



UNITED WE STAND?

Coalition Government in the UK

Akash Paun

INSTITUTE
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GOVERNMENT

Foreword

Who knows whether for Britain coalition government is here to stay; or whether, like Lord Aberdeen's three-year coalition in the 1850s, it will prove to be an exception in a system which generally yields single-party government. The combined Conservative–Labour share of the vote was down in 2010 compared to 2005, leading some to predict more of the same; but the combined Con–Lab share of Commons seats in fact rose between the two elections, and it was the closer result between the two largest parties, in terms of seats, which created the conditions for coalition.

However, whether coalitions be few or many, it is essential that constitutional and administrative arrangements are put in place for them to function effectively. This report by Akash Paun analyses the functioning of the coalition in its first four months, and makes a number of practical suggestions for improved arrangements to support the effective working of coalition government in Whitehall and Westminster. All of the recommendations flow from dialogue with those centrally engaged in the coalition, and they could all be implemented rapidly and, in our judgement, without much controversy.

A handwritten signature in black ink, reading "Andrew Adonis". The signature is written in a cursive style with a long horizontal flourish underneath.

Andrew Adonis
The Rt Hon. Lord Adonis, Director, Institute for Government

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About the author

Akash Paun has been a senior researcher at the Institute for Government since 2008. Since joining he has co-written reports on performance management in public services, the organisation of the civil service, and the impact of a hung parliament on Westminster and Whitehall. Since May 2010, he has led the Institute's research on coalition government.

Prior to joining the Institute, Akash spent four years as a researcher at the Constitution Unit, UCL, where he led the Unit's Devolution Monitoring Programme and contributed to research on parliamentary and other areas of constitutional reform. He holds undergraduate and postgraduate degrees from the University of Leeds and the London School of Economics.

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My research on coalition government has its roots in a project on hung parliaments conducted jointly by the UCL Constitution Unit and Institute for Government in 2009. I therefore owe a debt to my colleagues on that project – Robert Hazell, who led our work, Ben Yong, Mark Chalmers and Catherine Haddon – for numerous insights that have made their way into this publication, often without due credit. Ben Seyd's earlier work on coalitions at the Constitution Unit also deserves a special mention at this point.

Finally, I must thank the various participants in our Making Coalition Government Work seminar programme in May–August 2010, and the many busy people in Whitehall and other governments around the world who spared their time to be interviewed during this research.

Akash Paun, Institute for Government, September 2010.

Executive summary

Having formed its first coalition government in 65 years, the UK has had to adapt quickly to a situation that is normal across most of the democratic world. For coalition government in the UK to succeed, a number of challenges must be overcome. This report analyses these challenges, and, based on international experience, provides some recommendations for how they can best be dealt with. It is not an exercise in crystal-ball gazing. It therefore makes no predictions of how long the coalition will last.

Like any government, the UK coalition needs a clear, shared vision of what it is in office to achieve. The two parties sought to reconcile their differing perspectives in a written 'Programme for Government', setting out a joint policy agenda for five years. This document provides clarity about the government's objectives, which is beneficial for ministers, civil servants and the public alike.

However, flexibility must be maintained to review and refresh the agreement in the light of changing circumstances. And the government should avoid allowing a 'tick-box culture' to develop, where implementation of the Programme becomes its sole focus. We therefore recommend that **the government should hold a full review of the Programme for Government and the governance arrangements underpinning it after two years in office** (recommendation 1), as past coalitions in Ireland, for instance, have done.

The Programme also inevitably left unresolved a number of thorny dilemmas, from key fiscal decisions (some of which were dealt with in June's Emergency Budget, while others will be tackled in the autumn Comprehensive Spending Review) to the many policy issues referred to reviews or commissions or simply not addressed at all. Dealing with this unfinished business and other matters that arise will pose a challenge at both political and administrative levels of the coalition. Ministers will have to show leadership, make difficult compromises and convince their parties to follow them. And the civil service will play a vital role in operating the dispute resolution and consultation mechanisms through which these issues will be settled.

Indications so far are that these systems are working well, but serious disputes have not yet occurred. To ensure that problems do not arise, **the government should consider creating a formal process by which ministers have to confirm that submissions to Cabinet and Cabinet Committees have been cleared with the other party**, drawing on the model of New Zealand's 'Cab 100' form (recommendation 2). Furthermore, **the government should make it explicit that permanent secretaries are responsible for ensuring that appropriate cross-party consultation is carried out** on policy announcements from their department (recommendation 3).

The Whitehall system is designed around the assumption that government is led by a single individual – the Prime Minister. A government with a two-headed leadership imposes a particular set of demands. For it to work, the government will depend on the structures and processes built around the two men at the top. In particular, sufficient

support must be provided to enable the Deputy Prime Minister to function effectively as a joint leader of the coalition. At present, there is insufficient support provided for the Deputy Prime Minister to fulfil his role there, which may lead to tensions down the line if left unaddressed.

We recommend that **the Deputy Prime Minister's Private Office should be strengthened, with a permanent secretary level official appointed at the head of the office, and with support from additional senior civil servants as Private Secretaries** (recommendation 4). To clarify the status and functions of the Deputy Prime Minister and to enable better public understanding of his role, **a separate website and visual identity should be created for the Office of the Deputy Prime Minister** (recommendation 5).

It is not just the centre of government (by which we mean the Cabinet Office, Number 10 and the Treasury), but the whole coalition that rests on balance between the parties. While the Conservatives will expect a greater influence over decisions taken and a greater share of ministerial portfolios, the partnership depends on both sides being adequately consulted and involved in decision-making processes. In most departments there is just one Liberal Democrat minister, often at a junior level, meaning that he or she has less support than the Secretary of State. This can make it difficult for them to maintain a presence across the entire policy domain of their department. The reverse case may apply in the Department of Energy and Climate Change and the Scotland Office, where the Conservatives are relatively under-resourced.

To mitigate these problems, the general principle should be adopted that in all major Whitehall departments, there should be at least one special adviser from each coalition party. At the least, **additional special advisers should be appointed to support ministers of state in departments where the Secretary of State comes from a different party** (recommendation 6). This would mean the appointment of an additional six to ten special advisers.

There are also a number of important areas with no Liberal Democrat representation at all, at either ministerial or adviser level. In those areas steps must be taken to ensure that the views of the junior party are taken into account at all points of the policy process, and during faster-moving decision-making processes in response to events and crises.

The optimal solution would be that at the next reshuffle, **the Prime Minister and Deputy Prime Minister should appoint Liberal Democrat junior ministers in the three major departments where the party is currently entirely without representation:** Department for Environment, Food and Rural Affairs (Defra); Department for International Development (DfID); and Department for Culture, Media and Sport (DCMS) (recommendation 7). As an interim measure, more formal links should be developed between these departments and specified special advisers at the centre and/or Liberal Democrat MPs outside government.

In addition to creating effective structures and providing sufficient resources for the coalition parties, the government must ensure that personal relationships at the top, and throughout government, remain strong. Our research shows that conflict between

coalition partners is a frequent cause of government breakdown. **The government should adopt New Zealand's 'good faith and no surprises' principles to ensure that mistrust and misunderstanding does not destabilise the coalition** (recommendation 8).

On some issues, the two sides will remain in fundamental disagreement. To get around this, the Programme for Government makes provision for the two sides to 'agree to disagree' on issues such as university finance and nuclear power. This allows for ministers to argue in public for different policies, and for the Liberal Democrats to abstain in parliamentary votes if consensus is not found. The latter part of this approach will be difficult to make work politically, since if Liberal Democrats abstain in the House of Commons, then the Conservative position will be carried even if all other MPs vote against. This will open up the Liberal Democrats to unavoidable criticism for not backing party policy in parliament. Use of such mechanisms will therefore be kept to a minimum.

A better approach could be that **the government should make greater recourse to free votes in areas that are not vital to the integrity of the government or its control of aggregate public spending levels** (recommendation 9).

These challenges are all unfamiliar to the UK political system, but they are well recognised in many countries around the world. International lessons show that none are insurmountable. Drawing on this experience, this report seeks to provide some useful lessons and guidance for this coalition and for other multi-party governments in the coming years.

Introduction

'This too I know,' Benjamin Disraeli once famously declared, 'that England does not love coalitions.'¹ Underlying this claim was the belief, still commonly held, that government in this country works best when one party has a clear majority. In the UK, and particularly in England, which has missed out on the past decade of power-sharing at the devolved level,² the notion of effective government is strongly associated with a Prime Minister's ability to push through his or her policy agenda without resort to those strange continental habits of negotiating and compromising with other parties.

On the eve of the 2010 UK general election, after weeks of opinion polls pointing to a hung parliament as the most likely outcome, a full 55% of those polled felt that the lack of an overall majority in the House of Commons would be 'a bad thing for the country'. Only 30% favoured that outcome.³ And yet, insufficiently inspired by the two potential single-party governments on offer, the British people nonetheless returned a House of Commons that would require cross-party cooperation of one form or another.

After four months of the Conservative–Liberal Democrat coalition that eventually emerged, it is easy to forget how improbable such an outcome appeared up until the day after the polls closed. A detailed assessment by a Liberal Democrat insider concluded in March 2010 that 'the Liberal Democrats, then, will find it difficult if not impossible to enter a Conservative-led coalition'.⁴ The only coalition that seemed at all feasible was a Labour–Liberal Democrat deal, the long-held aspiration of parts of both parties, and for which Tony Blair and Paddy Ashdown had laid the ground before the 1997 election.⁵ But so long as the Conservatives ended up as the largest party in a hung parliament, virtually all commentators⁶ believed the most likely result would be the formation of a (probably short-lived) minority Conservative administration, at most supported by the Liberal Democrats through a 'confidence and supply agreement'.

David Cameron's historic statement on the afternoon of 7 May tore up those expectations.⁷ In making Nick Clegg a 'big, open and comprehensive offer' and expressing a clear preference for stable majority government, the Conservative leader set in motion an experiment in multi-party rule to which political parties, the civil service, the media and the wider public are still adapting.

The coalition's early dynamism contrasted with many people's expectations of a divided and hamstrung administration.⁸ The two sides were swiftly able to negotiate a detailed 'Programme for Government' to stretch over a full five-year parliamentary term. And once in office, the new ministerial team sprung from the blocks, announcing radical early action to tackle the deficit, a raft of important constitutional reforms, and major changes to public services, notably in education and health care. The public seemed persuaded: shortly after the coalition deal was signed there was 59% approval and just 32% disapproval of the 'decision... to govern in coalition'.⁹

However, as political commentator Danny Finkelstein argued at a seminar at the Institute for Government in July 2010, attempting to assess the performance of the coalition at this stage may well be akin to asking a man falling from a 40-storey building 'So how's it going so far?' as he passes the windows of the 30th floor. The reality is that the early days of any new government have something of the honeymoon spirit about them, particularly when the Opposition is engaged in an introspective period of electing a new leader and rethinking its policies and ideology.

A series of potential pitfalls lies in the path of the coalition. A coalition government must manage tensions both between and within its component parties. It must maintain a balance between the two leaders and between ministers and advisers of the two sides. It must construct a coherent shared agenda and sense of purpose. And it must do so without eroding the distinct identities of the two partners. Ultimately, the partners must be able to cooperate in power while simultaneously competing for media attention, credibility and votes. All of this must be accomplished in the context of a political and media culture accustomed to treating disagreement among ministers as a sign of crisis, and changes in party policy as a sign of betrayal.

Perhaps the single most serious potential weakness in the current arrangements lies in the disparity of resources between the two coalition parties. Although this has not caused major problems yet, the risk is that when tough choices and crises must be confronted, the smaller party's voice will not be heard, and the system will act as if led by a single-party government. This in turn may trigger destabilising disputes.

Should the coalition fail to negotiate these unfamiliar challenges, then the first, less often quoted, half of Disraeli's maxim may come to pass: that 'Coalitions though successful have always found this, that their triumph has been brief.'

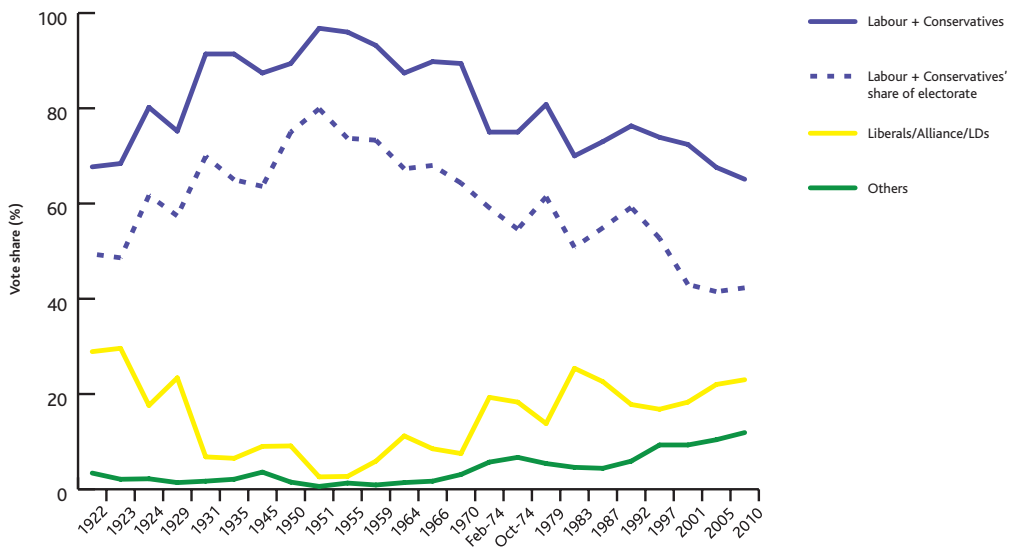
This report is an attempt to analyse the difficulties that lie ahead, to assess the government's preparedness for them, to provide international lessons for how best to respond, and to make recommendations for how the system may need to adapt to the transformed political landscape.

O brave new world: is coalition government here to stay?

The doctrine of British exceptionalism might hold that the current experiment with coalition government is but a brief anomalous interlude, to be put right by a more decisive result at the next General Election. But as Figure 1 illustrates, two-party dominance – on which the presumption of stable majorities has rested – has been on a downward trend for six decades.

At their peak in 1951, the two large parties combined won 97% of the vote, on an 80% turnout. Since then, British politics has witnessed a Liberal renaissance, the emergence of Scottish and Welsh nationalism, and the rise of smaller movements such as the Greens and UKIP. By 2010, the Big Two had fallen to their lowest combined standing since 1918, winning just 65% of votes cast. When falling turnout is taken into account, Labour and the Tories have lost to smaller parties and abstentions almost half the votes they managed to attract in the mid-20th century.

Figure 1: The rise and fall of two-party politics



Source: IfG analysis of data from www.parliament.uk/documents/commons/lib/research/rp2004/rp04 and www.bbc.co.uk.

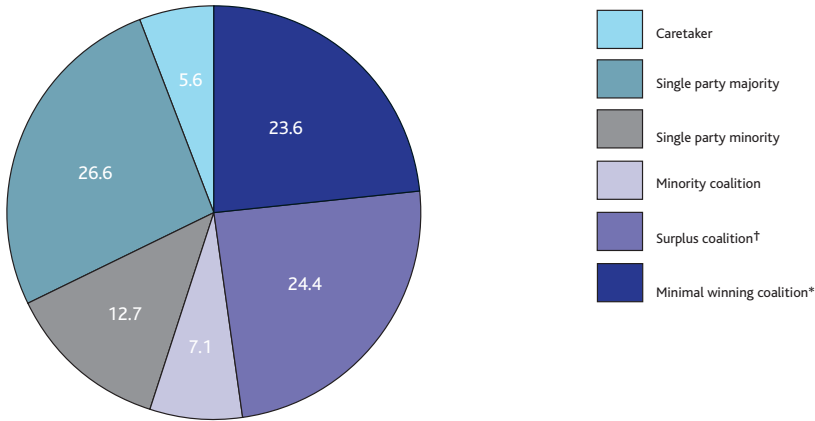
What this suggests, as psephologist John Curtice recently argued, is that the 2010 election result 'was no one-off aberration'.¹⁰ Rather, it fits within a long-term trend towards a more pluralistic, if not fragmented, party system. Only the striking disproportionality of first-past-the-post has prevented our 'hung electorate' from returning a hung parliament more frequently in recent decades. Electoral reform, should it occur, may therefore reinforce this trend, although it is debatable whether the proposed Alternative Vote would necessarily deliver more proportional outcomes than the current system.¹¹

This does not mean that no party will ever win a majority on its own again. Indeed the next election may see a swing back to two-party dominance if the 'squeeze' on the Liberal Democrats, shown in recent opinion polls, were to continue.¹² But over the longer term, it is probable that we will see more hung parliaments than in the past few decades. How to make a success of multi-party politics is therefore a sensible and important question to address at this juncture.

Live long and prosper? International lessons for the UK coalition

A coalition government, with ministers of more than one party sitting alongside each other in Cabinet and at the Despatch Box, may be a novelty at Westminster, but it is what much of the rest of the democratic world has come to expect from its elections. In countries such as Germany, Austria, the Netherlands, Scandinavia and most of the new democracies of Eastern Europe, it is single-party governments that are an aberration. In the second half of the last century, more than half of all governments in the democratic world were coalitions of one form or another (see Figure 2).¹³ Even in the Westminster systems, where single-party dominance was once taken for granted, hung parliaments are now the norm (Australia's August 2010 election was the latest example of this apparent trend).¹⁴

Figure 2: The frequency of different types of government across countries (%)



*A 'minimal winning coalition' is defined as one where the withdrawal of any of the coalition partners would lead to the loss of the government's majority. The current UK government is therefore classified as a minimal winning coalition.

†A 'surplus coalition' is one where there are more parties in government than are necessary to form a majority, meaning that at least one could withdraw without the government losing its majority.

Source: IfG analysis of data from Jaap Woldendorp, Hans Keman and Ian Budge, *Party Government in 48 Democracies (1945–1998): Composition, Duration and Personnel* (New York: Springer, 2000), p. 86.

It is true that single-party governments can today be found in Canada, New Zealand, Scotland, Spain and Portugal – but these are minority administrations that must find alternative means of cooperating with other parties in the legislature. In the EU, only Greece and Malta currently have single-party majority governments. Our map of EU governments (see Figure 3) also reveals that centre-right coalitions are particularly prevalent at present.

Figure 3: Map of European governments



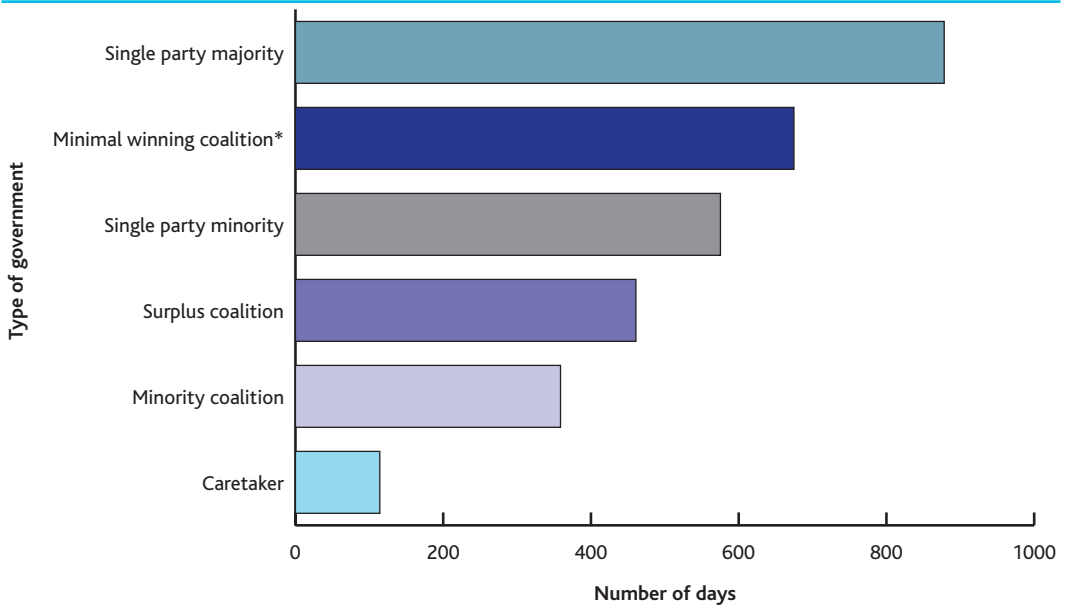
Note: No data was available for the former Yugoslav republics and Albania.

Source: IfG analysis and Simon Hix, 'Con-Lib Coalitions Are Now the Norm in Europe', 7 June 2010, at: <http://blogs.lse.ac.uk/politicsandpolicy/?p=2864>.

The 2010 election, in other words, has moved the UK into the mainstream of European and broader Western democratic politics. The good news, therefore, is that there is a wealth of lessons – both positive and negative – for the UK to draw on as it feels its way into this new era.

One commonly expressed concern about coalition governments is that they are likely to be unstable and short-lived. The international evidence does show that, other things being equal, coalition governments do not last as long as those formed of one party. But the difference is not enormous. A study of 50 years of government in 48 democracies found that single party majorities were the longest-lasting of six types of government categorised (see Figure 4).¹⁵ So-called 'minimal winning coalitions', which require all component parties to maintain a majority (as is the case for the current UK coalition), are ranked second, lasting about seven months less than one-party majority administrations.

Figure 4: How long different types of government last across countries



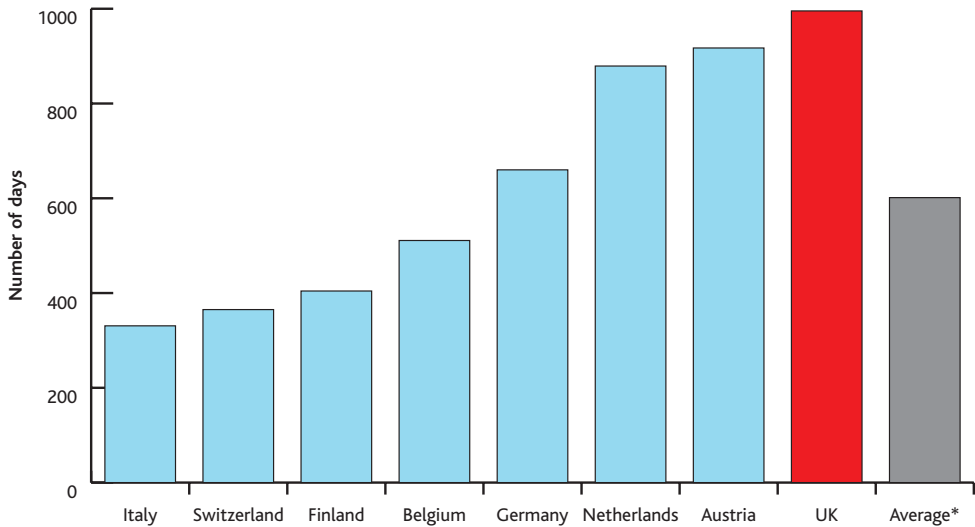
* The current UK government is classified as a minimal winning coalition. This is defined in the notes to Figure 2.

Note: According to standard methodology, a government is counted as terminating at the time of an election even if the incumbent party or parties win the election and return to power. So UK governments have a maximum duration of 1827 days (five years). A change of PM also counts as a government change.

Source: IfG analysis of data from Woldendorp, Keman and Budge, *Party government in 48 democracies (1945-1998)*, p.86.

International data also remind us that there is a wide spectrum of experience among those countries that are typically governed by coalitions (see Figure 5). For every Italy, where post-war governments have lasted less than a year on average, there is an Austria, whose governments have endured almost as long as those in the UK.¹⁶ Long-run averages in countries such as Germany and Finland also obscure the fact that while the early post-war era saw quite frequent changes of government, coalitions in recent decades have most often lasted their full four-year term.

Figure 5: Average length of governments in selected European countries



*Average of 48 countries studied.

Source: IfG analysis of data from Woldendorp, Keman and Budge, *Party government in 48 democracies (1945-1998)*, p. 79.

Divided we fall: how and why coalitions end

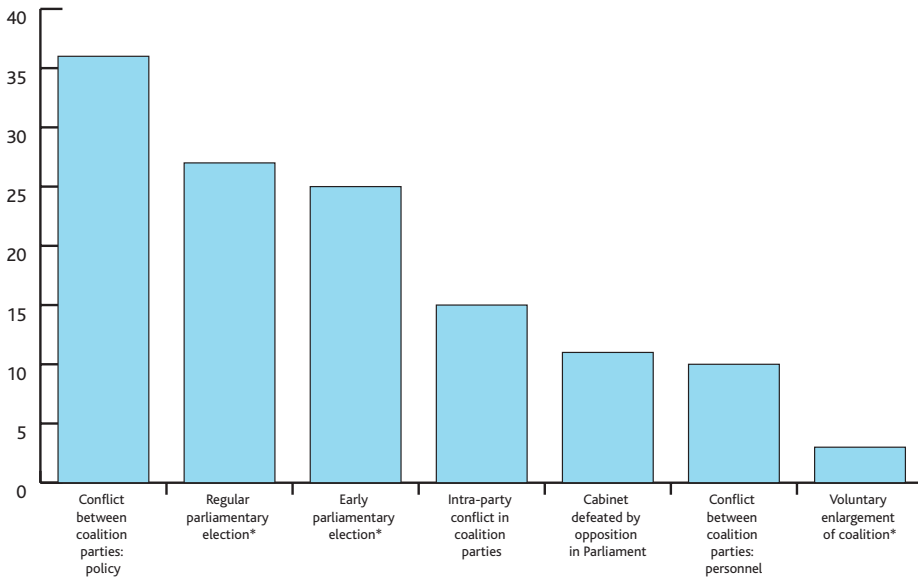
Before the 2010 UK election, parliaments with no overall majority were most commonly associated with the mid-late 1970s Labour minority administrations and, to a lesser extent, the tail end of the John Major era, when the government's majority had been wiped out. The images that stand out from those periods are of weakness, lack of direction, late-night battles in parliament, and the ever-present danger of defeat at the hands of the Opposition. This helps to explain pre-election hyperbole such as Ken Clarke's claim that 'Fooling about with multiparty debate in what we call a hung parliament will be the equivalent of fiddling while Rome burns'.¹⁷

However, in forming a coalition government with a healthy majority of 77 the Cameron–Clegg administration has reduced the chances of meeting this particular fate. Indeed, unlike the Blair and Brown governments, the coalition has an effective majority in the House of Lords, too, so may face fewer difficulties at that stage of the legislative process as well.

The most extensive academic study of coalition governments in Western Europe confirms that coalition governments (at least when they have a majority in the legislature) are rarely brought down in parliament. Defeat by the opposition is cited as a factor in the demise of just 10% of coalition cabinets studied.¹⁸ So what are the most common catalysts of the termination of coalition governments?

Top of the list is conflict between partners over policy, which crops up in over 35% of cases (see Figure 6). These data support the suggestion that 'Coalition [majority] rule makes life difficult within government but simple in parliament. Minority government is the other way around', a comment made in 2009 by Scottish Parliamentary Business Minister Bruce Crawford in reference to his country's post-devolution experience.¹⁹

Figure 6: How coalition governments end



* Mutually exclusive categories.

Note: More than one catalyst for the termination of coalition cabinets may be cited in any particular case, hence these figures add up to more than 100%.

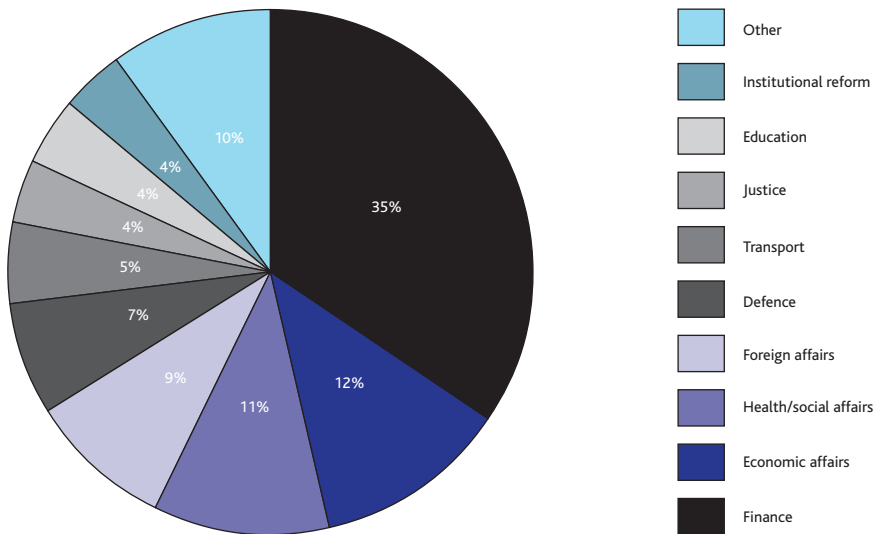
Source: IfG analysis of data from Müller and Strøm (eds), *Coalition Governments in Western Europe* (Oxford: Oxford University Press, 2000). Data covers 1945–1999 period for 13 Western European countries.

When policy conflict does bring down a coalition, finance (including tax policy) and economic policy are by far the most common triggers, cited as a cause of government termination in almost half of cases (see Figure 7).²⁰ This is perhaps not altogether surprising. Redistributive challenges pose tough questions about government priorities and force tradeoffs to be made. As a result, these issues strike at the heart of coalition politics. Coalitions that have collapsed over fiscal matters include centre-right coalitions in Sweden in 1981 and Austria in 2002, both of which fell apart over tax reform plans. The current German coalition also faces problems deriving from disagreements over the affordability of planned tax reductions.²¹

Foreign and defence policy disputes have also contributed to the fall of a sizeable number of coalition governments. This can be a difficult area in which to reach compromise, as binary choices between mutually exclusive positions are often required. Thus the coalition cabinet of the Netherlands fell apart in early 2010 over the divisive issue of the Dutch

presence in Afghanistan. Japan’s coalition also split this year over defence policy – though without losing its parliamentary majority – when a junior partner withdrew in protest over the continued presence of American soldiers at a controversial military base in Okinawa.²²

Figure 7: Which policy areas lead to coalition splits?



Note: In compiling the above analysis, we tallied the number of times coalition cabinets terminated as a result of policy conflicts. Where conflicts within two or more policy areas contributed to the demise of a single coalition cabinet, these were counted as separate cases. Data covers 1945–1999 period for 13 Western European countries. Data total 101% due to rounding.

Source: IfG analysis of data from Müller and Strøm, *Coalition Governments in Western Europe*.

It is worth noting, given the tensions surrounding the prospect of electoral and political reform in the UK, that constitutional issues have rarely been the decisive factor in bringing down coalitions overseas. Belgium is one counter-example, where irreconcilable differences over the federal structure of Belgium have torn several governments apart, including in April 2010. In other cases, disputes over constitutional matters have been soothed via recourse to a referendum, with the coalition parties allowing the public to decide while reserving the right to campaign for different outcomes. This is how the current Icelandic government plans to resolve the issue of EU accession, and is also, of course, the path chosen by David Cameron and Nick Clegg to settle the issue of electoral reform. Its advantage is that it can help parties maintain their distinctive policy positions without undermining Cabinet unity on the rest of the coalition’s programme, but it works only so far as both sides are willing to live with the possibility of either outcome.

Coalition partners can also fall out for inter-personal rather than party-political reasons. This is cited as a direct catalyst of coalition breakdown in only 10% of cases, but this figure may underestimate the importance of this factor. Evidence from other countries suggests that where relationships are strong, policy disputes are less likely to lead to crisis.

The coalition in Berlin may be dysfunctional not only because of policy splits (as noted above), but also because of the poor relationship between Chancellor Merkel and liberal leader Guido Westerwelle. This stands in contrast to the more cordial relations enjoyed between Merkel and Social Democrat leaders Muntefering and Steinmeier during the 2005–2009 grand coalition, in spite of sharper ideological differences.²³

Coalition partners may also part ways in response to events. These may be purely external shocks such as the financial crisis that brought down Iceland's coalition in 2009. Or they may stem from the behaviour of members of the government. In particular, scandals affecting one coalition party can lead others to conclude that remaining in coalition has become harmful to their political standing and brand owing to notions of 'guilt by association'. An example of this is the withdrawal of the Irish Progressive Democrats from coalition with Fianna Fail in 1992 amid allegations of irregular relations between politicians and the beef industry.

But parties may also decide to withdraw from government for purely tactical reasons, in response to poor electoral or opinion poll performance, or because a better offer comes along. For this reason the German liberal party, the FDP, switched its allegiance from centre-left to centre-right in 1982, ushering in 16 years of rule by Christian Democrat leader Helmut Kohl.

Last but not least, coalitions can also collapse as a result of conflict within one or other of the component parties. Both of the first two coalitions formed in New Zealand after the adoption of proportional representation in 1996 collapsed after splits within the smaller partner. Conflict within parties is cited as a factor in ending coalitions in around 15% of cases (see Figure 6 above). This serves as a reminder that parties themselves represent coalitions of interests, and that party leaders must pay close attention to their relationships with their own parties as well as with their coalition allies.

All coalition governments will face some or all of the challenges discussed above. But why do some coalitions weather these storms, while others do not? Constitutional provisions provide part of the answer. In Germany, for instance, a Chancellor can only be replaced by means of a 'constructive vote of no confidence' in the Bundestag, meaning that an alternative candidate must be proposed at the time that the legislature seeks to bring down the incumbent. In many European democracies and in the devolved legislatures of the United Kingdom, the law or constitution also makes it difficult for the government to engineer an early election. The British government's Fixed Term Parliaments Bill, which contains the provision that government can trigger an early dissolution only with the support of two-thirds of MPs, is highly significant in this regard, as it will increase the likelihood that this and future governments run for a full five years.

But to be a success, the government needs to do more than merely survive. It must also show that a coalition government can govern the country effectively. This is in both parties' interests even though, come the next election, they will once again be competing for votes.

Governing with purpose: a strategy, not a straitjacket

One prerequisite for effective governance is that the government sets out a clear vision of what it is in office to achieve. This is inherently more difficult for a coalition government since it requires a blend of two competing policy platforms and sets of values.

Like most coalitions, the UK government set out to determine its shared objectives and priorities through an initial negotiation process leading to the publication of a written coalition agreement. In the UK case, a short initial document was followed by the longer, more comprehensive Programme for Government, with objectives agreed under 31 policy headings.²⁴ A separate document was also published detailing the processes that would be followed to take decisions and resolve disputes while in office.²⁵

The benefits of a written coalition agreement are apparent.²⁶ Both sides know – and can explain to their members and supporters – on what basis they are entering a power-sharing government. The agreement provides a point of reference in case of disagreement later on. And the public have a clear idea of the coalition's objectives and therefore a set of promises against which to hold the government to account.

The coalition agreement serves as a de facto contract between the two parties. It is therefore likely to provide a greater degree of policy stability and predictability than the election manifesto of a single party government, since changes of direction require consensus between the two parties. As a coalition agreement represents a complex web of cross-issue compromises (where budgetary policy may be traded against action on electoral reform, for instance), it is also very difficult to renegotiate any particular item in isolation.

Similarly, a coalition government can be expected to be more stable in terms of machinery of government and ministerial tenure. The Prime Minister in a single-party administration can (and frequently does) reconfigure the departmental structure of Whitehall and reshuffle his or her pack of ministers almost at will. But in a coalition such decisions usually must be agreed with the smaller partner, which will on average reduce the frequency of (what are often disruptive) changes.²⁷ In the UK case, the presence of the additional veto player is made explicit in the coalition's 'agreement for stability and reform', which states that 'changes to the allocation of portfolios between the Parliamentary Parties... will be agreed between the Prime Minister and the Deputy Prime Minister'.²⁸

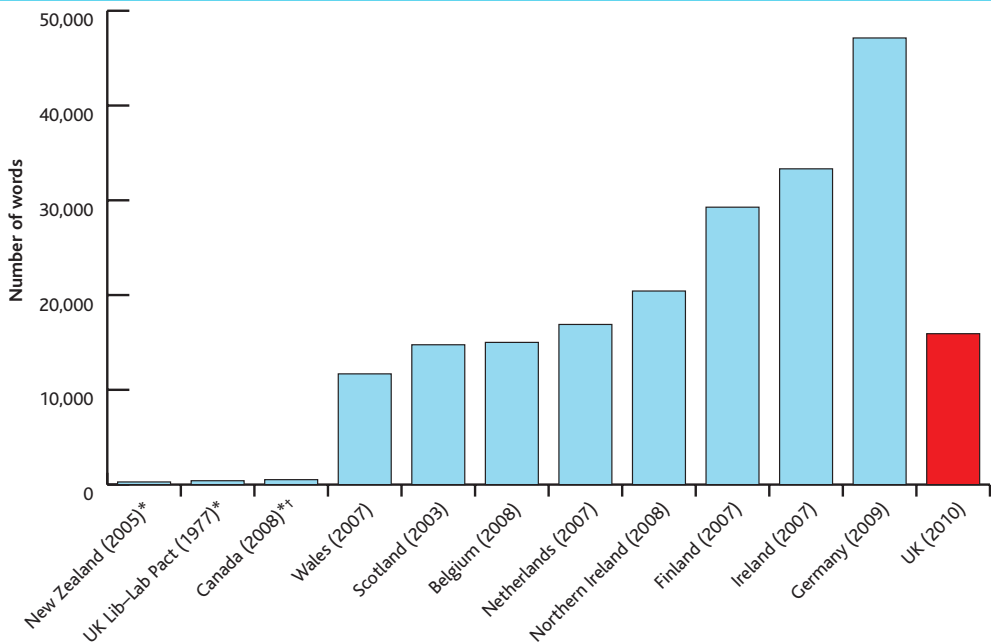
International evidence confirms that ministerial tenure is on average longer in coalition governments (even while coalitions themselves tend to be shorter-lived). Interestingly, this effect is particularly strong for ministers from smaller parties in coalitions.²⁹

This greater degree of clarity and stability in policy and governance brings obvious benefits for those working for government and also for those on the receiving end of policy decisions. There appears to be near unanimity within government that the coalition

agreement has delivered these benefits. But there can be downsides too. International observers caution that coalition agreements can restrict government’s agility and its capacity to respond to events.³⁰ This can particularly be the case when there is little experience of cooperation between the parties in question, as occurred in New Zealand in 1996, when the two sides sought to set down in writing every last policy at the outset, for fear of failing to reach agreement later on.

The UK Programme for Government appears to have avoided the worst of such cases. By international standards, the British coalition agreement is not particularly long (see Figure 8). And there are few micro pledges along the lines of ‘completing the Aberdeen Western Peripheral Road’ and to ‘treble existing numbers of nurse consultants to 54’, both of which can be found in Scotland’s 2003 Partnership Agreement.³¹ In the UK case, negotiators also apparently kept the wording of objectives deliberately vague, in order to allow the detail to be worked out later on.

Figure 8: The length of coalition agreements around the world



*Very short coalition agreements mainly or entirely covering the rules and principles of coalition government rather than the government’s policy programme.

†Coalition agreement for proposed Liberal-NDP coalition, which was ultimately not formed.

Source: IfG analysis.

But there have nonetheless been early signs that the government will find it difficult to reconsider aspects of the Programme or to add new elements to it. Permanent secretaries have been told that the Programme has superseded manifestos and any other pre-election commitments by either party,³² which one interviewee argued could be unhelpful in areas where the Programme said little.

There is also a political obstacle to any deviation from the letter of the Programme, since changes are likely to face opposition from whichever party perceives its position being diluted. This was apparent in Liberal Democrat Deputy Leader Simon Hughes' criticisms of the social housing policy proposal floated by the Prime Minister in early August: 'it was not in the election manifesto of either party, it was not in the coalition agreement... if he wants to pursue it then there are the proper channels to do so'.³³ If coalition government restrains the impulse to make policy 'on the hoof' then this is surely a positive development. But if the effect is to constrain the capacity for new policy development in general, then this would become a cause for concern.

Coalition agreements can also bias the system to a 'tunnel vision' style of governing, where implementation of items in the coalition agreement becomes the sole focus of officials' and advisers' efforts. Past coalitions in several countries have suffered from this tendency, according to interviewees and seminar participants.³⁴ In Wales, for instance, the 2007 coalition agreement has been translated into a highly detailed 'Delivery Plan', tracking progress against a total of 228 discrete commitments.³⁵

The problem is that this approach can crowd out space for reviews and refinements of existing policies on the basis of evolving conditions (such as economic changes) and new evidence about what works. There is also a risk that items in the Programme for Government may have been agreed without sufficient scrutiny in the frantic days after the election, but will be pushed through regardless, having been sanctified by inclusion in the coalition agreement.

The UK coalition will have to think hard about how to preserve its flexibility of action in the context of such constraints. The Coalition Operation and Strategic Planning Group, chaired by Conservative Oliver Letwin and Liberal Democrat Danny Alexander, should keep the Programme under ongoing scrutiny as part of its remit 'to consider and resolve issues relating to the operation of the coalition agreement'.³⁶ Any proposed changes to the Programme would ultimately be ratified by the Coalition Committee chaired by David Cameron and Nick Clegg, as per existing arrangements.

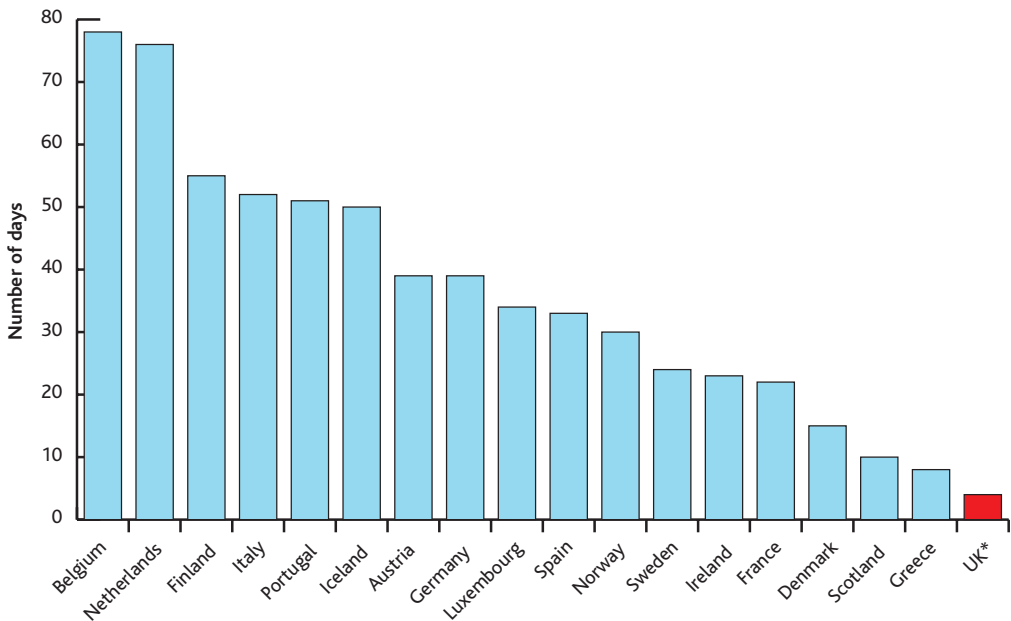
Further, the government should hold a full review of the Programme for Government as well as the structures and processes that underpin the coalition after two years in office (**recommendation 1**). This could draw upon experience in Ireland, for instance, where the 1997 Fianna Fail–Progressive Democrats coalition reviewed their 'Action Programme for the Millennium' agreement after two years, assessing progress so far, and setting new objectives in many areas.³⁷ As Ben Seyd notes, such review processes are 'of course, designed partly for public consumption...but they also represent ways in which the coalition partners can assess how far the agreement's terms are being adhered to and ensure that incentives remain aligned'.³⁸

Finally, ministers, advisers and civil servants must also ensure that enough time is set aside for forward thinking and horizon scanning so that the government does not fall into the tick-box implementation culture that has sapped the vitality of coalitions elsewhere. This should be done on a cross-departmental basis around large cross-cutting challenges, as well as within individual departments.

Government formation and unfinished business

Many international observers were surprised at the speed with which the May 2010 negotiations between the Conservatives and Liberal Democrats were concluded.³⁹ The five day interregnum between the election and David Cameron's trip to Buckingham Palace seemed to stretch out alarmingly from a Westminster perspective, since immediate transitions of power have been the custom in this country. But as Figure 9 illustrates, this was a far quicker process than is usual elsewhere in Europe, especially in countries where coalitions are the norm such as Germany and the Netherlands.

Figure 9: The length of the government formation process



*The UK coalition government was formed in five days, although the full coalition agreement was not published until 13 days after the election.

Source: IfG analysis of data from de Winter, 'The Role of Parliament in Government Formation and Resignation, in Herbert Döring (ed.), *Parliaments and Majority Rule in Western Europe* (Frankfurt: Campus Verlag, 1995), p.118.

The rapid conclusion of the negotiations was welcomed by many in and around government, including Cabinet Secretary Sir Gus O'Donnell.⁴⁰ But it does raise the possibility that important policy decisions may have been ducked or fudged, storing up problems to come. Most obviously, and unlike in countries such as Finland and the Netherlands, the coalition agreement was formulated largely in isolation from decisions about fiscal policy, and levels of spending and taxation, with tough choices about where to make cuts rolled over into June's Emergency Budget and the ongoing Comprehensive

Spending Review. In reality, there was probably no alternative to this. In the face of media, market and party-political pressures, there was no time for detailed analysis of the government's fiscal position or options for consolidation. Instead, the Programme made clear that deficit reduction was its top priority. Thus, following 30 pages of policy commitments, a final-page caveat states that 'the deficit reduction programme takes precedence over any of the other measures in this agreement, and the speed of implementation of any measures that have a cost to the public finances will depend on decisions to be made in the Comprehensive Spending Review'.⁴¹

Negotiating the Comprehensive Spending Review, which would have posed enough of a challenge in the most favourable circumstances, has therefore become a crucial test of survival for the coalition. It will require the government not only to identify and implement unprecedentedly large cuts in public spending, but also to do so in a way that does not upset the delicate balance between Conservative and Liberal Democrat interests in the Programme for Government. Also, while the Programme required consensus on what to do, this year's Comprehensive Spending Review will predominantly consist of negotiations about what not to do, which will make for a different type of decision-making challenge altogether.⁴²

The Programme for Government also did not reach agreement on a range of other thorny policy questions, as reflected in the 35 or so issues referred to reviews or commissions. This is an obvious tactic for containing specific disputes while enabling negotiations to continue along a broader front. It can also be a successful approach to policy-making in divisive areas, as independent reviews can help to depoliticise issues and to bring expertise and evidence to bear upon the question.

In Scotland, the 1999 Labour–Liberal Democrat partnership agreement included a commitment to an independent inquiry on university finance, which had been a high-profile issue in the election campaign after Labour's controversial introduction of tuition fees across the UK a year earlier (before these powers had been devolved to Scotland). The Cubie Inquiry, subsequently established, succeeded in paving the way to the compromise position of the 'graduate endowment', which both sides were able to agree upon. The UK coalition will be hoping that the Browne review of higher education funding (established by Labour before the election, rather than by the coalition) can perform a similar function today.

But the suspicion remains that in several cases where Conservative and Liberal Democrat approaches are naturally in tension this device was used as a way to defer or avoid decisions, especially in areas of greater concern to party backbenchers and members than the leadership. Examples include the reviews of the Human Rights Act and the West Lothian Question. There are also unresolved tensions around certain foreign policy decisions, for instance relating to withdrawal from Afghanistan and Iraq, and relations with the EU.

The next time a General Election returns a hung parliament, it might be sensible for participants and commentators alike to expect and allow for a longer process of negotiation to ensure that crucial differences are ironed out rather than merely

papered over. A longer transition period may be advantageous even in the event of a majority victory, as Peter Riddell and Catherine Haddon have argued.⁴³ Securing additional breathing space from media and market pressures will primarily be a matter of expectations management. But May 2010 illustrated that a five-day handover was eminently workable, so the case should be easier to make next time round. It might also be sensible for the Cabinet Manual (currently being drafted in the Cabinet Office) to make clear that an incumbent Prime Minister should not resign his position until any mooted coalition has reached final agreement on the basis for shared government. Cross-party agreement with this principle should be sought in advance of the election.

Resolving disputes: leadership and process at a premium

No matter how much is decided during the initial negotiations, the reality is that many issues will unavoidably remain unresolved and that new dilemmas will emerge throughout the lifetime of a government. Indeed, as argued above, it is inadvisable to attempt to resolve all differences at the start of a government as this can reduce room for manoeuvre later on. More important is that the coalition parties agree upon key strategic priorities and headline objectives, and then that structures and relationships are in place to ensure that the coalition can effectively take decisions as they arise. This poses challenges at both political and administrative levels.

On the political side, party leaders and other senior figures will be required once more to negotiate and compromise on dearly held principles. They will need to show leadership, carry their parties with them, and be prepared to explain to voters why their policy position has changed. Also, unlike during the formation of the coalition agreement itself, there will not necessarily be the possibility to trade off a concession in one area with a negotiating victory elsewhere.

In administrative terms, resolution of tricky policy dilemmas places a premium on good process, as failure to ensure that relevant ministers and advisers from both parties are kept informed and consulted about relevant proposals could cause major problems. In particular, Cabinet committees appear to have taken on a new lease of life in ensuring that policy decisions are 'coalition proof' – that they reflect outcomes both sides can live with. While the Liberal Democrats hold the chairs of just two of 15 committees and sub-committees, all committees have a chair and deputy chair from opposite parties, both of whom have the right to refer issues upwards to the Coalition Committee, which sits at the top of the government's collective decision-making machinery.

The eight-member Coalition Committee has a 50–50 split between Conservatives and Liberal Democrats, meaning that decisions are taken by consensus, between the Prime Minister and Deputy Prime Minister alone if necessary. The remit of the committee is 'to manage the business and priorities of the government and the implementation and operation of the Coalition agreement'. Insiders confirm that it is deemed the last resort

– most issues are expected to be resolved at the Cabinet committee or sub-committee level. In its first three months of existence it has apparently met just once, to resolve issues relating to the plans for structural reform of the NHS and the proposed boundary review for House of Commons constituencies.

These formal consultation processes are welcomed by civil servants and advisers interviewed, and held to be preferable to the more informal 'sofa government' style of the previous Labour government. However, one potential problem is that consultation with the other party may come too late in the process (particularly in the case of the 'all-blue' departments discussed below).

One way to mitigate this risk would be to emulate the approach used in New Zealand, where the 'Cab 100' form requires ministers to declare formally whether all parties within government have been consulted before a submission to Cabinet or a Cabinet committee is made.⁴⁴ The form also allows ministers to declare whether internal party consultation has taken place. A former NZ government official confirms that this process was taken seriously, with the Cabinet secretariat returning papers that had not undergone the appropriate consultation process and officials told not to press forward with policies still subject to consultation between parties. This is an approach that merits consideration in the UK context, though care would have to be taken to avoid an excessively bureaucratic process (**recommendation 2**).

A less formalised step that should be taken in addition is for the Cabinet Secretary to make clear that permanent secretaries bear direct responsibility for ensuring that appropriate consultation has taken place between the parties on policy emanating from 'their' department and that they will be held to account should problems arise (**recommendation 3**).

While Cabinet committees and other formal processes of consultation are relatively well suited to forward-looking plans and policy development, it may prove more difficult to 'coalitionise' reactive decisions such as responses to crises, press enquiries and parliamentary questions.⁴⁵ In these cases, ministers and their departments may have limited time to ensure that the other party's point of view is taken into account. Sir Jon Shortridge, former Permanent Secretary of the Welsh Assembly government, makes this point, suggesting that it is the 'unknown risks' of events demanding swift responses that are most likely to drive the coalition apart.⁴⁶

There is no easy answer to this problem, but the keys to success may include regular horizon-scanning sessions including key policy, operational and communications officials, as well as ministers and/or advisers of both parties. This will help ensure that the different perspectives of the coalition partners are well understood and therefore that government does not respond to events in a way that antagonises either coalition partner. To put it another way, it would help shift the focus to 'dispute avoidance, not dispute resolution', which Sir Jon Shortridge advises as the principal objective of the civil service in a coalition context.⁴⁷

The two-headed leadership: organising the centre

Successfully managing the challenges discussed above requires that the Coalition government is based on a stable balance between the two parties. This does not imply an even division of power or influence. The Conservatives won substantially more votes and seats than the Liberal Democrats in May 2010. They will therefore rightly expect to exercise more influence over policy to control the greater part of Whitehall. But it does require that throughout government the two parties have the opportunity and capacity to contribute to and influence decision-making processes, and that decisions reached reflect mutually acceptable outcomes.

This principle starts at the top. The UK coalition is led jointly by David Cameron and Nick Clegg, and the health of this collective leadership will be the single most important determinant of the coalition's success. This requires, in turn, that both men are provided with sufficient support to enable them to carry out their roles as joint leaders of the coalition.

As Deputy Prime Minister without a department of his own, Nick Clegg's position is unusual in an international context. In most other coalition systems, the leader of the second party would expect to occupy a senior Cabinet portfolio, in addition to being the second in command of the government as a whole. Although Nick Clegg does hold the important political reform portfolio, more than one international interviewee expressed the view that his position was weakened by not having a departmental power-base in addition to the role of Deputy Prime Minister.

In Germany, for instance, it is a long-established convention that the Vice-Chancellor is also the Foreign Minister. In the Netherlands, on the other hand, the second party usually controls the Ministry of Finance. In coalitions at the devolved level, deputy first ministers have similarly held major departmental jobs: Liberal Democrat leaders in Edinburgh held the Justice and Enterprise and Lifelong Learning portfolios between 1999 and 2007 for instance.

It may be, however, that the UK differs in this regard from the often smaller and more collegiate continental and devolved systems, in that the key figures at the centre of Whitehall, principally the Prime Minister and Chancellor, are unusually dominant over their Cabinet colleagues.⁴⁸ To exercise sufficient influence in such a system Nick Clegg arguably did need to be located at the centre. This was in any case the calculation made by the Liberal Democrats. The party's preference was for Nick Clegg to play a cross-government leadership role from the vantage point of the Cabinet Office, rather than being stuck in a large departmental silo, particularly if the department on offer was a perceived 'poisoned chalice' such as the Home Office.

Resourcing a joint leadership is a new challenge for Whitehall, where recent deputy prime ministers played a very different internal party management role (or concentrated in practice on a specific departmental job). The difficulty of adequately resourcing the deputy head of government has also been recognised in studies of coalitions in Germany and New Zealand, among other places, where sheer overload of information is often the main problem.⁴⁹

Relevant lessons can be drawn from experience in Ireland, too, where a dedicated Office of the Tánaiste (Deputy Prime Minister) was established in 1993 to help maintain the balance between the Fianna Fail and the smaller Labour Party. Alongside this innovation the government instigated new arrangements for briefing the Tánaiste on policy proposals; a Programme Manager system of advisers to monitor implementation of the Programme for Government; and arrangements for weekly pre-Cabinet meetings between the Prime Minister, Tánaiste, their advisers and some other ministers.⁵⁰

At present, Nick Clegg is supported in his role as lead minister for constitutional and political reform by a directorate of about 60 staff, headed by a Director General and with a single Director. Nick Clegg therefore has far more limited recourse to senior civil service support than most departmental secretaries of state enjoy. In any case, this directorate has a specific policy function and cannot support the Deputy Prime Minister in his cross-government leadership function.

The real need is to bolster the support for Nick Clegg in his role as Deputy Prime Minister. At present, according to one senior figure, he is attempting to cover 90% of the remit of the Prime Minister with less than half of the support. As Prime Minister, David Cameron has the backing of the Downing Street machine, including a powerful Private Office headed by a permanent secretary and staffed with several other senior civil servants.

The Deputy Prime Minister's Private Office is both smaller and more junior than that of the Prime Minister: it is led by a director but has no other senior civil service staff. The Deputy Prime Minister also has the support of only slightly fewer special advisers split between the Cabinet Office and Number 10, the latter playing a vital role as the ears, eyes and voice of the Deputy Prime Minister in Number 10. However in general the Prime Minister's advisers are far better supported by the civil servants in the Policy Unit and Implementation team – some of whom have a party political background. But in any case David Cameron can also count on support from senior figures such as Francis Maude and Oliver Letwin, both of whom sit in the Cabinet Office, attend Cabinet meetings, and have their own special advisers. David Cameron also has his own Parliamentary Private Secretary.

By contrast, Nick Clegg enjoys the direct support at the centre only of his own Parliamentary Private Secretary, Norman Lamb. Danny Alexander remains the Liberal Democrats' policy supremo (and therefore the counterpart to Oliver Letwin). However, since the departure of David Laws, he splits this job with the vital role of Chief Secretary to the Treasury (a department whose ministerial team itself comprises four Conservatives and just one Liberal Democrat), meaning he is stretched by all accounts.

Other important parts of the centre, such as the Strategy Unit in the Cabinet Office, do provide additional support through joint reporting lines up to David Cameron and Nick Clegg. But the overall impression of the centre of Whitehall is nonetheless one of under-resourcing on the Liberal Democrat side. Interviewees in one department have already found that this can cause delays in getting policy signed off.

A case could be made for the appointment of a few additional Liberal Democrat special advisers in the Cabinet Office and Number 10 to mitigate these problems. It might also be sensible to appoint an additional Liberal Democrat (at minister of state level) in the Cabinet Office, to allow Danny Alexander to concentrate on the mammoth task of tackling the fiscal deficit.

But perhaps the most urgent task is to boost the support provided to the Deputy Prime Minister on the civil service side. One option reportedly under consideration is to create a new merged Office of the Prime Minister and Deputy Prime Minister.⁵¹ However, it seems likely that the Prime Minister and Deputy will each wish to maintain their own separate offices and circle of confidants, no matter how close a working relationship they enjoy.

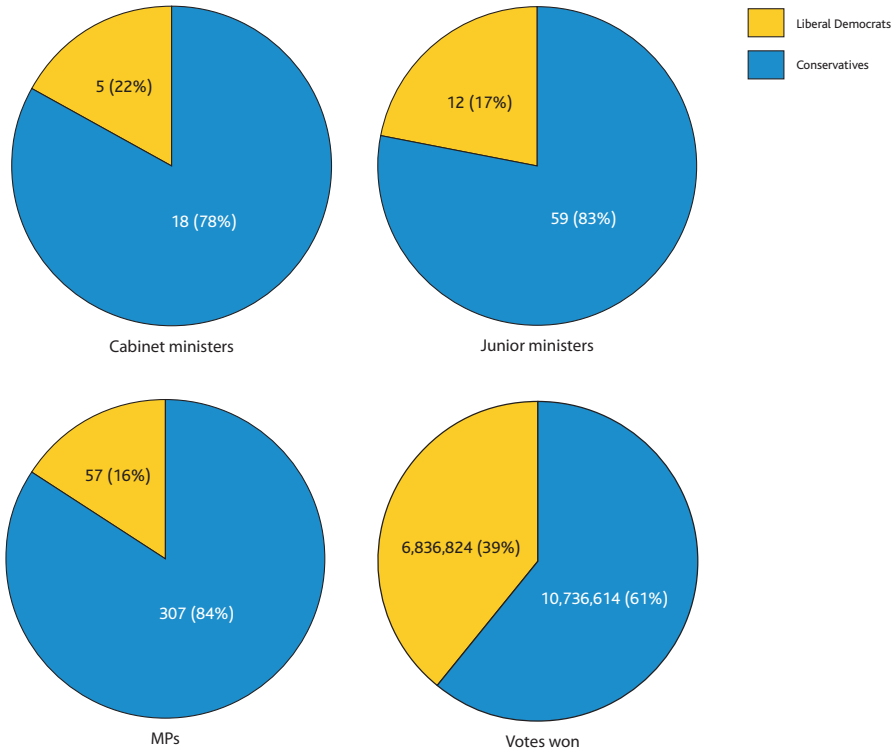
At the least, then, a beefed-up Private Office of the Deputy Prime Minister would be a sensible step, headed by a permanent secretary level official and supported by additional senior civil service staff to handle the flow of papers and information. To underline his status as something more than a secretary of state, this should be rebranded as a separate Office of the Deputy Prime Minister (**recommendation 4**).

The Office of the Deputy Prime Minister should remain in the Cabinet Office in a physical sense, to keep it plugged into key networks and processes at the centre. But to emphasise its distinct status, a separate website and visual identity should be developed for it, which would include details of the Deputy Prime Minister's activities and speeches, and report on progress being made with his constitutional and political reform portfolio too (**recommendation 5**). At present, such information is hard to come by and is scattered between the websites of the Cabinet Office, Ministry of Justice and 10 Downing Street.

A golden blend: maintaining the balance of power

Balance between the two sides must be maintained not just at the centre, but throughout government. The Liberal Democrats have five of 23 full Cabinet positions, which is a higher share of Cabinet seats than their share of MPs, although they are under-represented in comparison with vote share (see Figure 10). International experience confirms that it is common practice for smaller partners to be given a disproportionate share of ministerial posts in purely arithmetical terms.⁵² The logic is that members of the smaller party must stretch across a wider range of policy issues on a per capita basis (for instance via participation in Cabinet committees) to ensure that policy in all areas is properly 'coalitionised'.

Figure 10: The balance of power in the UK coalition

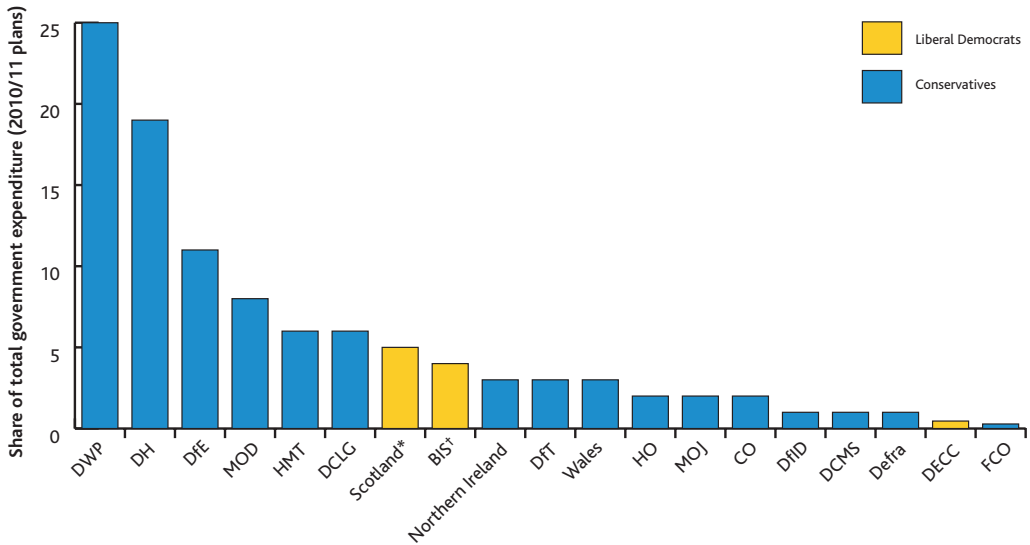


Source: IfG analysis of data from www.cabinetoffice.gov.uk and www.parliament.uk.

Note: The figures for MPs and votes are the total number and the percentage won by each party as a percentage of the total won by the two coalition parties combined.

Although Liberal Democrats have over a quarter of Cabinet seats, they control none of the big spending departments, as Figure 11 illustrates. The risk this poses is that the Liberal Democrat point of view might not be taken into account sufficiently in key policy-making processes, in particular in the context of budget negotiations, although Danny Alexander as Chief Secretary is of course heavily involved from the Treasury side.

Figure 11: Control of departments by budget size



*Scottish budget in practice controlled by Scottish government in Edinburgh.

†Bulk of BIS budget spent on universities, for which there is a separate (Conservative) minister attending Cabinet.

Source: IfG analysis of data from *Public Expenditure Statistical Analyses 2009*.

A common approach to this problem around the world is for departments to have junior ministers from the alternate party to that of the Secretary of State, at least where governments are big enough to permit more than one minister per department.⁵³ In Holland such individuals are called ‘watchdog ministers’, to reflect their role in guarding the interests of their party in that part of government.

In most UK departments this is the model that has been followed. Thus Liberal Democrat ministers of state are to be found in big Conservative-led departments like Education, Health, Defence, Justice, and Work and Pensions. Elsewhere, such as in the Departments for Transport, Communities and Local Government and the Home Office, the Liberal Democrats must rely on a more junior parliamentary secretary to represent their interests. These individuals carry a heavy burden in providing a Liberal Democrat voice across the full range of departmental business, as well as leading on their own specific area of responsibility. Insiders confirm that Liberal Democrat ministers are facing greater pressures on their time as a result, but their more junior status entitles them to less support than that provided to secretaries of state.

In at least one department this has been recognised as an issue, with the decision being taken to appoint a dedicated assistant private secretary for coalition matters to work with the sole Liberal Democrat minister. This is a sensible step that could be replicated elsewhere in government. However, while extra civil service support will help deal with the flow of papers and information, there is also a need for additional capacity to deal with political tasks that officials cannot undertake, such as liaison with party backbenchers, which coalition government can make more complicated.

As a former adviser to Scottish Deputy First Minister put it, special advisers are ‘the oil that lubricates the machine’ of coalitions.⁵⁴ It was noted above that the Liberal Democrats may need additional support at the centre. But in departments, the need is even more apparent. Special advisers are allocated only to ministers who attend Cabinet, meaning that Liberal Democrats have special advisers in only five departments. There are a couple of departments with no Conservative special advisers as well: Energy and Climate Change and the Scotland Office.

To mitigate these problems, the government should adopt the principle that each major Whitehall department should have at least one special adviser from each coalition partner. As a first step, additional special advisers should be appointed to support ministers of state in departments where the secretary of state is from the other coalition party (**recommendation 6**). This would mean extra Liberal Democrat special advisers being appointed in the following six departments: Health, Education, Justice, Defence, Work and Pensions, and the Foreign Office. A case could also be made for a Liberal Democrat adviser to be appointed in the Home Office (and perhaps in Communities and Local Government too), where the party only has a parliamentary under-secretary, despite the large size and importance of the department.

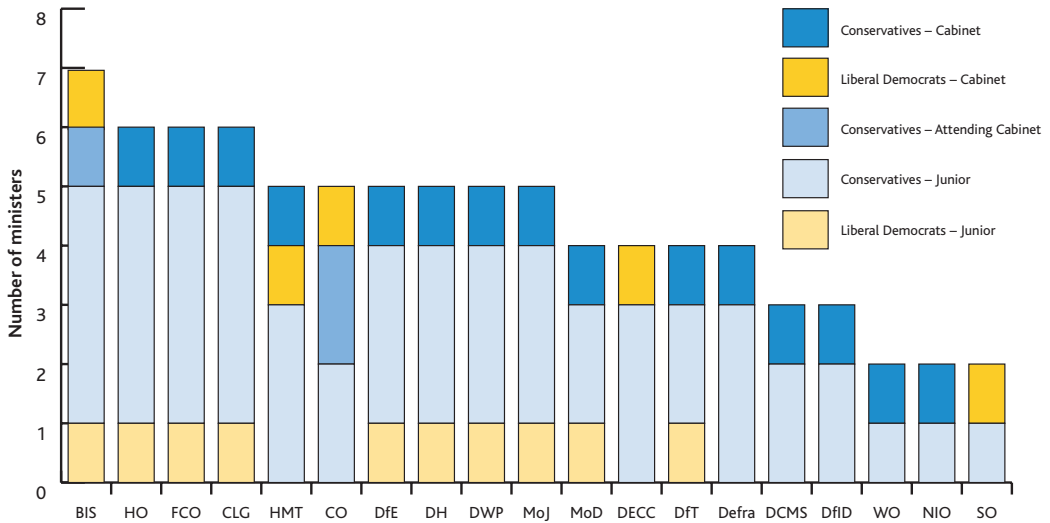
The Conservatives would gain one additional adviser, to support their two ministers of state in the Department of Energy and Climate Change. In the only other major department led by a Liberal Democrat, Vince Cable’s Department for Business, Conservative Minister of State David Willetts already has his own special adviser, an entitlement deriving from his status as a minister who attends Cabinet. Arguably, the Conservatives should gain an adviser to work on Nick Clegg’s constitutional reform portfolio.

In total, we therefore recommend the appointment of no more than 10 additional special advisers in departments. This would represent a departure from convention, as advisers would be allocated to ministers below Cabinet rank, and would also return the number of advisers to the level that existed under Labour.⁵⁵ It may therefore be unpopular among Conservatives who entered government on the pledge to cut the number of political appointees. However, coalition government imposes a new set of demands, so we believe that this is a necessary and proportionate step that would help ensure that balance is maintained within the coalition at all levels.

Policy fiefdoms: a threat to joined-up government

A different type of problem from that analysed above arises in departments with no Liberal Democrat ministers at all. This is the case at Defra, DfID and DCMS, as well as the small territorial offices for Wales and Northern Ireland (see Figure 12). Conversely, there are no Conservative-free departments.

Figure 12: Number of ministers by party and department



Source: IfG analysis.

Without the presence of both parties in important policy areas it can be difficult to ensure that both sides are involved throughout the policy-making process and are given early warning of any problems on the horizon. It therefore increases the possibility that announcements or decisions will be challenged or contradicted by the other side, destabilising the government.

It may also lead to the coalition becoming split between 'blue zones' and 'orange zones', with limited communication and coordination between them. The emergence of poorly joined up fiefdoms within government is a recognised danger of coalition governance (though is of course hardly unknown in single-party governments). A former Welsh government insider admits that coalitions in Cardiff have split into silos along party lines, with ministers of the two partners given wide scope to control their own policy areas. Rather than working across boundaries, he says, 'we just avoided them'.⁵⁶

It would be difficult in constitutional terms to appoint special advisers without a minister to advise, so how can the Liberal Democrat voice be heard in 'blue' areas? The simplest option would be to appoint additional junior Liberal Democrat ministers in the three major departments where they are currently absent (**recommendation 7**). This could happen as early as the next reshuffle. One way to ensure that the overall number of ministers does not rise would be to merge the separate Scotland, Wales and Northern Ireland Offices, or at least to have part-time ministers working across the three territorial portfolios.⁵⁷

But as an interim measure, Liberal Democrat advisers at the centre (in the Cabinet Office, Number 10 or the Treasury) should be paired with Conservative-only departments. This is apparently already occurring in an ad hoc fashion, but it could be formalised with specified paired advisers given guaranteed access to papers and involved in planning and decision-making meetings at departmental level.

More use might also be made of the Liberal Democrats' resources outside government, such as the party's new policy committee structure, under which 15 backbench committees were created, each jointly chaired by an MP and a peer.⁵⁸ These bodies have barely started operating, but their chairs might provide a useful contact point in areas with limited Liberal Democrat input on the ministerial side. So too might MPs or peers from certain parliamentary committees, like the Liberal Democrat chair of the Commons International Development Committee.

Ingredients for a healthy relationship: good faith and no surprises

Irrespective of the structures established and the resources provided to the coalition partners, a sine qua non of effective coalition government is positive personal chemistry at the top. Despite having no previous experience of working together, nor having prepared for this coalition, David Cameron and Nick Clegg were widely noted to have developed a strong personal rapport and a genuine commitment to making their partnership work.⁵⁹

However, as relationship counsellors advise, this positive atmosphere should not be taken for granted. Work is required to sustain it. The key principles that the coalition should adopt as its mantra are 'good faith and no surprises' (**recommendation 8**), which coalition governments in New Zealand have recognised as the twin pillars of successful coalitions.⁶⁰

The Conservatives and Liberal Democrats remain separate entities with competing electoral interests (discussed below), but while in government together it would be ill-advised for the two sides to seek to trip each other up for narrow partisan advantage. A cautionary tale of bad faith came in Wales in 2007, when talks to re-establish a Labour–Liberal coalition collapsed shortly after a senior Labour figure remarked that partnership government would enable his party to 'hug the Liberal Democrats close, and strangle them slowly'.⁶¹

The 'no surprises' half of this package should be ensured by means of openness and information sharing between the Prime Minister and Deputy Prime Minister's teams, combined with regular face-to-face meetings to ensure a continuous flow of information and feedback between the two sides. The Prime Minister and Deputy should hold weekly bilateral meetings, while their senior advisers would be expected to have even more intimate working relations. The integration of senior Liberal Democrats in Downing Street indicates that this is taking place at the adviser level at least. Other key relationships on the ministerial side include the Osborne–Alexander partnership in the Treasury, as well as the Alexander–Letwin axis, which oversees policy development and the workings of the coalition. Most indications are that these key relationships at the centre are operating effectively, though, as discussed above, the stretch on certain key figures may increase the chances of one side or other being caught off guard at some point.

Elsewhere in government, secretaries of state must develop similarly close relationships with junior ministers from the other party, involving them in discussions about all aspects of the department's work (rather than the smaller remit officially delegated to them). The civil service is also responsible for ensuring that this happens: senior officials in some departments confirm that they are now taking active steps to keep junior Liberal Democrat ministers in the loop, to a greater extent than they would do in the case of a single party government.

Relationships must also be strengthened at the collective level. Special advisers from the two parties meet weekly in Number 10 but inevitably still have closer links with their own party colleagues, other than in those few departments where advisers from the two parties work side by side. At the ministerial level, it has been noted that the Cabinet system is playing a greater role than under Labour. However, these formal collective structures could be built upon by means of less formal team meetings or activities that encourage open communication between the two sides. By way of comparison, the Norwegian coalition cabinet typically meets three times per week, including for an informal Friday morning meeting without an agenda, which a former official describes as an opportunity to 'let off steam' as well as to discuss the issues of the day in an unstructured fashion.

All must have prizes: coalition is a partnership not a merger

The previous sections have highlighted a shared strategy, effective dispute resolution, close and cooperative working relationships, and an appropriate balance between the two parties' interests as core elements of effective coalition management.

However, while these objectives are all necessary in terms of delivering effective governance, they are insufficient when broader political calculations are taken into account. Politicians may enter into coalition in part to implement cherished policies and serve the national interest, but they are also motivated by improving their own party's electoral performance, including at the expense of their partners in power.

International experience suggests that for two parties to retain the incentive to remain in coalition, the distinct identities of both the parties should be reflected and preserved within the coalition, and that the leadership of each party is able credibly to point out the concrete achievements that it, rather than the coalition as a whole, has delivered. This is reflected in the coalition's Programme for Government: compared with many coalition agreements in the Netherlands, for instance, policy commitments in the Programme do not simply reflect mid-point compromises between the preferences of the coalition partners.⁶²

The larger Conservative party will naturally expect to gain the greater share of policy wins. But as a former adviser to the Scottish Liberal Democrats put it: 'for the government to be strong and effective the smaller party must be perceived as doing well. Don't

be grudge them that.⁶³ In New Zealand, when the smaller NZ First was given little room for manoeuvre by a restrictive coalition agreement and strict coalition discipline, the government eventually collapsed, consigning both parties to Opposition.⁶⁴

In other words, the health of the coalition will depend in part upon a degree of enlightened self-interest on the part of the larger party, whereby decisions are taken that highlight the influence of the smaller partner. The referendum on electoral reform is the most obvious example of such a concession in the UK's original Programme for Government, along with proposals such as fixed term parliaments, and ending detention of child migrants. Meanwhile, the Conservative imprimatur is clearly borne by policies such as the proposed cap on non-EU migration, the 'free schools' scheme, the explicit pledge to maintain the UK's nuclear deterrent, and the early action to tackle the fiscal deficit.

Polling evidence shows that both Liberal Democrat and Conservative voters initially viewed the coalition agreement in a positive light, but that Liberal Democrat supporters have grown more negative over the course of the first few months in power, even while the party's number of supporters has fallen.⁶⁵ This may reflect a higher profile achieved in the first three months of coalition by Conservative themes such as NHS and schools reform, and welfare cuts.

If such polling trends continue, the stability of the coalition may depend upon further concessions to the Liberal Democrats being made, particularly if the referendum on electoral reform were lost. For its part, the Liberal Democrats must be prepared to continue to stand by the commitments given to the Conservatives on fiscal policy, even as these become unpopular in Liberal Democrat ranks.

Political parties are themselves not unitary actors, however, so attention should also be paid to the interests and priorities of different wings of the two movements. According to the former Conservative MP Paul Goodman, this is a coalition of four rather than two parts: 'The Lib Dem left, their Orange Bookers (including Clegg), the Conservative establishment (of which David Cameron's a part), and the Tory right.'⁶⁶ Concessions targeted at each of these component parts may be necessary to maintain broad backing for the coalition on both sides.

Agreement to disagree: relaxing collective responsibility

In certain policy areas, the two parties' positions are essentially irreconcilable. For some of these issues, the innovative approach adopted by the Programme for Government was to relax the doctrine of Cabinet collective responsibility. During the electoral reform referendum campaign, ministers will campaign on different sides. The Liberal Democrats also secured dispensation to take a different public line and potentially also to abstain in Parliament, on the issues of tax breaks for married couples, student finance, nuclear energy and the renewal of Trident.

This is an unusual approach: coalitions in Scotland, Wales and most European countries commonly maintain an expectation of strict unity when it comes to voting in parliament, at least on legislation.⁶⁷ But it is not entirely without precedent. In the UK, the Labour Cabinet famously divided into two factions during the 1975 referendum on membership of the European Economic Community. New Zealand also provides relevant lessons. After early and unhappy experience with strict discipline (mentioned above), subsequent governments in Wellington have flexed the doctrine of collective responsibility to a remarkable degree. The first step was to incorporate a formal 'agree to disagree' process into coalition agreements and the Cabinet Manual, enabling Labour and the Alliance to adopt conflicting positions over a free trade agreement with Singapore in 2000.⁶⁸

More recently, governments have moved even further, by appointing members of opposition parties to the position of so-called 'ministers outside Cabinet', who are bound by collective discipline only in the area of their own portfolio.⁶⁹ They are otherwise free to take their own policy decisions as they choose.

In New Zealand, these mechanisms are taken for granted as part of the machinery for making multi-party governance work. As Robert Hazell has noted, confidentiality rather than collective responsibility is now seen as the core principle of effective Cabinet government.⁷⁰ The limited provisions for 'agreement to disagree' in the UK coalition therefore need cause no significant difficulties in constitutional or administrative terms.

There will be political challenges, however. The instincts of the media and opposition will be to seize upon splits and tensions. In order to defuse such pressures, ministers will need to be open about when and why the coalition partners disagree. This will also help the two parties demonstrate their distinct identities. Such developments may have the additional benefit of helping to foster a more 'grown up' political culture in which the pretence that members of a Cabinet must agree on all matters at all times is dropped, and a degree of public debate among ministers is accepted as a normal part of politics.⁷¹

More problematic, however, is the proposal that the Liberal Democrats would abstain in parliamentary votes on the specified contentious matters in the Programme. Assuming party unity on both sides, abstention will not prevent the Conservative position from prevailing (since the Conservatives have an overall majority in the Commons when Liberal Democrats are taken out of the equation). By arguing in public (and even in parliamentary debates) for a particular policy but then choosing not to vote in line with that preference, the Liberal Democrats would be vulnerable to inevitable criticism from the media and opposition. Liberal Democrat backbenchers might also have some serious questions to ask when ordered not to vote for declared party policy by party leaders and whips. In practice, as one government insider confides, the use of this mechanism will therefore be kept as a last resort, and all attempts will be made to find mutually acceptable compromises.

When agreement cannot be reached, an alternative way forward would be for the government to make more frequent recourse to free votes in the House of Commons on issues that do not pose a threat to the essential integrity of the government or its control of the overall public spending envelope (**recommendation 9**). This could build on the precedent set during debates on Lords reform under the previous Labour administration, when the government presented a series of reform options to an unwhipped House of Commons.

The big wheel keeps on turning: coalitions and the political cycle

As Figure 13 illustrates, a series of tests lie in store for the government as it attempts to keep the two component parties together for a full five years. Early fiscal decisions have already been made, in June's Emergency Budget, but tougher dilemmas must be settled in the Comprehensive Spending Review. Other challenges will include next year's proposed electoral reform referendum, elections at the local government and devolved level, party conferences, and the annual negotiations over budgets and legislative programmes. These occasions are likely to bring tensions between and within the coalition partners to the fore, and the lessons of effective coalition management discussed in this report will therefore become more urgent at these points.

Conclusion

This report has set out a number of key principles of effective coalition management, based on the experience of coalitions from around the world as well as early lessons from the first few months of coalition governance in the UK. We have argued that coalitions must develop a clear and shared strategy, a balance between the two sides in terms of resources and influence, strong working relationships at the top, and effective information-sharing and dispute-resolution processes, while also taking steps to recognise and preserve the two parties' distinct identities and values.

In its early months the UK coalition has impressed many observers with its energy and clarity of vision, as well as the strong personal chemistry and trust between senior figures of the two parties. However, there are many difficult tests on the horizon, including the Comprehensive Spending Review this autumn, and the planned referendum on electoral reform in May 2011. The unknown risks and events that lie beyond the horizon may pose even greater risks.

We have made a number of recommendations for specific reforms that would, we believe, help the coalition to avoid the pitfalls that lie in wait and therefore to provide the country with stable and effective government over the coming years. England (and the rest of the UK) may or may not grow to love coalitions, but we hope in any case that this report will provide some useful lessons for how to make multi-party government work for as long as the country is ruled by a government of this type.

Endnotes

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2 Carlton Gardens
London
SW1Y 5AA

Tel: +44 (0) 20 7747 0400

Fax: +44 (0) 20 7766 0700

Email: enquiries@instituteforgovernment.org.uk

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