form a coalition with National. This first experience of coalition in New Zealand finished in a mid-term collapse, with the NZF leader withdrawing from government a year before the election, splitting his party in the process.

The National-NZF coalition failed for several reasons. Part of the issue may have been the overly prescriptive, 17,000 word coalition agreement which restricted the NZF's room for manoeuvre and right to take distinct positions. NZF may also have selected the wrong coalition partner. It had been expected to back Labour, and having opted for a deal with National (after parallel negotiations) its poll rating fell dramatically from 13.4% on polling day to 2%. After personality clashes and policy disagreements with their larger partner, NZF sought to save itself by moving back to opposition, but like the Irish Greens the next election was a disaster, with the party falling from 17 to 5 seats.

Democrats 66, the Netherlands

The socially liberal Democrats 66 party was a junior partner in four government coalitions between 1994 and 2006. Democrats 66 were able to secure several policy wins during their time in office including same-sex marriage and euthanasia, as well as limited political reform. However, the party lost seats across this period, from 24 seats in 1994 to just 3 in 2006.

Problems faced by the party during its time in coalition included association with the Purple coalition parties, which suffered significant losses in 2002 following revelations about Dutch responsibility for the Srebrenica massacre. After a year in opposition, the party returned to government in 2003 but suffered further setbacks including defeat on the key policy area of elected mayors, the resignation of long-term leader de Graaf and splits among senior party members. The party appeared to suffer from a lack of clear direction and distinct identity. The party withdrew from government in 2006 after disputes with coalition partners, particularly over immigration policy. This triggered an early election at which the party fell to its lowest point, winning just 3 seats. Since then D66 has remained in opposition, rebuilding support and its distinct profile under the strong leadership of Alexander Pechtold.

Scottish Liberal Democrats

The Scottish Parliament was designed with a proportional electoral system. As expected, this led to the formation of a Labour-Liberal Democrat coalition from 1999 to 2007. Although there were some concerns about compromises the smaller party had to make in coalition (for instance in supporting Labour's criminal justice agenda), the period in government is generally seen as a success. The party achieved a number of policy 'wins', such as preventing the introduction of up-front tuition fees, securing 'free' care for the elderly, and the introduction of proportional representation for local elections. Each of these policies was secured in the face of initial Labour opposition. Despite these differences, the two parties were close enough ideologically, with strong personal relationships (particularly between Jack McConnell and Jim Wallace), so severe conflict was avoided between and (crucially) within the parties.

The Scottish Liberal Democrats' ability to maintain a distinct profile was also helped by the fact that they could distance themselves from Labour on reserved issues – notably the war in Iraq – without undermining the two parties' shared domestic agenda. Having a strong leader in charge of an important portfolio also helped the party's profile. Withdrawing from coalition was never a serious consideration and the coalition completed two full terms. The party left government in 2007 with just one fewer seat than in 1999. After one term in opposition the party's support fell dramatically – though largely due to developments at the UK level.

Die Grüne (German Greens)

German politics was for decades dominated by the CDU, SPD and FDP. The first to break their stranglehold were the German Greens, who entered government in 1998 in coalition with the SPD (social democrats). The leadership initially attracted criticism over its support for German intervention in Kosovo, counter to the Greens' pacifist stance. However, the party secured a number of significant policy successes, such as the phasing out of nuclear power and legalisation of civil partnerships. Having a strong and charismatic leader in Joschka Fischer, who was Foreign Minister, further prevented the party from being overshadowed. The party used coalition to develop their image as a credible party of government. In particular, their backing for SPD Chancellor Gerhard Schröder's Agenda 2010 welfare and labour market reforms helped overcome concerns that the Greens would not take tough decisions in government.

The SPD-Green coalition ended early not because of splits between the partners, but due to dissent within the SPD about the Agenda 2010 reforms. This led Gerhard Schröder to force an early dissolution in spite of constitutional provision for fixed-term parliaments. The 2005 election was a success for the Greens, winning more seats than in 1998, but they left government due to the loss of support for the SPD. The party has since maintained a strong position in opposition. It is currently polling in third place at around 11%, and may hold the balance of power after the September 2013 election.

Lessons for the Liberal Democrats

So what lessons can the Liberal Democrats draw from international experience as 2015 approaches?

First, smaller parties can only distance themselves from larger coalition partners to a limited extent. Coalitions are often rewarded or punished as a whole for their performance in office. Ensuring that the government is seen as effective and competent is crucial, and particularly so for the smaller party, which will often have less credibility at the outset as a party of administration. This will often require smaller parties to show discipline in supporting major policy initiatives of their larger partners, such as Agenda 2010 in Germany.

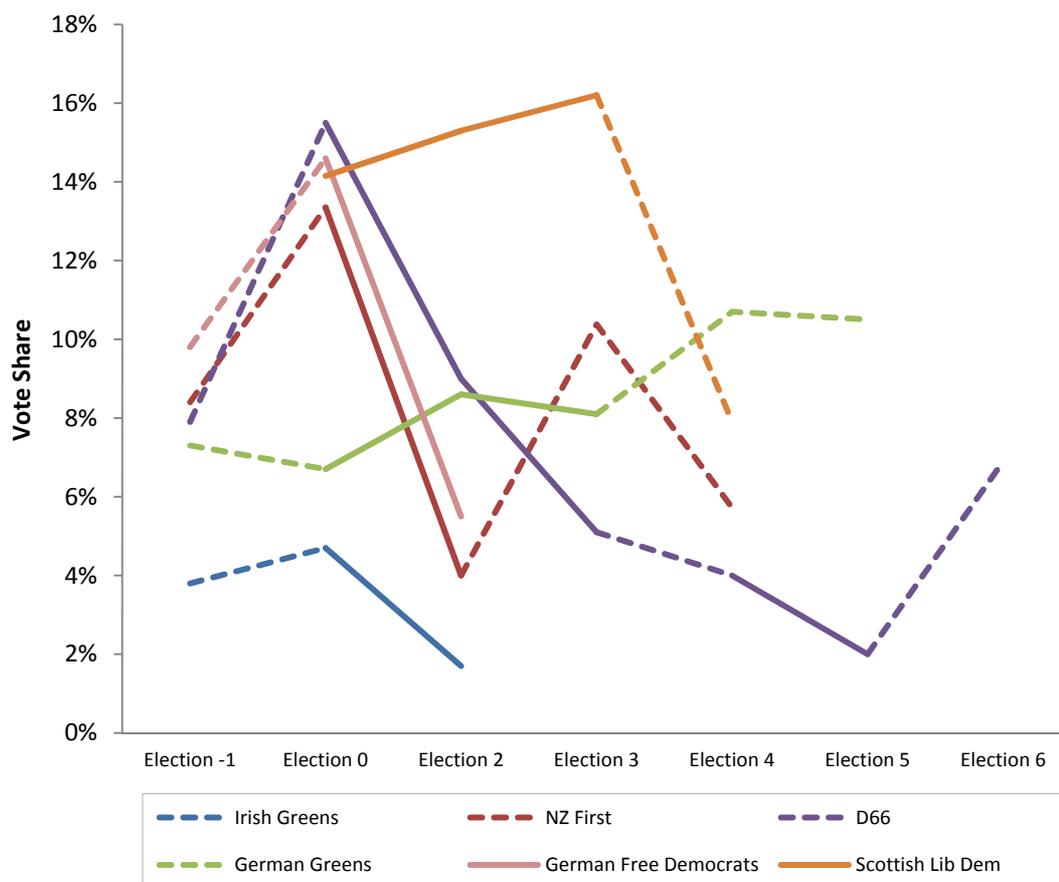
But second, smaller parties also need to be able to demonstrate their distinct contribution to government, and therefore need to have some distinct flagship policy successes to point to at the next election (as the Scottish Liberal Democrats and German Greens could do). But parties should pick their battles wisely – securing a concession that is seen as self-serving or irrelevant by voters (like the FDP VAT cut or Irish Greens' hunting ban) can undermine the wider strategy.

Third, small parties' success rests hugely upon the performance and profile of the party leader. Successful junior coalition partners have leaders with a strong public profile and a clear personal record of achievement in government (as did the German Greens, for instance, in Foreign Minister Joschka Fischer). Parties with weak or unstable leadership have fared poorly (like the FDP and D66). What Nick Clegg has personally achieved or delivered is a key question for the Liberal Democrats in 2015.

Fourth, parties associated with the premature coalition breakdowns are rarely rewarded by voters, as the experience of NZF, D66 and the Irish Greens illustrates. On the other hand, the German experience from 2005 is a reminder that coalitions can be brought to an end due to splits within the larger (and apparently dominant) party too, even when there is a strong fixed term parliament law.

Finally, smaller parties have a limited influence over whether they remain in government or not. A party may remain in coalition even after a poor election result (as for D66 in 2003) or may end up in opposition even after performing well (as for the German Greens in 2005 or the Scottish Liberal Democrats in 2007). The Liberal Democrats should therefore make the most of the rest of this Parliament, and seek to achieve as much of its agenda as possible before 2015.

Annex: Electoral performance of smaller parties in and out of coalition



Notes

1. 'Election 0' represents the election at which each party first entered coalition.
2. Dashed lines indicate periods in opposition; solid lines indicate periods in coalition government.
3. The most recent data points for FDP and German Greens are based on average of six polls published in first two weeks of September ahead of 22 September election.

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