

Britain: No agreement yet on coalition government

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The past weekend was dominated by horse-trading between the Conservative Party and the Liberal Democrats to patch together a coalition government, following the inconclusive outcome of Britain's May 6 general election.

The frenetic efforts have nothing to do with realising the “wishes of the electorate”, as asserted by Liberal leader Nick Clegg and Conservative leader David Cameron. They are dictated by the desire of all the official parties to reassure the international financial markets of their ability to impose severe public spending cuts, and thus stave off a run on sterling that would produce a Greece-style scenario for the UK.

It is a measure of the crisis facing Britain's ruling class that an immediate resolution to the political impasse has taken longer than they hoped.

With all the constituencies now declared, none of the official parties are able to form a majority government on their own. Labour recorded its worst result since 1983, losing 91 seats to hold just 258. But the Conservatives were unable to benefit significantly from disaffection with Labour and now hold 306 seats—20 less than required to give them a working majority.

A “surge” for the Liberal Democrats, hyped-up by the media in the closing days of the campaign, failed to materialise, with the party also losing seats to stand at 57. It can still play a role as “kingmaker”, however, especially after the debacle suffered by the Conservative's traditional ally in Northern Ireland, the Ulster Unionist Party.

A Conservative-Liberal coalition is the favoured option within global business and financial circles. As both parties have made clear their intention to impose significant spending cuts immediately, this arrangement is regarded as the minimum necessary to push through austerity measures that have no public support.

In the closing days of the campaign, Clegg had indicated his preference for a coalition with the Tories. He had even said that traditional Liberal Democrat demand for the introduction of proportional representation (PR) was not a precondition for an alliance—statements that contributed to

undermining his party in the polling booths.

Discussions between the Conservatives and Liberal Democrats began in earnest even before voting had been concluded in the early hours of Friday morning.

The *Independent* reported that “Ed Llewellyn, the Tory leader's chief of staff, and Oliver Letwin, the head of policy...had acted as the conduits in telephone calls to the Clegg camp over the previous 24 hours as the prospect of a hung parliament began to materialise to tease out a possible deal.”

Later that morning, in defiance of constitutional convention, which allows the incumbent prime minister first attempt at forming a government, Clegg reiterated his support for Cameron's “first right” to form an administration. He was rewarded several hours later by Cameron's offer to “work together” with the Liberals.

Several commentators opined that the final deal would be concluded by Sunday evening in order to allow a statement of intent to be issued before the financial markets open.

Throughout the weekend, Cameron and Clegg worked towards this end.

The two leaders and their teams first met privately on Saturday morning to discuss terms. This was followed by an announcement by the Liberal Democrats that all its MPs and its ruling federal executive had “fully endorsed” the discussion. Clegg outlined “four big priorities”, including fairer taxes, education reform, “a new approach to the economy” and, most notably, a pledge for “fundamental reform of our political system”, which paid no specific reference to PR.

Unanimous support from MPs and the federal executive is crucial for Clegg if he is to avoid having to put any proposed coalition terms to a special conference of the party membership.

While an alliance with the Tories would be easy for Clegg—his own relations with the Conservative Party stretch back at least to his university days and were cemented during his time working for Tory European Commissioner Leon Brittan in Brussels—it is more problematic for the party

rank-and-file and its periphery.

This is especially the case should Clegg agree a deal that does not explicitly involve a referendum on PR—the main point on which the Liberal Democrats have sought to portray themselves as the advocates of “real change” and genuine democracy. An indication of the problems Clegg faces was the 1,000-strong protest organised by groups in favour of PR that descended on the venue of his “exploratory” talks with the Conservatives.

Cameron faces similar difficulties in selling any coalition deal to his own party. In a statement, he set out the Conservative’s “red-line” issues on negotiations, including curbing immigration, opposition to a further transfer of powers from Britain to the European Union and limiting any changes on voting reform to an offer for an “all-party committee of inquiry” on the subject.

But that section of the Tory Party most closely associated with the Thatcherite hard-right regards any alliance with the Liberal Democrats as tantamount to treachery. Cameron’s critics include Lord Ashcroft, who bankrolled the Conservative campaign in key marginals, and well as other senior Tory MPs, one of whom denounced Cameron’s campaign slogan for the “Big Society” as “complete crap”.

Writing in the *Sunday Telegraph* Norman Tebbit, a cabinet minister under Thatcher and former Tory Party chairman, decried the election result for leaving the Tories dependent on negotiations with “the losers’ party” as to whether it would be allowed to form a government.

Tebbit warned that the May 6 poll was only a prelude to another election that must take place within 12 months.

“This Parliament will not last its potential five-year span,” he wrote. “It is the *next* election which will decide the fate of the country—with the contamination of coalition with a party which puts the interests of Our Masters in Brussels ahead of the interests of the British people.”

His view is shared by others. Writing in the *Guardian* May 8, Max Hastings bemoaned, “There is no way to escape the conclusion that the election outcome is a disaster for the country. It has produced a Parliament which cannot be viable for more than a few pretty squalid months.... The truth is that Britain’s next election campaign starts now.”

These tensions account for the announcement Sunday evening that while discussions between the two parties had been “very positive and productive”, further talks had been scheduled over the next 24 hours. During that time, Conservative backbenchers are to meet to discuss Cameron’s moves.

Both parties stressed that “economic stability” and “deficit reduction” would be at the heart of any agreement. Their statements confirm how overshadowing all the discussions will be the response of the international finance markets, not

only to the continuing instability in Britain, but throughout Europe. The issue at stake is the extent to which, in the face of growing global turmoil, the naysayers can be persuaded to put their differences to one side.

Should the Conservatives and Liberal Democrats fail to arrive at an accommodation, the Labour Party has made clear it is ready to step into the breach.

On Sunday evening it was reported that Prime Minister Gordon Brown had held secret talks with Clegg. Although these were apparently with Cameron’s knowledge, sections of the Labour Party and the nationalist parties are pushing for a “Progressive Coalition”.

Even if it were possible, a Labour-Liberal Democrat alliance would need the support of the smaller parties to form a majority administration. The Scottish National Party and Plaid Cymru have signalled their willingness to enter such an agreement.

Recent pronouncements from Labour MPs Kate Hoey and John Mann that Gordon Brown should resign as prime minister are aimed at clearing the path to such an arrangement.

The *Sunday Mirror* reported that privately Labour had offered six posts to the Liberal Democrats in return for a coalition—compared with the Tories’ offer of three. Brown was also reported to have agreed to stand down as Labour leader in favour of Foreign Secretary David Miliband or “another Cabinet Minister” within 12 to 18 months.

The BBC’s Nick Robinson reported, “Three of the architects of New Labour—Gordon Brown, Peter Mandelson, Alastair Campbell—were locked in Downing Street”, on Sunday afternoon, “discussing what the Prime Minister should do next and how to respond to the pressures on him.”

While one group in Labour’s Cabinet favours allowing the Tories to govern as a minority, another “larger group argues that if there is a chance of forming a ‘progressive alliance’, then Labour should take it. It is clear, though, that the presence of Brown is a block to any such deal. Thus, what is being discussed is for the Prime Minister to announce his intention to resign after seeing through the transition to a new coalition government, managing the current economic crisis and passing the instant legislation he promised to change the voting system.”



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