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The Conservative-Liberal government

Sure start

The mere fact of the coalition is no longer the most interesting thing about it. The state is in for radical reform

IF THE spectacle of David Cameron and Nick Clegg sitting next to each other in Parliament is beginning to lose its novelty value, if the merged manifestos and shared departmental portfolios are coming to seem like items of political furniture, stop and remember the sheer strangeness of Britain's two-month-old government.

The country has not known a peacetime coalition for the best part of a century, when the Liberals last shared power. For decades the Labour Party was assumed to be their natural ideological partner, not the Conservatives. Days before the deal that made Mr Cameron (pictured left) the Tory prime minister, with Mr Clegg (pictured right) as his Lib Dem deputy, the partnership was an option that even insiders barely entertained. The coalition is an extraordinary thing, whether it collapses before its hoped-for shelf-life of five years or turns into a full-scale merger of the two parties.

As parliament breaks up for the summer, the first of those fates looks the likelier. Lots of left-wing Lib Dems and right-wing Tories are unhappy about the coalition in principle; many more are growing frustrated with the compromises required to keep it going. These grievances are felt by some in the cabinet. Opinion polls are also ominous (see chart). The Lib Dems have lost roughly a quarter of their support since the general election in May; these are probably left-leaning voters who may never forgive the party for collaborating with the Tories. The coalition itself still has a positive approval rating but, at 3%, only just.

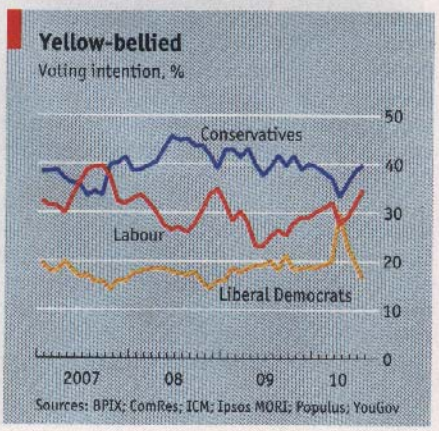
And all this is before the government's fearsome programme of fiscal austerity has really begun to bite. That will not happen until next year, when the coalition also faces a referendum on a new alternative-vote system for parliamentary seats. If it is approved, many Tories, who dislike the proposed reform, will be livid that their leader helped make it happen. If it is rejected, Lib Dems will wonder what they are getting out of the coalition. The Labour opposition is already competitive in the polls even though it lacks a leader, a vacancy the party will fill in September.

These bleak odds, which the coalition was always going to face, could have intimidated it into soporific caution. The government could have endlessly split the difference on policy to keep everyone on board, and ducked any showdowns with mighty vested interests. Instead, it is shaping up to be an ambitious administration.

First, there is the austerity programme aimed at ending Britain's fiscal deficit. The budget produced last month by George Osborne, the chancellor of the exchequer, set out deeper and swifter cuts in public spending than many were expecting (or think wise). Most government departments—with the notable exception of health—may see their budgets fall by around a quarter.

It is remarkable that so massive a project is not far and away the most radical thing the government is planning. But Mr Cameron and Mr Clegg want to reform the state, not just shrink it. Schools, welfare, the National Health Service (NHS) and the police all face structural changes, with the general theme being decentralisation. Within a few years, Britain could be a country where general practitioners (family doctors) commission most secondary-care, voters elect local police commissioners, schools can be run by almost anyone, and companies and charities compete to get the chronically unemployed into work.

Tony Blair, the last prime minister but one, toiled to achieve reforms less radical than any one of these; to attempt all of ▸▸



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them simultaneously while also cutting back the state so sharply is bold, even foolhardy. The historic nature of the coalition government itself is now less interesting than its domestic policies.

As if to acknowledge how dangerously he is living at home, Mr Cameron is keeping his foreign policy as uneventful as possible. He and his foreign secretary, William Hague, want Britain to promote its commercial interests abroad (they were in India this week to do so), unencumbered by the moralism of Mr Blair's worldview. Deep-voiced bromides about the need to finish the job properly in Afghanistan cannot disguise their eagerness to end the war. Even their approach to the European Union (EU), that Tory nemesis, aims for a quiet life rather than the confrontations that their reforms at home will provoke with Labour, trade unions and the public.

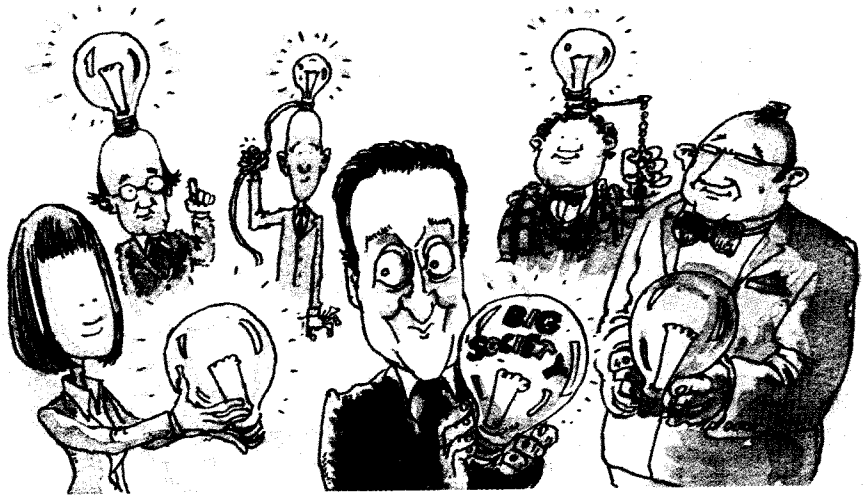
Of course, these reforms could fail spectacularly. Severe spending cuts, implemented at the same time that much of Europe is retrenching, could threaten the economic recovery (though the latest growth figures are strong). The plan for the NHS, which would give family doctors an immense managerial burden, is especially risky. Some Tories have worryingly come to look upon decentralisation as an end in itself. But the real menace to the coalition may lie in personalities rather than ideas. After all, if the compatibility of individuals (above all, Mr Cameron and Mr Clegg) was the making of the coalition, any antagonisms could be its undoing.

Sure enough, the first two months of the administration have allowed observers to mark out the trouble spots in the coalition organogram. Liam Fox and Vince Cable, probably the most right-wing and left-wing members of the cabinet respectively, are sometimes off-message (the former about his defence brief and the war in Afghanistan, the Lib Dem latter on issues within and beyond his business portfolio). Iain Duncan Smith is more loyal but has made his department of work and pensions a personal fief. He was one of the few Tory cabinet members successfully to resist Downing Street's attempts to impose its choice of special adviser.

Meanwhile, Chris Huhne, the left-leaning Lib Dem energy secretary, is proving less troublesome than many expected. (Insiders say his surprising openness to the Tories after the general election threw up a hung parliament was crucial to clinching the deal.) Mr Osborne, too cynical to be moved by the notion of a "new politics", is emerging as the man disgruntled Tories increasingly rely on to protect the party interest within the coalition. And then there are the Tories who were looking forward to cabinet seats but had to make way for Lib Dems. Their mood will not be helped by Mr Cameron's retention of almost all the advisers who ran his party's underwhelming election campaign.

The broader Tory right is also angry, albeit discreetly. In truth, though, the coalition's policies are not much less anti-statist than those that the Tories ruling alone could have produced. And because another, generally left-leaning party is helping to implement them, these reforms may end up with greater legitimacy and therefore durability.

Some governments are short-lived but transformative—Clement Attlee's Labour administration of 1945-1951, for example, which produced the NHS and other bits of the welfare state. Others survive for a long time without changing the course of the country much, such as the 13-year Conservative government that came after. It is still early, but the coalition looks likelier to fall into the first category than the second. ■



Think-tanks

Send for the wonks

A new government creates a new opportunity to influence policy

WHEN ResPublica, a new think-tank, was officially launched in November last year, the guest of honour was David Cameron, then the leader of the opposition. Just six months later, the "big society" was a key theme in his election campaign, an idea that can be clearly tracked back to Phillip Blond, ResPublica's founder.

ResPublica is just one of a series of think-tanks that enjoys links with the new Conservative/Liberal Democrat coalition government. Policy Exchange was founded in 2002 by a group including Michael Gove, now education secretary, and Francis Maude, the cabinet-office minister. One of the two founders of Reform was Nick Herbert, now the police minister. And Iain Duncan Smith, once head of the Tory Party and today secretary for work and pensions, set up the Centre for Social Justice.

But access to ministers is not the only reason the right-of-centre policy wonks are excited. They also have their first chance to have a big impact on policy after 13 years of Labour rule. And the fiscal crisis has created the impetus for radical change. "The mere fact that the country is in a mess suggests the need for the kind of ideas that think-tanks generate," says Mark Littlewood of the Institute for Economic Affairs (IEA). The most ambitious think-tanks believe the crisis could lead to a fundamental rethink of the way government is run.

They differ, however, in their areas of specialisation and their reach. Andrew Haldenby at Reform says his group is concerned with the practical steps of making government work better, pointing to examples like Tony McGuirk, the Merseyside fire chief who sharply reduced fire deaths while cutting costs. The IEA's Mr Littlewood, in contrast, says his outfit is "not attempting to move government policy by an inch in the short term but to move the climate a mile in the long term. We are deliberately and unambiguously going to push for things that we know have no realistic chance of being adopted."

The prospect of renewed influence is especially welcome for the IEA, perceived to have lost its way under the Labour government. In the 1970s, at the time of another economic crisis, the IEA, along with the Centre for Policy Studies, provided the in- ▸▸