Party mergers are common in most European party systems and have played an important role in contributing to the emergence of new political parties (Bolleyer et al., 2016). Such marriages between political parties have potential to alter the dynamics of party competition (Mair 1997) and to affect government coalition politics (Marland and Flanagan 2015). Given the significance of mergers, it is understandable that they have attracted attention from political scientists. Scholars have, however, noted the emergent literature on party mergers has been limited due to the thin theoretical analysis found in a number of case studies (Coffé and Torenvlied 2008). In response, path-breaking studies have advanced our understanding of *why* political parties merge and the factors which shape the *survival* chances of merged parties (Bolleyer et al., 2016; Ibenskas 2016).

One important area where there has been insufficient analysis has been in studying the definable steps or *processes* through which parties merge. The processes inherent to mergers have been neglected since Lees et al. (2010) sought to develop a general framework of mergers that they applied to cases in Germany and the Netherlands. In particular, Lees et al. highlighted the significance of the development of trust between party leaders. It is problematic that considerable gaps exist in explanations of the opaque *processes* by which parties merge when they might impact on the ability of new parties to establish themselves or their electoral fortunes.

In this article, we make three theoretical and empirical contributions to address these gaps. First, we use the wider literature on party organisation to revise the general framework for understanding merger processes presented by Lees et al. (2010). Doing so enables us to provide a more comprehensive account of the ways that trust emerges in party mergers. Our framework can analyse, while not being restricted to, the role of party leadership. It enables us to explain the role played by other parts of political parties, including the activist base. Second, as Lees et al. (2010) acknowledged, their ideas were only subject to testing by two case studies and require application elsewhere. Here, we show how our revised framework provides a better explanation of the merger of the Liberal Party and the Social Democratic Party (hereafter SDP) in the UK, to form the Social and Liberal Democrats in 1988 (renamed Liberal Democrats in 1989). We examine how the merger followed processes that deviated from those Lees et al. saw to be inherent to party mergers – and how trust failed to develop between party leaders.

Third, analysis of an apparently deviant case helps us to contribute to the theoretical understanding of mergers. We provide a new typology that can be used to understand merger processes. It points to the potential for variation to exist in the processes by which parties merge. We present expectations about why different types of merger processes unfold and consider their effects on merged parties. We argue that while the absence of trust between parties in public office (and their leaders) does not preclude mergers, in such cases we can expect greater formalisation of the merger process. Our study provides a basis for future research on merger processes and is relevant beyond political parties to other political organisations including interest groups and international organisations.

We have further reasons for analysing the formation of the Liberal Democrats. It had a profound impact on UK politics which contributed to weakening the UK’s two-party system. It also participated in a rare coalition government with the Conservative Party in 2010. Political scientists have analysed the attitudes of Liberal Democrat voters and activists (Whiteley et al., 2006) and its intra-party tensions (Sanderson-Nash, 2011). Analysis of the merger that formed the Liberal Democrats has though been restricted to historical accounts (Douglas, 2005; Crewe and King 1995) or written by party activists and politicians (Meadowcroft 1998, Beith 1998). The lack of theoretically-informed analysis is problematic given the long-term implications mergers can have for issues of ideology, institutional culture and allegiance (Lees et al., 2010: 1301), and thus the development of the Liberal Democrats.

The article is structured as follows. First, we examine the existing theoretical literature on merger *processes*, with specific reference to research by Lees et al. (2010). We draw on the wider literature on the organisation of political parties to revise their framework to account for the significance of actors beyond the leadership. Second, we outline the context behind the formation of the Liberal Democrats and use process tracing (following George and Bennett 2005) to examine the sequencing of the merger. We show that the generalisable qualities of mergers *qua* mergers Lees et al. identified as underpinning successful mergers are absent in this case. The merger is analysed by drawing on party documents, archives, the secondary literature and biographical accounts of key actors in the merger. We end by discussing the findings and presenting a typology of merger processes.

**Theories of merger process**

In order to explain the processes common to party mergers, Lees et al. (2010) draw on the organisational studies literature (including Schoorman et al., 1996, 2007 and Serva et al., 2005). Such studies highlight the importance of reliable channels of co-operation, including phenomena such as group identity and trust as ‘potent forces in making or breaking potential mergers’ (Neck and Manz 1994). Trust-building has been shown to limit room for interagency turf disputes and to narrow the range of policy areas being discussed (Spreitzer and Mishra 2002).

Lees et al. build on Mayer et al.’s (1995: 712) definition of trust as ‘the willingness of a party [group] to be vulnerable to the actions of another party based on the assumption that it will perform a particular action important to the trustor, irrespective of the ability to monitor or control that party’. In relation to political parties they argue such steps might mean opening up candidate selection processes, embarking on a policy review, or re-writing a party constitution. Their framework makes the important distinction between ‘mutual’ trust and ‘reciprocal’ trust. The former is complementary but static. The latter, in contrast, is the product of an exchange relationship in which behaviour is observed and attitudes and future strategic action adjusted as a result of an iterative process (Lees et al., 2010: 1302). They argue that thoughtful institutional design can provide a benign environment and opportunities for *risk-taking* *activities* through which reciprocal trust can be built. In order to demonstrate this point, they make a distinction between the ‘management team’ and the ‘development team’ involved in a merger. The former refers to the leadership of merging parties and the latter consists of working groups established to manage the practicalities of the merger. The ‘development team’ consists of salaried party professionals with input from sub-national party organisations where appropriate (in practice, there may be some overlap in membership of the two teams).

Lees et al. argued that trust develops in two stages. First, a degree of mutual trust between management teams is assumed to be required to initiate the merger process. Risk taking practices by the management team at an initial stage are seen to be crucial to the development of the merger. Second, Lees et al. identified the development of reciprocal trust as merger negotiations progress. Here the management team is expected to delegate risky tasks including constitutional and key policy matters to the development team (Lees et al., 2010: 1303). The management team also reduces monitoring of the tasks carried out by the development team (curbing risk averse activities such as formalising – the use of charters, schedules, and resource assignments to report outcomes). A reduction in scope control activities by the development team (to prevent the management team from changing specifications of negotiations and exposing it to risk) is also expected as levels of trust increase. Lees et al. predict the terms of reference between levels and teams will blur, presenting widening scope for the development team to act.

*A revised framework of merger processes*

Lees et al. advanced our understanding of the role of trust in party mergers but it is problematic that their theories were restricted to developments at the leadership or elite level. The wider literature on party organisation identifies ‘three faces of party organisation’ and shows how parties cannot be simply understood as unitary actors (Katz and Mair, 1994). The need to analyse relations between the three faces of organisation is demonstrated by Ibenskas and Bolleyer’s (2018) research on mergers in eastern and central Europe. It suggests that when *formal* rules have structured cooperation across all three faces of organisation, then mergers enjoy greater stability and endurance. Therefore, it becomes necessary to analyse the interaction of the three faces of organisation in merger processes. As Katz and Mair (1992: 7) noted, the ‘Real Story’ or informal side of party organisational development can be at least as important as the ‘Official Story’ found in party documents and formal procedures. The Lees et al. framework offers a useful starting point from which to analyse *informal* processes in mergers. Accordingly, we revise it to account for how different actors can instigate or consolidate mergers and contribute to the development of inter-party trust.

Our revised framework enables a more comprehensive analysis of the development of mutual trust in merger processes. It incorporates the *party on the ground* which includes members, activists or non-member supporters. It suggests the assumption found in Lees et al. (2010) – that there is no reason to assume different groups or party workers will have significant levels of mutual trust in the early stage of a merger – might be wide of the mark. Moreover, Lees et al. focused on the development of trust at the ‘elite level’ which risks obscuring the wider significance of the *party in public office* (publicly elected officials – parliamentarians and members of government for example ministers) and the *party in central office* (professionals working for the party’s central institutional bodies). Representatives of a party in public office are usually the highest profile actors within a party; however, our framework accounts for situations in which central office plays the more influential role.

Ibenskas and Bolleyer (2018) highlighted the potential for actors to cooperate with counterparts in other parties. We build on their work to show that mutual trust might emerge between actors in different faces of merging parties in nuanced ways (see Figure 1). We highlight the potential for *Symmetrical trust* mergers involving trust between the equivalent actors in merging parties and *Asymmetrical trust* mergers where actors from different faces of party organisation develop trust.

Under which conditions can we expect mutual trust to develop between the different actors in merging parties? Are some processes more conducive to the development of reciprocal trust during latter stages of merger negotiations? The literature on party mergers and party organisation provides some initial expectations. Lees et al. (2010: 1306-7) showed how the participation of party leaders in risk taking activities (like negotiating electoral alliances) and engagement in joint meetings helped to foster the development of mutual trust. Similarly, we expect elected politicians, employees in central office and activists might encounter opportunities to develop mutual trust through instances of cooperation in parliament, campaigns or coalitions.

It is conceivable that some mergers occur in the absence of risk taking or mutual trust between party leaders. However, scholars have highlighted a shift in power from the party on the ground to the party in public office (Katz and Mair 1994). Elected officials can be expected to play a particularly significant role in shaping mergers if ‘party policy is usually formulated by elites, especially public representatives’ (Ibenskas and Bolleyer 2018). We therefore expect an initial absence of mutual trust between parliamentary leaders (or in public office more broadly) makes it less likely parties will develop reciprocal trust during the subsequent stage of negotiations. Research suggests that the fewer functional areas of party organisation in which merging parties develop shared formal rules the less likely they are to endure (Ibenskas and Bolleyer 2018). Similarly, we posit that the fewer areas in which inter-party mutual trust emerges, the less likely a merger is to subsequently display reciprocal trust.

**Figure 1: Mutual trust in (two) party mergers**

|  |  |  |
| --- | --- | --- |
|  | **Symmetrical Mutual Trust based merger (involves one or more of the following)** | **Asymmetrical Mutual Trust based merger** **(involves one or more of the following)** |
| **Elected officials in Party A:** | Develop trust with elected officials in Party B | Develop trust with elected officials in Party B, and/or officials from central office in Party B and/or activists in Party B |
| **Officials in central office in Party A:** | Develop trust with officials in Central Office in Party B | Develop trust with officials in central office of Party B and/or elected officials in Party B and/or activists in Party B  |
| **Party activists in Party A:** | Develop trust with activists in Party B | Develop trust with activists in Party B and/or officials in central office of Party B and/or elected officials in Party B |

Significant diversity exists within the way parties organise and the extent to which they promote internal party democracy (Poguntke et al., 2016). Organisational characteristics – including decision and policy making procedures, and internal culture – have potential to shape the opportunities that party actors have to develop trust. We expect mergers involving parties with low levels of ‘intra-party trust’ to have a less stable basis from which to achieve reciprocal trust during merger negotiations. Here, trust could be undermined by internal debates over control and monitoring relating to key areas such as candidate selection, policy reviews and constitutions. If a merger involves parties in which democratic decision-making structures have been particularly important, then additional pressures for internal accountability may hinder the development of reciprocal trust. In this respect, the origins of political parties might act to shape their organisational development (following Panebianco 1988).

**The SDP-Liberal Party Merger**

The Liberal Democrats formed in 1988 following the merger of the longstanding third party in British politics the Liberal Party, and the SDP. The SDP was a splinter party that emerged in 1981 following discontent among the ‘revisionist’ social democratic wing of the Labour party. The SDP was formed by some of Labour’s most senior politicians, the so-called ‘Gang of Four’ (Roy Jenkins, David Owen, Bill Rodgers and Shirley Williams). All four were former cabinet ministers with extensive experience in office. The SDP was run by its National Committee which was elected but heavily dominated by MPs who also dominated it powerful Policy Committee (Crewe and King, 1995: 229). The party was launched without a significant grassroots movement (but attracted over 65,000 members within a year), and no representation in local government (Crewe and King, 1995).

The Liberal Party, by contrast, had a solid organisation on the ground with reliable support in many rural constituencies (Stevenson, 1996: 24). The Liberals supported a minority Labour government in the ‘Lib-Lab pact’ between 1977-78. Subsequently, they faced electoral losses and criticism that they had achieved few policy gains and lost their distinctive Liberal identity (Kirkup, 2015). Consequently, cooperation with the SDP appeared to offer a symbiosis. The Liberals – with a well organised, substantial grass-roots membership, but lacking dynamism and leadership – joined electoral forces with the new SDP, attaching itself to prominent figures with executive experience and gravitas.

By the end of 1981, the parties had agreed the basic terms of an electoral pact (Wager, 2017). Nevertheless, they remained separate entities as they fought general elections in 1983 and 1987 in tandem as the SDP-Liberal Alliance. In the 1983 general election the Alliance netted 25.4 per cent of the vote, the highest third-party vote since 1923. Yet, owing to the electoral system, it won only 23 seats – 17 for the Liberal party, and 6 for the SDP – representing, overall, a loss of seats. Subsequently, Roy Jenkins – who had been elected in a leadership contest by party members in 1982 – stepped aside for David Owen to lead the SDP. As leader, Owen explicitly rejected the ‘logic’ of ever-closer co-operation and acted as a bulwark to what he later described as attempts to instigate a ‘merger by the back door’ (Owen, 1991). The personal dynamics between the ‘Two Davids’ (Owen, and Liberal leader David Steel) exacerbated divisions. Key policy differences, and the issue of which leader was ‘Prime Minister Designate’, dominated the 1987 general election campaign (Butler and Kavanagh, 1988: 270).

The Alliance found its support declining before the 1987 general election, and returned only 22 seats – with 17 Liberals, and 5 SDP MPs. The result prompted calls for a merger and a vote was put to the members of both parties. In the Liberals’ case, a vote for merger was backed by the leadership and supported among members by a wide margin. The SDP was divided as Owen opposed the fusion of the parties, but the party membership voted to support a merger. After a six-month bargaining process, the Social and Liberal Democrat party was formed (subsequently renamed the Liberal Democrats).

**Mutual trust-building in the SDP-Liberal Merger**

The theory of party mergers developed by Lees et al. (2010) leads us to expect that mutual trust should exist between the parties’ leaders (management teams) immediately before formal negotiations begin. We demonstrate that the SDP-Liberal followed a different path. Trust building was under way after the parties began cooperating as the ‘SDP-Liberal Alliance’, but by the initial stages of the actual merger process, inter-party relations were characterised by asymmetric mutual trust (see Figure 2).



We show that when formal negotiations began there was significant opposition to merging from the SDP leadership and parliamentary organisation but support in the central office and grassroots sections of the party. In contrast, the Liberal leadership and its membership were overwhelmingly supportive of merging, though there was some disruption due to policy differences within the Liberal central organisation. Co-operation at the level of elected office waned as organisational and policy tensions presented considerable barriers to the development of mutual trust. It was, nonetheless superseded by a fostering of asymmetric trust between the SDP’s central office and Liberal activists on the ground. Joint campaigning had engendered trust at a grassroots membership level. In this section, we trace these processes through analysing inter-party relations across the three faces of party organisation. Following Lees et al. the development of inter-party trust will be evidenced through identifying engagement in risk taking practices when merger talks are initiated and delegation and monitoring at the point at which merger talks are consolidated.

*Elected Office*

Risk taking practices began when moves for cooperation were initiated following the 1979 general election, prior to the SDP’s formal creation. Private talks between Steel and Jenkins, resulted in public action and risk-taking manoeuvres which instigated the formation of both the SDP and the Alliance (Campbell, 2014; Steel, 1989). The approach was determined within the Liberal party by Steel, the party leader, who demonstrated a long-standing belief in political co-operation. In his speech announcing his candidature for Liberal leader in 1976 Steel defined himself against his rival candidate John Pardoe as a supporter of political co-operation and realignment. Steel (1980: 22) had called upon Liberal activists to hold a ‘readiness to work with others wherever we see … the break in the clouds – the chance to implement any of (our) Liberal policies’.

Trust between Steel and Jenkins, was a product of mutual perceived political integrity (Meyer et al., 1995). Jenkins felt that during private talks, Steel was ‘underlining in the nicest possible way that in any future political arrangement he wasn’t to be treated as an office boy’ (Jenkins, 1989: 460). Trust was also forged through transactional relations that developed in the Lib-Lab Pact as office-holders in both parties worked to sustain the minority Labour government (Kirkup, 2015). At an early stage, the parties’ leaders shared an understanding that the 1979 election result created an opening for a new centre-left political project (Campbell, 2014; Steel, 1989). Discussing the prospects of any new party in January 1980 – over a year prior to the SDP’s formal creation – Jenkins diaries noted how Steel ‘would like the closeness at the time of the election itself to take the form not just of a non-aggression pact, but of working together on policy and indeed sharing platforms etc’ (Jenkins, 1989). Equally, they shared the aim that if things went well, they would consider an amalgamation after the next election (Jenkins, 1989).

By 1987, mutual trust at leadership level had evaporated. Owen consistently represented a barrier to co-operation due to his preference for an independent SDP and the political ambitions he believed it might deliver. Consequently, negotiations began with trust deteriorating rather than building between party leaderships. Owen’s grip on the small SDP parliamentary party was significant. Jenkins lacked a policy portfolio, and instead played ‘an admonitory role as guardian of the Alliance’ (Jenkins, 1991: 580). Owen fuelled intra-party tensions when he bypassed the SDP’s organisational structures. He created a Coordinating Committee of MPs and Lords, which did not include other members of the ‘Gang of Four’ and contained the nucleus of what would go on to be the ‘Vote for the SDP’ anti-merger faction (Butler and Kavanagh, 1988: 75). Owen’s longstanding opposition to a merger solidified due to growing policy differences, with inter-party tensions over defence policy causing significant divisions. A joint Defence Commission formed to bridge the gap over nuclear weapons failed due to a lack of communication between the parties’ leaderships, the Liberal party’s unilateralism and Steel’s failure to reshape party policy (Crewe and King 1995; Jenkins, 1991: 588-90).

Owen’s stance put him at odds with the other members of the ‘Gang of Four’ but he maintained a firm grip over the elected face of the SDP which became increasingly ‘Owenite’ as opposition to a merger emerged among the SDP’s elected officials. When merging was mooted following the 1987 election, four out of five of the SDP’s surviving MPs opposed fusion. A majority on the party’s National Committee also recommended that members follow the leadership’s official position and reject the merger. A lack of trust, and increasingly blocked channels of communication between the SDP and Liberal Party in parliament, acted as a barrier to a merger. As other members of the ‘Gang of Four’ garnered support at other levels within the SDP’s organisation, relationships became particularly strained; inter- and intra-party divisions had, according to one Liberal MP, become ‘more personal than political’ (Taylor, 2007).

Steel’s decision following the 1987 general election to immediately call for a merger, damaged any trust that remained between the leaders. His public call for a merger without consulting Owen appealed directly to the grassroots of the SDP. Steel’s appeal for a ‘democratic fusion’ of the parties was an attempt to frame the decision as one driven by the demands of the SDP’s members, rather than its MPs who remained opposed to merger negotiations (Cook 2008: 188). A subsequent vote by the SDP membership in favour of a merger triggered Owen’s resignation. Owen was replaced as SDP leader by Robert Maclennan MP at the outset of what became fraught formal merger negotiations. Maclennan became leader as a compromise between the pro-merger grassroots and the anti-merger parliamentary party. He had campaigned against the merger but was prepared to enter into negotiations. Maclennan’s priorities were internal to the SDP: to hold it together during negotiations, and to create a deal favourable enough to SDP principles for Owen to consider joining the new party. Neither meant he would prioritise fostering inter-party mutual trust to ease the process of merger negotiations.

*Central Office*

The central offices studied here were not made up principally of professional technocrats and experts, but instead committed and enthusiastic amateurs. The parties’ central offices initially gave little thought to the internal organisational requirements of electoral cooperation like candidate selection. Prior to the 1983 election a complex and painstaking process of elite and centrally driven candidate selection existed. Senior activists including Tony Greaves – who often acted as the central organisation within the volunteer-led Liberal party – operated with a high level of distrust of the Liberal Party’s leadership. Such misgivings stemmed from the operation of the Lib-Lab pact and the leadership’s perceived failure in prioritising co-operation and office over the Liberal party’s electoral interests (Hugh-Jones, 2007; Pitchford and Greaves, 1989). There was also discord within Liberal party headquarters at the initial scale of the joint candidate section processes and the number of parliamentary seats in which it had to accept SDP candidates. The party’s General Secretary Hugh-Jones (2007: 195) described the process as ‘the most magnanimous act of co-operation seen in British politics [for 100 years]’.

After 1983, asymmetrical trust developed between the parties as the SDP’s central organisation increasingly drove co-operation with activists in the Liberal Party. While Owen (the SDP’s leader) opposed a merger, the influence of the ‘Gang of Four’ remained significant – with Shirley Williams and Bill Rodgers no longer in parliament, but remaining active within the central party machinery. Influential Liberal and SDP figures criticised the inefficient maintenance of separate party organisations (Butler and Kavanagh, 1988: 76). Moreover, the SDP National Committee overruled Owen and allowed the joint selection of candidates. The change followed pressure and appeals from local Liberal constituency associations and Williams’ vocal support as SDP President. While joint-open selection was officially sanctioned in ‘exceptional circumstances’, Williams (1983) pointedly noted the significant support for what ‘many might think would be the first step towards a merger’.

Despite losing their parliamentary seats, Rodgers and Williams found other forums in which to promote a merger. Williams was re-elected as Party President in 1984; Rodgers was the SDP Vice-President, a ‘peripatetic role, carrying the message and raising the morale of the troops’ (Rodgers, 2000: 245). Williams took the risk of visiting the Liberal Party’s 1983 conference to mend fences between the parties (Peel, 2003). She received a positive reception from Liberal members when reaffirming the parties’ achievement in fighting the 1983 election together (*The Times,* 21/9/1983: 4). Rodgers and Williams continued to beat the drum for closer co-operation. At the SDP’s 1984 conference, Williams argued that co-operation was ‘not an alliance of expediency but a lasting alliance of principle’ (Williams, 1984). She attempted to shift power from the parliamentary group and Owen’s leadership, towards the central party by criticising the way ‘the barber shop quartet has been replaced by a soloist and a fan club’ (Williams 1984; Williams 2009: 232).

Trust developed on an asymmetrical basis between the SDP’s central organisation and the Liberal leadership and grassroots. Relations became increasingly reciprocal and iterative with candidates for the European Elections of 1983 decided regionally and managed by a Joint Campaign Committee chaired by Williams and Steel; and an attempt being made for each party to contest an equal number of winnable seats (Butler and Jowett, 1985: 82–3). Lingering opposition to joint selection rested on the SDP’s fear that the larger Liberal membership would skew outcomes. When the Liberals did little to impose their numerical strength over the SDP such concerns eased. In 78 constituencies, candidates were selected without any central direction over which party should receive the nomination despite Owen’s opposition to joint selection.

The SDP’s central office played a crucial role in developing inter-party trust as its engaged with Liberal party members. Moreover, through collaboration in campaigns a symbiosis developed between the parties’ grassroots. Even still, the Liberal Party’s central organs – the Liberal Policy Committee and the Assembly Committee which decided the agenda at its annual conference – remained detached from the SDP due to a policy disconnect, particularly over the issue of nuclear weapons. The situation came to a head in 1986, when the Liberal’s Assembly Committee forced a vote which rejected the agreed joint Liberal-SDP policy and promoted a European nuclear deterrent (Wilson, 1987: 22–27). As the journalist Robin Oakley (1986: 2) explained, where ‘the SDP is a party of managers; the Liberals a party of campaigners in the mould of their President (Des Wilson). Where the SDP is collectivist, Liberals are individualists’.

*Party on the Ground*

The Liberal’s commitment to grassroots activism and their activists’ suspicion of top-down decision making could have impeded the merger. Liberal activists feared a merger with a social democratic party would dilute the party’s Liberal commitment to ‘community politics’, given the SDP was a party born from elite agency rather than driven by a culture of localism (Pitchford and Greaves 1989). However, mutual trust and support for the merger developed at grassroots level as the parties engaged in common campaigns between 1983 and 1987. Trust between the parties was fostered as risk taking activities such as joint candidate selection emanated from local associations. Simultaneously, relations between the parties in parliament, and their respective leaderships became more problematic. Dick Newby, the National Secretary of the SDP and a key player in its central office, suggests that the SDP leadership had grown wary of the bonds forged between the parties’ activists in common campaigns (Williams, 2018).

It was longstanding belief of pro-merger SDP figures including Rodgers (1982) that the two parties on the ground were ‘more united than either the Labour or Tory Parties’. Such arguments gained credence when the merger was put to a membership ballot. A Special Liberal Assembly on 17 September 1987, three months after the general election, voted in favour of talks on fusion by a margin of 998 to 21 (as did all Liberal MPs). Pressure from activists proved pivotal in bringing about a vote on the merger within the SDP. Both pro and anti-merger factions recognised a pro-merger majority existed among delegates of the party’s conference standing committee, elected by local associations (Owen, 1991: 712). Consequently, Owen opted for a quick resolution and a swift ballot. Following a fraught internal campaign, SDP members voted for the party to begin negotiations by a margin of 57.4 to 42.6 per cent and Owen resigned.

A core claim by those within the SDP advocating a merger was that the two parties’ organisations and memberships were, by 1987, fundamentally intertwined and interdependent. On the issue of nuclear weapons, for example, it was reported to the SDP National Committee that members were less concerned with policy differences than the risks of public disagreement (SDP 1986). Charles Kennedy, the only one of five SDP MPs to support merger, highlighted the impact of common electoral campaigns on relations between the parties:

Having fought side by side through local, Westminster and European elections, it would require a wilful credulity on the part of the public to accept that, now, suddenly, significant policy differences have surfaced that divide our two parties (Kennedy, 1987)

Indeed, delegates at the SDP annual conference on 31 August 1987, overwhelmingly supported the commencement of formal negotiations and on the 17 September, the Liberal Assembly reciprocated. Formal merger negotiations opened later that month.

**Formal Negotiations in the SDP-Liberal Merger**

After party leaders state merging is the long-term goal, we should expect internal delegation to increase, a reduction in monitoring of development teams, and a blurring of lines of responsibility (Lees et al., 2010). However, in the absence of mutual trust between the SDP and Liberal Party’s parliamentary leaders they pursued risk averse behaviour and avoided delegating the practical aspects of merger to lower ranking party professionals. Consequently, merger negotiations became painstaking and lasted for six-months.

*Delegation and monitoring*

The merger process followed such dynamics for several reasons. New SDP leader Robert Maclennan had campaigned against a merger and subsequently intervened, taking a ‘tough’ line in negotiations. As one Liberal put it, ‘he seemed determined to out-Owen Owen’ (Cole, 2015). Steel had been keen to take a hands-off approach to discussions of the constitution and internal processes. However, the lack of mutual trust between the party leaders hindered the development of clear hierarchies. Both leaders were members of the 17-member negotiating teams on each side and left limited room for delegation. Instead of stepping away from negotiations they became intimately involved in a line-by-line process ‘that got bogged down in specific points of detail, hour after weary hour, week after dreary week’ (Steel, 1989: 288). Negotiating teams remained heavily monitored as Steel was unwilling to perform a clear leadership role or to delegate to negotiating teams; Maclennan tried to exert his influence over negotiations (Cole, 2015).

All three layers within the parties’ organisations were represented on the negotiating teams, which meant that delegation strategies did not develop. The teams were inherently political as Liberal negotiators chosen by conference delegates, supported a merger but felt that too many policy concessions had been given to the SDP during negotiations in the Alliance years (Dutton, 2013: 246). The SDP negotiators were chosen by the National Committee, which ensured representation for Owenite members who had campaigned against a merger. Subsequently, an attempt to let sub-groups of negotiators consisting of two members from each party work independently failed to resolve divisions (such as framing the preamble for the new party’s constitution, and measures on women’s representation). It took ad hoc interventions by prominent figures like Steel and Williams to overcome these obstacles (Williams, 1987).

*Formalisation and scope control*

The degree of formalisation obstructed the merger as negotiating sessions began with each party meeting separately and calling lengthy ‘time-outs’ to discuss difficulties in private. The elongated negotiations ran, by mid-December, to over 200 hours in a drawn-out process (Pitchford and Greaves 1989). Formalisation did not fade, but strengthened as negotiators pursued defensive strategies. Steel was incensed when he found out that just a week before the new party’s official public launch Liberal MPs were still holding Liberal-only briefings. These factors meant that the negotiating teams failed to overcome key areas of disagreement over policy making procedures, the balance of power between activists and representatives, and the party’s new name.

After four months of disputes, the creation of a policy document represented the final phase of negotiations. At this time, the scope of negotiations narrowed rather than broadened as Maclennan, and Steel insisted the policy document should be formulated at the leadership level. There existed the presumption that the process would ‘get bogged down in discussion round the table’ if not conducted by the leadership of both parties (Steel 1987). Steel allowed the policy document, *Voices and Choices for All,* to be almost wholly drafted by the SDP leader’s aides. In the absence of mutual trust having developed into reciprocal and iterative trust between the parties, the decision represented an ex post factoeffort by Steel to kindle trust at the leadership level.

Such risk-taking activities (which yielded power to Maclennan) were too little too late and backfired. Maclennan continued to prioritise the SDP’s future intra-party strength, rather than building trust. He insisted on policies such as ending Universal Child Benefit, in an effort to convince anti-merger SDP MPs, specifically Owen, to support the merger. The document was presented as a fait accompli to Liberal MPs and its policy committee the day before it was to be unveiled. Steel had made little attempt to read either the document or the mood of his party. It became known as a ‘Dead Parrot’ and he was forced to tell his SDP counterpart that the launch could not go ahead, just one hour before the planned press conference in the House of Commons. The document was emblematic of the ongoing distance between the parties. In recognition of the apparent failure of negotiations, the parties’ leaders attempted to rescue the merger at the last minute. Hastily reassembled six-person negotiating teams were drawn from the parties’ leaderships to thrash out a new document. The outcome was a policy document lifted almost wholesale from the 1987 pre-electoral agreement *A Democracy of Conscience.* The fact that the parties reverted to a previous agreement, written before merger negotiations began, highlights the lack of reciprocal trust between negotiating teams.

The process formally ended when activists, in the Liberal Assembly, the SDP’s Council for Social Democracy, and the parties’ memberships voted by large majorities in favour of the merger (Cook, 2002: 197–199; Douglas, 2005: 295–298). However, the failure to develop reciprocal trust during negotiations meant important divisions were unresolved. These re-emerged over the next year as debate raged over the party’s name which changed from Social and Liberal Democrats to Liberal Democrats amid threats of resignations if the word ‘liberal’ were dropped. Such tribalism continued, it could be argued until Nick Clegg became the party’s first elected leader to be unassociated with its constituent parties (Sanderson-Nash, 2011).

**Discussion**

The previous section examined how the SDP and Liberal Party merger deviated from the process identified by Lees et al. (2010). At the opening of merger talks, mutual trust between the party leaders was absent. A major factor limiting the development of mutual trust was the lack of a viable pro-merger alternative leader in the SDP’s parliamentary group. The unrepresentative nature of the British electoral system may have provided incentives for the merger but the internal power of the SDPs parliamentary leadership represented a particularly strong obstacle. Mergers are, however, still possible in such situations. Our study suggests asymmetrical relations of trust developed outside of party leaderships or parliamentary groups (for example between activists and officials in central office in electoral campaigns) can drive mergers.

We examined several factors that might affect the development of reciprocal trust in the latter stages of merger negotiations. Our findings indicate parties will struggle to develop reciprocal trust if their leaders either oppose a merger or lack mutual trust at the outset of one; or if their parliamentary groups fail to develop mutual trust. We find some support for the expectation that the development of reciprocal trust might be constrained in mergers of parties with a strong history of democratic decision making. Indeed, a high degree of formalisation on the part of Liberal Party negotiators was evident. The process also faltered due to a flawed negotiation model being adopted as a consequence of the parties’ different origins and institutional designs. Finally, inter-party trust did not develop between most of the faces of the parties’ organisations, making it more difficult to develop reciprocal trust during negotiations. The lack of intra-party trust and internal divisions between the parties’ parliamentary groups and central offices had similar effects.

Our case study deviates from accounts in the extant literature, giving a useful vantage point from which to develop theories of merger processes. Figure 3, presents a typology of the different paths trust building between management and development teams can take in party mergers. Our typology appreciates the significance of negotiations between these teams, but can also account for the actions of actors from each face of the parties’ organisations. We expect there are (at least) four possible processes by which parties can merge, and show that Lees et al. (2010) only recognised one of them.

First, *Reciprocal Trust Mergers*, involve several of the processes Lees et al. described in their study of Die Linke. These mergers are characterised by an initial stage in which pro-merger leaders engage in risk taking, and a subsequent stage in which reciprocal trust emerges (reflected in increased delegation and reduced monitoring). In such mergers, more of the contentious decisions over programmes and resources can be expected to have been resolved before mergers conclude. Therefore, such processes might give rise to more stable and electorally successful new parties. We also expect to find such processes when merging parties have higher levels of intra-party trust. Here leaders should feel relatively secure in taking risks, initiating mergers and delegating to development teams. We expect these mergers to involve constituent parties that have developed additional relations of inter-party trust across the three faces of organisation. Such relations should provide a relatively stable basis for negotiations and help them to be concluded quickly and effectively.

**Figure 3: A typology of inter-party trust in party mergers**

Stage 2

Increased Delegation, reduction in monitoring and scope control (Development team)

|  |  |  |
| --- | --- | --- |
|  | Low  | High |
| High | Mutual Trust Merger | Reciprocal Trust Merger |
| Low | Leader Non-Trusting Merger | Leader Bypassing Merger |

Stage 1

Risk taking

(Management team)

Second, we identify *Mutual Trust Mergers* where party leaders take risks, initiate mergers and develop mutual trust (suggesting potential for symmetry in inter-party trust). However, here leaders either do not delegate or tightly restrict development teams. We expect to find Mutual Trust Mergers in two situations. First, when merging parties are tightly controlled by leaders who leave little space for internal accountability or discussion. In such conditions leaders might impose a merger. We generally expect such mergers to involve parties with a high degree of intra-party trust, thereby enabling party leaders to take such risks. We expect low levels of internal party democracy in parties emerging this way. Second, Mutual Trust Mergers might be found when party leaders generally enjoy a high degree of trust inside their parties, but lack trust in a development team; or if the development team fear for their positions and engage in scope control activities. In such mergers, we expect the process of fusion will be quick and the details will be – somewhat problematically – resolved afterwards. In conditions of inter-party mutual trust between management teams we expect that Mutual Trust Mergers are less likely to occur than Reciprocal Trust Mergers. We assume most leaders lack the level of intra-party trust or power required to impose mergers.

Third, we identify *Leader Non-Trusting Mergers*. Our case study showed how mergers can occur when risk taking and mutual trust are absent between (parliamentary) leaders. Such processes might occur in the initial stage of mergers for a variety of reasons. For example, if at least one party’s leader opposes merging; leaders have poor personal relations; or a leader is replaced immediately before merger negotiations thereby limiting their successor’s opportunities to develop mutual trust with counterparts. We expect these mergers to occur in conditions of limited intra-party trust, where leaders: cannot rely on support from elsewhere in their parties; lack confidence to take risks; or view a merger as a threat to their own position. Such dynamics make it less likely leaders will delegate to development teams, impeding the emergence of reciprocal trust and prolonging merger negotiations.

Nevertheless, as shown by the Liberal-SDP merger, fusion can still occur under such conditions. Relations of inter-party trust (symmetric or asymmetric) can develop elsewhere in parties’ organisations to drive the merger or pressure leaders to participate in merger talks. We expect such mergers, to encounter ongoing problems as the lack of reciprocal trust between development teams leaves key decisions (for example on policy and constitutional matters) unresolved at the point of merger. These parties might be: less prepared to run effective election campaigns; fragment as difficult decisions are taken; or may experience rapid periods of transformation. In such cases we expect parties to splinter off as with the ‘continuing SDP’ and ‘Liberal Party’ which had negative electoral consequences for the Liberal Democrats.

Finally, we posit that *Leader Bypassing Mergers* can occur when party leaders fail to establish mutual trust but reciprocal trust still emerges between development teams. Here, a merger might still take place after party leaders are bypassed by other actors in their organisations. For example, party conferences or party councils might intervene and appoint development teams, delegate powers to them and monitor their progress – thereby cutting the (parliamentary) leadership out of negotiations. Such processes can be observed in the formation of Lees et al.’s case study of GroenLinks. The merger was complex as it involved several parties. The leaders of one of these parties avoided risk taking activities and hindered the merger until being side-lined from negotiations by its Party Council which appointed its own development team (Lees et al. 2010: 1308). Mergers involving such a break between the (parliamentary) leader and other faces of organisation, can be expected to involve parties with lower levels of intra-party trust.

We also expect such mergers to involve prolonged negotiations because bypassing a leader might take time. We anticipate that leaders who find themselves bypassed will subsequently lack power within the new party and that the power of the parliamentary group might remain constrained. Given the importance of party leaders in communicating to voters, their lack of involvement could undermine the new party’s electoral performance. It seems unlikely that all parties in a merger will bypass their leaders because it is a risky and difficult route to go down. Therefore, we expect such mergers to involve a greater degree of asymmetric trust. In the absence of trust between party leaderships (and parties in public office), we expect that mergers are more likely to become *Leader Non-Trusting Mergers* in which suspicious leaders remain involved throughout negotiations but processes remain formalised.

**Conclusion**

Our findings have important implications for studies of party mergers. First, we showed that the case of the SDP-Liberal Party merger occurred in the absence of mutual trust between party leaders and parliamentary groups. We added layers to the Lees et al. analytical framework by accounting for all three faces of party organisation the merger process. We highlighted how trust developed between activists through cooperation in shared electoral campaigns can drive party mergers. Differences in the institutional cultures of merging parties were also found to contribute to the development of asymmetric relations of trust. Consequently, our research raises questions about the degree of variation which exists in merger processes.

Second, our article suggests that while trust between parliamentary leaders is not a pre-requisite for mergers, in its absence we can expect merger negotiations to display a lack of reciprocal trust and greater formalisation. Therefore, we see a need for future research to investigate why mutual trust sometimes emerges between party leaders and parties in public office. The literature on trust provides potentially useful tools for understanding why trust emerges, for instance Mayer et al.’s (1995) classification of trust through competence, benevolence and integrity. Further research is also needed to analyse instances when parties seem interested in a merger but then fail to complete it. Analysis of such cases stands to add much to our understanding of the role of trust in merger processes.

Finally, as Lees et al. (2010: 1316) noted, a merger can be understood as a two-level game. Our findings indicate that levels of intra-party trust in merging parties might shape the types of merger process which emerge. Research using a larger number of cases should test such expectations regarding intra-party trust and the wider applicability of our typology. It can also examine the effects of symmetry in the merger process. For example, what are the consequences if actors from Party A on the ground established trust with actors of Party B in public office rather than Party B in central office? Our study suggests the first scenario might prompt a defensive response from Party A’s parliamentary group or bring about additional monitoring.

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