

REVIEWS

The Orange Book revisited

'Eight Years Since *The Orange Book*: Have the Liberal Democrats 'reclaimed' Liberalism?' (*Economic Affairs* 32:2, June 2012)

Review by **Duncan Brack**

SINCE MOST PEOPLE who comment on *The Orange Book* tend never to have read it, it's refreshing to read this selection of seven short articles examining the book's impact and legacy. However, since *Economic Affairs* is the journal of the Institute of Economic Affairs, home of economic liberalism since its establishment in 1955, and since two of the articles' authors are *The Orange Book*'s editors, it's not too difficult to work out where these particular articles are coming from.

Indeed, the main complaint of article author Thomas Papworth is the Orange Bookers' disappointing record in government. This is attributed partly to Liberal Democrats' 'failure to understand the need to reform public services, and the supply-side of the economy more generally' (p. 22), their 'benign, if not positive, view of regulation' (p. 23), their concern with market failure (for example in the disparity of bargaining power between a worker and their employer), and a focus on the immediate effects of policy at the expense of the cumulative impacts of successive layers of regulation. Papworth argues that, as a result, Lib Dem policy-making through conference 'has a built-in tendency to load regulatory burdens and spending promises on the leadership'. This is a fair point, though it entirely ignores the fact that Lib Dem election manifestos are not drawn up by conference but by the Federal Policy Committee, which takes a much more holistic view, across all areas of policy, and also works within a costings framework drawn up almost entirely by the party's Treasury team.

Even the *Orange Book* authors themselves come in for a share of the blame. Vince Cable has at best a mixed record on deregulation,

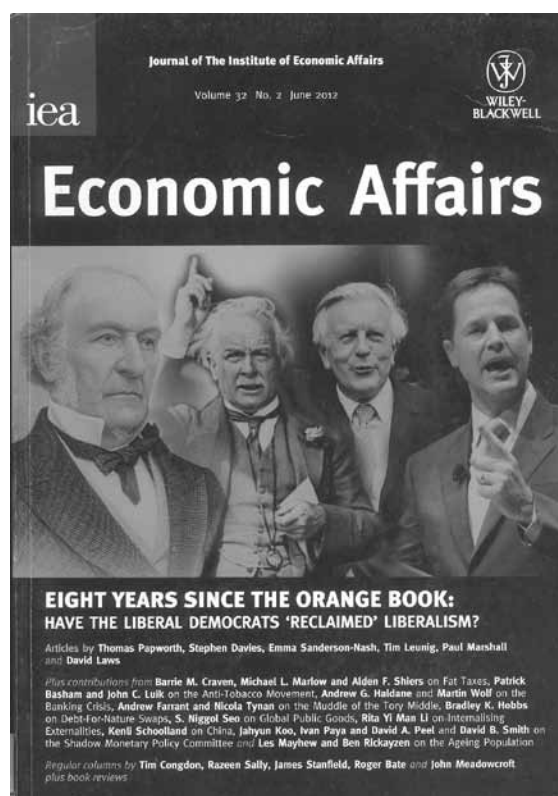
Chris Huhne 'loudly made anti-reform statements', and Nick Clegg, in telling small business leaders that 'supply-side liberalisation is not the be-all and end-all for growth ... is simply wrong' (p. 24) – which Papworth, and Tim Leunig, author of another article, put down to the fact that he's not an economist by training. Liberal Democrat ministers also come in for criticism for failing to reduce high marginal rates of income tax, for increasing capital gains tax and for failing to reduce sufficiently levels of public expenditure.

Leunig identifies supply-side reform as the core of the economic-liberal agenda, citing the repeal of the Corn Laws as the best historical example. His article is primarily a paean to *Orange Book* contributor Ed Davey, in his role as a junior minister at the Department of Business, for starting to privatise the Royal Mail, reducing burdens on sub-post offices (thereby helping smaller ones to remain viable), doubling the period before employees enjoy protection against unfair dismissal and abolishing the default retirement age. In contrast, Chris Huhne's proposals for electricity market reform, aimed at establishing a predictable long-term support framework for low-carbon sources of energy, are sniffily dismissed as not really supply-side reforms at all – which perhaps comes as a surprise to Leunig, since Huhne has, as he helpfully points out, a first-class degree in economics.

Stephen Davies' article offers a brief summary of classical Liberalism in the party since 1886. It's pretty good, through it mostly ignores the 1950s battles between the 'radical individualists' and the Radical Reform Group and, partly as a consequence, claims Jo Grimond as being 'clearly in the classical Liberal tradition' (p. 10). This

is only true if you look at his later writings; his approach before and during his leadership was far more Keynesian and demand-management-oriented. *Orange Book* co-editor Paul Marshall's article focuses on education, a topic that was notably absent from *The Orange Book*; predictably, he supports academies, free schools, profit-making schools and the pupil premium as an aid to social mobility.

David Laws' contribution recalls the rationale for *The Orange Book* in its attack on the Liberal Democrats' "nanny-state liberalism", in which an excessive weight was being given to state interference with too little of the traditional liberal scepticism of big government solutions' (p. 32) and 'the party's entrenched conservatism towards the reform of public services' (p. 33). Laws calls on the party to keep faith with economic liberalism, including raising the personal income tax allowance threshold and reducing the state's direct role in the economy (he accepts that public expenditure cuts will have to end at some point, but wants to see a rate of growth of public spending below the overall rate of growth of the economy). He accepts that the economic-liberal approach has often been associated with 'gross inequalities of wealth, income and opportunity' (p. 34) though fails to propose any



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measures to deal with them other than improving education.

For me the most interesting article was Emma Sanderson-Nash's, which considers whether *The Orange Book* should be seen as an element in a strategic shift towards greater professionalism and centralisation in the party. She does a good job of tracing the story of organisational change within the Liberal Democrats since its formation in 1988, but whether a move to the right is an inevitable concomitant of increasing professionalisation – as she implies – is not discussed, and neither is the argument that any shift to the right in Liberal Democrat economic policy after 2007 was primarily a response to changing circumstances post-credit crunch rather than a wholesale revision of ideology. One interesting point highlighted by the article is the change in the composition of the parliamentary party, with a higher proportion of Lib Dem MPs now deriving from business backgrounds than in either of the other two main parties.

One would not expect short articles of this kind and in this journal to be self-critical, and mostly they aren't. Deregulation is the unquestioned – and only – solution

to problems of growth and prosperity; Papworth attacks the fact that the British state now accounts for 50 per cent of GDP while entirely ignoring the fact that this is largely the result of the implosion of a banking system that was not over-but under-regulated. (And actually, it doesn't account for 50 per cent – it's now about 43 per cent, the same as it has been, on average, for the last fifty years, though it was slightly higher when his article was written.) Problems of market failure, rather than government failure, are simply ignored, as is the impossibility of meeting rapidly more serious environmental constraints through deregulation, as are the social (and economic) consequences of growing inequalities of income and wealth – with

the exception of David Laws, who does at least recognise this last as a challenge.

Despite all this, the articles are worth reading as a contribution to the debate around the future direction of the party and the historical antecedents of the economic-liberal case. And despite its failings and limitations, *The Orange Book* did at least, as several of these authors point out, spark off a lively ideological debate within the party – which is unquestionably a healthy development.

Duncan Brack is the Editor of the Journal of Liberal History. In 2007 he co-edited, with Richard Grayson and David Howarth, Reinventing the State: Social Liberalism for the 21st Century, a riposte to The Orange Book.

2010 analysed

Robert Worcester and Roger Mortimore, *Explaining Cameron's Coalition* (Biteback Publishing, 2011)

Reviewed by **Mark Pack**

EXPLAINING CAMERON'S COALITION is the latest in the series of general election analyses by MORI's Robert Worcester and Roger Mortimore, this time joined by two other authors. The book is therefore very much the tale of the 2005–2010 parliament and subsequent general election seen through the eyes of MORI's opinion polling, with an often pungent analysis which allows Robert Worcester to point out happily where he got predictions right and others got them wrong.

Though there is a smattering of references to polling results from other firms, the great strength of the MORI data is that many of the questions have been asked regularly for decades, allowing the story of 2005–10 to be put into a consistent historical context, and polling results judged against previous ones that led up to victory or defeat. It also means that (as with Deborah Mattinson's excellent book, *Talking to a Brick Wall*, based on focus groups rather than polls) it is an account of politics in which the views of the public dominate rather

than the machinations and words of politicians, who usually take centre stage in post-election accounts.

The book is bulging with facts that make it hard to summarise them beyond 'go read the book', though a few do particularly stand out. The authors conclude that 'the nature of electoral support in Britain has changed, probably permanently ... the culmination of years of steady change ... British voters are ... less tribal ... and less polarised'. Yet geographic division, especially the decline of the Conservative Party in Scotland, has hardened even as other divisions have softened.

Somewhat paradoxically, the authors also very successfully model vote share in individual seats based on seventeen different characteristics drawn from the 2001 census. Factors such as the number of two- or more-car households are very influential in explaining the Conservative vote share, whilst factors such as the proportion of single-parent families do the same for Labour. Some factors do seem to divide, even if the old patterns no longer have the same power.

