

edited by Ryan Shorthouse and Guy Stagg

100% MODERNISATION 2.0

THE FUTURE OF THE
CONSERVATIVE PARTY

TORY MODERNISATION 2.0

The future of the Conservative Party

Edited by Ryan Shorthouse and Guy Stagg

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Bright Blue is an independent, not-for-profit organisation which campaigns for the Conservative Party to implement liberal and progressive policies that draw on Conservative traditions of community, entrepreneurialism, responsibility, liberty and fairness.

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Foreword

Rt Hon Francis Maude MP

A decade ago I said that the Conservative Party had to “modernise or die”. It was “five to midnight”, I warned. All very portentous and doom-laden. I was likened to Private Fraser, with his cry of “We’re doomed!” But I also said that “the Conservative Party is a phoenix, not a dodo”, and that it could go on to thrive.

When I reflect on how far we have moved in a decade I’m proud of what we have achieved. It’s ten years since a group of us founded Conservatives for Change, CChange, to drive the modernisation of the Conservative Party. CChange made itself redundant when after the 2005 election I became Party Chairman and then six months later David Cameron was selected as leader.

At the 2005 Party Conference I laid out brutally what the party needed to do to become electable. With one slide I showed that voters backed our immigration policies two to one. But when they learned they were Conservative policies they were opposed with equal strength. The public doubted our motives. Sound Conservative ideas were being damaged by the Conservative Party brand.

To survive we had to change. And the Party understood that – for they elected as Leader the change candidate, David Cameron. He has

led the party to rekindle its great traditional strength: the ability to adapt to the age. In short, to modernise. The Conservative Party is the longest-standing, most successful political party in the history of democracy. To survive this long it has had continually to modernise in tune with a constantly evolving society.

“If we fail to keep pace – fail to understand and influence the spirit of the age – we will be rightly punished by the electorate”

At our best we move ahead of the other parties. One hundred and fifty years ago there was a Conservative Jewish Prime Minister. A century later Britain’s first woman PM.

Today the Conservative Party today is closer to being a genuinely contemporary party. But that doesn’t mean that the modernisation project is finished. It never will be. As British society continues to evolve so must the Conservative Party, if we are not to face electoral oblivion. If we fail to keep pace – fail to understand and influence the spirit of the age – we will be rightly punished by the electorate.

That’s why the debate contained within these chapters is so crucial. We must always question our approach and ensure that it both aligns with and defines the political centre-ground. That doesn’t mean for a second that we should abandon the values we hold dear. Indeed if I look back at the journey that I’ve been on over the course of my career, I think I’ve been pretty true to the same beliefs. I remain a fiscal conservative and an economic liberal; I’m realistically Eurosceptic and a defender of civil liberties and freedoms. But where I’ve changed is on social questions. I’ve become more socially liberal. That’s where the party has changed the most as well – but it’s where British society has changed even more.

Labour’s modernisation was a quite different thing from ours. Blair’s Clause IV moment was an attempt to abandon a failed ideology – a

discredited central idea. Our modernisation has reaffirmed the convictions that we hold as central. Unlike the Labour party we were never a party trapped by dogma. We have long believed in basic ideas of freedom, aspiration, equality of opportunity, and security. We continue to prefer the small state and a big society, to Labour's big government.

But we have to stay abreast of evolving social norms. We can't look like we want to turn the clock back to an imagined golden era. We should not assume that society will be willing to conform to our own expectations if they're out of kilter with the mainstream. And we can't drive policy looking back through a rose-tinted rear-view mirror. There's a simple truth that if our social attitudes are seen as backward looking, we will be unelectable.

The conversation about Tory Modernisation never ends and never can end. We are proud of the past but we must look to the future. We are conservative by nature, but we have radical reformers with powerful ideas for how Britain can itself revive and thrive. The work is never done and the next decade will demand even more.

Francis Maude is the Minister for the Cabinet Office and Paymaster General. He has been a Conservative MP for Horsham, West Sussex, since 1997. He was previously Chairman of the Conservative Party and Financial Secretary to the Treasury. He began his career as a barrister, and has worked in business and banking.

Introduction

Ryan Shorthouse and Guy Stagg

The modernisation of the Conservative Party is an unfinished project. As such, despite an impressive swing towards the Conservatives in the last General Election, we were not able to form a majority Government in 2010.

Gloomy economic circumstances and the nature of Coalition have meant the modernisation project has been undermined. It's time to give it a reboot. This book by Bright Blue offers the blueprint for the second stage of Tory modernisation so the Conservative Party and, more importantly, British society and the economy flourish in the years ahead.

Since it's formation in 2010, Bright Blue has built a grassroots pressure group of Conservative activists, Councillors and MP's to ensure strong foundations for continuous modernisation. This book includes essays by influential individuals from this modernising alliance – politicians, activists, journalists and policy-makers. Each contributor offers a new vision and radical policies for the Conservative Party to adopt.

This time, we must emphasise the breadth of the modernisation package. It is vital for a safer and fairer future that we retain our modest spending commitment to international aid, support renewable energies, and legalise same-sex marriage. But sceptical voters on low-and

middle-incomes need much more reassurance that we are on their side as they strive for a better future for their families. Historically, Conservatism has been at its best when it is open-minded and big-hearted, providing ladders of opportunity for people from modest backgrounds. So the focus now needs to be helping these families with the cost of living and accessing high-quality public services.

Where the Conservative Party has gained the most traction recently is with changes to the education and welfare systems, providing positive and effective reforms in these areas which are traditionally associated more with left-wing parties. Let us now be bolder on further reform of public services. This is not about abandoning our principles, but applying and adapting Conservative principles to areas which are really important and relevant to people.

In Chapter One, Matthew d’Ancona presents an authoritative history of modernisation. He locates the start of the modernisation project not in 2005, with the election of David Cameron as the Conservative Party leader, but in the 1990s, following Tony Blair’s landslide victory. He explains how each Conservative leader since that election has flirted with modernisation, recognising the need to change the party to reflect changing public opinion. However, in due course William Hague, Iain Duncan Smith and Michael Howard all reverted to ‘traditional’ Tory policies to strengthen their position in their own parties, but without earning support from the wider public.

Similarly, the need for austerity after the global financial crisis pushed David Cameron to almost abandon modernisation. The essay argues that the stalling of this process cost the party the 2010 election, and the lingering toxicity of the Conservative brand means that the Government’s decisions are treated with doubt and distrust by the electorate. What is more, the aftermath of the crisis has created dogmatic Tories inspired by a caricature of Margaret Thatcher. Matthew urges the Prime Minister to take up the cause of modernisation once more, to put his

country before his tribe, and to relentlessly confront the public's anxieties about the Conservatives, before it is too late.

Conservatism is rooted in pragmatism, not in idealism. This means that Conservatives respond to the British public as they really are, not as some theory imagines them to be. As David Willetts argues in Chapter Two, this makes the case for modernisation as strongly as any other argument. Nonetheless, there are two principles to which we can hold firm even in times of change: championing personal freedom, and the need to be rooted in a community – wings and roots, as David memorably terms them. The best institutions support both principles.

The essay explains how research in fields as diverse as evolutionary biology and game theory has confirmed a number of Conservative insights on the economy. For example, the trust and cooperation fostered by corporate institutions support a vibrant market economy. Similarly, personal incentives can be harnessed to co-operative ends by civic institutions, so creating a closely knit society. In all of this, the dispersal of knowledge and information is crucial and government can play a positive role, whether investing in the technologies of the future or harnessing creative talent in schools and universities.

David Skelton analyses the shortcomings of the first modernisation project in Chapter Three. Drawing on polling conducted for Policy Exchange, he looks at the public's doubts about the Conservative Party which, despite efforts to change the party, persists to this day. The results expose the most important shortcomings of the first round of modernisation – that it was too narrow, and did not appeal to a broad enough range of potential voters. The four overlapping groups that the Conservatives need to win support from over the coming years are ordinary working people, ethnic minorities, those living in cities and those living outside the South and East of England.

David's essay proposes policies to reduce the cost of living, from cutting energy bills to capping trains fares. He also advocates tax cuts funded

by new savings made to public spending, and measures to boost house building and job creation, especially in the Midlands and the North. As David makes clear throughout, symbolic gestures are not enough: Conservative party policy must realise the aspirations of sceptical voters.

Many on the Right give the impression that public services are a necessary evil. But effective public sector reform is vital for everything from deficit reduction and economic growth to social justice. As Jonty Olliff-Cooper explains in Chapter Four, an ageing population threatens to place an overwhelming burden on government expenditure on public services. Conservatives need to find a way to get more from the huge amounts spent on hospitals, councils and schools.

Jonty's essay looks at the reasons why public services currently fail – most often because they are introduced too late when people need help, are too bureaucratic and expensive, and do not give people what they really need or want. He proposes holistic public service provision which, in contrast with the current piecemeal approach, would provide mutually supportive solutions to problems which are themselves overlapping and interdependent.

The Government's education reforms have been among their most successful policy programmes, but they are also a vital element in building the society Conservatives are passionate about creating. In Chapter Five, Ryan Shorthouse argues the Government can go further, introducing further market-based reforms into all stages of the education system to enhance choice and raise standards, while at the same time recognising the positive role that government can play in helping those most in need.

The essay proposes radical reforms to open up access to education - whether to children in their early years when it can have the greatest potential impact, or increasing the involvement of the for-profit sector in state education, or extending student loans to postgraduate education. As Ryan argues, such reforms are vital because they recognise that

for disadvantaged people in society, education is the most effective way of achieving a free and flourishing life.

The opportunity to excel is essential, but relationships and a sense of belonging are just as important. The interconnected nature of the modern world can disguise the fact that increasingly people experience detached, isolated lives. It is little surprise that more and more people are living alone, and separated from their neighbours and local communities. Tories celebrate the individual, but at the same time want to strengthen the non-state ties that hold society together – a balancing act that Graeme Archer explores in Chapter Six. From everyday experiences such as shopping in the supermarket, sitting at a café, or going swimming, he asks what lessons can be drawn by policy-makers, to find ways of bringing people together.

The essay reviews the consequences of unwanted solitude. It condemns identity politics for worsening the divisions within society, and social media for replacing human interaction with anonymous, and often hostile, virtual exchanges. But Graeme also identifies how the Government could help society come together again, in particular by opening up our institutions: whether through the right for people of the same sex to marry one another, or the cross-cultural bonds that can be formed by a shared cause such as a political campaign.

Following the global financial crisis, a few prominent Conservative voices asked whether the Right had anything to apologise for on the economic front. A system designed to further the interests of the many had begun to benefit only the few. What if the same criticism could be levelled against our political system as well? This was the charge made by the Occupy protestors, and one that is echoed by disillusioned young people from across the political spectrum. In Chapter Seven, Guy Stagg makes the case that Conservatives, who value our institutions, must work to strengthen Parliament and broaden political engagement.

Although fewer and fewer young people vote, they have found new ways to engage with their favourite causes, such as online campaigns. The essay explores why efforts to increase democratic participation – such as electoral reform – have so far been unsuccessful, and proposes a number of ways in which political parties and Parliament itself can better represent the public and so strengthen democratic engagement.

Over the first decade of the twenty-first century intervention became a troubling word in international relations, suggestive of a neo-conservative foreign policy where every intervention was unsupported, unwelcome, and ultimately ineffective. In Chapter Eight, Fiona Melville attempts to reclaim the term from its militaristic interpretation, by arguing that intervention is a far more complex and constant process, occurring in commercial diplomacy and development as well.

It is this broader, more generous idea of intervention that Fiona argues the Conservative Party should support. Globalisation means that intervention becomes an inevitable process, and this is a reason to be optimistic. Rather than a self-interested and asymmetric process, intervention can be mutually beneficial. Whether in improving governance to prevent a country from becoming a failed state, or improving infrastructure and education to create future markets, the idea should be central to a modern Conservative foreign policy.

The environment has been part of conservative thinking for centuries: preserving our natural inheritance for future generations. But, as Ben Caldecott warns in Chapter Nine, Conservatives in America, Canada and Australia have grown increasingly hostile toward environmental causes. However, with greater competition for resources and the climate becoming more unstable, pragmatism demands that we are better insured against an uncertain future.

Resource scarcity and rising commodity prices could limit growth; however renewable energy sources can drive commercial innovation.

What is more, shale gas might offer false hope, ultimately distracting Conservatives from necessary investment into renewables. For as long as our economy remains resource-intensive, our opportunities for growth will be hampered, and it is the Right which risks keeping this model beyond obsolescence. As Ben concludes: there should be no opposition between sound economics and looking after the world around us.

Finally, in Chapter Ten, James O'Shaughnessy asks how the Conservative Party can win over aspiring voters. The essay asks what lessons the current Conservative Party can learn from Thatcher and Disraeli in order to secure a majority at the next election. Despite their enormous differences, both politicians understood aspiration, and could show those who wanted to work and get on that the Conservative party was on their side.

The aspiring classes of today are the people who must vote Conservative at the next election if the Party is to win. Therefore the party's policies must be aimed at helping them to realise their ambitions, changing planning rules to allow individuals and communities to solve their own housing shortages, boosting family budgets by increasing parents' control over their finances and entitlements, and increasing employment opportunities so that everyone who wants to work can get a job.

Last chance saloon

The history and future of Tory modernisation

Matthew d'Ancona

What planet are you on, when you think that David Cameron's big problem is that he isn't enough of a traditional Conservative?

Hugo Rifkind, *The Spectator*, May 12, 2012¹

The Conservative Party is in crisis - and does not know it. Since the formation of the Coalition in May 2010, every Tory sinew has been strained to the business of governing in partnership with the Liberal Democrats and ensuring that the tensions intrinsic to the alliance do not snarl up the business of running the country and saving it from economic perdition.

The disagreements of which we read daily are almost invariably those between the two governing parties. In as much as the trajectory of the Tory movement is a matter for public debate, it is only as a sub-category of this greater discourse. It has become a querulous truism in the Conservative tribe that the Lib Dem tail is wagging the dog; that the Coalition spends too little time on the authentically Tory business of fighting Brussels, cutting taxes and liberating markets, and too much

¹ Hugo Rifkind, "Cameron is quite Conservative enough, thank you", *The Spectator*, May 12, 2012.

on supposedly “metropolitan” fixations such as gay marriage and Lib Dem constitutional projects like Lords reform.

Early modernisation

When David Cameron became leader in December 2005, the party was engaged in a serious argument about its identity, its appeal, its trajectory, and its correct position in the early 21st Century political firmament. That argument now seems a distant memory and most Conservatives seem happy for it to remain so. It has become orthodox to regard early Cameron ‘modernisation’ – re-branding, husky hugging, a proud commitment to international development, and fashionable greenery – as a closed chapter. All the logos, photo-ops and faddish images were (so the orthodoxy continues) an adrenaline shot that ‘detoxified’ the Conservative Party, but a strategy rendered utterly obsolete by the credit crunch and finally laid to rest by the collapse of Lehman Brothers in September 2008. An era of austerity and serious economics had dawned: it was time for senior Tories to put their ties back on and hand back the recycled trainers.

At the heart of this orthodoxy are two errors. The first is intellectual: the perception of modernisation as a distinct, time-limited process, rather than a permanent state of mind. The second is historical: a convenient amnesia about the long years of effort, fitful progress and painful setbacks for those who preceded Cameron as modernisers of the party.²

To address the second error first: what has become known as Conservative modernisation was spawned not in Notting Hill after the 2005 election defeat but in a suite of offices in Queen Anne’s Gate before the 1997 Labour landslide. There, in the home of the Social Market Foundation, three young centre-Right policy wonks – Daniel Finkel-

2 A happy exception is Peter Snowdon’s indispensable *Back from the brink: the inside story of the Tory resurrection*, (London: HarperPress, 2010).

stein, Rick Nye and Andrew Cooper – began to ask where the Tories were going wrong and what needed to be done to prepare the party for its millennial challenges. What Finkelstein, Nye and Cooper – encouraged by David Willetts – quickly grasped was that the Conservative Party was perceived by the voters as indifferent or even hostile to public services.³ More profoundly, they realised that the public had become deeply suspicious of Tory motives, such that the party’s association with a proposal, however sensible, activated suspicions in the voters’ minds and made them sceptical. A painful conclusion followed: that to win again, the Conservatives would have to change the way they communicated, the way they did business, the language they used, and the way they were. This was not a PR speed-bump, but an ontological crisis: the problem was not Tory policies, but the Tories themselves.

Finkelstein went on to work for William Hague, who was – initially – an enthusiastic and formidable spokesman for this new analysis. In his first conference speech as party leader, Hague demanded a Conservatism that “believes freedom doesn’t stop at the shop counter...that listens, that has compassion at its core.” This was not, he insisted, just a question of image, as so many critics of modernisation have argued before and since. “Compassion is not a bolt-on extra to Conservatism,” Hague declared. “It’s at its very core.”

At the same annual gathering, Michael Portillo – recently ousted from the Commons – delivered a memorable speech under the auspices of the Centre for Policy Studies that gave the modernising cause its foundation text.⁴ The disdain the voters had come to feel for the

3 See David Willetts, *Civic Conservatism* (London: Social Market Foundation, 1994), for one of the earliest explorations of this theme. In *Undoing of Conservatism* (London: Social Market Foundation, 1994), John Gray argued that the neo-liberal project had hollowed out the very institutions that Conservatism had once existed to defend. ‘Willetts-Gray’ became shorthand for the earliest stirrings of the debate.

4 Michael Portillo, *The ghost of Toryism past: spirit of Conservatism future*, (London: Centre for Policy Studies, 1997).

Tories, Portillo argued, “must be appreciated as a deeply-felt distaste, rather than momentary irritation. We cannot dismiss it as mere false perception. Tories were linked to harshness: thought to be uncaring about unemployment, poverty, poor housing, disability and single parenthood; and considered indifferent to the moral arguments over landmines and arms sales. We were thought to favour greed and the unqualified pursuit of the free market, with a ‘devil take the hindmost’ attitude.”

According to Portillo, the party had become associated with arrogance and insensitivity, “using the language of economics and high finance when people’s jobs and self-esteem were at stake.” Above all, the Tories were perceived to be at odds with contemporary reality in all its diversity and complexity. “I believe that it is extremely important for the Conservative party to deal with the world as it now is”: this was the most important sentence in Portillo’s 1997 speech. The most simple, the most obvious – and (by the bulk of Tories) the most ignored.

Losing our way

Thrown by his failure to make electoral ground, and fearful of antagonising the Conservative core vote, Hague switched mid-term to a much more aggressive and demotic Toryism that the Blairites found all too easy to caricature as “skinhead conservatism.”⁵ The battle to succeed him in 2001 was one of the ugliest such contests of recent decades. Portillo – now returned to the Commons and standing as the ultra-moderniser candidate – offered an uncompromising choice to his party: adapt or die. Iain Duncan Smith, mocking Portillo’s “pashmina politics”⁶ and dismissing Ken Clarke’s Europhilia, emerged the unexpected victor.

5 For details of this strategic shift, see Snowden, *Back from the brink*, 63-74, and Simon Walters, *Tory wars: Conservatives in crisis*, (London: Politico’s Publishing Limited, 2001).

6 See, for example, Nicholas Watt, “Tory contender attacks ‘pashmina politics’”, *The Guardian*, June 25, 2001, <http://www.guardian.co.uk/politics/2001/jun/25/uk.conservatives>.

After IDS's abrupt defenestration in 2003, Michael Howard became leader by acclamation and – like Hague before him – declared initial enthusiasm for the modernisers' analysis. At the Saatchi Gallery in October 2003, he promised a Conservatism “broad in appeal and generous in outlook”, a party which would “preach a bit less and listen a bit more”, and “a new kind of politics” characterised by “rigorous honesty, measured criticism, realistic alternatives”.⁷ But – like Hague – Howard did not (or could not) stick with it. By the 2005 general election, with Lynton Crosby at his side, he was blowing the ‘dog whistle’ on immigration and asylum as the party trudged towards its third successive heavy defeat.

If there is a lesson in this brief history, it is that Tory modernisation is an easy cause to embrace, and a very hard one to stay true to. Hague and Howard are among the most robust and compelling figures of their political age. But the pressure upon them to ditch their initial strategies became intolerable. As Theresa May discovered in 2002 when she had the temerity to say that “some people” called the Tories “the nasty party” – not, please note, that she herself did so – most of the right-leaning media savaged her, and her own tribe trembled with collective fury. For a movement notionally so committed to realism, the Conservative Party is not always good at accepting the facts of the case.

That said, the mood changed after the 2005 election. Humbled by Blair's hat-trick, the activists grasped that shock therapy was called for. At the party's conference in Blackpool, Francis Maude showed them what he called his “killer slide”: polling evidence revealing that public support for a proposal halved when respondents were told it was a Tory policy. In other words, the Conservative brand was so contaminated that that it drove voters away from otherwise sound policy positions. Voters, it seems, share Blake's opinion: “A truth that's told with bad intent,/ Beats all the lies you can invent.”

⁷ The Daily Telegraph, “Michael Howard's speech in full”, *The Daily Telegraph*, October 31, 2003, <http://www.telegraph.co.uk/news/1445557/Michael-Howards-speech-in-full.html>.

Cameron's ascendancy

On to the stage bounded Candidate Cameron, apparently the ideal man to untangle this horrible knot: a cradle Conservative who nonetheless had a mains connection to the contemporary world, a leader-in-waiting to forge a new kind of Toryism that would speak to his generation and sweep away the rumours of nastiness, selfishness and indifference to the needy.⁸

That, at least, was the plan. And for the first years of his leadership, Cameron followed it assiduously, dragging his party to the centre not only ideologically but as a movement connected to the modern world. He worked to persuade the voters that his party was not a single-issue movement ('banging on about Europe'), that it valued public services in general and the NHS in particular, and that its members were not themselves asylum seekers from reality.

Two shocks to the system threatened to blow him off course. The first, now long-forgotten but powerful enough at the time, was Gordon Brown's honeymoon in 2007, and the clear and present danger that the new Prime Minister might go to the polls in the autumn of that year – a peril that became 'the election-that-never-was,' a fiasco from which Brown never truly recovered.

The second, much more profound, was the credit crunch and the consequent global financial crisis. Cameron grasped immediately and correctly that this would transform the rules of the game. Having promised initially to match Labour spending, he now decided upon unvarnished candour about the scale of the economic problem. Against the entreaties of some of his advisers, the Tory leader began to speak of the "age of austerity" and the necessary pain that this would entail. Well before the election, he and George Osborne let it be known that they expected their

⁸ Well described in Francis Elliott and James Hanning, *Cameron: the rise of the new Conservative*, (London: Harper Perennial, 2009). Cameron's ideas are expertly set out in Dylan Jones, *Cameron on Cameron: conversations with Dylan Jones*, (London: Fourth Estate, 2010).

Government to be unpopular – the necessary price of necessary measures. History, it seemed, had made of Cameron an accidental radical.

Modernisation stalled

The error was not the decision to speak reasonably openly about the difficulties that lay ahead. The error was to behave as if the season of modernisation was over, a prelapsarian age with little to teach the party in darker times. In fact, the coming austerity made it more important than ever that the party be trusted, that its priorities were seen to be decent, that it was perceived to champion the needs of the whole population. Far from consigning modernisation to irrelevance, Cameron and co should have deepened their commitment to the project that had ensured his triumph in the leadership contest and defined his first years at the party's helm.

“Cameron and co should have deepened their commitment to the project that had ensured his triumph in the leadership contest and defined his first years at the party's helm”

Precisely because the modernisation process was stalled when it was – at best – half-complete, the voters were still unsure about the Tories on May 6, 2010. The party failed to win an outright majority principally because its ‘detoxification’ was not yet finished. It is remarkable how contentious this psephological reality remains in some Tory circles. But it is the consensus verdict of – for example – Dennis Kavanagh and Philip Cowley's *The British General Election of 2010*, Michael Ashcroft's *Minority Verdict*, and the work of Tim Bale of Sussex University.⁹

⁹ Dennis Kavanagh and Philip Cowley, *The British General Election of 2010* (London: Palgrave Macmillan, 2010); Michael Ashcroft, *Minority verdict: the Conservative Party, the voters and the 2010 election* (London: Biteback Publishing, 2010), especially 112-24; Tim Bale's magnificent *The Conservative Party from Thatcher to Cameron*, (London 2010), is indispensable on this failure and much else besides. Even before polling day, Bale had identified the core problem that would deny Cameron outright victory: Tim Bale, “The Tories: a contaminated brand”, *The Guardian*, April 22, 2010, <http://www.guardian.co.uk/commentisfree/2010/apr/22/election-tory-internal-dissent>.

Why does lingering toxicity matter so deeply? First, because modern politics is as much about motive as it is about competence or objective metrics. The rise of behavioural economics and of ‘right-side’ analysis of the brain has disclosed the role played by concepts, perception, caprice and what Keynes called ‘animal spirits’ in the way we take decisions.¹⁰ In this respect, voters judging politicians act rather like spies handling their assets. “The issue is why,” says one of the spooks in John le Carré’s *The Russia House*. “That’s what we’re after... Why? If we trust the motive, we trust the man. Then we trust his material.”

This is true of politics in general, and doubly true of Conservative politics. The Tory Party’s past requires it to explain always, to the electorate’s satisfaction, why it is doing what it is doing. Spending cuts; free schools; welfare reform; private sector tendering for NHS work: the question is always “why?” To improve the service, to save money, to cut their friends’ taxes, to scratch an ideological itch? Or something else? It does politicians absolutely no harm to spell out the answer.

Coalition

In this respect, the Coalition has been a mixed blessing. It has forced Conservatives to explain *ab initio* to their Lib Dem colleagues why they want to do something – and vice versa. I am struck by the number of ministers who have told me that they find this process refreshing. When you cannot assume that your colleagues share your visceral instincts, you have to argue on the basis of evidence, first principles and common sense.

¹⁰ See, for instance, Daniel H. Pink, *A whole new mind: why right-brainers will rule the future*, (London, Riverhead Trade, 2005); Drew Westen, *The political brain the role of emotion in deciding the fate of the nation*, (London: PublicAffairs, 2007); Jonathan Haidt, *The righteous mind: why good people are divided by politics and religion*, (London: Allen Lane, 2012). A popular text in Downing Street is David Brooks’s *The social animal: the hidden sources of love, character and achievement*, (New York: Random House, 2011) – although not all of its lessons seem to have penetrated the walls of Number Ten.

That said, partnership with the Lib Dems has also encouraged a form of laziness amongst senior Tories – one which, to his credit, the Prime Minister was quick to identify. At a Carlton Club dinner in 2011, he said it was essential that the Conservatives not “subcontract compassion” to the Lib Dems (deploying a phrase first coined by Damian Green).¹¹ It was important, the PM continued, that the voters grasped that deficit reduction was a shared national necessity rather than an ideological imperative, and that the party be perceived quite clearly to be on the side of the most vulnerable: the whole nation, not only those sections of it most commonly associated with Conservatism. In his conference speech in the same year, he developed the theme. “This is a One Nation deficit reduction plan,” he said, “from a One Nation party.”¹²

“It has forced Conservatives to explain *ab initio* to their Lib Dem colleagues why they want to do something – and vice versa. I am struck by the number of ministers who have told me that they find this process refreshing”

To spell it out: there continue to be moments when Cameron sounds like the persuasive moderniser that he once was and perhaps – at heart – still is. His championship of gay marriage and of the ring-fenced international development budget doubtless baffles Tories who regard both as (at best) distractions and (at worst) betrayals of true Conservatism. But it is at such moments that he sounds like the leader of a generation rather than of a doctrinal group: a generation shaped by

11 See my *Sunday Telegraph* column, October 2, 2011: <http://www.telegraph.co.uk/news/politics/conservative/8801181/David-Cameron-needs-to-win-the-voters-hearts-as-well-as-their-minds.html>. Damian Green's original TRG speech in October 2010 repays study:http://www.trg.org.uk/uploads/u8187/File/DG_One_Nation_Day_2010.pdf.

12 Patrick Wintour and Nicholas Watt, “David Cameron shows why Harold Macmillan is his political hero”, *The Guardian*, <http://www.guardian.co.uk/politics/wintour-and-watt/2011/oct/05/davidcameron-toryconference>.

Live Aid and the diversity of modern society, as well as by Thatcherism and the fall of the Berlin Wall. It is much to the PM's credit that he devoted a section of his 2012 conference speech to the core argument he had advanced seven years before as a leadership contender. "It's not enough to know our ideas are right," he said. "We've got to explain why they are compassionate too."¹³ A booming private sector is the greatest foe of unemployment; a traditionalist education is the best chance a child born into poverty has of escaping it; welfare dependency is a fiscal crisis, yes, but the best reason to end it is that it demeans its victims.¹⁴

Ideology

In general, however, the global financial crisis has had a stultifying effect upon Conservative discourse. It has restored to respectability the myth that politics is really a branch of economics; the myth that confuses the complex, multi-faceted voter – who contains multitudes – with that predictable two-dimensional creature, *homo economicus*. The risk is one of 'ideological creep': when an entirely practical mission to improve the lot of Britons in this parliament and beyond starts to acquire a doctrinal veneer, and to look like the work of Tory Jacobites, ideological restorationists determined to continue the 'unfinished revolution' of the 1980s.

In fact, this does a great disservice to Margaret Thatcher who was one of the most keenly modern Prime Ministers the Tory Party ever produced, in the sense that she addressed the problems of the era in which she lived without deference to the fixations of those who preceded her. David Cameron should no more define himself by reference to the Iron Lady than she defined herself in relation to Harold Macmillan. The Tory movement has yet, truly and conclusively, to move

¹³ The Daily Telegraph, "David Cameron's Conservative Party Conference speech: in full", *The Daily Telegraph*, <http://www.telegraph.co.uk/news/politics/conservative/9598534/David-Camerons-Conservative-Party-Conference-speech-in-full.html>.

¹⁴ Matthew d'Ancona, "'Compassionate Tory' is not a contradiction in terms", *The Daily Telegraph*, October 13, 2012.

beyond the 1980s, or to escape the language of that era. Until it does so, it will be a sitting duck for those who seek to misrepresent its intentions and its achievements.

There was a time when patrician responsibility animated the Conservative will to power. Its place has been taken by ideology: a simmering brew of Friedman, Hayek and a bit of Burke for old time's sake. If modernisation has a central purpose, it is to remind the party that ideology is never enough. Those afflicted by doctrinal certainty are generally impervious to what people think of them. Indeed, they often interpret hostility as a paradoxical proof of their rectitude. In this respect, the Right has borrowed the old Left's idea of 'false consciousness': the electorate only *think* that they want extensive welfare and health provision. They only need to be awakened. They only need to read *Atlas Shrugged*...

Of course, I exaggerate: but not much. The humility that the modernisers urged upon the Tory Party is in full retreat. The modernising cause has few advocates in the commentariat. The web and social media emphasise polarisation and amplify strong opinion. Digitalisation has helped Conservatives to connect with each other, but not necessarily to connect with anyone else. The Coalition, meanwhile, has bred resentment among Tories and a sense that the Lib Dems, rather than keeping the party in power with a healthy majority, are petulantly obstructing true Conservatism. The party waits like a toddler, its fists bunched, to be let off its reins when the alliance ends. To do what?

What next?

The shelving of the modernisation campaign was the worst strategic error made by the Conservative party since the poll tax. It undid the work of many years and has left the party seriously vulnerable at the next election. But – as any old mod can tell you – it was ever thus. And the principal objective of the modernisers since the 1990s – to keep

the Conservative Party in the mainstream as an electable centre-Right movement – is as important now as it has ever been. Indeed, the stakes have never been higher. And the emergence of Bright Blue has revealed a refreshing grasp among young progressive Tories both of the scale of the task and its necessity.

The intellectual challenge for Conservatives now is to imagine how they would be faring if the Lib Dems were not standing as a human shield between themselves and the electorate. What would the voters think of the cuts that have already been made without the Lib Dem imprimatur? What would they think of the NHS plan? Who would have taken the heat for tuition fees if Nick Clegg had not been around? Would the public be convinced that the Government's (necessary) welfare reforms were consistent with social justice? Indeed, are they now?

Self-evidently, modernisation in Government cannot be the same as it was in Opposition. Those who sneer about glaciers, hoody-hugging and wind turbines have nothing to worry about. But the principles are the same. As *The Spectator's* James Forsyth has put it, one of the challenges for a contemporary Tory government is “applying right-wing thinking to traditionally left-wing areas”.¹⁵ A modernising Prime Minister gives his party a vote but not a veto: he respects his tribe but puts his country first. He confronts remorselessly and fearlessly the anxieties that the voters feel about him, his party and their own futures. He cherishes tradition but he embraces the contemporary with relish rather than a shudder. He is wary of his comfort zone, for time there is wasted.

And time is short. The electoral perceptions that will shape the next election result are well on the way to full formation. The die is nearly cast. Cameron's Tories did not secure the majority they so badly wanted in 2010 and – realistically – have one more shot, in 2015. In politics, as in life, the difference between success and failure can be paper-thin.

¹⁵ James Forsyth, “How Cameron made Ministers cry”, *The Spectator*, September 5, 2012.

Towards the end of *Easy Rider*, Wyatt famously says to Billy: “We blew it.” Did they? It’s a question that sooner or later every generation must ask itself. For Cameron, that moment is perilously close.

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Beyond bare-earth Conservatism

The future of the British economy

Rt Hon David Willetts MP

What modernisation means now

We only have a Conservative party today because of previous generations of modernisers. I tried to show this in a pamphlet *After the Landslide*.¹⁶ It was written after our landslide defeat in 1997 to explain how we could learn from our successful recovery after 1945, and how to avoid the terrible mistakes after the heavy defeat of 1906. I was using historical evidence to make a contemporary point – just as in Soviet Russia if you wanted to say something about Stalin you wrote about Ivan the Terrible.

My main argument was that to regain power after a landslide defeat our Party ended up having to change far more radically than it was at first willing to accept. We had done this before and could do it again. One of the strengths of the Conservative tradition is that we understand we are rooted in the British people as they are, not as some theory says they should be. There is a strand of Conservative utopianism which is uncomfortable with this – though for us as Conservatives

¹⁶ David Willetts, *After the landslide: learning the lessons from 1906 and 1945* (London: Centre for Policy Studies, 1999).

our utopia tends to be in the past. But there never was a golden age to which we can return. The Party may have started its years in opposition with a strong element of ‘bring-backery’, but that had to be abandoned as instead the party engages with the country as it is, not as it imagines it to be.

Bold thinking about what the party stood for was also crucial to recovery during the years of Opposition. But now we are in the business of government, and the sheer busyness of being in government can make it hard to reflect on the underlying beliefs which make sense of what you are doing. Instead you end up with laundry lists of achievements, or accounts of Conservative principles, which are banal and unreflective. This book is an excellent opportunity to avoid these perils. Instead we can deliver mid-flight refuelling, and address the big issue of what modern Conservatism is. This is particularly important given that we are in Coalition, and regularly need to remind ourselves what Conservatism is all about.

Wings and roots

For me there are two principles at the heart of Conservatism. First is personal freedom. Nothing beats the sheer excitement of an individual’s freedom, mobility and enterprise. Our party above all has a robust belief in personal initiative and responsibility. This can be described as the classical liberal tradition – and this tradition is one reason why we should not be uncomfortable about being in Coalition with the heirs to the old Liberal Party, who still have John Stuart Mill and William Gladstone as their heroes.

But that principle on its own is not the whole story. Secondly there is the need to belong, to be rooted in a community and to see oneself as part of a tradition, a contract between the generations of which we are just one small part. That second principle is harder to pin down in one word: you could call it belonging, or perhaps more obviously,

responsibility. Conservatives denounce fiscal imprudence or constitutional vandalism as one-generation thinking that does not value the future nor respect the past. Conservatives understand the meaning that comes from commitment to things greater than oneself. It is why the Conservative party never settled for pure classical liberalism, which was described as “very nearly true” by Quintin Hogg. We are not libertarian loners. There is more to life than the pursuit of personal freedom and independence.

“We are not libertarian loners. There is more to life than the pursuit of personal freedom and independence”

If the first principle is about wings, the second is about roots. A lot of my writing about Conservatism over the years has been wrestling with the tension between these two principles. Many smart critics on the Left have denounced the free market as a threat to community. There is sometimes an undercurrent of anti-Americanism here. Our native communitarian traditions are seen as the innocent red squirrels, with nasty rapacious grey squirrels driving them out to distant rural fastnesses.

Another rather different line of criticism is that, with these two principles, Conservatism can justify just about anything. But I believe that these two principles can be held in a creative tension – neither in fundamental conflict, nor in bland coexistence, empty of meaning. One reason why I have come to believe these two principles are at the heart of Conservatism is that they explain our party’s extraordinary flexibility and longevity: we can change our stance to match the needs of the age.

The importance of institutions

The creative tension between these two principles gives Conservatism its humanity, because it is a real tension in ourselves. Each of us, in our own lives, has to decide whether to change job or move house, or

in some cases even split with a partner when new opportunities conflict with old commitments. And we can change the balance as we go through life. Perhaps when you are young and rootless, coming to a new town to get your first job, it is individualism and personal freedom which matter above all. You barely use public services but feel the cost of the taxes you pay. For you it is the libertarian strand that is most exciting. Indeed it is what brings many of us to Conservatism when we are young. In my own case, as a young man I was tearing the envelopes off the latest Institute of Economic Affairs pamphlets, boldly applying the free market to corporatist monstrosities which had been protected from market forces for decades. For younger people in particular it is the Party's appeal to openness and opportunity which resonates.

Then as you get older you put down roots and are perhaps not so attracted by the strenuous disruptive power of the market. You can become keener on keeping what you have got, and forming a family of your own. So the balance shifts from the excitement of the market to the solid rights of property. This is one of the pressures we face within the party – the balance between the claims and approaches of different generations. It is the balance between opportunity and possession. In my book, *The Pinch*, I argue that this conflict of claims between the generations is being played out throughout our society: it applies within our own party too.¹⁷

There are other ways in which these two great principles are connected, not just through the pattern of the life cycle. One of the most distinctive features of British Conservatism is a respect for institutions – from our great national institutions which are a great source of patriotic pride, to our local institutions which keep communities together, and of course the family too. Institutions matter for many reasons, but in particular they connect the two strands of Conservatism – these

¹⁷ David Willetts, *The pinch: how the baby boomers stole their children's future - and how they can give it back* (London: Atlantic Books, 2010).

institutions protect our freedoms but also give a sense of belonging. They emerge and flourish in a free society but they give a meaning to our lives which free markets on their own cannot deliver. Indeed they provide the moral capital of trust, cooperation and honesty, on which a market economy depends.

We love our country for its institutions: it is not blood and soil nationalism. So our two Conservative principles emerge from our own national experience. They are distilled from our own country's history. David Cameron's powerful statement that we believe in society, but that it is not the same as the state,¹⁸ puts him at the heart of this tradition.

"It is easy to talk about community and society but what is distinctive about Conservatism, and what makes our account more valuable, is we recognise the role of real functioning institutions in giving communities shape"

Modernising the Conservative Party in the 1970s meant opening it up to the sheer dynamism of the free market revolution that was being sparked in the think tanks and their lively and productive research programme. By the 1990s modernisation meant rediscovering the value of the civic institutions that were not just part of a market, but that shaped it and had a far greater personal significance for us than market transactions. I set out these arguments in a pamphlet for the Social Market Foundation called *Civic Conservatism* in 1994,¹⁹ tackling the critique that Conservatives did not understand life beyond laissez-faire. It was a deliberate corrective to a picture of bare-earth Conservatism in which there was supposed to be 'no such thing as society' – which is itself a completely misleading picture of Margaret Thatcher's own beliefs. It is easy to talk about community and society but what is distinctive about

¹⁸ David Cameron's speech after winning the leadership of the Conservative Party

¹⁹ Willetts, *Civic Conservatism*.

Conservatism, and what makes our account more valuable, is we recognise the role of real functioning institutions in giving communities shape. Our task in Government is to strengthen these institutions. With my ministerial responsibilities I am fortunate to be able to work with universities and research institutes which are respected across the world and my job is not just to challenge them, but to serve them too.

A new approach to economics

When the political environment is above all shaped by public spending cuts it is as important as ever to remind people of these Conservative beliefs which go beyond pure economics. I believe the intellectual foundations for ‘Civic Conservatism’ are far stronger now than twenty years ago because of two particularly exciting developments. We can do more to incorporate these latest intellectual and technological advances into the Conservative economy.

First is the extraordinarily exciting convergence of evolutionary biology, game theory and neuroscience. Some Conservatives have been suspicious of these intellectual disciplines, but often their research confirms Conservative insights. Most weeks now there is a new book applying ideas from these disciplines to explain how societies function and how co-operative behaviour emerges and is sustained. We understand far more about reciprocity, trust and cooperation. I drew on this literature in *The Pinch* to try to offer a Conservative account of the social contract. Elinor Ostrom, who sadly died in 2012, got the Nobel Prize in economics for her work on understanding how co-operative institutions could emerge. She did not just bemoan the so-called tragedy of the commons, in which collective action breaks down when personal incentives are too strong. Instead she showed how legitimate personal incentives could be harnessed to create co-operative behaviour by using local institutions which sustained agreements on, for example, how many of your

domestic animals would graze on common land.²⁰ With insights like hers we understand the forces sustaining civic institutions much better now than we did twenty years ago. The most important lesson from this rich and burgeoning literature is that institutions matter. They provide environments in which we interact repeatedly, and so generate the reciprocal altruism which eventually becomes cooperation.

There has been a second development over the past twenty years: technological advance has transformed social connections. A smart mathematician improving the Facebook algorithms to enable you to find contacts closer to you could do much more for social cohesion than a Government White Paper. Steve Hilton and Rohan Silva, the Prime Minister's advisers, understood early on the significance of the rise of the social media for modern Conservatism. They saw sooner than most of us the optimistic possibility of new forms of community harnessed by social media. That powerful image of hundreds of volunteers, their brooms held aloft, coming together the day after the riots to clear things up in London and cities around Britain, shows how social media can be a force for good.

Dispersing knowledge in an uncertain world

'Ordered liberty' is an expression from the Scottish Enlightenment of the eighteenth century. Adam Smith, David Hume and Adam Ferguson were the first great thinkers about the modern market economy and what kind of society it would be. Their only rivals, another great school of political economy, is the twentieth-century Austrian school who understood that order could be spontaneous: it need not be planned any more than the rainforests of Brazil or the distribution of native American tribes were planned. One of their texts which most influenced me as a young student was Hayek's great 1945 essay, *The use of knowledge in Society*. It is about dispersed knowledge. That essay emerged from the

²⁰ The Daily Telegraph, "Elinor Ostrom", *The Daily Telegraph*, June 13, 2012.

debate about whether a centrally planned economy was possible – the so-called socialist calculation debate. The Austrian argument was that it was impossible for all the information dispersed around a market economy to be brought into one single computer however powerful, because some of the information was tacit and only captured in a real market transaction.

“This Government are the true decentralisers. And for this decentralisation of power to be real it has to include transparency of information”

Such arguments are still very topical today as they remind us, like Nassim Nicholas Taleb, of the sheer complexity and uncertainty of the real world.²¹ Dispersed systems are more responsive and resilient. Hence we need not centralisation, but decentralisation – a principle this Coalition is applying. There may be a small and distinguished group on the Left like Maurice Glasman who believe in that rare thing, socialism in one county, but they are very much a minority. This Government are the true decentralisers. And for this decentralisation of power to be real it has to include transparency of information.

We can see the importance of this if we look at the the Industrial Revolution, the biggest single transformation in economic structures in the history of the world. Understanding that event, and why it happened in Great Britain, helps us to understand sources of growth today. The Industrial Revolution used to be explained by the historians in very materialistic terms – we had the iron ore close to the coal. But nowadays we look at it much more deeply as depending on economic and social structures. Joel Mokyr’s 2004 account of the Industrial Re-

21 Nassim Nicholas Taleb, *Black Swan: the impact of the highly improbable* (London: Penguin, 2007) and *Foiled by randomness. The hidden role of chance in life and in the markets* (London: Penguin, 2001).

volution, *The Gifts of Athena*, focuses on the vigour of Britain's network of publications and learned societies, which enabled efficient information exchange so that technical advances could spread and different technologies could be brought together in new ways.²² Recognising the importance of this free flow of information has helped shape our approach to open access to publicly funded research today.

The role of government

It is easy to forget the terrible circumstances when we came to office. We must first and foremost take decisive action to get a grip on the deficit. If George Osborne had not acted there would have been a fatal loss of confidence in the ability of the new Government to sort out the fiscal mess we inherited from Labour. But we absolutely understand that our growth strategy has to be more than tough fiscal measures and monetary activism. That is why the Coalition is developing a new industrial strategy – which is really an enterprise and innovation strategy.

Government has a positive role to play here. We have our convening power displayed in the leadership councils which Vince Cable or I chair and which bring together publicly funded researchers and business leaders. When they see that we are investing, it encourages them to invest alongside. And while no one can know for sure what will be the key technologies of the future, we can scan the horizon to see what is likely to be coming up. One reason I am a long-term optimist is that Britain has a strong presence in many of these technologies – such as software for high performance computing, nanotechnologies like graphene, synthetic biology, innovative space vehicles and the agri-science that will feed the planet. We are still a country where much of the world's cutting-edge research is conducted. With the strong support of George Osborne, we are determined to keep

²² Joel Mokyr, *The gifts of Athena: historical origins of the knowledge economy* (Princeton: Princeton University Press, 2004).

our leading position. That will generate the prosperity and the jobs of the future.

Sometimes this is denounced as governments picking winners, which can all too easily become losers picking government programmes. But we can learn from the extraordinary rise of British sport since the humiliation of the 1996 Atlanta Olympics, when we won just one gold medal and were 36th in the medal table. We had to raise our game and we did. John Major's lottery funding helped, as did sustained support from every government since. This included rigorously targeting our efforts on sports like rowing, sailing and cycling where we were thought to have the best medal hopes. At Beijing we won 19 gold medals and came fourth in the medal table. At the London Olympic Games Team GB won 29 gold medals, 17 silver medals and 19 bronze medals. But apart from these remarkable results on the medal table, the Olympics are still an illuminating and optimistic story. Sporting success depends on individual talent and determination. But we cannot just leave sportsmen and women on their own. They have to be trained and they need the right facilities. Our universities have made a big contribution – not least with the research on techniques and equipment that can make all the difference. Indeed innovation is driven by competitive sport: light-weight carbon fibre was first used in sporting equipment.

While governments can't do everything, we can do something. We can scan the horizon for the future technologies where we have a scientific lead and a business opportunity. We are not going to always get it right, but we should not allow fear of mistakes to stop us trying. We can encourage business to invest by showing what we are doing alongside them. For example, when we invest in high-performance computing power for our scientists, that feeds through into more software skills, which attracts more business investment as well. Alternatively, our commitment to medical research in the life sciences strategy has helped keep internationally mobile life sciences firms here in Britain.

I sometimes read Right-wing critics describing government as a necessary evil. Burke, Disraeli, Salisbury, Baldwin, Churchill and even Margaret Thatcher would have thought it mad to assume that government is evil. We must limit government, and recognise its failings and inadequacies. Sometimes we can best raise the growth rate by getting government out of the way, most especially in the battle against red tape. But government has an essential role in a modern advanced economy too, not least as a national pool to share risk and then harness it creatively. And we are doing everything possible to harness the creative power of government to get the economy growing.

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What's wrong with the Tory party? And why hasn't modernisation fixed it?

David Skelton

Last year, Policy Exchange and YouGov carried out a major polling exercise about what voters want, and there are lessons from it for all the main parties.²³ For the Conservatives, it highlights four (overlapping) ways in which the party needs to do better.

First, they need to do better outside of their southern heartland. In the south and the east of England the Tories have nine out of ten seats. In the midlands they have about half, and in the north less than a third. In Scotland they hold a single seat. In fact, if the Tory share of seats in Scotland had been the same as in England the party would have a majority now.

Secondly, they need to do better in urban areas. The Tory problem in the north and midlands is a specifically urban one. There are 80 rural seats in the north and midlands. The Conservatives hold 57 of them (or 71%). But there are 124 urban parliamentary seats in cities in the North and Midlands, of which the Conservatives hold just 20 – or 16%. That's why only two Conservative MPs have Premier-

23 Neil O'Brien and Anthony Wells, *Northern lights: public policy and the geography of political attitudes* (London: Policy Exchange, 2012).

ship Football teams in their constituencies – though there are twenty teams in the league.

Changing this will take a while. In many cities the Tories face a real structural problem. In the city councils of cities like Liverpool, Manchester, Sheffield and Newcastle the Tories don't have a single MP or councillor and have a dramatically diminished activist base. London is the Tories' other urban problem – they hold just 38% of the seats.²⁴

In many cities, voting Tory has become counter cultural and the Conservatives have become stranded in a distant third place, being replaced as the official opposition to Labour by the Liberal Democrats. Being stuck in third place is very self-reinforcing, because no councillors means no activists, and that makes it hard to win seats at general elections.

Thirdly, the Conservatives do badly among ethnic minorities. Less than one in eight voters of Pakistani origin voted Tory, while nearly six out of ten voted Labour. Among Black voters less than one in ten voted Tory, while eight out of ten voted Labour.²⁵ This overlaps with the urban point above, as ethnic-minority voters tend to be concentrated in urban areas.

Finally, the Conservatives need to do better among ordinary working people. Polls show two thirds of voters agree that “The Conservative party looks after the interests of the rich, not ordinary people.” Even among Conservative voters, more than a quarter agree. They are voting for the party *despite* this problem. (And no, it isn't because these people think they are rich and will benefit)

While class differences in voting patterns have declined, there are still a large number of people who think that the party is “not for people like them”. This is an issue for the party everywhere, but particularly outside the south-east. People in the north are more likely to perceive

24 BBC News, “Tories gain seats from Labour in London”, *BBC News*, May 7, 2010, http://news.bbc.co.uk/1/hi/uk_politics/election_2010/england/8666487.stm.

25 David Sanders et al, “Ethnic minority voting on the 2010 UK General Election”, <http://www.runnymedetrust.org/uploads/EMBES%20Voting%20Behaviour.pdf>.

themselves as working class than equivalent people doing the same jobs in the south.

So was Tory modernisation off target?

What was the first phase of Tory Modernisation? Ask a Westminster journalist and they would talk about hugging huskies, promoting greenery, and not wearing shoes.

But that's a misleading stereotype. In reality, efforts to reassure voters on the NHS and economic competence were much more important. That first phase of modernisation succeeded enough to make Cameron Prime Minister, but not get him a majority. That's because the most important part of the modernisers' agenda isn't done yet.

In 2002 arch-moderniser Francis Maude wrote: "We are widely believed to be the party of caste and privilege, and therefore by definition unable to understand the day-to-day concerns of ordinary people... the stereotype persists: if you are a Conservative MP, you must be white and male, have been at a posh public school and be rich."²⁶

Ten years on, that's still true, and the reason that Cameronism is an unfinished revolution. The modernisers 'get' the problem, but efforts to address it have been too bitty and limited. The deficit makes it tougher.

Blue-collar modernisation

If the Tories were to restart the process of modernisation from here, where should they start?

The first phase of modernisation shook off the Tories' reputation as the nasty party. Cameronism meant that middle-class people no longer felt guilty voting for a party that had previously looked homophobic, bigoted and old-fashioned. This was a big achievement, made in the teeth of opposition from the Right.

²⁶ Neil O'Brien, "David Cameron needs friends in the North - here's how to win them", *The Daily Telegraph*, March 29, 2012.

But the more blue-collar and economic aspects of modernisation have made less progress. And the recession has made the economy and jobs the central issue in politics again. Parts of the Midlands and the North still associate the Tories with unemployment and deindustrialisation, meaning that the Tories have to make substantial efforts to be seen as the party fighting unemployment and encouraging job creation.

Voters want to see overall economic competence. But the recession has also made the cost of living a hot issue. And being seen to be doing something about jobs and unemployment is particularly important for the Conservatives, given their history.

“The more blue collar and economic aspects of modernisation have made less progress”

In the research that Policy Exchange carried out last year we found that voters think politicians don't understand people's struggles with the cost of living because they were insulated from it by wealth, expenses and unfair perks: “They're not the ones who need to worry about it!”

Driving down the cost of living should be one of the core ideas of Tory modernisers.

How could they do it? Polls show voters' number one issue is energy bills (particularly in the North). There's an opportunity here. Current green policies favour expensive technologies like offshore wind. Instead of trying to pick winners, politicians should create a level playing field for different carbon-reducing techniques. At Policy Exchange we calculated that with better policies the Government could still hit its green targets and save each household £400 a year.²⁷

27 Simon Less, “The full cost to households of renewable energy policies”, <http://www.policyexchange.org.uk/images/publications/the%20full%20cost%20to%20households%20of%20renewable%20energy%20policies%20-%20jan%202012.pdf>.

Fares on trains and public transport are another big bill that people could do without. The Department of Transport has tended to increase the cost of the railways by specifying fares, trains and timetables in great detail: the more unprofitable services it specifies in franchise agreements, the higher the average cost will be. But the department has a long tradition of micromanagement which will not be easy to reverse.

The flip side of rising prices and bills is that tax cuts for those on low incomes have become more popular, because people feel so squeezed. They are one of the few ways that politicians can tangibly and immediately improve people's lives. But how to pay for further reductions?

There are still things the Government could do to bring spending under control. Digitising public services has the potential to save billions: a benefit claim made online costs a hundredth of the cost of the traditional approach, shuffling papers around the country. The Government could allow private organisations to provide new school places, taking the pressure off the Department for Education's capital budget, or make better use of the empty space that currently exists in under-performing schools. The Home Office has lots of opportunities to save too. We could save money on expensive prison places if we made community sentences tougher and better at deterring future crimes (half of community sentences aren't even completed).²⁸

Creating a real jobs market in prison could also save the taxpayer a considerable amount of money. People expect prisoners to work in jail but under the current system most do not and prison work has been in decline for decades. We need a new regime of prison work with private companies hiring more prisoners in full-time paid jobs. That way, we can make prisoners more employable, which will reduce reoffending, while they pay something back to society and victims who currently get nothing.²⁹

²⁸ Robert Kaye, *Fitting the crime* (London: Policy Exchange, 2010).

²⁹ Blair Gibbs (ed.), *Inside job: creating a real market for real work in prison* (London: Policy Exchange, 2011).

The biggest cost of all for most people is housing. Rents are still rising sharply, and house prices have risen three times faster than wages over the last decade. The average age of a first time buyer is now 37. Reviving housebuilding is also crucial to getting the economy moving.³⁰

“We could save money on expensive prison places if we made community sentences tougher and better at deterring future crimes”

In the UK rents and mortgages are made more expensive by restrictions on supply which are unusually tight compared to our competitors. The current plans for reform of planning don't do enough to break from top-down planning by Local Authorities. Nor do they do enough to ensure that houses are built where people actually want to live and businesses can locate where they think is best for their business. The Coalition have moved some way towards a bottom-up planning system, but current incentives are still spread much too thinly, over a whole local authority area, which does little to placate local people, who are affected by development. By loosening planning laws, so that houses are built where people actually want to live and businesses locate where they think is best for their business, the Government could help northern cities expand, regenerate and discover a new vibrancy. Planning reforms should be explicitly marketed as a way to generate growth in northern cities and help young people get on the housing ladder.

We could also learn from the continent. In France and Germany people have the right to buy a plot of land on which to build a house. In these countries nearly half of all new housing comes from people building their own homes (or rather, getting local builders to build one for them). For the millions of people now priced out of owning their own

30 Jill Inslay, “Live clinic: first time buyers”, *The Guardian*, <http://www.guardian.co.uk/money/blog/2011/feb/12/live-clinic-first-time-buyers>.

home, a “right to build your own house” could have the same political impact as the “right to buy” did in the 1980s.

A fifth of households are still in social housing, and more could be done for them too. About a fifth of social housing is worth more than the average house in that region. If we sold off the most expensive housing as it became vacant we could use the money to build more new social housing. That could enable the largest social house building programme since the 1970s, creating up to a third of a million jobs.³¹ Instead of housing one lucky family in an expensive area we could house two or more families who have been waiting on the housing list for too long.

Reforming planning has the potential to regenerate run-down town centres too. Up north, a fifth of high street shops are vacant.³² In my home town of Consett, the main shopping street is increasingly dominated with discount and charity shops. The Government has been discussing plans to allow empty shops to be turned into housing. That’s really important because shabby town centres drag down economic confidence and remove the sense of community from a town centre.

But town hall officials seem determined to keep an excessively strong grip on changing the use of buildings. The internet has permanently reduced demand for shop space. But even at a time when there is a shortage of housing and a glut of empty shops, officials are determined to stick to their outdated masterplans, and so forbid changes of use that could benefit their towns.

The Government has flirted with the idea of building new garden cities. They are a great idea – and could have the same tangible effects as Docklands did in the 1980s, creating jobs and raising a fortune for gov-

31 Alex Morton, *Ending expensive social tenancies: fairness, growth and more homes* (London: Policy Exchange, 2012).

32 British Property Federation, “Britain’s increasing shop vacancy rate being driven by too many shops and the growing North-South divide”, http://www.bpf.org.uk/en/newsroom/press_release/PR120904_-_Britains_increasing_shop_vacancy_rate_being_driven_by_too_many_shops_and_the_growing_North-South_divide.php.

ernment to spend on tax cuts too. They would show the Government was serious about getting the economy moving too (remember those pictures of Mrs Thatcher with her shovel in hand?) They are also potentially a good way to concentrate development, rather than just tacking new development onto existing towns, or – worse still – filling in the green spaces within our towns and cities. Instead of bitty development everywhere, you can plan infrastructure to support new development properly. But so far there is little sign that anything is going to happen.

From ‘the party of the rich’ to a party for everyone

In polling earlier in the year Policy Exchange asked what might make people reconsider their view that the Conservatives are ‘the party of the rich’. Cutting tax for low earners, reducing the cost of living and reducing unemployment are the main ways it could shake off the ‘party of the rich’ tag. Clamping down on rip-off business, tackling poverty and raising tax on the rich came next.

There is much more that the Coalition could do to reduce unemployment. The Government is in the process of simplifying the benefits system. This is important, but there is more still to do.

At present the welfare system is not very personalised. Most people who claim Jobseeker’s Allowance will find themselves a new job with little need for help, but some will struggle. At present the system simply waits to see who fails to find them a job, and after a year on benefits people are then sent to the Work Programme, for coaching and more personalised support. But after a year on the dole, it becomes much harder to find people jobs – people get depressed and rusty and have a big hole in the CV which puts off employers. We should provide a more personalised service so that we can predict at an earlier stage who is likely to struggle. We could learn from other countries like Australia, which has developed personalised welfare, meaning that job centres find out more about claimants’ problems in the first interview.

Any strategy to recapture Tory votes will need to be connected to a focus on job creation in the North and Midlands and an acceptance that, through an industrial strategy, government can help to form the right conditions for new employment opportunities. Planning reform could also act as a catalyst for job creation. Only by being actively associated with economic renewal in the North and the Midlands will the Tories be able to shake off their association with deindustrialisation and unemployment in the 1980s and 1990s. That is why it's so important that Tory Ministers associate themselves with every piece of economic good news in the North and the Midlands.

The North

The Conservatives also need to show northern voters – especially those living in urban areas – that they do not simply represent the south-eastern shires.

An example of how far the Tories have fallen back in some northern cities can be found in Liverpool. In the Liverpool mayoral election, the Conservatives came a miserable seventh, behind Labour, the Liberal Democrats, the Greens, a 'Trade Unionist and Socialist', a Liberal candidate and an independent. The extent of Tory decline in places like Liverpool is clear when you consider that in 1959, six of Liverpool's ten MPs were Tories. There's clearly no silver bullet to solve Tory problems in northern cities, but they need to move quickly to strengthen their position in northern cities, otherwise they will always find it difficult to gain a sustainable parliamentary majority.

The Conservatives could do more to 'look and feel' more Northern and working class. Our *Northern Lights* research showed that more working-class MPs would help the Tories look more representative of the country. Undoubtedly, if Northern voices like Kris Hopkins or Esther McVey were used more regularly in high profile media appearances, that would give the Conservatives a better chance of appearing

‘in touch’ with Northern voters. But there’s no point in Tory MPs seeming more representative if Northern voters don’t like the policies they’re standing for or aren’t prepared to listen to what the Conservatives have to say.

Localising pay bargaining, which aligns public sector pay with the local cost of living and encouraging pay rates to be set based on performance, not time in post, is controversial but the benefits are potentially huge, especially for northern cities.

But I don’t think the politics of reforming national pay bargaining are going to go anywhere unless the Government can show that not a penny will leave poorer regions – the benefits of reforming public sector pay should all be ploughed back into boosting growth and reducing unemployment – particularly in northern cities.

Currently it makes no difference to your pay whether you’re working in an expensive city like Manchester or a much smaller town like Macclesfield, where housing is a lot cheaper. Tying pay to performance could boost public sector productivity and the private sector would be able to compete on wages and be drawn to areas of the country traditionally dominated by public sector jobs. If the Government can show how reform of national pay bargaining would transform northern cities this could be a vote winner. But mishandled it could be a disaster, reinforcing the Conservatives image as a southern party.

“The Conservatives start from a low base in many northern cities, and need to do some big things to show that they are serious about trying to build on success in places like Leeds and Manchester”

Sorting out public transport would be welcomed by commuters, and George Osborne’s investment in the northern rail hub is a good start. It is estimated that the hub could create as many as 30,000 private sec-

tor jobs across the North of England. Businesses on both sides of the Pennines would be able to recruit from a wider pool of talent and their employees will be able to get to work quickly and easily. Business will also enjoy greater flexibility and access to bigger markets. The journey time reductions that the Hub will deliver across the North will allow rail to compete with road to provide quicker and more efficient journeys between city centres.

The Conservatives start from a low base in many northern cities, and need to do some big things to show that they are serious about trying to build on success in northern cities like Leeds and Manchester. There are still large parts of government machinery that could be moved to northern cities (like the BBC's Salford project).

Following the modernisation project through

When he became Tory leader, David Cameron said they had to 'change to win'. He noted the Tories had been stuck on about 33% of the vote for years. And that's exactly where they are in the polls at the moment.

Cameron has rescued his party from the scrapheap once, but his modernisation is still a job half done. Until the party does more to connect with ordinary working people, particularly in the north, Cameron's mission will remain unfinished business. They must again change if they want to win.

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Better, cheaper, more human

Building Progressive Conservative public services

Jonty Olliff-Cooper

Progressive Conservatives need a bigger, bolder, braver approach to public service reform. That is not a fashionable view on the centre-Right. Most see the problem as straightforward: too much government. Cut the size of government and the problem goes away. Public service reform sounds suspiciously wonky, technocratic and Blairite.

This is a huge mistake. Nothing that matters to modern conservatives – or indeed to the country as a whole – can be achieved without a huge overhaul of our public services. Deficit reduction, growth, social justice, lower taxes: all depend on us fashioning a new type of government, one radically different not just from the Labour years, but from the post-war period as a whole. And we need to do it now.

We face huge challenges in the years ahead. Undoubtedly the deficit is one. But as if that were not enough to contend with, a period of deleveraging and globalisation coincides with the gigantic challenge of social change, as a combination of an ageing population and an increase in chronic health conditions threatens to swamp our public finances. The cost of doing what we are already doing is about to go

through the roof. Faced with these challenges, we have a choice: act now, or slide into global irrelevance.

If we choose to act, public service reform has to be central to our answer. Unless we can get much more from the hundreds of billions we spend on schools, hospitals, councils, care homes and prisons, we will never again be able to afford tax cuts. These will be the governing facts of political life in the 2010s and 2020s. Progressive conservatism should be rooted in adapting Britain to meet these challenges.

Growth needs public services

Some might argue that growth will get us out of our current situation. But growth depends on excellent public services. As progressive conservatives, we should reject the orthodoxy that the private sector is the only route to growth. It is not. A flourishing economy requires quality public services too, to educate its workforce, get people back to high-quality work, keep its population healthy, reskill workers in declining industries, and attack the social evils of crime, disillusionment and addiction, which drive up taxes.

“As progressive conservatives, we should reject the orthodoxy that the private sector is the only route to growth. It is not. A flourishing economy requires quality public services too”

Moreover, that argument is all the more true in modern Britain. Britain does not have a growth problem in some sort of abstract way. Even in this recession, half the country – London and the South – is still growing. Kensington does not have a growth problem. Barrow, on the other hand, does, and has done for decades. What holds people back from prosperity in places like Hull, Ballymacarrett or the Rhondda is not simply the macroeconomy, or tax rates, or a lack of infrastructure. These areas are held

back just as much by debt, depression, bad schools, family breakdown and relatives in need of constant care. These are public service matters. Growth depends on getting all the country growing, and that means tackling the social issues which hold back our poorest places. If we are serious about setting Britain on the right economic path we must be serious about reforming public services to put it there.

To add complexity, there is a political bind for conservatives here too. They have to reform public services, but they know that the public does not trust them to do so. NHS reform saw to that. So we must reform substantially and rapidly, and at the same time reassure the public that this is not just a plan to sell off public services to enrich our imagined cronies in outsourcing.

As fiscal pressure increases, we are in danger of slipping into a barren and polarised debate, between a Right intent on endless cutting – merely making an obsolete system smaller – and a Left tempted to blindly preserve all services in aspic, whatever their weaknesses. The central task for progressive Conservatives in the next decade is to find a compassionate, bold, achievable route to doing more for less.

A fragmented system

The Coalition argues it is reforming. It is true that a start has been made – one can cite Michael Gove’s free schools, the NHS Act, police commissioners, City Deals, community budgets or Iain Duncan-Smith’s reforms to welfare – but these reforms do not yet amount to a coherent strategy. Many have yet to get off the ground. Others have met with huge opposition. The vision of the Open Public Services White Paper sadly remains a pipe dream. Furthermore, most of the Coalition’s reforms do not readily interlink. Education policy still meshes poorly with industrial strategy; offender rehabilitation still struggles to integrate with the mental health system; and so on. The public is yet to see either the benefit of these reforms or discern the strategy that links them.

In that vacuum, it is easy for opponents to define Conservatives as lacking any strategy other than cuts. Instead progressive Conservatives need a big, bold, coherent approach that combines a clear-eyed diagnosis of the weakness of our current public service model, with a determined and systemic approach to improving it.

To summarise a wealth of research, across the political spectrum, the expert consensus is that many public services intervene too late, are too bureaucratic and expensive, and do not give people what they really need or want.

Yet there are many new techniques that could be employed, which chime with Conservative thinking. Co-production – inviting the people who actually use a service to be involved in designing or running it – is an antidote to the get-what-you-are-given model of public services that ballooned in the twentieth century. New, web-based technologies abound, and the social sciences of behavioural economics, systems thinking and social psychology are showing new ways to build on many of the fundamental Conservative insights: the value of reciprocity, community and institutions, and volunteering.

These sorts of techniques are capable of producing not just 5% or 10% improvements in efficiency, but 30%, 40%, even 80% more for less.³³ Yet most public services are still run much as they were in the last century. Why?

Where we are going wrong

Current provision fails because it finds it hard to see the whole person. It is well-established that the problems facing the most disadvantaged people in society are interlocking and mutually reinforcing.³⁴ Solving one alone makes little difference – the remaining problems will simply

33 See the examples gathered in NESTA and the Innovation Unit's *Radical efficiency: different, better, lower cost public services* (London: NESTA, 2010).

34 The Centre for Social Justice *Breakdown Britain* (London: CSJ, 2006).

cause it to return. For instance, a person out of work may also be in debt and also be depressed. Debt drives their depression. Depression keeps them out of work. Being out of work reinforces their depression. Unless a coherent approach is taken to tackling all three problems at the same time, no progress is made, and money spent on one problem in isolation usually has no lasting effect.

“Some Conservatives wrongly blame the very nature of the public sector. They argue that the problem is due to a sort of inertia amongst public servants that their counterparts in the Darwinian environment of private enterprise cannot afford. There is minimal evidence for this sort of “pull your socks up” diagnosis”

So while the problems faced by the socially excluded are overlapping and mutually reinforcing, for the most part the support they receive is not. Billions are wasted on piecemeal interventions which only treat one aspect of the many barriers that people face, rather than solving them for good.

To policy-makers struggling to drive change, this creates the perplexing illusion that these acutely costly problems can never be overcome. We have grown used to spending billions year in, year out, on issues such as addiction, reoffending, antisocial behaviour and chronic health conditions, with frustratingly little impact.

Some Conservatives wrongly blame the very nature of the public sector. They argue that the problem is due to a sort of inertia amongst public servants that their counterparts in the Darwinian environment of private enterprise cannot afford. There is minimal evidence for this sort of ‘pull your socks up’ diagnosis. Many public servants are incredibly dedicated and talented, but the system they work in holds them back.

By contrast, for some on the Left who call themselves progressive, the answer is merely to spend more money. To progressive Conservat-

ives, this is a flawed approach because it does not recognise the root inefficiency of our current model. If we are serious about poverty and social justice, the most progressive thing we could do is not necessarily to spend more, but to coordinate better what we already spend.

For instance, an individual just out of prison might be assessed by a dozen agencies, including the probation officers, the job centre, the council housing officer, drug and alcohol teams and a GP. Often these agencies will ask very similar questions. This creates duplication, waste and sometimes dangerous gaps in action, where every agency assumes another has the issue covered.

A second problem is what policy-makers call ‘sequencing’ – the right help offered in the wrong order. For example, the Job Centre might offer someone a CV-writing class, and that person may well be in need of an up-to-date CV, but if at that point they are still addicted to drugs, the entire exercise is a waste of time.

A third problem is ‘cost shunting’, whereby one arm of government does something they know will add cost to another branch of public services, but goes ahead, because the cost does not fall into their budget. For example, faced with tight budgets, many councils have closed youth centres. This has predictable consequences for offending, but it is the police and courts that have to pick up the tab, so some councils are forced to make this choice anyway.

Going beyond ‘joined-up government’

Tony Blair came to power with a huge emphasis on ‘joined-up government’, and left office with a panoply of boards, partnerships, networks, integrated plans and learning hubs to prove it. That is not proper integration. That is keeping the defunct system of separate institutions and budgets in place, and asking everyone to send an ambassador to interminable meetings.

Blair was right to concentrate on public service reform, but wrong in his tactics. If the history of recent reform has taught us anything, it is that modern social problems are too complex, subtle and various to be solved by a centrally devised plan, however sophisticated.³⁵ The lesson is not that policy-makers need to try harder. It is that technocratic tactics are not succeeding.

Proper integration means a system whereby departmental silos and separated budgets do not exist at all, and where improvement does not depend on the continuous push and shove of determined ministers, but comes naturally from inbuilt incentives.

To pull that off will require a tsunami to sweep through the machinery of Whitehall, to create a functioning social economy, where government stops trying to do everything itself, and instead pays whoever is best able to meet its objectives.

Here are three options for public services:

1. Stop specifying the process; start specifying the end point.

Wherever possible, ministers should move away from specifying the intricacies of the process they believe will lead to a good service, and just specify the outcome they want. For instance, in a debt advice service, the desired outcome is not that it is open 9-5. It is to help as many people as possible to reschedule as much high-interest debt as possible. This might mean that rather than giving a block grant to run the service (input funding) or funding based on number of customers seen (output funding), the service would be funded based on the amount of debt rescheduled. The advantage of ‘outcome-based commissioning’, as it is known, is that this leaves the service manager free to decide how to design the best service possible. It is a better way to tackle silos, because it means agencies

35 See Participle’s “Beveridge 4.0” report, http://www.participle.net/images/uploads/Bev_4_final.pdf; Demos’s *Journey to the interface* (London: Demos, 2006), and the work of The Ethnographic Social Research Organisation’s (ESRO) various studies, principally their work on families in poverty.

stop seeing themselves as just responsible for carrying out a particular process, and start working together on the same agreed goals.

Once ministers have set what they want, they should only pay out if they get it. Currently, vast areas of the public services receive a budget allocation every year whether they succeed or not. Instead we should pay only for results. For example, if an employment agency helps someone to get into work and stay there, they should be paid. If they fail to do that, they should not.

To finance this, the Treasury should expand the nascent central Social Outcomes payout fund. The sort of system outlined above has been proposed before, but it has always foundered because the savings it creates fall unevenly across individual councils, agencies and government departments. For example, helping a homeless person off the street is undoubtedly a good thing to do. It will create savings for the council, police, health service, and benefits system, but exactly how much will be saved, by whom, and when, is very hard to calculate and therefore it rarely happens. Instead, the Treasury should hold back a proportion of public expenditure specifically to pay providers who are working towards multiple outcomes. This does not have to be new money. Top-slicing the budget before it is distributed to the departments would be enough, and the Comprehensive Spending Review in 2013 provides an excellent opportunity to kick-start this reform.

2. **Slash commissioning bureaucracy**

Even in current outcome-based, payment-by-results services, such as employment, the market is still in its infancy. If we took the same approach to running supermarkets that we have to running the enterprise support for instance, Tesco and Sainsbury's would each be allocated separate counties, where they could be the monopoly

provider, and other supermarkets would only be able to get in on the act every three years.

A far better system would be to move away from one-off contracting all together, and instead create a licence system. In this model, providers would have to meet a certain standard of probity, ethics, competence, financial strength and so on to be granted a licence to operate public services. No one provider would run a service, excluding all others. Providers would be free to set up anywhere they thought there was a need for them. Citizens could choose their service, or might be referred to a provider by another service. Government would not need to set the right number of providers as, under payment by results, services are only paid if they make the desired impact.

Furthermore, if government is clear about what it wants, and will only pay if it gets it, there is no reason not to allow any organisation that thinks it can deliver to attempt to do so. Thatcher is lionised by some for smashing monopolies and tackling vested interests. But when it came to public services, she was quite timid, leaving the basic fragmented structure of the post-war state as she found it. At present, we are hamstrung by a system that is still fundamentally based on Georgian professions, separated according to Victorian institutions, run on a post-war mentality, trying to solve twenty-first century problems.³⁶ It is not doable. We need to allow new start-ups that work across these boundaries, structured according to what makes sense to the people using the service, not the people running it.

36 Cited in Alan Downey, Paul Kirby, and Neil Sherlock, *Payment for success - how to shift power from Whitehall to public service customers* (London: KPMG, 2010). The exact quote describes a state that is “fundamentally based on professions demarcated in Georgian times (the constable, the school teacher, the turnpike engineer, the social worker, the surgeons versus the apothecaries, the secular academics, the nurse, etc) which are organised into Victorian institutions (the library, the police station, the town hall, the city universities, the school, the hospital, the charitable housing, etc) and which are funded and governed in a 1940’s settlement (the welfare state, the NHS, national control over local services, education entitlements, social housing, etc)”.

Although we usually think of public services as whatever the government runs, there is no need for this. A progressive Conservative government should enact a legal ‘right to try’ - to allow any organisation to try to deliver results - in the majority of the public sector. There may be exceptions, such as certain security, police or judicial functions, but the default should be an end our existing monopoly model of public services.

This does not mean shutting down existing public bodies. They would be just as entitled to apply to run services as anyone else.

In the past, some providers became hugely rich taking over public services. Given that this is public money, it would be sensible to introduce a profit cap on organisations working within the public sector, at a level high enough to provide a commercial incentive, but sufficient to protect government from major errors in contracting as this approach begins. If the cap is too tight, it could always be removed in the future, and the cap need not preclude providers from making a greater surplus, and reinvesting that surplus in innovation. To avoid the dominance of an oligopoly of big providers, government could offer to subsidise the financial borrowing of smaller organisations for an initial period, to enable them to participate in payment by results.

3. **The deeper the need, the deeper the help**

Finally, we should link the payments that providers receive for success to how hard the problem is to tackle. It is clearly harder to get someone off the street who has been sleeping rough for 20 years, than someone who has been homeless for three months. So the payment providers receive should reflect this. This is the principle behind the Coalition’s Pupil Premium payment in education, which offers schools more funding per head for pupils from deprived backgrounds.

By tilting outcome payments in this way, a progressive conservative government could simply and elegantly ensure all public services focus most on those with the most severe needs, and prevent providers from merely ‘cherry picking’ the easiest cases.

Critics might argue that this is all naked Tory privatisation, disguised as compassion for the vulnerable. It is not. Privatisation is the selling off of an asset out of public ownership. Under this approach, government still pays for the same things; it just does not always run them itself.

“Critics might argue that this is all naked Tory privatisation, disguised as compassion for the vulnerable. It is not”

Consider what that would mean for a person down on their luck. Imagine if you had had a tough upbringing, perhaps running away from home, never learning to read, falling in with a bad crowd, being in trouble with the police, becoming addicted, and only recently being released from prison. Under this system you would be referred to (or perhaps even choose) an organisation that would provide a single source of advice and support, and help you with all your issues, an organisation which understood you, your family, and the place where you grew up; one that would stand by you for the long term; treat you like a human, not a number; and back you to build a different future for yourself. There might be £1,000 to help you into work, £5,000 to help you quit drugs, £1,500 to help you with your depression, and so on. Taken together it might add up to a pot of ten or twenty thousand pounds to help you to turn your life around. That would not be new money. It is what we already spend on such individuals, but amalgamated into one fund.

By following the principles above, we can afford the best support for the neediest people, even in a public realm which will never again have New Labour levels of spending.

Big ideas? Yes. However, the scale of the problems we face demands that we act boldly. Payment by results is quintessentially progressive and Conservative. Progressive because it directs the maximum support to the people who need it most. Conservative because it decentralises power, cuts red tape, and creates a thriving, entrepreneurial social economy.

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A bright future

Accelerating education reform

Ryan Shorthouse

Michael Gove, the Secretary of State for Education, has the most important job in Government. The future prosperity of Britain rests on the talent and skills of the next generation, especially in a global economy increasingly powered by human capital. His department is also critical for the success of the vision of society shared by many Conservatives: namely, a society built by free individuals, benefitting from their agency and choices, but responsible for those choices too. As the liberal Prime Minister Herbert Asquith said: “A man is not free until he has the opportunities and means for education”.³⁷

Look back at your own life: imagine what made you the person you are today. Broadly, the causes are divided into two camps. The first originates from the political left, particularly cultural Marxism: your genetic profile, or the environment you have been exposed to, is said to be mainly responsible for your life outcomes. Factors such as genes, inequality, poverty or poor parenting, factors out of your control, are to blame. Contrastingly, originating out of philosophies

³⁷ Institute of Economic Affairs, *What next for the Lib Dems – unfinished business from The Orange Book?* (London: IEA, 2012).

from the political right such as libertarianism, is the notion that your outcomes are mainly dependent on your own free will: put the right amount of effort and hard work in, you will succeed, regardless of how much money your parents had or your innate capabilities in the beginning.

These standpoints are clearly extreme. A mix of environment and individual action play a role in shaping people's destiny. Why else would there be such a strong correlation between poverty and poor outcomes if environment didn't play a role? Likewise, why would there be a long list of those who have overcome disadvantage to achieve a better life for themselves, if individual action had nothing to do with it? Causation is nuanced and multi-faceted, not clear cut, despite attempts by ideologues to tell us otherwise.

"To diminish the role of individual effort – to be deterministic about people's trajectory - dangerously strips people of hope. This is why Conservatives are the real optimists and progressives: they believe that people can change their circumstances"

But, press me and most Conservatives, and we would tip in favour of individual agency being a more important reason. That's not to deny a poorer environment plays a critical role, or to be insensitive towards those born into disadvantage. But, to diminish the role of individual effort – to be deterministic about people's trajectory - dangerously strips people of hope. This is why Conservatives are the real optimists and progressives: they believe that people can change their circumstances, and that interventions – by government or other actors – which seek to enhance character and agency, can work. To be fatalists, to say poverty and inequality are always to blame and until these are ended there is little point in doing anything, is to abandon

faith in many government interventions, and to perpetuate self-reinforcing stereotypes.

That's why Conservatives have faith in the power of education to improve people's lives. We have to: our world view rests on it. It gives people the tools to overcome the deprivation they started life with.

The quality of education that children from different social backgrounds receive, however, is deeply inequitable. The gap in attainment between children from affluent backgrounds and deprived backgrounds remains stubbornly wide, and infamously high compared to other developed countries.

Conservatives should not shy away from trumpeting the compassion of their approaches: namely, rigour and excellence, and a belief in market-based reforms. But just as we should tackle the absurd and regressive arguments of our opponents, we must also not be afraid to critique our own ministers and methods, and endlessly look for improvements.

This chapter will propose new reforms to build on the momentum started by the Coalition Government to ensure we have flourishing, mature markets in every part of our education system, from childcare to higher education. Sometimes, however, markets can be unfair and inefficient, and government has a positive role to play in redressing this: indeed, if you believe in markets, you need to be prepared to make them work, not just leave them to fail. The next stage for a modernising policy on education is to be bolder on markets in education, but rooted in compassion and with extra focus on, and support for, children from deprived backgrounds.

Starting early

The first priority must be to open up educational opportunities for children early on in their lives, before they start school. During infancy, the brain is especially malleable. This makes the early years a sensitive period for brain development: new neural connections develop at a rate

faster than in any period in a human's life. By the age of three, 85% of the brain's architecture has developed.³⁸ So this really is prime time for learning.

“The next stage for a modernising policy on education is to be bolder on markets in education, but rooted in compassion and with extra focus on, and support for, children from the most deprived backgrounds”

The early years are not only important because of brain plasticity but because of the complementarity of skill formation. In other words, learning begets learning. The higher your cognitive development to begin with, the faster you learn.³⁹ Building strong foundations for learning early on is therefore essential for raising educational attainment. Analysis of the 1970 British Cohort Study shows that attainment in ability tests at the age of three and a half is a strong predictor of educational attainment by the age of 26.⁴⁰

Unfortunately, however, too many children start primary school without the basic cognitive and non-cognitive skills needed to thrive, including basic listening, concentration and speaking skills.⁴¹ It is children from more deprived backgrounds who are most likely to be the least equipped. Even by the age of 22 months, a notable gap has arisen between the abilities of children from poorer and richer backgrounds.⁴²

38 Graham Allen MP and Rt Hon Iain Duncan Smith MP, *Early intervention: good parents, great kids, better citizens* (London: Centre for Social Justice and Smith institute), 48.

39 Take two students studying maths at university: the one with higher mathematical abilities at the start of the course will progress much more during the degree; James Heckman, “Skill formation and the economics of investing in disadvantaged children”, *Science*, 312: 5782 (2006), 1900-1902.

40 Leon Feinstein, “Inequality in the early cognitive development of British children in the 1970 cohort”, *Economica*, 70 (2003), 89.

41 John Bercow, *The Bercow Report: a review of services for children and young people (0-19) with speech, language and communication needs* (London: Department for Children, Schools and Families, 2008), 13.

42 Leon Feinstein, “Very early”, *CentrePiece*, Summer 2003, 28-29.

At home

It's in the initial home learning environment that disadvantages first emerge, meaning the first focus for raising educational attainment is in fact outside the education system. Poorer parents lack resources, and tend to have lower educational qualifications, meaning they provide a less stimulating environment. A famous US study found that a young child from a professional background is likely to hear 2,153 different words per hour compared to 616 different words per hour heard by a child from a workless background.⁴³

What is to be done to resolve this early attainment gap? Conservatives often grasp for more parental responsibility. But this belief that parents should just spend more time with their children is a grossly simplistic diagnosis. The truth, in fact, is that parents are spending more time with their children than ever before: time-use surveys indicate that working mothers are spending triple the amount of time with their children per day in 2004 compared to 1974.⁴⁴ Fantastic if parents want to spend more time with their children, but this is not the magic solution to raising life chances.

What does, however, is the quality of parenting: the warm, stimulating environment parents can provide. Indeed, positively and wonderfully, if parents living in poverty display a strong parenting style, researchers have shown this can trump the negative effects associated with socioeconomic disadvantage.⁴⁵ Ignore the doomsayers and genetic determinists: people can improve their circumstances, no matter their environment and biology, and good social policy helps.

There have been rigorous evaluations of the effectiveness of interventions working with parents facing multiple problems. But these

43 Betty Hart and Todd R. Risley, *Meaningful differences in the everyday experience of young American children* (Baltimore: Brookes, 2005).

44 David Willetts, *The pinch: how the baby boomers stole their children's future – and how they can give it back* (London: Atlantic Books, 2010).

45 Jen Lexmond and Richard Reeves, *Building character* (London: Demos, 2009), 41-45.

are expensive to deliver and local authorities are seeing their budgets squeezed. The Government is currently trialling a scheme where parents get £100 to purchase parenting classes of their choice.⁴⁶ This is welcome but inadequate for families on low incomes to afford the more expensive, high-impact programmes.

Alternative sources of financing to get parenting programmes going are needed: cue social investment and, in particular, Social Impact Bonds – where investors fund programmes and get a return on their investment if it leads to government savings. This is an embryonic market: government needs to do much more to give investors' confidence, and ensure robust evaluation, if social investment is to grow.

Mixing it up

Social capital literature reveals that people who interact in a plurality of social networks tend to do better on a range of outcomes. This is sensitive territory in the early years of a child's life, especially for Conservatives, but children from deprived backgrounds do better when they are exposed to a range of learning environments, rather than just the parental home. US and UK evidence has shown long-term benefits from attendance in high-quality formal childcare for children from poorer backgrounds.⁴⁷

Yet childcare remains the only part of the education system which is not free at the point of use, with a significant minority of parents reporting that they cannot access it because it is too expensive. Government funding for childcare is actually relatively generous, well

46 See <http://www.canparent.org.uk/>.

47 UNICEF, *The child care transition: a league table of early childhood education and care in economically advanced countries* (Florence: the United Nations Children's Fund, 2008), 10-11.

above the European average.⁴⁸ Despite this, the private contribution parents make is still punishingly high. Indeed, the cost of childcare has been rising above inflation for the past decade.⁴⁹ There is a case for looking at why the unit costs for childcare are so high. The strict staff-to-child ratios, among the most stringent in Europe,⁵⁰ must be playing a role here.

But parents really do need more financial support and childcare settings need to have greater and more secure revenue, and have higher profit margins, to be able to invest in higher quality staff. At the moment, though improving, the quality of childcare is poorer than it could be, since it remains a low-status and low-paid profession.

At the Social Market Foundation, my colleagues and I have devised a fiscally neutral plan underpinned by market-based principles to tackle these problems of poor affordability and quality. Government would offer loans to parents to help them pay for childcare which would be subsequently repaid on an income-contingent basis for a set number of years. So if a parent earns too little, they don't pay – if they earn too little over their lifetime, it is written off, which government pays for by applying an interest rate to all repayees. The ingenuity of this public loans system is that it doesn't score on the Treasury's balance sheet. At a time when public money is short, this demand-side support offers an urgent way of making costs for childcare much more manageable, and increasing revenue into the sector.⁵¹

48 Parents on low incomes can get up to 70% of their weekly costs covered through the tax credits system. And all 3 and 4 year olds are entitled to 15 free hours of childcare a week, with the Coalition Government building on the good work of the last Labour Government Childcare by now providing the 25% poorest 2 year olds with free childcare; OECD, "Public spending on childcare and early education", OECD Family database, <http://www.oecd.org/dataoecd/45/27/37864512.pdf>.

49 For further information, see: Ian Mulheirn and Ryan Shorthouse, *The parent trap: illustrating the growing cost of childcare* (London: Social Market Foundation, 2011).

50 Eurostat, *Reconciliation between work, private and family life in the European Union*, 62.

51 Ryan Shorthouse, Jeff Masters and Ian Mulheirn, *A better beginning: easing the cost of childcare* (London: Social Market Foundation, 2012).

More crucially, this idea would help build a universal pre-school education system in this country, which is fundamental to raising education standards. Many Tories need to drop the ideological baggage about working women and start applying Conservative, market-based solutions to this vital period of education.

The school years

Infant determinism, however, should be rejected. The early years matter; but it's never too late. The brain remains malleable. There is always hope, no matter how old you are, to improve your lot.

Year after year, children progress through the system without mastering the necessary skills and attaining the minimum standard, simply because of their age. Not only must we secure a better beginning for children, but we must insist that the basics are attained before going up a year. This opens up the possibility of a more radical system based on mixed-age classrooms, where children are taught by ability rather than age.

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So we need flexibility in age, but also flexibility with places. Just like the childcare market, the schools market is very localised. This hampers competition, since parental choice of schools is constrained to narrow geographical areas. About one in five parents does not get their first choice of school.⁵² But they cannot go elsewhere, unless they pay extortionate prices to get their children educated in a private school.

⁵² Sean Worth with Colleen Nwaodor, *Do the public back more reform of public services? An overview of the latest opinion research* (London: Policy Exchange, 2012), 3-4.

Coasting schools can fill their places, regardless. Not enough choice is available and not enough competitive pressure is placed on poorer schools. What is needed is more places in good schools. And Michael Gove is dedicated to this mission.

But the rhetoric does not match the reality. Only 24 free schools were set up in the last academic year. More, admittedly, have opened this academic year.⁵³ But not on the scale that is needed. Relying on not-for-profit organisations and parent groups, which have limited funds, when government's capital spending is constrained, is not enough.

The for-profit sector can play a role here, providing the money to get new schools set up. It will be important of course to convince the public that this does not stem from an ideological position: that somehow private is better than public, and Tories are pursuing privatisation in awe of money-making. This is not true; indeed, Nick Clegg's policy adviser Julian Astle advocated for-profit state schools.⁵⁴ This is a sensible, hard-headed policy which provides alternative funding sources to boost diversity and ultimately quality of education in this country, while – and this should be said time and time again – ensuring state education remains free at the point of use. The evidence from overseas – US, Chile and Sweden – suggests profit making in the state sector does not have a detrimental effect, and in some cases it has been shown to have a positive effect on attainment.⁵⁵ The idea that commercial activity rots children's souls, regurgitated by the anti-capitalist Left, belongs in the dark ages.

For-profit state schools are an example of applying Conservative means – faith in markets and competition – to deliver progressive ends

53 See <http://www.education.gov.uk/schools/leadership/typesofschools/freeschools/b0066077/open-free-schools/free-schools-2011>.

54 Julian Astle, "Profitable lessons for Cameron's school revolution", *Financial Times*, February 23, 2011.

55 James B. Stanfield (ed.), *The profit motive in education: continuing the revolution* (London: IEA, 2012).

– better free education for children with parents who lack the resource to give their children the best education.

Nonetheless, even with more and more schools, our system of selection by catchment areas means those with money will always have an advantage by being able to buy a house in the right area. There is powerful international evidence which shows that social mix in schools boosts attainment for children from deprived backgrounds in particular, without harming the attainment of more affluent children. Yet, the UK is one of the most socially segregated countries in regards to the make-up of individual schools.⁵⁶

“The idea that commercial activity rots children's souls, regurgitated by the anti-capitalist Left, belongs in the dark ages”

We could encourage academies to have school-specific lotteries for part of their admissions to mitigate this trend – by making the fairness of a schools admissions policy count towards their overall OFSTED grade. This would increase the chances of less affluent parents who cannot afford to buy a house in the local area of getting their child into their favoured school. On top of this, more affluent parents ought to be given greater incentives not to monopolise the very best schools and hedge their bets on sending their child to an alternative. One idea could be that the top 10% of young people in a set number of low performing schools could be put into a special pool of places which universities could select from if they wanted to expand and get more money. This is an adaptation of the Texas 10% policy, where the top 10% of pupils in the worst performing schools in the state of Texas were given a guaranteed place at a state university. Evidence shows it worked at attracting

⁵⁶ OECD, “A family affair: intergenerational social mobility across OECD countries”, *Economic policy reforms: going for growth* (Paris: OECD, 2010), 195.

more affluent parents to a wider range of schools. The advantage of the adapted idea would be that it works with a system of parental choice at the same time as being fiscally neutral and respectful of the autonomy UK universities have over their admissions.⁵⁷ Both of these ideas – school-specific lotteries and an adaptation of Texas 10% – are about making markets work more for the most disadvantage, not abandoning markets altogether.

Aiming high

For many young people, the pinnacle of their education is attending university. We should not shy away from saying we want more and more people to aspire to and attend university. Yes there are examples of those who have achieved very successful careers without a degree, but for the overwhelming majority going to university is the passport to dramatically improving their job opportunities.⁵⁸ To tell otherwise is telling tales.

What is also untrue is that too many people go to university. It's the complete opposite: we need many more graduates. In an increasingly globalised, knowledge-based economy, higher-level skills are essential for UK competitiveness, enhancing productivity and attracting more investment. Despite the number of university students rising, the salary premium from going to university has not fallen and remains strong: £160,000, on average, over a lifetime.⁵⁹

True progressives promote the idea that university can be for everyone. Cost should be no deterrent. It's affordable, even if tuition fees have tripled. This is because the state provides all undergraduates in the UK and EU with loans that cover the total cost of fees. And these loans are repaid when the student graduates, on an income-contingent

57 Ryan Shorthouse, "Ending school segregation is the key to social mobility", *The New Statesman*, May 26, 2012.

58 Universities UK, *Research report: the economic benefits of a degree* (London: UUK, 2007).

59 Ibid.

basis. The student protesting, which often became violent, in Westminster in 2010 was misinformed. Under the new regime, poorer students get more financial support when they are at university, all graduates pay back less per month when they are in their twenties, and universities get more revenue than ever before. Taxpayers, many of them on low incomes and who did not benefit from university, will pay less to subsidise universities.

What Conservatives should do now is ensure a proper market functions in HE. The cap on student numbers, caused by government subsidising the many student loans not being repayed in full on account of the maximum repayment period and a high minimum income threshold for repayment of £21,000 a year, prevents this. Good universities cannot expand and poor universities fill their rolls regardless. The subsidies on loans should be reduced. There are lots of sensible ideas to do this: extend the loan repayment period or reduce the repayment income threshold. Maybe universities, whose balance sheets are healthy and receiving more revenue, could contribute to reducing the loan subsidy, an idea floated by Lord Browne in his 2010 student financing report, which was wrongly ignored by Government. Until the cap goes, we won't have a real market which gives students value for money.

Alternative pathways

To transform lives, the younger the better. But education doesn't stop in your early twenties. It should always be open as a passport to a better life, whatever age you are. The rise of distance learning and evening courses are welcome, enabling mature students to balance working with improving their skills and qualifications. Extending the student loans scheme to those undergraduates studying part-time is a welcome move by the Coalition Government. Now its eyes should turn to post-graduate study, which is increasingly in demand by employers, typically attracts a higher salary premium and is often the gateway to pro-

fessions. But the eye-watering fees are truly off-putting to those from modest backgrounds. Reduce the subsidy on undergraduate student loans, as aforementioned, and extend government loans to postgraduates. Do it now.

“Just because there is competition and private money in education, it doesn't mean values such as co-operation and the public good have to be undermined”

For those who do not go to university, of course a brighter future can still await. Further education and apprenticeships are critical. There is a real need to ensure Level 2 qualifications in particular are respected by employers. Quality, not quantity, is important here, as expert Professor Alison Wolf noted in her government-commissioned report.⁶⁰ One idea has been proposed by my colleagues at the SMF: state funding for colleges should be more dependent on the performance of their graduates in the labour market, a payment-by-results system for further education colleges.⁶¹

The usual suspects will criticise this idea as prioritising the outcome of education, rather than valuing education for education's sake and its civilising value. But, actually, education should serve both purposes. Equally, just because there is competition and private money in education, it doesn't mean values such as co-operation and the public good have to be undermined. The political left want to create the binaries of private versus public, and competition versus cooperation: Conservatives should show how they can co-exist.

60 Alison Wolf, *Review of vocational education: The Wolf report* (London: Department for Education, 2011).

61 John Springford and Ian Mulheim, *Britain's got talent: unlocking the demand for skills* (London: Social Market Foundation, 2012).

Conclusion

There is a common theme in this chapter: that market-based reforms are the right approach in education, but they need to go much further, and be focussed on how they support the most deprived. Conservatives should proudly champion what they believe in: markets, competition and the private sector. Prejudicial, lazy thinking from opponents should be tackled head on. But our motives need to be trusted. We have to show why our ideas are more compassionate: that we are motivated by our hearts as well as our heads. That we're looking out for the less fortunate, not just the gifted and talented.

Our opponents demonise us: we have to prove them wrong. But let's not be too tribal. Sometimes our assumptions and methods can be flawed. The key is to be open-minded. For too long, Conservatives have ignored pre-school education, believing parents hold the key to success in infancy: but they are one (albeit the most important one) influence on a child's life. We need to make childcare a proper part of our public services. And schools and universities are not yet the mature markets we need them to be. Ultimately, education needs to be opened up and improved for those from the poorest backgrounds in particular, because education is the passport, whatever age you are, to a flourishing, free life, which Conservatives passionately want all members of society to experience.

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Come Together

Loneliness in modern society

Graeme Archer

Wondering how to frame this piece, how to marshal the argument that I want to make – that we are in danger of becoming fragmented, collectively and individually – I implemented the strategy that I usually adopt in such circumstances. I went to the cafe that lies halfway between our flat and Brighton pier, bought a cup of tea, and sat and looked out at the sea.

Between the cafe and the ocean is Madeira Drive, lined with benches, and dotted with holiday-makers that morning in late summer. On the bench directly in front of me sat a man, iPod earplugs inserted, swigging from a maxi-sized bottle of coke, and, in between gulps, bellowing the words of whatever song he was listening to.

At first he seemed harmless, possibly even amusing – this town doesn't lack eccentrics. As the minutes passed, however, and his shouting escalated into loud shrieks of fury, and pedestrians made ever larger swerves to avoid him, the true state of his isolation, and of his madness, became clear.

This vision of Britain's future – anonymous solitude, punctuated by great shouts of impotent fury – is the one that worries me the most. Is it plausible? And how might it be avoided?

The day before you came

The shortest average time for two people to find one another, if they become separated in, say, a supermarket (think of all those times you leave your partner fussing over a choice of onions, with a curt “I’m going for the cat food”, only to return and find him gone, because even Waitrose’s allium selection isn’t inexhaustibly fascinating), is for both of them to keep moving. Not systematically (“I’ll check the meat aisle first”), but at random.

This works everywhere, not just in supermarkets. Remember the time before you met your other half, when ‘checking out’ had both a more salacious and a more important meaning than the act of paying for onions. How did you meet?

It won’t feel as though it happened at random (“We worked together”; “Her brother was in my football team”; “I looked up from the swimming pool and he was there”) and to suggest that it did will offend the owners of all those online dating services, who take your money to find your ‘match’; but whether you subscribe to such algorithmic approaches to mate-finding, or prefer the more romantic concept of Plato’s Other Half, your meeting was, at heart, a random fact of a coldly indifferent Universe.

We’re like grains of salt in a souvenir of Blackpool Tower. The best hope for two grains to bump into one another is for the vessel which contains them to be given a good shake. So why, when there are more grains of salt in the UK than ever, are more of us living alone? The Guardian recently quoted a Euromonitor survey which claimed more than one-third of British households are occupied by one person.⁶²

The number of UK citizens living alone from 2001 to 2011 remained fairly constant over the decade, even allowing for the increase in population size. But for those in middle-age, between 45 and 64, there has

⁶² Eric Klinenberg, “I want to be alone: the rise and rise of solo living”, *The Guardian*, March 30, 2012.

been a sharp rise, of 36%.⁶³ As the ONS says: “The increase in those living alone also coincides with a decrease in the percentage of those in this age group who are married (from 77 per cent in 2001 to 70 per cent in 2011), and a rise in the percentage of those aged 45 to 64 who have never married, or are divorced (from 18 per cent in 2001 to 27 per cent in 2011).” More people don’t marry, and more marriages end in divorce.

So what? Maybe all these people *prefer* to live alone. The author Colm Toibin is quoted in the same Guardian article, positively eulogising his single state, likening his existence to that of a cloistered nun (a terrifying image; possibly why his novels simultaneously grip and appall). And most young people will want some time alone, to grow into their adult selves, not that they have much chance to do so, considering the rise in house prices – but that’s for other chapters in this very book.

Most people aren’t Colm Toibin. Epidemiological evidence suggests that living alone can be a predictor of poorer psychological outcomes: one paper found a dramatic increase in the receipt of antidepressants among the solitary, with respect to their unsolitary controls.⁶⁴ People who live alone are at greater risk of ill-health, and the life choices which lead to it.

Culture reflects the reality of its human substrate; so is it a coincidence that a rise in solitary living is contemporaneous with new ways of working, new ways of interacting? Fewer factories and more home offices; fewer water-cooler moments with people you actually know and more virtual tweeting between strangers.

To be honest, I don’t think you need statistical evidence to make the case that solitude, and its consequence, loneliness, are increasingly common characteristics of modern life. Just open your eyes the next

63 Office for National Statistics, “Statistical bulletin: Families and households, 2001 to 2011: living alone”, <http://www.ons.gov.uk/ons/rel/family-demography/families-and-households/2011/stb-families-households.html#tab-Living-alone>.

64 Laura Pulkki-Råback et al, “Living alone and antidepressant medication use: a prospective study in a working-age population”, *BMC Public Health* 12:236 (2012).

time you're in a coffee shop. Watch for the people who work hard to protect their fragile dignity, whose every sip is measured and precise. They never spill their coffee: they have enough attention to spare to make sure the cup is always returned to its saucer with care. They are *stopped*: not moving at random; barely moving at all.

Few such people end up on a bench in Brighton, screaming their anger and pain at the sky. But loneliness, the gap between people, is the great undiscussed topic of the age. Its precursors – the rise of the broken home, the decline of those industries which defined the towns which housed their factories, the increased level of immigration – are politically important and deserve attention; but we forget, sometimes, that it's the consequence of those phenomena that really matter.

Will you still love me tomorrow?

The primary institution which acts as a bulwark against middle-aged solitude is marriage; one way to support marriage is to increase the proportion of the population we permit to join that institution.

So it is right that Conservatives should support the extension of state marriage to gay people. It is a perversion of Toryism to shut people out from the institution that most strongly supports the conservative value of inter-reliance between adults.

“It is a perversion of Toryism to shut people out from the institution that most strongly supports the conservative value of inter-reliance between adults”

But gay people represent only a small proportion of potential UK couples. The biggest impact of policy on outcomes will be that which affects the heterosexual majority. It therefore beggars belief that there still exists a ‘couple penalty’ in the benefits system: the financial cost (in terms of lost benefits) to setting up a household with your partner. The

Centre for Social Justice calculated the extent of this penalty in a 2009 report which, among other important findings, showed that the group of people who faced the largest financial impact for living together were among the lowest earners.⁶⁵

My own instinct is that the most efficient way to persuade people to provide the stable relationships that they and their children require is to encourage marriage, for which reason I support the reintroduction of the transferable tax allowance. But the impact of this would most help middle-income families. It is the penalisation of stability through the couple penalty in the benefits system that matters most, because it affects those most in need of support: the lowest earners, and their children.

This topic wouldn't even be on the agenda without the pioneering anti-poverty work of Iain Duncan Smith, the Work and Pensions Secretary. His Universal Credit will begin to unwind this insidious penalty on stable relationships. The challenge for the next Tory administration will be take that work further. Parents who work and live together should never be worse-off than those who don't work and who choose to live apart. When we tolerate a system that effectively taxes the poor for living together, why be surprised at the result? In South Hackney, a very deprived borough, nearly half the children live in one-parent households.⁶⁶ There are consequences of this for those children's life chances – but the most immediate effect is to increase that pool of people who have to manage life alone.

65 Centre for Social Justice, *Dynamic benefits* (London: CSJ, 2009).

66 Office for National Statistics, "FOI request: Lone parent families with dependent children by parliamentary constituency", <http://www.ons.gov.uk/ons/about-ons/what-we-do/FOI/foi-requests/people-and-places/lone-parent-families-with-dependent-children-by-constituency/index.html>.

Unity through (democratic) divisions

If the quantity of loneliness is a function of “the gap between people”, as I said, then it’s worth contemplating what has exacerbated such distance at the community level. Possibly the most egregious example of this is identity politics, which has displaced socialism as the defining approach of Britain’s Left to problems of community. Groups of people are defined on the basis of arbitrary characteristics (gender, race, religion etc), the ‘needs’ of those groups are investigated, and policies are devised to meet those needs. The intended result is happiness, aka ‘cohesion’.

“If you tell someone that they do not belong to a particular group of humanity, and then instigate policies tailor-made to that group, do not be surprised if the excluded person begins to feel resentment”

The actual result is increased atomisation. The Ritchie report into the 2001 Oldham riots found chilling evidence of the deep-seated segregation between religious ‘communities’ in the town. The report found that “Pakistanis, Bangladeshis and whites simply do not meet one another to any significant degree, and this has led to ignorance, misunderstanding and fear.”⁶⁷ Well, of course it did. Of course it did. It’s integration that’s required, not ‘cohesion’ (which means tolerating one another, without rioting, but without mixing either).

If you tell someone that they do not belong to a particular group of humanity, and then instigate policies tailor-made for that group, do not be surprised if the excluded person begins to feel resentment. Do not be surprised, either, if such a person extends his resentment to every member of the group from which he has been excluded. How do you think the white applicants from Gloucestershire felt when they were

67 Oldham Independent Review, “Panel report”, <http://resources.cohesioninstitute.org.uk/Publications/Documents/Document/DownloadDocumentsFile.aspx?recordId=97&file=PDFversion>.

rejected for interview with their constabulary, because they didn't fit a predetermined, and irrelevant, ethnic quota?⁶⁸ Better disposed towards their non-white neighbours?

Two problems here. One is the *arbitrary* way in which identity groupings are defined – arbitrary because every human being possesses an infinite number of characteristics. The bigger issue is that identity politics doesn't even work as a political methodology, because it internalises, and thus reinforces, such a very reduced sense of self: “I am gay”, or “I am Muslim”, or “I am black”. If that is the most important thing about *you*, and I am not that thing, then how can we come together?

Tory politics should be about externalisation, about facing outwards. You have needs, and so do I. They're mostly independent of the Left's list of protected categories. “I am gay and I want to feel safe on the bus at night-time.” “I am Muslim and ... oh hang on. I also want to feel safe on the bus at night-time.” “I am black and ... look, what does the gay/Muslim/black bit have to do with it? We all want to feel safe on the bus at night.”

The voluntary wings of our political parties are often maligned as being so last century. But if you want a good example of a group which, according to identity politics, should view itself as a seething mass of competing interests, but which has sublimated these in search of a common goal, then spend an evening canvassing with Bethnal Green's Conservatives. You'll find every race, religion, gender, orientation and age cohort, working together. You don't have to invest the lyrics of 'Imagine' with the status of dogma. There is a practicable, Tory solution to a society too often fractured along its religious and ethnic lines.

Such conglomerations of common interest are the best alternative to identity politics: they act to draw diverse people together, rather than reinforcing their surface differences. That London, in our lifetime a

68 BBC News, “Force admits rejecting white men”, *BBC News*, September 22, 2006, (<http://news.bbc.co.uk/1/hi/england/gloucestershire/5369876.stm>).

left-leaning city, 'gets' this, was demonstrated at the last Mayoral election, with the defeat of perhaps the most calculating practitioner of identity politics in post-war Britain.

"If you want a good example of a group which, according to identity politics, should view itself as a seething mass of competing interests, but which has sublimated these in search of a common goal, then spend an evening canvassing with Bethnal Green's Conservatives"

But outward-looking communities of interest won't occur spontaneously: another Tory solution is required to encourage such behaviour. We need to shake up those salt-grains, to make it worthwhile for people to join together with neighbours to fight for those common goals. In other words, increase the number of decision-making positions that are filled through election.

This is underway: Police Commissioners were elected in November 2012. Despite the disappointing turnout, and the predictable complaints about 'politicisation' of the police service (as though Ian Blair, to pick an example, was unpolitical), Conservatives should ignore the demands for positions of responsibility to be 'above politics' – everything is political, not merely the personal. That our system isn't perfect, that candidate selection is crying out for reform - open primaries, everywhere, now, please – should not blind us to the fact that the alternative of a public test of a theory's support, whether that theory relates to police priorities, education provision or health, is the imposition of one such theory by unelected, hidden officials. Forcing elections for the decision-making class is the only way to drag them into the light of day.

And there is that (mostly intended) consequence, the one our fractured society needs. In Bethnal Green, whether you're a Muslim incomer from Bangladesh, a pensioner who can remember the borough before

the Blitz, an Orthodox Jew in next-door Hackney, or even a gay bloke who lived there because it was sort-of funky, central and affordable: the best chance to bring you together is to confront a common problem.

Leave the identity politics to Labour, obsessed with whether you're Bangladeshi, White-British, Orthodox Jewish, or whatever. The Tory solution for the mistrust we have fostered between people is to say: isn't it more important that we sort out the bus routes in the borough? Elect the guy in charge of transport policy, and watch as the inevitable competition to win that election aligns people who might otherwise pass a lifetime without being aware of just how much they've got in common with the folks who live next door. The ones they usually avoid.

Antisocial media

I mentioned those online dating services, and their rise is one of the aspects that marks our age as different to that which went before it. If you factor in the galaxy of social media – Twitter, Facebook, LinkedIn and so on – and remember that newspapers now permit conversations to occur in a running commentary, underneath nearly every article, then the optimist will say: “chill, Archer”. So, maybe more people do live alone, maybe more marriages do fail, but we're *more connectable than we've ever been before*.

Which is of course true, and generally all to the good. Greater ease of communication is one of the engines for the conglomeration of common interests we've been discussing. But there's a rotten fly in the ointment that Tories are well-placed to address, one that's a world away from the use of Facebook to keep in contact with a diasporic family or to bring people together to save their local post office: that of internet anonymity.

Read the comments underneath newspaper columns. In among those people who are attempting to hold a civilized conversation there will almost always be a plethora of vile abuse. Sometimes it's about the writer, sometimes the target is another commenter, but nearly al-

ways you will find the worst offenders of taste are from anonymous, or pseudonymous, posters.

“Words, and this is too often forgotten, are real creatures in the Universe. They’re capable of wounding (“Sticks and stones...” is the biggest parental lie)”

Who cares about newspaper writers? But what about teachers hounded by anonymous online bullies? Or the trolling of sites set up to commemorate the recently deceased?

There’s a lot of drivel written about this anonymity, excuses along the lines of “I have such an important job, I couldn’t possibly comment under my real name”. Don’t comment then; or change your job.

Words, and this is too often forgotten, are real creatures in the Universe. They’re capable of wounding (“Sticks and stones...” is the biggest parental lie). At the very least, the creator of those words must take personal responsibility for them. To insist on this is not to act against free speech; it’s to make the very reasonable, very Tory, demand that people take responsibility for their actions.

That this basic concept has been lost can be seen on the witless, confused faces of those arrested for making some disgusting comment or other about a celebrity on Twitter. “It was just a drunken tweet”, the celebrity involved should “man up” and “grow a pair”, are the inevitable, vulgar responses of the defenders of anonymity. People who would never be rude to someone’s face indulge their bad habit online. Their personality has been fractured, between their anonymous online identity and their real one; and we wonder why public discourse is coarsening. Recognition of this is one reason that Lord MacAlpine’s ongoing legal pursuit of those who used Twitter to spread gossip is so popular: individuals are going to be held to account for their actions.

As the party of personal responsibility, Tories should work with service providers to end the scandal of virtual anonymity. Preferably without a law: decent behaviour is perfectly ‘nudgable’.

No-one should be permitted to contribute to a public discussion without at all times being identified as the individual they are. Legal protection for whistleblowers would be a cheap price to pay. Fractured virtual identities do not support the integration of individuals into their real society, and Tories should act against them.

The Tory swimming-pool

I’ve outlined some data that hints at the atomised, lonely life too many of us face, the consequences of unwanted solitude, and the importance of supporting marriage. I’ve discussed the failings of the Left to bring us together through identity politics, and the potential dangers of social media as a replacement for traditional interactions, and how we might use the mechanism of increased elections to create spontaneous communities of interest. How does this fit together as a Tory vision for the future?

Because we can’t go back, and even if we could return to some golden age, we’d like as not find it imperfect. In my life with Keith, we have a running joke. I’m so oddly out of joint with the time I live in, I often say how much I’d like to live in the 1950s. You know: politeness on buses. Slow-moving traffic. Hats.

“Really?” asks Keith, eyebrow raised. “You think we’d be living like this? Even in Brighton?”

He’s right, of course. He’s always right, even about onions. So what sort of country are we trying to build? Where do you strike the balance between anarchic individualism, and stultifying conformity? Time for a swim.

Swimming is a good model for a Tory society because it’s usually simultaneously individual – the stroke you choose is up to you – and collective – no one can swim as though they have the entire pool to themselves. If a handful of selfish individuals are tolerated, everyone’s swim will suffer.

More encouragingly, it doesn't take much to make a swimming pool content: lanes to allow different average speeds, with the freedom to move between them as appropriate. Lifeguards to intervene in case of life-threatening occurrences, and if only we could elect the lifeguard, and the system for pool-policing he favours, so much the better.

But the real rules that make a good pool are those we bring ourselves. The mornings I speak to the neighbours in my lane – after you, no, you go first, oh thanks – are the mornings of the best swims. Simple human decency, born of non-anonymous interactions. We are unconcerned with the gender or religion of the other swimmer (there's only one pool, not separate ones for each religious or other 'identity'), because we've come together with the same goal. And something almost mystical happens: caring for your immediate neighbour, the one you can reach out and touch, results in increased levels of contentment across the entire community of interest.

Why does any of this matter? Because, outside of supermarkets, couples will rarely check out together. About half of us, even if blessed with marriage, know that one day we'll wake up alone.

No politics can change that. But we can devise policies that encourage individuals to sublimate themselves in the everyday causes that matter the most, to come together with their nearby swimmers – their neighbours – and to have a reason to get out of bed in the morning. To do something more worthwhile than to sit alone on a bench, shouting angrily at the sea.

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Popular politics

How to get the country voting again

Guy Stagg

When, before the 2005 general election, the Electoral Commission launched a campaign to persuade young people to vote with the shout-line: “If you don’t do politics ... there’s not much you do do”, they missed the point entirely. It’s not that young people don’t do politics, it’s that modern politics doesn’t do young people.⁶⁹

– Ed Howker and Shiv Malik, *Jilted Generation*

The campsite manifesto

On 15 October 2011 a cluster of brightly coloured tents went up outside St Paul’s. Over the next few days more tents appeared, until 200 campers were living in the shadow of the cathedral. Before long the site boasted a kitchen, a technology suite and a lecture hall. The tents could not use pegs on the cobblestones, instead the guy-ropes were duck-taped to the ground. If the wind was strong enough, and the tent was empty, it would tumble over. The camp remained all winter, and when it snowed the campers woke up with frost on their sleeping bags. Over time their

⁶⁹ Ed Howker and Shiv Malik, *Jilted Generation: How Britain has bankrupted its youth* (London: Icon Books, 2010).

numbers thinned, and on February 28, shortly after midnight, bailiffs cleared the remaining tents. Although the papers reported the clearout, little else was written, and most people were glad to see them go.

The Occupy Movement claimed to represent the 99%, in opposition to the richest and most powerful 1%. They camped in the middle of London's financial district, beneath a banner that read *Capitalism in Crisis*. Talking to occupiers, it looked and sounded like an average student protest. But capitalism, and generational inequality, were not the movement's only target. Two days after the camp was established, 500 protesters delivered a statement of principles on the cathedral steps. Point one read: "The current system is unsustainable. It is undemocratic and unjust. We need alternatives; this is where we work towards them."⁷⁰ From the beginning Occupy London was a protest against our political structures, as much as our economic ones.

Few commentators were surprised that the movement ended in failure. It embodied the naïve, knee-jerk radicalism of much teenage protest. Occupy's refusal to make demands or engage with mainstream politics was ultimately its undoing: why listen to somebody who cannot explain what they want? The St Paul's site quickly became a magnet for the homeless, while the multimillionaire Hollywood stars cruising around Occupy Wall Street did little to enhance the credibility of the mother camp. London had its own embarrassments too, with empty tents on cold nights, and the odd sign claiming that this was the West's Tahrir Square.

Yet what was original about Occupy was not the message, but the medium. Anti-establishment protests take place all the time, but this movement aspired after something bigger. Occupy wanted the space and time to host a debate about how to run the country. But it rejected the traditional fora – Westminster, Whitehall, local government and the media – in which such debate could take place. In a way, Occupy wanted its own parliament.

⁷⁰ "Occupy London Stock Exchange – the initial statement", *The Guardian*, October 17 2011.

It is easy for the Right to dismiss that ambition. As the camp's rather pitiful collapse showed, it's no good establishing a rival parliament if you are not even on speaking terms with the landlord. But Occupy's criticism of our economic and political structures cannot be dismissed quite so easily. The Right has already conceded some ground on the economic front. Prominent Conservative voices – notably Ferdinand Mount and David Willetts⁷¹ – have asked whether capitalism and intergenerational divides are becoming engines of iniquity. But what about Occupy's first criticism? As yet no Conservative has asked whether our democratic system might also be failing. The evidence, however, is damning.

Unpopular politics

People don't join political parties any more. Apart from a handful of activists, councillors and students, party politics is about as popular as train spotting. These days just 1% of people in Britain are members of any political party. More people lined the streets of London to cheer the Queen over the Jubilee weekend than possess a membership card for the Conservatives, Labour or the Liberal Democrats. In fact, more people are members of the Royal Society for the Protection of Birds.

But political parties were not always a fringe pursuit. Just look at the Conservatives. In 1953 the party had 2.8 million members. By 1981 that was down to 1.2 million members. It currently has around 177,000. Since the Second World War, each new generation has lost another million members. Labour haven't fared much better. Although membership of the Labour Party is currently rising, the numbers are still grim. In 1953 it had 1.02 million members, today just 194,000.⁷² At this rate parties will die out beyond Westminster in the next few decades.

⁷¹ David Willetts, *The Pinch: How the baby boomers took their children's future – and how they can give it back* (London: Atlantic Books, 2010) and Ferdinand Mount, *The New Few: Or a very British oligarchy* (London: Simon & Schuster, 2012).

⁷² Fergal McGuinness, *Membership of UK political parties* (London: House of Commons Library, 2012).

Political parties used to be a way for people to socialise and volunteer in the community. The parties themselves were more reliant on the fees from individual members. But now a few generous donors are worth far more in terms of funding, while politicians increasingly use the media and the internet to engage with voters, meaning that they can spend less time judging their local association's cake-baking competition.

This is, in part, a global trend: membership of political parties has fallen in most Western nations.⁷³ It is also a cultural shift. People no longer identify strongly with political parties.⁷⁴ The shift is most easily understood by looking at the changing patterns of engagement among young people. Young people feel powerless to affect the political process, and distrustful of politicians as a whole. But this is not apathy; instead, they are finding alternative means of political engagement.⁷⁵ In other words, political causes are engaging more people than political parties; ideas are winning over institutions.

“More people lined the streets of London to cheer the Queen over the Jubilee weekend than possess a membership card for the Conservatives, Labour or the Lib Dems. In fact, more people are members of the Royal Society for the Protection of Birds”

Contrast falling party membership with the success of internet campaigning organisations. A website like 38 Degrees has over a million online activists, offering a platform to coordinate opposition to unpop-

73 Richard Katz, Peter Mair et al, “The membership of political parties in European democracies, 1960-1990”, *European Journal of Political Research* 22 (1992), 329-345 and Ingrid Van Biezen, Peter Mair and Thomas Poguntke, “Going, going, ... gone? The decline of party membership in contemporary Europe”, *European Journal of Political Research* 51 (1992), 24-56.

74 Harold D. Clarke, David Sanders et al, *Political choice in Britain* (Oxford: Oxford Scholarship Online, 2004).

75 Matt Henn and Nick Foard, *Young people, political participation and trust in Britain* (Nottingham: Nottingham Trent University, 2011).

ular Government policies. And it works: as their website states, over the past few years 38 Degrees has helped force u-turns on policies such as government plans to sell off national forests to private contractors. Thus it achieves something like the campaigning influence of a newspaper, but with a more democratic mandate, because nobody has to support a campaign they aren't interested in.

“Whatever the reason – postmodern distrust of inherited authority or the libertarian impulse behind the internet – young people today seem more reluctant than ever to submit to the groupthink of an institution”

People can support online campaigns *a la carte*, picking just the cause or charity that suits their personal politics. By these standards political parties seem monolithic. No wonder young people in particular are reluctant to identify with a single political party. In order to do so, they would have to make compromises: changing their views to fit in, or breaking from the party to keep their opinions in one piece. This has always been the case, of course, but that process of compromise, that collective mentality, is difficult for Generation Y. Whatever the reason – postmodern distrust of inherited authority or the libertarian impulse behind the internet – young people today seem more reluctant than ever to submit to the groupthink of an institution.

The emptying ballot box

The decline in party membership is an extreme example of the wider decline in political engagement. Voting numbers tell the full story. At the 1950 general election, Labour won with a turnout of 83.9%. At the next election, the following year, the Conservatives won with a turnout of 82.6%. Fifty years on and that figure has fallen dramatically. In 2001

59.4% of the population voted. Since then the percentage has risen, but at the last election it was still only 65.1%.⁷⁶

What's most interesting about this drop is its demographic profile. From 1970, when statistics on voters' ages were first collected, 67% of 18 to 24 year-olds and 76 per cent of 25 to 34 year-olds voted. By 1983 three-quarters took part, for both age groups. By 2001 both had dropped below 60%.⁷⁷ In 2005 just 49% of people aged 25 to 34, and 37% of people aged 18 to 24, turned out on polling day.⁷⁸

Alongside this is a parallel trend: the rise of minor parties. In the 1950s, more than 95% of voters opted for one of the two main political parties. Half a century later, in 2001, that figure was 72.4%. This shift is only partially explained by the rise of the third party. Even allowing for the Lib Dems, almost 10 per cent of voters chose a candidate from a party other than the main three.⁷⁹ When deciding on MEPs this shift has been caricatured. In 2009 – the last elections for the European parliament – less than half the population, just 43.4%, voted for Labour or the Conservatives.⁸⁰ Minor parties have achieved important victories, with Ukip winning 13 (now 12) seats in the European Parliament, and the Green Party sending its first MP to Westminster.

Both those parties have broadened their own ambitions, with manifestos covering almost every policy area, and efforts to field candidates in as many seats as possible. Both parties benefit from the defections of disaffected voters who want to move farther to the Left or the Right on the political spectrum, away from the centre-ground tussle between the

76 House of Commons Library, *UK Election statistics 1918-2004*, (London: House of Commons Library, 2004).

77 Ibid.

78 House of Commons Library, *General Election 2005*, (London: House of Commons Library, 2004).

79 House of Commons Library, *UK Election statistics*

80 House of Commons Library, *European Parliament election 2009* (London: House of Commons Library, 2009).

major parties. Nonetheless, both the Greens and Ukip are still identified by a single issue, and this enables them to promote that cause alongside their broader political responsibilities. Their appeal is similar to that of an online campaign: an expression of narrow but passionate conviction, often without the responsibilities of delivery. By supporting minor parties young people are given a new outlet for activism, but keep clear of the compromises that might be necessary for that cause's realisation.

Then there is the Coalition itself. In the weeks and months following the election, there was a great deal written about the Conservative failure to win a majority, and the remarkable resilience of the Labour vote. Much of this focused on precise failings of these parties, or Nick Clegg's impressive performance in the Prime Ministerial debates (though it is worth remembering that the Liberal Democrats lost seats and only increased their percentage of the national vote by 1%). However the most obvious explanation had little to do with campaign strategies. Instead the result was the clearest expression yet of our emerging political culture. People were worried about change, but reluctant to stay with what we had. Individuals found it hard to support any single party wholeheartedly, and so did the country.

The critics of democracy characterise the system as an illusion; either a mask for the control by an elite, or a licence for the tyranny of the majority. But there is another flaw in democracy that political philosophers and conspiracy theorists have not anticipated: that disenchantment and disengagement could render it invalid. What would happen if less than 50% of our population voted in a general election? How can a political system be endorsed if the majority of its citizens have not even engaged with it? When the economy is growing and things are going well this is a question of principle. As times of crisis this becomes a dilemma of responsibility. That threat is not just an academic one. The trouble in the eurozone, for example, has brought new force to the criticism of Europe's democratic deficit.

The story so far

In Britain the problem is each new generation growing up less engaged with the political process. The Right's position on all this has been predictable. Not many would admit to it, but the reasoning is obvious. Few young people voting means fewer votes for Labour and the Liberal Democrats; as people get older they are more likely to vote, and more likely to vote Conservative. Perhaps so, but this reasoning is self-defeating. It encourages the party to try to win over only those most likely to support it.

The Conservatives lose moral authority whenever there is a large portion of the population that does not vote for it: whether those in the North, in cities, or in Scotland. They also lose elections. Similarly, Parliament loses authority when a large portion of the population does not vote at all. This is the Conservative case to increase political participation. The Right, in general, supports our institutions and traditional political structures. But without widespread participation, those institutions and structures are undermined.

Both Conservatives and Liberal Democrats entered the Coalition with manifesto commitments to reform areas of Parliament and the electoral system. Indeed, this Government promised more radicalism in this area than at any point in recent history. Yet nobody has taken them seriously. Proposals for electoral reform have found little success. The referendum on the Alternative Voting system was met with combination of apathy, bafflement and resistance. Attempts to reform the House of Lords turned into a piece of political positioning that succeeded in damaging both sides of the Coalition without achieving anything. The possibility of lowering the voting age, which has been discussed by Labour and is advocated by Alex Salmond, is perhaps the least sensible proposal of all. Once the novelty had worn off, it is hard to see how an even higher percentage of young people not voting would renew political participation.

The Conservatives have also struggled to fix our democracy. Evening up constituency sizes by redrawing the boundaries now seems a lost cause, as does reducing the number of MPs. Few cities actually wanted their own mayors, thanks largely to the failure by the Prime Minister and party machine to campaign for the idea. Fixed-term parliaments are, as yet, the only major achievement, though I struggle to think of a single voter who has ever expressed a wish to commit every government to no less than a full five years in power.

“Futility is not really surprising, given that parties only seem to push for electoral reform when there is a clear political advantage. And perhaps as a consequence of this, whatever the shortcomings of the electoral system, the public has little appetite for reforming it”

There is a theme developing here, a sense of futility that conjures up a Dickensian sketch of a Britain locked in constitutional stasis. That futility is not really surprising, given that parties only seem to push for electoral reform when there is a clear political advantage. And perhaps as a consequence of this, whatever the shortcomings of the electoral system, the public has little appetite for reforming it. As a result, almost none of these proposals have been accompanied by a proper public debate. With the exception of the referendum on AV, and the forthcoming vote on Scottish independence, a handful of ministers have attempted to smuggle their pet proposals into law, fearful that any fuller national debate will expose their ideas. Even if the reforms are intended to restore our democracy, the method is hardly an advert for accountability.

The best way to overcome this would be to take electoral reform out of the hands of the Government, so that it cannot be used to gain political advantage. This would mean that fundamental principles of

fairness are not subject to the whims of party leaders. Other countries rely on written constitutions and a powerful judiciary, neither of which are very British. Nonetheless Parliament needs to find a way to ensure integrity on deciding these issues. Meanwhile Government should hold a referendum on all major constitutional changes, to make sure that these issues are debated fully.

Big Democracy

Electoral reform is not only the way to increase engagement in the political system. In fact, it may not even be the best way. In order to strengthen our political system, we must increase respect for Parliament, political parties, and the broader democratic process. This sounds abstract, in comparison to tangible, structural changes. But it suggests a distinctly Conservative approach to popularising politics.

Firstly, we need a stronger Parliament. So far, so good. Whether it is the need to win back public trust after expenses, the number of MPs with narrow majorities, the strength of the 2010 intake, or the growing influence of the select committees, Parliament seems to have re-discovered its primary function: holding the Government to account. Open primaries and efforts to attract a more diverse range of applicants would also help. Paying MPs more would be unpopular in the time of cuts, but in the long term would improve their calibre and independence.

Secondly, political parties must become engines of democratic engagement. The Conservative Policy Forum, debating new policies with party members, might suggest a model for the Tories, however Labour's Movement for Change offers a better example. The Movement was spun out of David Miliband's unsuccessful leadership bid, and their official function is to renew the Labour Party. Nonetheless, by incorporating the techniques of community organisers, and spreading them among grassroots activists, the movement offers more than the local

party AGM, including career advice and helping people to register to vote. At the same time, it reminds party members and non-members of the relationships politics can build through shared causes.

Thirdly, the political process must better incorporate other forms of democratic engagement. This would be picking up where the Conservative party's pre-election enthusiasm for the post-bureaucratic age left off. Efforts to increase public participation through technology – like online petitions form Parliamentary debates – are a first step, but they risk being too superficial if they amount to little more than tweeting MPs. Instead this must be backed-up with a renewed commitment to localism and campaigning. Politics can rarely offer the radicalism of a protest, but they can offer a realistic chance of change.

In essence this is about education: teaching each new generation about the political process to produce informed and involved citizens. But this also means giving young people a greater stake in society. Participation is about extending responsibility. You are more likely to care about who becomes the local councillor or MP is if you have a job, a property, and children at the local school. But these are not the only ways to encourage investment in the community. Democratic engagement begins with civic engagement. Of course, this is the language of the Big Society, which over the past few years has been re-launched to the point of redundancy. But with a strong focus on citizenship and political participation, the idea could finally be given the sense of purpose, and the measurable objectives, that it has so far lacked.

Parliamentary Modernisation 2.0

In July 2011, Charles Moore was trending briefly on Twitter. The excitement was about column he had written, headlined “I’m starting

to think the Left might actually be right”⁸¹ By drawing on the fallout from the phone-hacking scandal, the continuing eurozone crisis and Congress’s near failure to raise the debt ceiling, Moore argued that that abuses of power by a few individuals have created widespread disillusionment with Western democracies.

Crucially, the article made the point that when it comes to the economy, and in particular the banks, the Left was right in their claim that “a system purporting to advance the many has been perverted in order to enrich the few”. Yet Charles Moore’s criticism was founded on a Conservative argument. Conservatives value successful institutions and personal freedom; a system that results in the pooling of wealth and power is an insult to each of these principles.

The same argument could be made for our political system. If voting figures continue to fall away, and young people feel disenfranchised, then Parliament itself will be damaged. The long-term nature of these trends suggests that it is not the fault of an individual party, but the failure of the entire system. However, the reason that people give for not engaging with politics – a sense that voters are impotent and that power is unfairly distributed – should worry all parties.

The case for modernisation has been made already in this book, however the central thesis applies more broadly. The Conservative Party should become more representative and seek greater engagement not just for strategic reasons, but for moral ones. The same is true of our entire political system.

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81 Charles Moore, “I’m starting to think the Left might actually be right”, *The Daily Telegraph*, July 23, 2011.

Modernising intervention

A more proactive foreign policy

Fiona Melville

Conservatives understand aspiration. We understand humans' natural instincts to build for the future, to invest for our children, and to develop strong societies that support the weakest and offer opportunity to all. Most importantly, Conservatives understand freedom – of voice, of choice and of will. A world in which so many are downtrodden by poverty and by bad governance is one in which aspiration and freedom is thwarted – but also one in which the rest of us are also at risk because failing states threaten to spread instability far and wide, and are not productive trading partners.

Conservatism has never been a laissez-faire abandonment of others; indeed, conservatism is about the spreading of opportunity as well as the nurturing of relationships and interdependency.

Intervention

In recent years, intervention has become a byword for aggressive and self-interested militarism, yet the reality of our ever-shrinking globe means we cannot stand by or shut ourselves off from the rest of the world. However, intervention occurs every day, all around us, on every

level – person to person, community to community, society to society and state to state, and in every combination possible between those actors. It is not something to be avoided; it should be supported because it brings people closer together, and it builds sustainable solutions to the problems facing the world.

Bringing people closer together is a very Conservative idea. Strong person-to-person bonds are the basis for strong communities. Also, it facilitates direct and pragmatic conversation between individuals who sometimes mistrust one another. The same is true for states. One of the most essential aspects of international development, and of diplomatic and trade relationships, is that organisations are on the ground for the long-term, building relationships and trust, and sharing experiences and expertise.

“Bringing people closer together is a very Conservative idea. Strong person-to-person bonds are the basis for strong communities”

One form of intervention that Cameron’s Conservatives have been keen to deliver is the Government’s commitment to spend 0.7 per cent of Gross National Income on aid. Progressive Conservatives are sometimes derided as being soft touches for insisting that good aid and development spending is a necessary part of being a responsible government. But the argument that the UK has much, that poor countries have very little, and that the relatively small sums we spend on overseas development assistance in all its forms deliver very effective improvements to life-chances, is fairly good at persuading the public of the value of aid. Public approval of the UK Government giving aid, as demonstrated by in-depth polling, is strong.⁸² There is an even better argument for spending on international aid which is not used as

82 Alex Glennie, Will Straw, Leni Wild, *Understanding public attitudes to aid and development* (London: ODI and IPPR, 2012).

frequently. This is that failing states⁸³ such as Afghanistan, Somalia, Zimbabwe and Pakistan are an existential threat not only to their own citizens, but to other nations as well: to those bordering these failing states, and to developed nations such as the UK.

However, neither aid nor military control is enough. Intervention is much more. What Hillary Clinton calls a “multi-tasking foreign policy”⁸⁴ offers a full spectrum of intervention, from defence to diplomacy to development. Between these three pillars sits a varied and interconnected web of actions, which need to work together to deliver strategic aims. Nations which do not interact and integrate with the rest of the world become unstable and poor, and eventually fail completely.

Failing states

Some of the richest nations in Africa are also the poorest – the Democratic Republic of Congo is the most regularly quoted example, but Zimbabwe, Uganda and Sudan also figure in the list. They have immensely rich (potential) natural resources, but their past history combined with their current governance ensure that the fruits of those resources are largely concentrated in the hands of a very small elite; these are known, fittingly, as ‘extractive’ institutions.

Extractive governments place control and power in the hands of a few, elite members of a governing class; in turn they ensure that rules entrench their own positions and wealth, using high regulatory barriers to entry. This depresses other economic activity, removes accountability, and stymies any sort of bottom-up innovation or progress. Crucially, it also erodes the will of citizens to take control of their own destinies.

83 Failing states are defined by the US think-tank Fund for Peace as those where “social, economic, and political indicators such as demographic pressures, refugee flows, uneven economic development or severe economic decline and [lack of] human rights” mean that a state is unstable and failing to meet the needs of its citizens.

84 As outlined in, for example, Secretary Clinton’s remarks to the Council on Foreign Relations, 15 July 2009, <http://www.state.gov/secretary/rm/2009a/july/126071.htm>.

Democratic and economic progress for these failing states would mean that we would have greater global security, a bigger trading pool, further opportunities for sustainable resource development, and a better chance of combating both climate change and the demographic challenge facing all Western nations. History and experience tell us that progress can only be built on ‘inclusive’ political institutions, which protect rights and offer democratic and economic inclusion. They do so because there is an understanding that shared sovereignty, co-operation and openness are the only meaningful foundations for success, both economically and politically. Property rights, the rule of law, free speech and the prospect of fair success come together to build societies which may still be poor, but which believe they have a future.

Strong governance

A recent project, FreeFair DRC, focused on highlighting the need for free and fair elections in the Democratic Republic of Congo (DRC).⁸⁵ It brought together a coalition of interested parties to draw media attention and scrutiny to Presidential and local legislative elections in 2011. The team approached many of the hundreds of national and international civil society organisations operating in the DRC, to ask for their involvement in disseminating the message about free and fair elections. They did not want to discuss one candidate over another, nor any political programme or party, just the measures needed for everyone to have access to all the information, and for everyone to vote freely, and have their vote counted, once. Every single one of the organisations approached said no, because they didn’t want to get involved in politics.

The problem is, unless the politics improves, the issues charities work on can’t really either. Yes, they can alleviate some of the symptoms, but the underlying causes of a country’s failure will not change unless the governance of that country changes. So the real challenge

⁸⁵ See www.freeandfairdrc.com.

is to build functioning and fair institutions, which are held to account both internally and internationally, and which ultimately deliver progress – economic and democratic – for their citizens.

Overseas development assistance is, to many in the developed world, the first, obvious, port of call in helping nations to build a future. Our aid budget goes to support a huge variety of interventions: from emergency relief in natural disasters, to food aid during famines, to connecting homes to clean water and an energy supply, to ensuring honest and impartial information and news (the BBC's World Service, funded by the Foreign and Commonwealth Office, is listened to by over 160 million people a week),⁸⁶ to preventative and therapeutic health care, to education, to seed-money for businesses, to training anyone from politicians, journalists, entrepreneurs and security forces in leadership, the rule of law, accountability and policy development.

“The real challenge is to build functioning and fair institutions, which are held to account both internally and internationally, and which ultimately deliver progress – economic and democratic – for their citizens”

Broadly, aid splits into three strands – the first is emergency aid such as after natural disasters, civil war or famine. The second focuses on tangible and measurable specifics such as medicines, schools and roads. And the third, which is the most important, focuses on institutions and governance, so that a recipient nation can build capacity in order that it no longer needs to rely on donors to care for its people and can take its place in the world order.

⁸⁶ BBC, “BBC World Service 80th anniversary 1932-2012 media pack”, <http://downloads.bbc.co.uk/mediacentre/World-Service-Media-Pack.pdf>.

Beyond aid

Aid is certainly part of the answer, at least to begin with.

The vast bulk of interactions between states takes place through diplomacy, trade, training and partnerships. DfID has direct relationships with just 27 countries, but the FCO has over 270 diplomatic missions around the world, and British businesses, citizens and goods are everywhere.

Over time, the intervention of aid money must end because the most effective route out of poverty is trade. Progress has been made. The US State Department notes that in the 1960s, 70 per cent of capital flowing into developing nations was in direct aid from governments. Today, the rate is about 13%.⁸⁷ And in 2001, DfID ended aid being tied to UK companies delivering projects in the developing world. This is a hallmark of good aid – it means less distorted markets and the development of local and neighboring economies, and it also means that UK companies are not wrongly subsidised by the taxpayer. It has brought some more open and competitive tendering, locally sustainable pricing and, crucially, a deeper understanding and better delivery of what is actually needed, rather than what outsiders think is needed.

But it has not yet gone far enough – in 2007, an OECD study showed that 18 per cent of DfID contracts went to non UK-based firms, and a more recent (but incomplete) study suggests that of nearly 120 tenders worth about £750 million in total, only nine had been won by non-UK based firms, with only one based in a developing country.⁸⁸ So much more remains to be done. The most important thing that external interventions must do is work to develop local business, to create a local tax base, and help recipient nations to build effective ways to generate, collect and spend their own money on their own people. As direct foreign

87 Secretary of State Hillary Clinton speech to Foreign Policy's Transformational Trends Forum, November 29, 2012: <http://www.state.gov/secretary/rm/2012/11/201235.htm>.

88 OECD, "Untying aid: is it working?", <http://www.oecd.org/development/evaluationofdevelopmentprogrammes/dcdndep/44375975.pdf>.

investment increases, so too does the need for robust and independent institutions and governance to ensure that vested interests cannot ride roughshod over nascent states or fragile citizens.

Globalisation

The rise of India and Brazil is testimony to the globalisation of the market place. The temptation for those with pre-existing advantage in recessionary times such as these has historically been to run for protectionism and to shore up their own industries and economies. Luckily, in this recession, developed nations have largely not done this (despite recent attempts by Brussels to impose higher tariffs on porcelain imports from China,⁸⁹ for example) because they know that today, this is not a sustainable answer. Competition and free trade allow nations to flourish in the long-term.

But the global market-place could be freer and more sustainable. First, the World Trade Organisation, European Union and other trading blocs need to end unfair tariffs, sometimes hidden, such as the distorting Common Agricultural Policy or the virtual monopoly that certain airlines enjoy over particular routes (for example, half of inter-African routes are still only served by one airline, and there is still a very colonial flavour to which airlines fly where; London to Nairobi is BA or Kenya Airways, London to Brazzaville is Air France or local airlines).

Second, there must be a path to prosperity which does not repeat the mistakes the developed world made, and which secures clean, safe and sustainable development. This cannot be, however, a finger-wagging, ‘Do as I say, not as I do’ relationship. There are many examples of developed nations failing to live up to their international commitments.

⁸⁹ Following a complaint from French porcelain manufacturers about Chinese dumping, a temporary increase in tariffs was introduced in November with a review in May 2013. Similar complaints have been made about lighters from China and Taiwan.

Demonstrating the behaviour we wish to see is a crucial part of leadership, and it is a dereliction of duty for developed nations to fail to do this. If we really want to instill accountability and transparency, then we must be accountable and transparent ourselves. For example, it is hypocritical for the UK to complain about tax havens when it was previous UK tax treaties that established the Isle of Man, Jersey, Guernsey, the British Virgin Islands and the Cayman Islands as such. As information becomes more widely available, however, such double-standards are less likely to endure.

Subtle influences

One of the most interesting aspects of the Arab Spring is the way that communication seeded, shaped and spread the social changes we are seeing. People in North Africa and the Middle East could see – by watching foreign television, speaking to relatives who had migrated, or because of greater access to information from within their own countries – the benefits of freer societies, more accountable governments and greater economic and political freedoms. As is so often the case (the break-up of the USSR, the gradual opening up of China, the huge progress in many parts of South America, and even in the democratisation of Southern Europe), the link between economic demands and political progress is clear to see. But it is not guaranteed. It needs time, commitment, support and leadership, both from within and externally; a myriad of interventions every day, to deliver change and development.

“Intervention need not, therefore, be a one-way street. In fact, it must not be. International relationships and alliances shift and evolve all the time”

Just copying what we in developed nations have arrived at over time is not necessarily the answer. As Nicholas Haysam, a former adviser to

President Mandela in South Africa and now at the UN, says,⁹⁰ “The true exercise of sovereignty is in how one adapts these institutions to your own country”.

This implies far wider and deeper engagement with citizens than, for example, our own experience offers. While our ever-decreasing election turnout masks an increasing involvement in single issues, we have much to learn from new democracies about enthusiasm and getting out the vote. There is also still much to learn for both sides in partnership about channeling that enthusiasm into useful action, about transparency and accountability and about the delicate compromises that governing and participating in a globalised world require.

Intervention need not, therefore, be a one-way street. In fact, it must not be. International relationships and alliances shift and evolve all the time and today’s reality is that what used to be seen as less developed nations are now in some cases competing with, for example, the US and the UK. Given that, how should a Conservative government be thinking about its future international relationships?

Future foreign policy

First, it must focus on the need for individuals, communities, government departments and nations to work together – a sort of Global Big Society. We live in a far more egalitarian world than fifty years ago, and the institutions and traditions established in the post-World War Two era have not kept up. New ways of interacting, in a far less structured and dogmatic way than at present, must continue to develop and expand.

Second, it should work to foster personal relationships within and between nations, institutions and individuals. Innovations such as the new training courses at Sandhurst, or leadership colleges for international future leaders such as the UK-India Future Leaders Network

⁹⁰ Quoted by Bill Keller, “Inventing democracy”, *New York Times*, December 9, 2012

which brings citizens of both nations together to advance shared approaches to future challenges, are important in deepening those relationships; further work on how to continue and institutionalise them should continue. Finding common ground and interests is vital in order that the UK can play a full role in international fora such as the UN, where negotiation and compromise is so necessary.

Third, it should work more intensively on the interplay between trade, aid, security, development and migration. This is already partly underway with the establishment of the National Security Council, but much more could be done to increase the trading element – in particular, using the development budget to bring down trade barriers (carefully and in a considered way) would deliver far more progress for the developing world and more far-reaching change than most current DfID programmes, important as they are.⁹¹ Nicholas Stern, former World Bank chief economist, calculated in 2002 that the benefits direct to citizens in developing countries of removing rich countries' trade barriers would be “more than twice the \$50 billion in annual development aid that rich countries [then] provided”.⁹²

Fourth, all nations should focus more strongly on governance – including oversight of the developed world – to spread of the rule of law. Stable institutions are, because of their strength, able to respond flexibly to the ever-changing demands of citizens.

Finally, we should not necessarily fear intervention in its many forms – either executing it or being subject to it. We live in a shrinking world. What happens 7,000 miles away has an impact on our lives at home,

91 The International Monetary Fund notes that, on average, nations that lowered their trade barriers in the 1980s have shown higher sustained and sustainable growth than those which did not. A policy paper in 1999 calculated that the cost of lowering barriers was outweighed by the benefits by a factor of 10. As well as traditional direct tariffs, other barriers such as hygiene and safety standards also prevent developing nations from marketing their goods. See IMF, “Global trade liberalisation and the developing countries”, http://www.imf.org/external/np/exr/ib/2001/110801.htm#P64_11092.

92 Nicholas Stern, “Freeing the poor: Remove these trade barriers”, *New York Times*, December 19, 2002.

and vice versa. We should not shy away from saying that we can help, or we can participate, or we want to take advantage of an opportunity, but we should also be clear that there are certain rules that the world operates under. The very interconnectedness of our world and the economic progress that many nations are making mean that if the UK wants to continue to lead, we need to find new ways of doing so, based on a full spectrum of intervention and engagement.

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Green conservatism

Energy policy, economic growth and electoral success

Ben Caldecott

It's we Conservatives who are not merely friends of the Earth – we are its guardians and trustees for generations to come. The core of Tory philosophy and for the case for protecting the environment are the same. No generation has a freehold on this earth. All we have is a life tenancy – with a full repairing lease. This Government intends to meet the terms of that lease in full.

Margaret Thatcher, Conservative Party Conference Speech 1988

Environmentalism has been part of conservative thinking and policy for centuries. Sanitation in the 1870s, the Clean Air Act in the 1950s, the Montreal Protocol in the 1980s, and addressing climate change today – these policies have roots in Burke's philosophy of stewardship and the desire to preserve our natural inheritance for the benefit of future generations.

The next General Election will be crucial in deciding whether the Conservative Party and the British centre-right embrace this kind of conservative thinking. Will Conservatives continue to apply the prin-

principles of stewardship and preservation to address the increasingly acute environmental problems of our globalised industrial world? Or, will they join the American, Australian and Canadian conservative movements in denying the existence of global environmental problems and the need to tackle them on the basis that it is somehow a 'lefty' issue and anathema to a conservative worldview?

How British Conservatives answer these questions determines the extent to which they embrace the tradition of conservative philosophy and pragmatism that has been at the heart of the political success of conservatism. Modern conservative, perhaps you could even call them Thatcherite, principles are as relevant to the environment as they are to education, healthcare or the economy.

Belying their name, British conservatives have changed our country at least as much as their radical counterparts. Conservatism has always been sceptical of grand plans to remake the world by transforming the men and women that live in it, but embraced the idea that the effects of change endure when it goes with the grain of human nature, helps people live their lives better and builds on the ways they have improved their lives in the past. Conservatives see change as an insurance policy or savings plan – small changes now to avoid wrenching dislocation later. We cannot be sure exactly how resource scarcity will affect us, but we do know that water and agricultural land are running out and the earth's climate is less stable.

We can't go on like this

When the Prime Minister announced, straight after the election, that he would lead the "greenest government ever," he spoke for the Coalition and the modernisers of the Tory Party. He did not carry with him a majority of Tory MPs or the Conservative activist base. The dominant elements of the centre-right media, never sympathetic, have grown increasingly sceptical, bolstered by well-funded climate change denying pressure groups. Meanwhile, the work of the Global

Warming Policy Foundation and the anti-green campaigning by the TaxPayers' Alliance has gathered strength. This ideological campaign will not only cause environmental harm, it has also begun to retoxify the Tory brand, and is encouraging decisions that will ensure lasting damage to our economy.

That campaign is part of a broader movement to push the Conservative Party to the so-called 'Right'. Its adherents believe in a conservatism more socially conservative, economically combative and defensively nationalistic than Cameron's administration. They share a folk-memory that Margaret Thatcher was far more confrontational and less pragmatic than she actually was. These ideas will lead to electoral disaster. Elections are won when the people who voted for the other guy last time, vote for you this time. To win the next election we need to win the votes of people who voted Labour or Liberal Democrat last time, and secure support in the country's mainstream.

Those swing voters are still worried that the Conservatives still only understand people's needs as narrowly, self-interestedly economic. The Party's environmental retreat has started to encourage them to think that the 'same old Tories' have returned. In 2010, we went to the country insisting we had changed, but we didn't convince enough people to win a majority. Some have blamed this failure on Cameron's efforts to 'detoxify' the Tory brand, arguing that in 2010, the Conservatives simply weren't conservative enough. This is the kind of thinking that loses elections. It is these swing voters that hold the keys to a Conservative Downing Street. Their trust is being eroded. If the party returns to its comfort zone, it will return to opposition.

The Conservative Environment Network

The Conservative Environment Network has been established to make the case within the conservative movement that climate change and other environmental issues are critically important and need to be

tackled by effective government policy, private enterprise and Britain's entrepreneurial spirit.

Despite the powerful intervention of Margaret Thatcher on climate change in the late 1980s and the prominence given to green issues by David Cameron in recent years, the policy territory on the environment has largely been occupied by the Left.

Without a powerful right of centre focus on green issues, many of the problems facing our environment will remain unsolved – because only capitalism can solve them. The mainstream business community understand that not investing in clean, green technology will lead to higher costs and the rapid depletion of the natural resources upon which they – and all of us – depend. But businesses need a clear regulatory framework in order to have the confidence to invest – and that is where politicians come in. A key role for a Conservative Environment Network is to mix the two vital ingredients needed to look after the place where we live: policy and capital.

“Without a powerful right of centre focus on green issues, many of the problems facing our environment will remain unsolved – because only capitalism can solve them”

Where will growth come from?

Economic strategy will dominate the 2015 poll. Pursuing a green growth strategy would play to Britain's strengths, but there is growing support for the opposite among conservatives.

The OECD predicts that the global middle class will increase by 50% to 3 billion people by 2030.⁹³ The demand for fuel, energy, water, land and raw materials will explode along with this increase in purchasing power. Increasing demand, of course, leads to higher prices, which makes resource intensive growth more difficult for an economy like Britain's, which lacks significant natural resources of its own.

⁹³ OECD, *The emerging middle class in developing countries*, (Paris: OECD, 2010).

We are already seeing how emerging market demand is leading to significantly higher commodity prices and this has become one of the main reasons for slow growth and high inflation. According to McKinsey, commodity prices have increased by 147% in real terms over the last ten years. This surge has erased a 100 year decline in commodity prices.⁹⁴ For this real terms increase to have happened during the worst economic downturn since the Great Depression is staggering. Commodity prices usually fall fast during downturns. These lower prices then help support recovery – not so over the last few years.

Resource scarcity and rising commodity prices pose significant strategic challenges for future prosperity that just can't be ignored. But this permanent change in the global economy can also create opportunities, particularly for economic re-balancing and export generation. We can cement our emerging lead in resource efficiency and resource productivity and by doing so create a source of future growth, comparative advantage and economic strength. In fact, this may be the only way for developed economies like our own to grow in a resource-constrained global economy where we do not ourselves own or control access to commodities.

The transformation required to be competitive in the world we have entered will involve moving away from a nineteenth- and twentieth-century growth model that depends on heavily subsidised, finite fossil fuels, each with an array of significant political, environmental and social consequences. The leaner, nimbler, and more prosperous societies we must create will be based on clean, renewable technologies, where lifetime costs are much lower because we can turn waste into the raw materials for growth and harness the fact that the wind blows and the sun shines for free.

Being at the centre of this revolution by developing the technologies, building the infrastructure, and manufacturing the products required will create high value-added, complex and capital intensive-economic

⁹⁴ McKinsey, *The Resource Revolution*, (London: McKinsey and Company, 2011).

output able to drive growth, employment and exports. In order to realise this opportunity we must harness Britain's genius for invention. We can combine our leadership in science and design to spark commercial innovations in areas such as materials science, advanced manufacturing and construction.

But decisions that are being taken today to support investments that lock us into an old economic model will do little for future prosperity or growth and make achieving economic resilience in the future much more difficult. The UK's economic future must not lie in supporting industries where we have lost and will never regain a comparative advantage. Far too often, however, Conservatives have opted for this approach and it is the wrong economic strategy for the country.

"The leaner, nimbler, and more prosperous societies we must create will be based on clean, renewable technologies, where lifetime costs are much lower because we can turn waste into the raw materials for growth and harness the fact that the wind blows and the sun shines for free"

For example, while the UK as a whole remains the seventh largest economy in the world, for production we are now ranked only 18th for steel, 23rd for aluminium, and 29th for cement.⁹⁵ This is a long-term downward trend that no amount of carbon price exemption or fuel-price subsidy is going to change.

In complete contrast, the UK grew its share of the £3.3 trillion global green market by 2.3% in real terms in 2010/11, reaching £122 billion

95 World Steel Association, "Steel production 2011", <http://www.worldsteel.org/statistics/statistics-archive/2011-steel-production.html>; US Department of the Interior, "Mineral commodity summaries 2012", <http://minerals.usgs.gov/minerals/pubs/mcs/2012/mcs2012.pdf>.

and accounting for around 8% of GDP.⁹⁶ The CBI found that green business accounted for over a third of all UK growth in 2011/12 and now employs around 940,000 people in the UK, with two thirds of these jobs located outside London and the South East.⁹⁷ The CBI also found that green goods and services are a strong contributor to UK trade, that the biggest links are to fast-growing economies like China, which buys 7% of our green exports, and that by the end of this Parliament the contribution from green business could potentially cut the UK's trade deficit by half.⁹⁸

“Anti-green Tories share a diagnosis with anti-capitalist environmentalists: that growth can only come from depleting resources, not by using them more efficiently”

Our economic future will involve us becoming more efficient and less dependent on commodities. That is the only way for Britain to grow in a resource-constrained world and a future Conservative government must do all it can to support the realisation of these opportunities.

Anti-green Tories share a diagnosis with anti-capitalist environmentalists: that growth can only come from depleting resources, not by using them more efficiently. From the far-Right we hear: “We have to grow; if that means we have to pollute, and deplete, so be it.” From the Marxist Left we hear: “If we grow, we’ll pollute and deplete, and we can’t afford that.”

The twentieth-century political Left used its ideology to artificially prolong a labour-intensive economy made obsolete by technological change. Britain still bears some of the scars from that economic model’s

96 Confederation of British Industry, *The colour of growth: maximising the potential of green business*, (London: CBI, 2012).

97 Ibid.

98 Ibid.

failure. Will the twenty-first century Right repeat the mistake by diverting Britain towards a resource-intensive economic model? We understand, as Mrs Thatcher did, that the choice facing the world is “not development or a clean environment. To survive we need both.”

Reality check: shale gas won't save the day

America's shale gas revolution has led some to think that similar transformations could unfold in Europe and China – where significant shale gas reserves exist – or that the US becoming a net exporter could result in a global gas glut and low gas prices for the foreseeable future. Supporters also argue that a shift to shale gas can play a lead role in curbing global greenhouse gas emissions.

Many British conservatives have put themselves firmly in this camp. The Energy Bill currently going through Parliament and recent battles within the Coalition over the role of gas show how these views are pushing UK energy policy towards another dash for gas. This could be a mistake, for there are reasons to question the idea of low global gas prices over the long term, as well as the supposed benefits of shale gas in terms of lower life-cycle greenhouse gas emissions. There could also be serious implications locking in a deeper exposure to volatile fossil fuel markets, the access to which we have little or no control over.

While natural gas can make a dent in emissions if it displaces coal, this is only the case if gas is really less polluting on a life-cycle basis – calculated all the way from extraction through to combustion. According to a recent study from Cornell University, one of many being published on the subject, life-cycle emissions from shale gas could actually be 20-100% higher than coal over a 20 year period as a result of higher methane emissions associated with fracking.⁹⁹ There is more research to be done

99 Robert W.Howarth, Renee Santoro, Anthony Ingraffea, “Methane and the greenhouse gas footprint of natural gas from shale formations”, <http://graphics8.nytimes.com/images/blogs/greeninc/Howarth2011.pdf>.

and some methane can be captured during fracking with new kit, but the idea that shale gas displacing coal definitively reduces emissions on a life-cycle basis looks doubtful at best, and dangerous at worst.

But even if we ignore this and assume that shale gas generates fewer greenhouse gas emissions than coal, its use would only reduce emissions if it actually displaced coal. In the US this is occurring, and it might happen in other heavy coal users too, such as India, China and South Africa, where there are efforts to displace coal with gas. The result of significant coal to gas switching in these countries (assuming real life-cycle emission reductions) could make a dent in global emissions.

In contrast, in countries like the UK, Germany and Japan – all undergoing structural energy reforms – more gas might not just displace coal. Instead it could end up displacing genuinely low-carbon alternatives such as renewables and nuclear power, which would make tackling climate change more challenging, not less. While some gas in these countries will be needed for flexible generation capacity, higher levels of penetration could hold back the development of the low carbon technologies needed to ensure cleaner, cheaper and more secure power over the long term.

There are other assumptions that make the shale gas story less convincing. One is the idea that UK, European and Chinese shale gas reserves could be as widely exploited as they are in the US. But different planning laws, property rights, population densities, political dynamics and water distributions make this unlikely. To take one example, some of the largest shale gas basins in China are in the most water-scarce parts of the country, which would make securing enough water for fracking hugely difficult. The Tarim Basin in Xinjiang Province, one of the four main shale gas basins in China, sits above the world's second largest shifting sand desert, the Taklamakan. Other examples are less dramatic, but shale gas basins in other parts of China and Europe suffer from water scarcity too, as well as other development constraints such as high population densities.

The second set of assumptions concern the idea that gas supply will

outstrip demand permanently and that US gas exports will profoundly alter the long-term outlook for global gas prices. While exports will begin shortly, this will be from the West Coast and target markets in Asia, where the price of natural gas is higher than in Europe. There is also the possibility of Congress banning natural gas exports to ensure cheaper gas for American consumers. Already this year bills have been introduced by House Democrats to try and make such restrictions a reality.

Complementing these factors is that global demand, driven by economic growth in Asia and coal to gas switching, or indeed nuclear to gas switching in Japan post Fukushima, could potentially swamp predicted increases in gas supply from shale. This could prevent any long-term fall in global gas prices. If combined with shale gas resources being developed less successfully than is hoped it could result in higher, not lower prices.

Additionally, even if UK shale gas resources can be exploited at scale successfully, the idea that this would give us significantly lower gas prices is wrong. The international liquefied natural gas spot market price and the European gas price will determine what we pay for gas in the UK. Domestic production does not mean we get to use that gas at its cost of production – if we did it would result in an opportunity cost that would need significant subsidies to cover.

“When some Conservatives fixate on a narrow interpretation of what it means to be human, where economic self-interest trumps all, they leave the mainstream of the British public cold”

These variables should make British Conservatives think carefully about using the US shale gas revolution and its supposed benefits as a foundation for Britain’s energy policy. What we need is a more robust, future-proofed energy policy, so that Britain can manage uncertainty

and volatility. Going for gas in a big way fails this test, as it shields us from nothing, but exposes us to everything – from the vagaries of American politics through to water scarcity in China. Conservatives take pride in being able to take tough decisions in the national interest. That’s exactly what we need to do when considering the nation’s gas strategy.

Conclusion

The environment is – and has been for two hundred years – natural Conservative territory. There are still some who see a contradiction between sound economics and protecting natural resources and beauty. So another vital task the Network has set itself is to remind people on the right of centre in politics that there is nothing left-wing or subversive about caring about the place where we live, locally and globally. There is no better way to subvert economic progress or human happiness than to continue to kick away the natural support system that sustains us all.

When some Conservatives fixate on a narrow interpretation of what it means to be human, where economic self-interest trumps all, they leave the mainstream of the British public cold. We know the importance of economics, and we also care about the place we live. Too many people still don’t quite believe us – that’s why we didn’t win the last election. The Lib Dems have exploited this doubt, helped by having a Secretary of State in the Department of Energy and Climate Change, to claim to be pushing a low carbon agenda against recalcitrant Tories. A vibrant Conservative Environment Network will show this to be opportunism and enunciate a Tory environmentalism for a future majority Conservative government.

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Change Capital. Ben has been recognised as a leader in his field by the US Department of State and Who's Who, and as "a leading thinker" by The Independent. He was previously Research Director, Environment and Energy at Policy Exchange.

For whom?

Winning over aspiring voters in 2015

James O'Shaughnessy

Despite the mid-term polling, David Cameron is in pretty good political shape. He is trusted to govern in the national interest and respected as the best political leader of his generation. And even though Labour are the only opposition party, they are still just 8-10 points ahead of the Conservatives in the polls – a poor showing in the circumstances. These are important and necessary pre-conditions for winning a majority in 2015, but not enough on their own. To achieve that feat the Prime Minister needs to answer one question: for whom are you governing? Working out that answer must occupy as much of his mind as possible between now and 2015. Failure to do so will severely limit his chances of governing after the next election. But if Mr Cameron gets it right – and builds a political strategy around that answer – then he can deliver the first convincing Tory majority for nearly 30 years.

Governing on our own

Although David Cameron's critics try to paint him as being too comfortable with Coalition, the Prime Minister thinks constantly about how to build a Conservative majority. And again confounding those critics who don't believe he understands the heritage of the Conser-

vative Party, he has reflected deeply on how the most historically successful Conservative leaders have managed the feat of governing alone.

I know this because during a short but tantalising discussion about the nature of coalitions in the early days of his Government, he observed that it is possible to make the case for there only being two Conservative Prime Ministers who have governed without Liberal support of one sort or another: Margaret Thatcher and Benjamin Disraeli. We then moved onto other issues, but I have reflected on that comment ever since. If it is a deep conservative truth that the past is a good guide to the future, then it is worth asking whether the political strategies of these two giants of conservatism could point the way to a future Conservative majority.

The success of Tory iconoclasts

The first thing to say is that the Prime Minister's observation is not strictly true: Stanley Baldwin won a huge majority in 1924, by which time Liberal Unionism was still a significant political force but had been completely assimilated in the Conservative (and Unionist) Party; the Conservative governments of 1955 and 1959 would have had majorities without the National Liberals (although, in 1955, not without the Ulster Unionists); and John Major won a small majority in 1992, which was of course eroded well before the following general election.¹⁰⁰ But the Prime Minister's point contains an important insight – Thatcher and Disraeli were long-serving Prime Ministers running 'pure' Tory governments and won re-election on that basis.

Thatcher and Disraeli, though wildly different in many ways (she rather austere and a scientist, he exotic and literary) had significant political similarities. Both were outsiders who first challenged and then began

100 Michael Thrasher and Colin Rallings, *British electoral facts 1832-2006*, (London: Ashgate Publishing, 2007); Political Science Resources, "UK General Election since 1832", <http://www.politicsresources.net/area/uk/edates.htm>.

to represent the Establishment. Their most successful periods came when they were making the transition from radical to conservative. During those moments they embodied that element of British conservatism that believes that sustained social progress can only be built on the bedrock of tradition, an idea that has its intellectual foundations in Edmund Burke and Michael Oakeshott.¹⁰¹ At a human level, this led to remarkably similar political strategies based around policies that allowed the previously disenfranchised to fulfil their aspirations to move up in the world, to lift their horizons and pursue their ambitions. This is the true essence of British social mobility. It has less to do with the cold mechanics of the Gini co-efficient and more to do with creating a culture that encourages and rewards people who try to better themselves.

Disraeli offered these aspiring classes political liberty: the chance to vote, to take part. He may have passed the 1867 Reform Act for the most cynical of reasons, and he was rewarded with defeat to Gladstone in 1868, but doubling the electorate set the tone for his convincing victory in 1874. It broke down the barrier between the fast-emerging middle-classes and the traditional party of the landed gentry, and marked the start of the era of Conservative political dominance.¹⁰² A century later Thatcher offered economic liberty, the chance to ‘get on’ – to use a favorite phrase of my father’s, an Irish immigrant, ex-socialist and true Thatcherite – for people born with energy but no resources, ambition without wealth. That is what the right-to-buy, curbs on union power and cutting the income tax signified. And both strategies involved taking on the unchecked power of those in authority, even if they were in their own party. In Disraeli’s case the political power of landowners, initially through the abandonment of protectionism and then through the expanded suffrage. With Thatcher it was just as important to break

101 Edmund Burke, *Reflections on the Revolution in France*, (London, 1790); Michael Oakeshott, “On Being Conservative”, *Rationalism in politics and other essays*, (London, 1962).

102 Robin Harris, *The Conservatives: A history*, (London: Bantam Press, 2011).

through the pessimistic corporatism of the Tory ‘Wets’ as it was to smash the grip of militant unionism.

Who are today’s aspirers?

The first and most obvious lesson from history is that we need to identify who are these modern-day aspirers and what are their ambitions. For Thatcher it was Essex Man, for Disraeli the property-owning householders and inhabitants of the Victorian villas springing up across the cities. As her official biographer, Charles Moore talks about how Margaret Thatcher always knew clearly who ‘her people’ were, but Tony Blair has demonstrated that you don’t need to be one of this group to build a political strategy around them. So who are these people today and what do they hope for?

“If we were doing well in the polls it usually meant the picture of the young family, struggling under the weight of responsibility but with great ambitions for themselves and their children”

In his excellent report *Northern Lights*, Neil O’Brien shows how the political leadership of the country has swung almost perfectly according to whether the Conservatives or Labour have led among the socio-economic group known as C2’s (technically the skilled working class).¹⁰³ It also shows that the top three policies the Conservatives could use to persuade wavering voters are cutting tax for low earners, which the Government is doing on income tax, reducing the cost of living, and reducing unemployment.¹⁰⁴

103 In reality, the distinction between this group and ‘C1’s (lower middle class) is a grey area, particularly in households with two workers.

104 Neil O’Brien and Anthony Wells, *Northern Lights: Public policy and the geography of political attitudes*, (London: Policy Exchange, 2012).

Doing it for the right reasons

Identifying the needs of aspiring voters and designing programmes to help them is one thing, but policies are not enough if people suspect your motives and do not believe you are on their side. Michael Ashcroft's famous example of how the Conservatives' 2005 immigration policies actually became less popular when it was revealed which party they belonged to contains a vital insight. For a political party, unless your motives are trusted your policies will persuade no-one. That is why you need a big idea that resonates with target voters, chimes with their aspirations and allows them to view your motives in a more positive light. Lord Ashcroft summed up the challenge that Conservatives always face in building a majority: recreating "that real core vote – the election-winning coalition of professionals, women, and aspirational voters without whom the party risks becoming a rump."¹⁰⁵

When I was Director of the Conservative Research Department between 2007 and 2010, the team around the leadership would get regular presentations on polling and focus groups research from the Campaigns Director, Stephen Gilbert. The most illuminating were always the picture boards – expressive photographs chosen by voters to describe what they thought each party represented. If we were doing well in the polls it usually meant the picture of the young family, struggling under the weight of responsibility but with great ambitions for themselves and their children, came up. It meant we were on their side. But if we were doing badly the dreaded posh family in front of a mansion would be selected – Conservatives were only on the side of rich people. Those two photos tell you almost everything you need to know about the history of the Conservative Party's electoral performance.

Incidentally, when Labour were doing well the young family also came up, whereas they were doing badly when a picture of a lazy slob

¹⁰⁵ Michael A. Ashcroft, *Smell the Coffee: A wake-up call for the Conservatives*, (London: Politico's media, 2005).

was chosen – signifying that the reflexive negative stereotype of the Labour Party is that it favours shirkers over aspirers. It is to our massive advantage that, under Ed Miliband, Labour appears too happy to duck the tough decisions the Coalition is making. No superficial attempts to adopt Disraeli’s ‘One Nation’ mantle will overcome the impression that Labour is still on the side of those who make the least contribution to society. The lazy slob is still coming up in those pictures, which, coupled with widespread concern about Labour’s economic competence and attitude to ambition, means that the votes of aspirers are still there to be won.¹⁰⁶

“The best way to overcome people’s suspicions of Conservatives’ motives is to have a policy platform that allows ambitious people to challenge the established order”

As Disraeli and Thatcher showed, the best way to overcome people’s suspicions of Conservatives’ motives is to have a policy platform that allows ambitious people to challenge the established order. Not because of a desire to bring down those in positions of privilege and authority – it is not the politics of envy – but rather to allow more and more people to share their benefits. This means creating a ladder for people to climb up, and if necessary forcing it back into place against those who would prefer to pull it up.

Creating a new political strategy for the aspiring classes

Between 2005 and 2010 our strategy in opposition was to go after liberally inclined voters and provide reassurance about our motives. Ensuring wavering voters understood that Conservatives were just as enthusiastic about the NHS or good quality pensions as them was an essential step in our journey back from the political wilderness, and

¹⁰⁶ Janan Ganesh, “Miliband ought to be having sleepless nights”, *Financial Times*, August 21 2012.

were it not for the bout of ‘Clegg-mania’ in the general election campaign this strategy could have delivered a majority. But the collapse in the Liberal Democrat vote since the 2010 general election means that, necessarily, the strategy needs to evolve. We have already benefited from the support of some 2010 Lib Dem voters, and those people who have stuck doggedly to the Liberal Democrats in government are unlikely to peel off in future. So our new strategy needs to build on the sense of tolerance and compassion that the modern Conservative Party now embodies, but include an active programme for helping the aspirers to ‘get on’ and achieve their ambitions.

The people we need to vote for us live in the classic British housing estate, something between the suburbs and the council blocks. As political attitudes polarise according to Britain’s geography, they are increasingly situated in the Midlands and the North.¹⁰⁷ They live in those wards that the armies of volunteers and political operatives get packed off to canvass in during tight by-elections: low-rise estates with a mix of private owners and council tenants, a preponderance of younger families who ‘work hard and do the right thing’ but often wonder why they bother. Living in cramped homes they just about make the family budget go round. Surprisingly socially liberal, or at least tolerant, but concerned about the security of the institutions they rely on, like their local communities and good public services. Ambitious to work, earn and get promoted, yet always dogged by the fear of losing their job.

“The people we need to vote for us live in the classic British housing estate, something between the suburbs and the council blocks”

These are the modern version of the people who delivered Disraeli and Thatcher their majorities. That David Cameron is not one of them

107 O’Brien and Wells, *Northern Lights: Public policy and the geography of political attitudes*.

is unimportant – his natural optimism is brilliantly suited to delivering a strategy that speaks to their hopes. His superb and highly strategic 2012 Party Conference speech showed that the Prime Minister both understands these people and recognises that a Conservative majority cannot be built without them. These aspirers support our policies on welfare, crime and immigration and are pleased that we've dropped some of our more retrograde social attitudes, but they are crying out for a policy platform that will help them realise their hopes as well as quell their fears. Our target voters are concerned about whose interests we will govern in, but unconvinced that Labour have learnt their lessons. We need to give them positive reasons to vote Conservative.

Some policy ideas

All sorts of things are needed to pursue a strategy like this in a complete and effective way, but I am a policy wonk so will focus on a few ideas that I believe could attract the aspirers to support the Conservatives. If the aim is to attract voters who want to 'get on' then there are three big issues we need answers to: helping people afford a comfortable house, supporting people who want to work, and giving families more control over their finances. My ideas build on the best government policies that already appeal to aspirers, such as Michael Gove's improvements to schooling. They are genuinely Conservative because they reward endeavour and give people more control over their destinies. They do not involve taking from some to give to others, but rather allowing more people to achieve the lifestyles enjoyed by people who are no more virtuous but who happen to be better off.

Better housing

At Policy Exchange I commissioned a series of reports that highlighted the dreadful impact of the under-supply of housing that has resulted from our Soviet-style planning system (just think about the meaning of

the term ‘planning’, and how Conservatives reject its effectiveness in almost every sphere apart from housing).¹⁰⁸ These kinds of systems end in scarcity because they are built on the erroneous assumption that the state acts on the basis of a perfect set of knowledge and incentives. The situation is worse in the UK because the planning system is supported not just by people on the Left and bureaucrats but by older homeowners on the Right who – having achieved ownership of their own ideal home – prevent the creation of enough new homes of a similar size and quality for the growing number of households in England. It is exactly this kind of cartel that the most successful Conservative leaders have taken on.

In those Policy Exchange reports we advocated the use of financial incentives to encourage local authorities to go for growth,¹⁰⁹ and the Coalition Government has faithfully implemented them. They are still in their infancy and might still deliver the doubling in the rate of house-building we need, but increasingly I doubt it. The political influence of NIMBYs, combined with the jealous hoarding of control by local authorities, is incredibly powerful. We know from behavioural science that people are highly loss averse,¹¹⁰ and there simply isn’t the money to tip the balance by ‘stuffing their mouths with gold’, as Aneurin Bevan once put it. That is why the ‘localism plus incentives’ reform will not deliver sufficient housing. Only a big bang approach will work: one that allows individuals to solve their housing needs themselves by creating universal rules that circumvent local bureaucratic petty-fogging and self-interested opposition to development. Here are three possible such rules:

- *Compel every local authority to make enough land available to accommodate three per cent growth each year. Non-compliance*

108 Alan Evans and Oliver Marc Hartwich, *Unaffordable housing*, (London: Policy Exchange, 2005).

109 Alan Evans and Oliver Marc Hartwich, *Better homes, greener cities*, (London: Policy Exchange, 2006).

110 Daniel Kahneman, *Thinking, fast and slow*, (New York: Allen Lane, 2011).

would mean losing the right to refuse any development in the area. Household growth is running at just under one per cent a year, at around 232,000.¹¹¹ We have underbuilt for decades and the situation has got worse since the financial collapse – in the year to June 2012 fewer than 100,000 new homes were started. We quite probably need to add to our housing stock at over two per cent a year for ten years, and because demand isn't evenly distributed that means making allowance for three per cent annual growth. This may sound a lot, but is the equivalent of a village of 100 houses growing by 35 houses over ten years, a reasonable and organic rate of growth.

- *Allow every homeowner to build an additional storey to their home, without planning permission and subject only to building regulations.* The average English home is getting smaller, unlike in Europe, and more expensive.¹¹² Many families are forced to move, with all the costs that it entails, in order to get more space. This simple rule would allow every family to grow their property more cheaply.
- *Allow everyone who has never owned a home to buy any piece of unprotected land and build a home on it.* Around 50 per cent of England is neither green belt, National Park, Site of Special Scientific Interest (SSSI), or under another form of protection. A fifth of that is already developed, and by increasing the amount of developed land from 10 per cent of the total to 12 per cent we would solve our housing needs.¹¹³

111 DCLG, "Household Projections, 2008 to 2033, England", https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6395/1780763.pdf.

112 Evans and Hartwich, *Unaffordable Housing*.

113 *ibid.*

Boosting family budgets

The second policy the Conservatives should consider involves boosting family budgets. We know there is no money in the public pot, tax cuts do not pay for themselves and there is less and less waste in the public sector to cut and redistribute to taxpayers. So just throwing more money at families, however attractive, is not feasible. But there is a way to give families more control over their finances. Over recent years the state has spent increasing amounts of money supporting childcare and other similar needs of young families. This is welcome, and there are plenty of developmental and other benefits for children from giving young families more resources, not least because many families go from two to one earner when the children are born.

However, a significant amount of this spending is not really in parents' control. Around £2.4 billion per year is spent on the Early Intervention Grant,¹¹⁴ much of which is for Sure Start centres, and nearly £2 billion on the provision of free nursery places for three- and four-year olds.¹¹⁵ Both these kinds of spending make assumed choices on behalf of parents. For classic insurance-style public services, like health or policing,¹¹⁶ funding services in this way is efficient and fair. Similarly, if the state is compelling you to do something, like going to school, direct funding to providers makes sense so long as it follows people's choices. But neither of these conditions apply here, so this money should instead be redistributed to parents in cash form, for them to decide how to spend it. The funding could be weighted towards poorer parents, as now, and the authorities should retain the right to take control of this money if a family is so dysfunctional that it is incapable of using it. A small amount of it could be held back to support highly targeted services for vulnerable children. But

114 Department for Education, "Early intervention grants FAQs", www.education.gov.uk/children-andyoungpeople/earlylearningandchildcare/delivery/funding/a0070357/eig-faqs.

115 National Audit Office, *Department for Education: Delivering the free entitlement to education for three- and four-year olds*, (London: TSO, 2012).

116 HM Treasury, *Main Supply Estimates 2012-13*, (London: HMSO, 2012).

rolling the bulk of this funding into a one-off cash payment could provide around £4,000 for every child, and £5,000 for the most disadvantaged.¹¹⁷ It would give parents far greater control over how to organise care and other services for their children until they go to school.

A job guarantee

Finally, we need to think imaginatively about helping people who want to work actually get a job. Iain Duncan Smith's welfare-to-work reforms are already having a tremendous impact, with private sector employment rising and unemployment falling, even during a recession. The only blot on the horizon is long-term unemployment, which is still rising.¹¹⁸

The purpose of any Conservative government should always be to ensure that people get a fair opportunity when they do the right thing, which is why we should adopt a version of Labour's Jobs Guarantee, a programme developed by James Purnell, the former Work and Pensions Secretary. Anyone who had been long-term unemployed for two years (around 400,000 people)¹¹⁹ would be guaranteed a private sector job for six months so long as they fulfilled some tough criteria on attendance and training. Anyone refusing a job, or refusing to work properly, would lose his or her unemployment benefits. This backstop provision would mean that good behaviour was properly rewarded, creating a positive incentive for long-term unemployed people to keep plugging away at finding work. The short-term costs would be minimal because a significant number of long-term claimants would end their

117 Approximately £3 billion each year divided among the parents of child turning 1, where 680,000 children were born in England in 2010 (Office for National Statistics, Characteristics of Birth 2, England and Wales, 2010, <http://www.ons.gov.uk/ons/rel/vsob1/characteristics-of-birth-2--england-and-wales/2010/index.html>).

118 Office for National Statistics, *Labour Market Statistics, August 2012*, <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/august-2012/index.html>.

119 *ibid.*

claims rather than comply with the conditions; in the longer term the reduction in wage scarring would bring positive economic and social benefits. And, politically, it would show categorically that the Conservative Party will always give a leg up to anyone who wants to work but who, through no fault of their own, is struggling to do so. Nothing would send a clearer and more positive signal about our motives.

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The modernisation of the Conservative Party is an unfinished project. As such, the Tories failed to gain a majority in the 2010 General Election. Now, halfway through the current Parliament, a stagnant economy and the nature of Coalition with the Liberal Democrats has undermined the modernisation project. It's time to give it a reboot.

In *Tory modernisation 2.0: the future of the Conservative Party* by Bright Blue, a collection of influential modernisers – including politicians, activists, journalists and policy-makers – set out a new vision and radical policies to ensure the Conservative Party and Britain flourish in the years ahead. The second wave of modernisation needs to focus much more on supporting those on low-and middle-incomes, who are still sceptical of the Tory brand, with the cost of living and improved public services.



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