

The MODERNISERS'

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MANIFESTO

THE MODERNISERS' MANIFESTO

Edited by Ryan Shorthouse, Kate Maltby and James Brenton

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Foreword

Matthew Parris

This book is important on two levels. Important because the essays here represent fresh twenty-first century Conservative thinking on issues of great importance. But important, too, just for existing: a strong and confident expression of modern Tory thinking commissioned and published under the banner of what is indisputably a strong element within the party, but one which has sometimes seemed reluctant to speak its name. Modern, thoughtful, liberal politics is alive in the Conservative Party: alive, but not always kicking.

It kicks on these pages. It needs to. Progressive Conservatism has only fitfully achieved the focus or profile that groupings on the rightward end of the spectrum regularly achieve in the media and in the 1922 Committee.

But the Tory Right is not the only show in town. There are other groupings, and the *The Modernisers' Manifesto* collects the thoughts of one of them: a huge if amiably loose cluster of MPs and others who know very well that a return to the party's 'core vote' and comfort zone would spell not only the death of our prospects of ever winning a general election again, but the death too of what has been a fine, proud Tory history of liberal social reform and radical thinking.

As a Conservative columnist I cannot forget an exercise I undertook, interviewing the great majority of Tory MPs in the forty most marginal seats in Britain. I questioned each on a range of social issues. I knew already that many were fearful of the electoral consequences in their own seats of the party's attracting a reactionary image. I knew many of them believed that the 'modern Conservative' personality David Cameron had projected at the 2010 election was what had swung it for them. What I had not realised was how near-universal or how strong this perception was. Time and again I would be assured that for every elector turned off by an open-minded Tory approach there were half a dozen floating voters who had voted Conservative because they believed the party had confronted the problem of what in this book Paul Goodman describes as 'the electoral equivalent of body odour' – and freshened up.

These pages are nothing if not refreshing. Not every writer here will agree with every other writer's opinion. Not all of them would wish to be categorised as modernisers. But as a tendency the ideas and opinions canvassed between these covers do cohere into a ruling idea. These men and women are modern Tories: people who believe there can be an interesting and vote-winning future for progressive thinking on the Right.

Thus far in the twenty-first century we Conservatives have not won a general election. If ideas such as these, and the spirit which animates them, do not prevail, we never will.

Matthew Parris worked for the Foreign Office and the Conservative Research Department before serving as MP for West Derbyshire. He joined The Times in 1988, and now writes as a columnist for the paper. In 2011 he won the British Press Award for Columnist of the Year. He won the Orwell Prize for his acclaimed autobiography, Chance Witness, published in 2002.

Introduction

Ryan Shorthouse, Kate Maltby and James Brenton

Tory modernisation has a long and proud history, ensuring the Conservative Party remains relevant and compelling to the electorate.

It is not a passing phase for Conservative politicians, sacrificing principles for the latest intellectual and political fashions. It is not a rejection of enduring conservative principles, but what conservatism is really all about: evolving and responding to the spirit and issues of the age, ever changing, through practical problem solving rather than dogmatism.

As the Rt Hon Oliver Letwin MP wrote in 1999, “the preservation of civilisation by politics - the sacred task of politics - implies not rest, but perpetual movement.”¹ Or, as the authors of *A Blue Tomorrow* wrote in 2001, “Toryism, at its best, has always been about respecting human nature in all its diversity and dealing with the world as it is not as dogmatists might wish it to be.”²

Today, after four years in Government, Conservatives have a good story to tell: the economy is growing. Employment is up. Finally, after years of austerity, more and more hard-working Britons are beginning to experience improved living standards. Ambitious reforms to our

1 Oliver Letwin, *The purpose of politics*, (London: Social Market Foundation, 1999), 171.

2 Edward Vaizey, Michael Gove, Nicholas Boles, *A blue tomorrow*, (London: Politico's, 2001), 3.

public services – especially in education and welfare – are proving effective and popular.

The Conservative Party should continue to focus on these issues, the issues that really matter to long-term individual and national prosperity. This policy agenda is not only relevant and important, but optimistic about our future. Undoubtedly therefore, the Conservative Party should firmly reject calls to be more closely aligned with UKIP or their negative policy agenda that dreams of a Britain past.

Nevertheless, modernisers have allowed themselves to be defined by a narrow set of issues: most notably, gay rights, the ‘Big Society’ and the environment. These are important. But modernisation is much more than this, and has broad support across the Conservative family.

Actually, in recent times, there are four key areas on which modernisers believe the Conservative Party should focus. The first, and what modernisers have emphasised since the mid-1990s, is ensuring Tories can be trusted with managing and improving public services, especially the NHS. Second, modernisers have called for Conservatives to be representative and supportive of diversity in modern Britain, hence continuing calls for a balanced approach on immigration and the need to reach out to and support different ethnic minority communities. Third, and what the leadership has pushed in recent years, and which Bright Blue called for in its first book *Tory modernisation 2.0*, has been on targeting support on those on modest incomes – hence the continual raising of the personal tax allowance and the strengthening of the minimum wage. Finally, and most importantly, the Tory Party must continue to convey economic competence.

The next General Election is a year away. The real challenge for the Conservative Party over the next year is to convince the electorate that it has the energy, credibility and fresh ideas for a second term in government to make Britain a fairer nation with a stronger economy and high-quality public services. The Conservative Party should show the

public its beating heart: as Winston Churchill championed, a commitment to extending the ladder of social mobility as well as providing a robust safety net for those who struggle most.

This edited collection offers a manifesto of new ideas from a broad range of centre-right politicians and opinion formers. Not all authors will agree with each other. And Bright Blue will not endorse every idea. But, the contributors all concentrate on offering policies to address the real problems facing society today and tomorrow. Together, they provide a blueprint for a better Britain.

Writing a winning manifesto

A view from history

Ed Young

It is marvellous how so consummate an orator should, the moment he takes the pen, be so involved, and cumbersome, and infelicitous in expression.

Benjamin Disraeli on William Gladstone's election address, 1874¹

What is the point of an election manifesto? The majority are neither remembered nor widely read. Even Gandalf (known to most of us as Oliver Letwin) admitted that the Conservative manifesto he had prepared in 2010 was “not going to be read by millions of eager beaver voters sitting at home or walking to work.”² As successive election campaigns came and went during the twentieth century, the manifesto steadily sunk in interest and imagination. Today it is treated as an almost encyclopaedic obligation that every party has to fulfil. This cannot be a compelling basis on which to appeal to the nation. So the challenge for those writing the 2015 manifesto is to do something different and to modernise the manifesto itself.

¹ Richard Aldous, *The lion and the unicorn: Gladstone vs Disraeli*, (London: Hutchinson, 2006), 241.

² Christopher Hope, “Oliver Letwin promises blueprint for power”, *The Telegraph*, 8 September 2009.

How can this be achieved? Over the next twelve months, many will suggest new ideas for design and communication. Others will recommend a strong core message and theme. Inevitably, the temptation will be to throw the focus back onto the opposition and urge the public not to let Labour to wreck the economy again. There is a lot to be said for all these suggestions. But we could go one better. We could pause for a moment, take a brief sweep through history, and try to remember what once made manifestos such a success.

The Tamworth Manifesto

The one manifesto everyone remembers is the first, the Tamworth Manifesto. Of course, people remember the name rather more than what it says. The real achievement of that document – issued by Sir Robert Peel on 18 December 1834 – was not just that it was widely read, but that it caught the mood of the nation. In effect what Peel had done was to take the traditional formula of an open letter to his constituents and insert it into the national newspapers. As the Whig diarist Charles Greville noted, it was “a very well written and ingenious document...it has made a prodigious sensation, and nobody talks of anything else.”³

In the short term, its political achievements were limited. The Tamworth Manifesto did not deliver a Conservative majority – it was not until 1841 that Peel won a general election. But it scuppered Lord Stanley’s plan to call for a new independent political force based on his ‘Knowsley Creed’.⁴ It laid the basis for a new, forward-looking Conservative Party. And it sent the signal that the Party was not opposed to reasonable reform.

Over the longer-term, the Tamworth Manifesto also changed the nature of elections. Until 1945, the Party manifesto was in effect the

3 Charles Greville, *The Greville memoirs: A journal of the reigns of King George IV. and King William IV.*, (London: Longmans, Greene and Co., 1874).

4 Angus Hawkins, *The forgotten Prime Minister: The 14th Earl of Derby*, Volume 1, (Oxford: Oxford University Press, 2011).

Leader's personal election address, published in the national press. Not all of these were great documents; far from it – many were plodding works. But as a device, an open letter proved an effective weapon. It meant a leader could appeal directly to the nation and set out the values on which his government would be built.

“Those writing manifestos today have to wrestle with the temptation to say something about everything. This means that manifestos end up being little more than checklists”

Reading Peel's first manifesto, three virtues stand out. First, by our standards it was impossibly short. Though in the newspapers it spilt out over several pages, it was lucid enough to be published without editing. This meant it stood some chance of actually being read.

This leads to its second strength. The Tamworth Manifesto was a statement of values and character, not a political shopping list. As Peel concluded after outlining a few key policies: “It is unnecessary for my purpose to enter into any further details. I have said enough, with respect to general principles and their practical application to public measures to indicate the spirit in which the King's Government is prepared to act.”

“Indicating the spirit in which the King's Government is prepared to act” – a good test for any manifesto. But because of the fear that the party will be accused of a lack of interest by omission – the worry that some bored journalist will comb through the manifesto to find that fifty fewer words are devoted to wind farms than to rail transport policy, and therefore accuse the party of being anti-green – those writing manifestos today have to wrestle with the temptation to say something about everything. This means that manifestos end up being little more than checklists.

Peel's third achievement with the Tamworth Manifesto was the most telling. In grounding his letter in the Great Reform Act, he actually said something profound about the broader state of the country. Peel spoke

directly to the concern felt across the country that the pace of reform had gathered such momentum that institutions were being overturned for reform's own sake.

At the heart of the Tamworth Manifesto was one simple, governing purpose: the doctrine of conservative change. As Peel explained, “if by adopting the spirit of the Reform Bill, it be meant that we are to live in a perpetual vortex of agitation; that public men can only support themselves in public estimation by adopting every popular impression of the day ... I will not undertake to adopt it. But if the spirit of the Reform Bill implies merely a careful review of institutions, civil and ecclesiastical, undertaken in a friendly temper combining ... the correction of proved abuses and the redress of real grievances – in that case, I can for myself and colleagues undertake to act in such a spirit.”⁵

Brevity; character; speaking a truth about Britain: if these were the strengths of the first manifesto, can we hope to rediscover any of them today?

Modern manifestos

We start by understanding how the manifesto has evolved. The most decisive shift is that the national manifesto is now binding. When Peel published his first manifesto, there was scant sense that his pledges had to be repeated verbatim by his entire Party. Indeed one of the reasons why Peel faced such difficulty when he tried to repeal the Corn Laws was that so many of his Tory colleagues had made wildly differing pledges in their own constituencies. However, once made, these local election pledges were seen as sacrosanct – leading to a spurt of by-elections in 1846 as many Conservative MPs went back to their electorates to gain permission to support Repeal.⁶

⁵ Sir Robert Peel, *Speeches*, 1834–1835, (London: Roake and Varty, 1835).

⁶ Douglas Hurd and Edward Young, *Disraeli: Or, the two lives*, (London: Weidenfeld & Nicolson, 2013), 109.

There are also political cycles to consider. A glance through the titles of twentieth century manifestos suggests that core messages are often chosen simply in contrast to what went before. Thus Ted Heath in 1966 produced a detailed document called 'Action not Words' to campaign against Harold Wilson. William Hague in 2001 called his manifesto 'Time for Common Sense'. In 1997 John Major tried to stake his ground on the value of certainty with 'You can only be sure with the Conservatives'. In these ways and others, manifestos are governed by the power of the pendulum: action after grandstanding; radicalism if the opponent is too steady; pragmatism after ideology.

But within these confines, it is possible to stay true to the Tamworth Spirit. The key is not elegance but penetration – the ability to cut through complex areas of policy and set out a compelling argument. As Iain Macleod described in the 1960s: “the unique and exasperating art of presenting the major themes of contemporary politics whilst several dozen voices obtrude several dozen variations of ‘We must say something about white fish’”.⁷

Only a very few manifestos have achieved this. Of this small band, I would select three.

Great manifestos

The first was Disraeli's 1874 manifesto. Despite the myth, Disraeli was not a great campaigner: he lost six general elections and won only one as a leader of the Party. His final manifesto in 1880 was particularly underwhelming. But in 1874 Disraeli hit the jackpot with a short, punchy manifesto, based on one good idea. Over the previous six years, Gladstone had exhausted the nation with “incessant and harassing legislation”. What was needed now was “a little more energy in our foreign policy and a little less in our domestic legislation.” As *The Times* com-

⁷ Alistair Cooke, “The Conservative Party and its manifestos: a personal view”, as published in *Conservative Party General Election manifestos, 1900–1997*, (Abingdon: Routledge, 2000), 2.

mented, comparing Gladstone's manifesto to Disraeli's, "where one is conscientiously argumentative, the other is brisk, curt and rapid."⁸

"The key is not elegance but penetration – the ability to cut through complex areas of policy and set out a compelling argument"

The second manifesto, perhaps curiously, is one from Ted Heath. On the whole, Heath's manifestos are not great works. His 1966 manifesto was, as Lord Lexden put it, "singularly deficient in literary merit."⁹ But in 1970 he produced something special. The foreword to 'A better tomorrow', drafted by my former literary partner Douglas Hurd after breakfast one morning in the Traveller's Club library while the staff vacuumed around his feet, makes a strongly personal case for a less trivial style of politics. It is also based on a vision for a different kind of country – a vision which Heath spelt out in his final election broadcast. The idea of a "better tomorrow" had come from a man in Australia who had told the Conservative leader that Down Under, "everyone knows that tomorrow will be better than today." As Heath explained, "nobody in this country would say that. Not these days. And yet, why not? We may be a small island, but we are not a small people."¹⁰ That phrase spoke directly to the spirit of decline which was engulfing Britain.

The third manifesto to pass the Tamworth test was Margaret Thatcher's final one in 1987. It is traditional to highlight the 1979 manifesto – but as Lexden points out, in many ways this was an odd document, devoting a lot of space to fishing.¹¹ Much better were the 1983 and 1987 manifestos, about the last she was particularly pleased. As she ex-

8 Aldous, *The lion and the unicorn: Gladstone vs Disraeli*, 241.

9 Cooke, *The Conservative Party and its manifestos*, 4.

10 John Campbell, *Edward Heath: A biography*, (London: Pimlico, 1997), 278.

11 Cooke, *The Conservative Party and its manifestos*, 5.

plained in her memoirs, “the manifesto was designed to solve a serious political problem. As a party which had been in government for eight years, we had to dispel any idea that we were stale and running out of ideas. We therefore had to advance a number of clear, specific, new and well-worked-out reforms. At the same time we had to protect ourselves against the jibe: if these ideas are so good, why haven’t you introduced them before? We did so by presenting our reforms as the third stage of a rolling Thatcherite programme.” More specifically, the manifesto was structured in a simple way: “the manifesto projected a vision and then arranged the policies in a clear and logical way around it.”¹²

The 2015 Conservative Manifesto

If these then are best in class manifestos, how can we match them in 2015? Simply by doing two things.

First, drive home the weakness of Labour’s One Nation rhetoric. Leaving aside historical pedantry (Benjamin Disraeli never used the phrase “One Nation”; it was invented by Stanley Baldwin) the limit of One Nation as a guiding principle is that in the end it is completely introspective. Of course, it is right and just that we build a fair and cohesive society. There is a particular urgency to remove the vast gulf between rich and poor. But that is only half a vision. If we achieved One Nation but at the same time became a poor nation, a weak nation, a stagnant nation, slipping down on every measure of competitiveness and prosperity, that would hardly be a progressive change.

Second, the Prime Minister should trust his instincts. I played no part in drafting the 2010 manifesto, so I can say without any conflict of interest that the foreword to the ‘Invitation to join the Government of Britain’ is one of the most impressive things I have read in politics. It was impressive because it was based on one simple, profoundly Conservative idea: “Some politicians say: ‘give us your vote and we will sort

¹² Margaret Thatcher, *The Downing Street years*, (London: Harper Collins, 2012).

out all your problems? We say: real change comes not from government alone. Real change comes when the people are inspired and mobilised, when millions of us are fired up to play a part in the nation's future."¹³

That in the end is the message of David Cameron's Conservative Party. It was the idea on which our entire Party is built. If we can draw on that idea for 2015 we can produce a manifesto which genuinely says something profound about the state of our country. Gandalf and co have ten months left to work out how.

Edward Young is the author with Douglas Hurd of Disraeli: Or, The Two Lives, (Weidenfeld & Nicolson, £20) which was long-listed for the Samuel Johnson prize and shortlisted for the Paddy Power Political Biography of the Year. He has worked as a speechwriter for David Cameron and as Chief of Staff to the Conservative Party Chairman. Ed studied at Cambridge and Yale.

Notes and further reading

For a detailed guide to twentieth century Conservative manifestos, see Iain Dale's Conservative Party General Election manifestos, 1900–1997, ed, Iain Dale, (Abingdon: Routledge, 2000), and Lord Lexden's excellent introductory essay. On the challenges Peel faced in 1846 see Douglas Hurd's Robert Peel: A biography, (London: Weidenfeld & Nicolson, 2007). A good account of Disraeli's 1874 manifesto can be found in Richard Aldous, The lion and the unicorn: Gladstone vs Disraeli (London: Hutchinson, 2006).

13 "The Conservative Manifesto for Scotland 2010", <http://www.scottishconservatives.com/wordpress/wp-content/uploads/2012/11/General-Election-2010.pdf> (2010).

Tories on top

What now for the modernisers?

Matthew d'Ancona

Whatever happens to the Conservative Party in the 2015 general election, the modernisers will be blamed. Whatever the result – even if David Cameron wins a majority – it will be said that he and his circle, weakened by the unmanly modernising ethos, let the Lib Dems have their way too often in Government, and failed to present a robustly Tory “retail offer” to the electorate.

It will be claimed, as if self-evident, that the country was crying out for old-school Conservatism, was denied it by Cameron, and paid a price accordingly. Even a modest Tory victory in 2015 will be interpreted by some as an opportunity wasted, a famous triumph diminished by tie-less metropolitans.

If the party loses, and a leadership contest ensues, at least one of the candidates will stand explicitly as an opponent of modernisation (what Iain Duncan Smith called “pashmina politics” in 2001)¹⁴ and assert that the Cameroons’ fixation with greenery, gay rights and other fashionable causes detached the party from its roots and from the voters. Nothing in politics is inevitable, but all this seems to me to be very probable indeed.

14 Nicholas Watt, “Tory contender attacks ‘pashmina politics’”, *The Guardian*, 25 June 2001.

So Conservative modernisers need to brace themselves for a tough 18 months and prepare mentally for all contingencies: win, lose or draw. More than ever, it is essential for Mods to remind themselves of the task, its nature and its purpose. A good place to start is with a rough-and-ready audit of what has – and has not – been achieved by the modernisation of the party.

Successes

Most obviously, George Osborne’s deficit reduction programme has been politically possible not only because of the Lib Dems’ endorsement, but because the Tory Party is learning (gradually) how to speak about the vulnerable and the collective duty to protect them from the fiscal consequences of straitened times.

The slogan deployed by the Prime Minister and Chancellor – that we are “all in this together” – naturally lends itself to mockery. How can a Government that employs Atos to assess fitness to work, imposes a measure as frequently inhumane as the “bedroom tax” but cuts tax for those who earn more than £150,000 p.a. possibly claim to believe in social solidarity?¹⁵

There is no glib answer to such a question. But the fact that it is being levelled at a Conservative Prime Minister *at all* is a sign of change. More, and better, is expected of the Tories under Cameron. He presented himself initially as a social reformer, a repairman with a mission to mend the “Broken Society” and to ask what “equality” might mean for a right-of-centre party in our pluralist, globalised, hyper-technological century.

The credit crunch and financial crash intervened to divert his focus elsewhere. But Cameron’s true significance lies in his belief in collaboration (witness the Coalition itself) and social responsibility: as I

15 Matthew d’Ancona, *In It Together: The Inside Story of the Coalition Government*, (United Kingdom: Viking, 2013), 361.

have written before, he is the first Conservative Prime Minister who claims to put “We” before “Me”.¹⁶ The profound scepticism which this provokes is less important than the fact that he makes this claim in the first place. Cameron’s equable, unflustered bearing and his distaste for confrontation have disguised his radical credentials. He is unlike any of his predecessors.

Perhaps the most important measure taken by this Government has been the steady rise in the personal allowance, to £10,000 from April 2014, and pegged to the Consumer Price Index thereafter.¹⁷ This has lifted more than two million people out of income tax – as exquisite an example of progressive Toryism as one could hope for.¹⁸ For more than a decade, Lord Saatchi has led the campaign within the Conservative movement to reduce the burden of taxation upon the poor.¹⁹

Likewise, when the social history of this era is written, the Marriage (Same Sex Couples) Act 2013 will be remembered as a legislative measure of profound significance, completing the long process of emancipation begun with the decriminalisation of homosexual acts in private in the Sexual Offences Act 1967. It is all the more remarkable that the law was steered through Parliament by a Conservative Prime Minister – twenty-five years after another Tory PM enacted the notorious Section 28 of the Local Government Act 1988, a clause that became the legislative symbol of institutional homophobia.

Unable to persuade many of his own MPs to endorse same sex marriage, to his great credit, Cameron did not back down. Though the bill caused him more difficulties than any other measure taken by the Co-

16 Ibid.

17 Antony Seely, “Income tax : recent increases in the personal allowance”, <http://www.parliament.uk/business/publications/research/briefing-papers/SN06569/income-tax-recent-increases-in-the-personal-allowance> (2014), 1.

18 Ibid.

19 Maurice Saatchi and Peter Warburton, *Poor People! Stop Paying Tax!*, (United Kingdom: Centre for Policy Studies, 2001).

alition – and caused him often to reflect privately upon the risk he had taken – Cameron showed that his commitment to modernisation was deeper than many had thought: principled rather than tactical.

In time, the true dividend of this legislation will be a more civilised society in which the commitment of same-sex couples is accorded the same legal, behavioural and symbolic rights as their straight counterparts. The consequence will be the opposite of moral anarchy. Gay couples who wed will not only be enjoying a new form of recognition; they will be reinforcing an ancient institution.

“Cameron showed that his commitment to modernisation was deeper than many had thought: principled rather than tactical”

Less happily, the furious row over same-sex marriage enabled the opponents of modernisation to caricature the measure as an emblem of all that was wrong with “Cameronism” and the modernising project. Why was the PM bothering with this supposed distraction at such a time? How could he simultaneously claim that his Government’s fiscal repair-work would take two Parliaments and yet expend time and political capital upon such marginal issues?

In many instances, there was an ugly, sneering quality to this critique, as if the legal status of same-sex couples was a laughably trivial business – a faddish concern that should not be taking up prime ministerial or parliamentary time. For a significant proportion of Conservatives, dismayed by the very existence of the Coalition, by Cameron’s inability (and disinclination) to hold a referendum on the EU before the election, by the scale of immigration, or by some other grievance, this was the last straw; proof positive that the modernising project had driven the PM off the path of righteousness and sanity.

Out and proud

In politics, it is essential to define yourself with the greatest possible clarity. If you don't, your foes will do the job for you – and not to your advantage. The modernisers' great error has always been a failure of self-definition. They have allowed their enemies inside and outside the party to caricature them as lily-livered metrosexuals, vogueish impostors who do not belong in the Conservative Party at all, and have marred its electoral prospects with their alleged political correctness, obsession with novelty and admiration for Tony Blair. The Mods have never responded in kind – explaining with sufficient vigour, across all platforms, that there is more to their cause than photo-ops on glaciers, hugging hoodies and planting trees.

The opponents of modernisation, meanwhile, have been skilful exponents of the verbal land-grab, identifying themselves with the “mainstream” and “common sense” and the Mods with “Soho” or “Notting Hill”. It has become orthodox in the Conservative movement – especially in its lively digital zones – to claim that modernisation was a phase through which the party needed to pass, rather like pimply adolescence, and that the time has come to put the Oxy 10 away and concentrate on grown-up politics.

In 2005, the thrice-defeated Conservatives were ready to hear the hardest truths, to transform themselves and to follow a leader who was unambiguously committed to radical change. In 2014, the mood is quite otherwise. The Tory tribe longs for some old-time religion.

Defining modernisation

Modernisers must be prepared to fight. As their share price bounces along the bottom, the Mods have nothing to lose and much to gain by asking what it is, exactly, that they stand for.

1. **Modernisation is not the same as liberalism** – though the authentic moderniser embraces the pluralism of contemporary Brit-

ain, he or she does not automatically endorse the liberal position in any argument. On law and order, for instance, an unapologetically tough position is not remotely reactionary. Violent crime, incivility and gang culture: a truly modern Tory must deliver robust responses to these threats. There is no inconsistency whatsoever in supporting tough custodial sentences and same-sex marriage. The fact that Theresa May recognises this does much to explain her success as Home Secretary and emergence as a plausible leadership contender.

2. **Modernisation is not the same as political correctness** – the objective of the moderniser is not to defer to political fashion, or to constrain free speech, but to acknowledge diversity as intrinsic to contemporary society – and to welcome this multiplicity as an enriching feature of modern life. At the heart of this recognition is the very traditional idea of politeness and mutual respect as the bonding agents of any community. Language that demeans members of ethnic minorities, women or homosexuals also demeans those who use it. When the UKIP MEP, Godfrey Bloom, talked about “bongo bongo land” in August 2013, he showed in a single sentence why Tories should never seek to trump his party or to follow its lead. As I have written before, “the rise of UKIP reflects not Conservative failure so much as the hectic pace of contemporary life. This is a bad era in which to live if you like uniformity, continuity and predictability. UKIP is the tiny figure in a blazer waving a fist at the unstoppable cyber-titan of modernity”²⁰
3. **Modernisation is not a middle class luxury item:** one of the great failures of Cameron’s leadership and modernising discourse has been to the inability to detach modernisation from its middle-class image. As Tim Montgomerie has rightly observed, the enthusiasm

20 Matthew d’Ancona, “The PM can still win, but it might have to get personal”, *The Telegraph*, 2 March 2013.

of the party to attract more female, gay or ethnic minority candidates was not matched by a search for future Tory MPs from less affluent backgrounds.²¹ In socio-economic terms, the party is still perilously homogeneous. Cameron's own mantra – "it doesn't matter where you come from but where you're going" – simply drew attention to the fact that his own team seemed to come from the same schools and postal districts. This was the part of the modernising message personified by David Davis – raised on a council estate by a single mother – that was lost after his defeat in the 2005 leadership contest. Conservatism will not be a truly national movement until this problem is addressed. Modernisers should embrace this task with absolute focus and determination.

4. **Modernisation is not a rejection of the Conservative tradition:** Again, quite the opposite. Toryism at its finest is the adaptation of core principles to changing circumstances. Macmillan fashioned a Conservative Party fit for postwar Britain. Thatcher and her intellectual allies did the same in the late Seventies, developing a Toryism adapted to an era of consumerism and expanding property ownership, new forms of patriotism, the radical expansion of middle class and the corresponding decline of organised labour. Today's modernisers, in their turn, seek to define a Conservatism fit for purpose in an interdependent world in which multi-ethnic, multi-faith, socially diverse communities are the norm, population mobility is greater than ever, technology crashes through barriers of all sorts, and climate change, global terrorism and the tensions within capitalism pose planetary challenges.

The real breach in the Tory tradition

There has indeed been a breach with the Tory tradition – a flexible, adaptive, and empirical way of seeing the world – but it is not to be

²¹ Tim Montgomerie, "Class is the Conservative clause IV", *The Guardian*, 19 March 2012.

found in the modernisation project. The true breach is reflected in the sudden prevalence of rigid ideology since the Eighties and the insistence of many within the party that its providential mission is to complete an unfinished revolution that was interrupted by the fall of Margaret Thatcher in November 1990. For the first time in its history, the party's centre of gravity is ideological rather than strategic. Just as the Left has dumped its tablets of stone, the Right has carved its own commandments. What is so off putting is not the subject matter – taxation, Europe, and immigration are all important issues – but the zeal with which this narrow agenda is pursued.

“There has indeed been a breach with the Tory tradition – a flexible, adaptive, and empirical way of seeing the world – but it is not to be found in the modernisation project. The true breach is reflected in the sudden prevalence of rigid ideology since the Eighties”

To listen to many right-of-centre politicians or read their media cheerleaders, you would think that we inhabit a landscape imagined by Ayn Rand, in which the public yearns only for a party that will dismantle the state and let the warlocks of capitalism work their magic. The science of climate change is treated with special contempt in Conservative circles. The case for spending on international development – honourably protected by Cameron and Osborne – is treated with similar derision. The two institutional creations of the twentieth century that command most popular affection – the NHS and the BBC – are regarded with suspicion or, in many cases, outright hostility.

At the very moment that the world is growing more complex and the uncertainty principle more dominant, the Conservative movement has become certain about everything, and irritated by those who do not share its convictions. Cameron and Osborne remain committed to

what they call “modern, compassionate Conservatism”. But theirs is not the voice of the rank-and-file or the Tory centre of gravity. The party is drifting back to its comfort zone and its pre-Cameron existence as a club, a special interest group, rather than a national movement.

What now?

There are no victims in the world of high politics. If the Mods have failed to win the argument, that is their fault. They have failed to unite as a cohort, to respond to their internal foes with sufficient speed and agility, to fight hard enough on the digital battlefield and to behave as if they understood what is at stake.

This is why the emergence and early successes of Bright Blue have been so important: modernising Toryism now has a home and an HQ for the next generation of Conservatives and the arguments that undoubtedly lie ahead.

So: what is modernisation? It reflects nothing more complex than the readiness to embrace the world as it is, to accept that those outside the Tory stockade see things very differently, and to offer an outstretched hand in preference to a clenched fist. It is simple to describe and hard to pursue.

Today's Conservative Party is not the harsh, pitiless clique of caricature. Its affliction, to borrow a phrase of E.M. Forster, is “an undeveloped heart”: a collective disinclination to accept that competence, though necessary, is no longer sufficient. It is for those who still believe in the modernising campaign to decide whether the battle to do something about that is over – or only just begun.

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Growing up

The economy

Peter Hoskin

“Never trust to general impressions,” says Sherlock Holmes in Conan Doyle’s *A Case of Identity*, “but concentrate yourself upon details.” It is a piece of advice that applies as much to the economy as to catching criminals. The general impression, after four years of Coalition rule, is positive: quickening growth, more jobs, rising optimism. But if we concentrate ourselves upon the details, then a different picture emerges.

Which details do you want? We could start with those growth figures. Last year, the economy is said to have grown by 1.7%. But 1.5 of those 1.7 percentage points came from growth in the services sector, including 0.7 from the financial services alone. Meanwhile, the manufacturing sector – which shrank over the year – actually subtracted 0.1 points from the total.²² This recovery is about as balanced as Norman Bates.

A balanced recovery?

You may wonder why we should care. Growth, any growth after the calamities of the last recession, is not to be scoffed at – so what does it

22 Office for National Statistics, “Quarterly National Accounts, Q4 2013”, <http://www.ons.gov.uk/ons/rel/naa2/quarterly-national-accounts/q4-2013/index.html> (2014).

matter if it comes via City traders or via candlestick makers? Well, the Conservatives should care for the straightforward, political reason that they promised to in their last manifesto.²³ Only three pages in, there's the line: "We will build a more balanced economy that does not depend so heavily on the success of financial services." The goal of creating a more balanced economy gets its own entry on the contents page.

What's more, there are financial and moral reasons for Conservatives to seek greater balance. That line I lifted from the manifesto actually continues: "...and where all parts of the country share in the gains." Yet it's not clear that all parts of the country are sharing in the gains. London is a tearaway success, responsible for 79% of all private sector jobs growth since 2010.²⁴ But even London contains neighbourhoods, such as Northumberland Park in Haringey, where over a quarter of residents are on out-of-work benefits.²⁵ This is squandered economic and, tragically, human potential.

No Government can hope, across the bounds of a single Parliament, to rebalance the economy so that Glasgow keeps up with London, or so that Merthyr Tydfil is no longer blighted by worklessness. These are problems that will require decades' worth of fixing. But this Government has legislated in ways that will help, even if only in the long run. Iain Duncan Smith's benefit reforms are a nudge up on to the jobs ladder. Tax cuts for both employers and the low-paid make its rungs easier to climb.

Some might question whether it's worth the effort. They'll say that the labour market is full of unfathomable discrepancies between effort and reward. They'll point towards the 'productivity puzzle' by which economic output and output-per-hour-worked have become disconnected. Did you know? The former has almost returned to its pre-re-

23 Conservative Party, "Invitation to join the government of Britain", http://media.conservatives.s3.amazonaws.com/manifesto/cpmanifesto2010_lowres.pdf (2010)

24 Centre for Cities, *Cities Outlook 2014*, (London: Centre for Cities, 2014).

25 Office for National Statistics, "Nomis Official Labour Market Statistics", <http://www.nomisweb.co.uk/>.

cession peak,²⁶ whilst the latter is still three percentage points lower.²⁷ This difference has various academics scratching their mortarboards. Are we simply less productive now? Is it because companies retained staff through the recession? Has the economy not yet reached its new status quo?

The workers party

All of these questions should be pondered extensively by politicians. But, even if low productivity is depressing wages, none of this undoes the value of work as a means of righting some of this country's imbalances. Let's see the next Conservative manifesto, in its economic and fiscal chapters at least, given over to job creation.

"Its entire purpose is to smooth the path back into employment by flattening some of the bumps that persisted, and still persist, under the old system"

Ah, but how? There are a thousand answers. My first preference would be for a stronger version of what the Coalition is doing at the lower end of the pay scale. Raising the threshold at which income tax is paid is a fine policy, but it would be finer still if the national insurance threshold was brought up to the same level. At the moment, people start paying income tax when their salary reaches £9,440, but they've already been forking out for national insurance on their earnings over £7,748. Bringing these two thresholds together wouldn't be the massive and necessary simplification that George Osborne mooted a few years ago,²⁸ but it would prod things in that direction.

26 "UK economic activity set to surpass pre-recession levels by July", *BDO*, 10 March 2014.

27 Philip Wales & Ciaren Taylor, "Economic Review, April 2014", http://www.ons.gov.uk/ons/dcp171766_358477.pdf (2014).

28 George Osborne, *Budget 2011 Statement*, 23 March 2011.

The Universal Credit, as one of the Coalition's most troubled reforms, may be more difficult to talk about than tax cuts – but it still deserves a bullet-point in the manifesto. Its entire purpose is to smooth the path back into employment by flattening some of the bumps that persisted, and still persist, under the old system. No longer will claimants face losing, in some cases, 96 pence from a freshly earned pound, as benefits are withdrawn and taxes imposed. They'll always stand to make 35 pence – or more. An extra £1 billion or so from the Exchequer's purse could raise that figure to 45 pence, making work even more attractive.

But what is the point of making work more attractive if there is no work? This refrain has lost a lot of its power now that an extra 1.3 million new jobs have emerged since the start of this Parliament, but it is still not entirely impotent.²⁹ Many of the poorest parts of the country are those that have suffered from deindustrialisation. Jobs have departed from these places wholesale. So either politicians shrug, say that residents will have to skill-up and compete for work elsewhere, and allow these areas to slump further. Or they could try to encourage jobs, of a new sort, back.

The most obvious way of doing this is through infrastructure projects; I'd recommend modernising Britain's decrepit road network ahead of laying the tracks for HS2.

But infrastructure isn't the only way. As American cities such as Pittsburgh have shown, areas of old industry needn't be anathema to swish, modern companies. Quite the opposite. It can suit tech and design firms to move to where the manufacturing knowledge is. The Conservatives could make it suit them even more by extending the thinking behind the current 'enterprise zones' and offering even better tax breaks for new industries that set up in struggling areas.

²⁹ Danny Alexander, *Speech to the Commons*, 11 March 2014.

The deficit

Which brings my tally to, what? A series of sweeping tax cuts and a dumper truck full of spending increases? I could go on, but I haven't even mentioned the deficit yet. This is, of course, the great fiscal cloud that looms over the next general election campaign. Osborne aims to do away with the deficit, in its structural variety, by 2017-18. Ed Balls promises by the end of the next Parliament. The Lib Dems will probably go along with either, if it means being in another coalition. In any case, every party will have to talk deficit reduction in 2015.

But only the Conservatives, through their Chancellor, have hinted that they will reduce the deficit without further tax increases.³⁰ This is a sentiment that will cheer many actual and potential Tory voters, but it could also be a mistaken one. For starters, I might have paid for some of the items on my wish-list by increasing property taxes on the wealthiest, including a revaluation of council tax bands. And I'd have done so whilst citing OECD research³¹ which suggests that, of all taxes, taxes on property are the least harmful to growth.

But more significant than my predilections is the uncertainty that clings to the public finances. Osborne's preferred measure, the structural deficit, has always been an unknowable beast. It is, basically, the portion of the deficit that would remain even when the economy has fully recovered. But what is "fully recovered"? Or, to put it in econo-speak, what is the size of the "output gap", the difference between current GDP and potential GDP? Various bodies, including the Office for Budget Responsibility, have various estimates for this number – but these vary wildly.³² The structural deficit could be smaller or larger than the Chancellor expects.

30 "Osborne Signals No Tax Hikes After 2015", *Sky News*, 11 July 2013.

31 Organisation for Economic Cooperation and Development, "Tax Policy Reform and Economic Growth", (Paris: Organisation for Economic Cooperation and Development, 2010).

32 The Institute for Fiscal Studies, "The IFS Green Budget", (London: The Institute for Fiscal Studies, 2014).

And that's before we consider the possibility of another economic crisis brought on by, say, trouble in the Eurozone. What would Osborne do then? He could cut spending even further. But there's a problem with that: those cuts often take years to filter through to Whitehall's balance sheets. He could even cut taxes on the grounds that doing so reduces borrowing by stimulating growth. But there's another problem: the "dynamic scoring" underlying that assumption is a terribly imprecise science.³³ Tax hikes, as unwelcome as they are, are sometimes a convenient and necessary policy. Ruling them out is giving hostage to our nation's fortunes.

Osborne's original expectation was, we know, to have the deficit cleared this year or next. Now, that happy date has been pushed back three years. His Plan A may have been the right plan, but it shouldn't be forgotten that Plan A also went awry. That's probably the abiding lesson of this Parliament. If you want to reduce the deficit, then err of the side of pessimism and scepticism. No-one knows anything, including arm-chair Chancellors such as myself.

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33 Chris Giles, "Osborne courts right with 'dynamic scoring' research on tax cuts", *Financial Times*, 14 April 2014.

Innovative insurgents

Entrepreneurialism

George Freeman MP

The UK finds itself at a crossroads. With the economy now recovering strongly, the dark days of the crisis might seem to be behind us. Pressure to ease up on fiscal consolidation is growing. But, as the Chancellor said in the Budget, we must face brute economic facts. The welcome return of consumer confidence must not blind us to the long-term challenge of restructuring the UK economy: rebuilding it on the rock of innovation rather than the sand of public spending.

Though the view from the boardroom window on the top floor of UK Public Finances Plc may be sunnier, the continuing scale of the structural deficit effectively means there's a fire in the basement. Despite very tough efficiency savings and cuts to rein in public spending, we are still running a serious deficit and accumulating debt. Soothed by a few quarters of economic growth, we can too often miss the bigger picture.

An innovation economy

I believe we need to see the financial crisis as a structural symptom of underlying weakness – not causing but exposing existing weakness in our economy. The only way we are going to get UK Public Finances Plc

afloat again is through the power of innovation in both our public and private sectors to drive a new age of productivity and competitiveness. The key question of our time is: how do we create a true UK innovation economy on which we use this crisis to become the crucible and catalyst of innovative approaches to public and private sector efficiency?

I want to suggest several approaches. Firstly, we need to recognise and be honest about the scale of the problem. Secondly, we need to actively embrace the power of new technology and disrupt too cosy markets. Thirdly, we need to begin thinking much more globally. Finally, we need to make Britain *the* best place on earth to start a business. That's why I'm proposing a radical new policy, which I call a New Deal for New Business: a massive tax and red tape break for new businesses.

"We need to see the financial crisis as a structural symptom of underlying weakness – not causing but exposing existing weakness in our economy"

Ultimately, we face a choice: we can be a debt-ridden economy brought to its knees by a lack of innovation, eventually losing the faith of financial markets. Or we can seize the opportunity of new technology and emerging markets and retool our economy for the new century.

Like so many ailing big corporates whose share price starts to sag as its model becomes increasingly unsustainable, and its customers start to drift to more innovative new entrants, UK plc has vast assets on its balance sheet. But we need to restructure the business to release the talents of our people, draw in investment, embrace new models, and become more fleet of foot. We can make Britain a global crucible of innovation to export again to the world.

This means embracing the technological revolution and shaking up existing markets. In tech, that means unleashing the power of the revolutions in IT and telecoms, digital media, genetics, data analytics,

clean-tech solutions in energy, finding the twenty-first century's equivalent of electricity or the invention of the internet, a new space race for the defining technologies of our age.

Supporting insurgents

It also means being innovative in how we think about market structures. Take infrastructure. In my own area, I've floated the idea of an East Anglian Rail Company, letting rail users and taxpayers of East Anglia have a stake. Give the private sector a real chance to lead and local people a say.

Here's how it could work: reintegrate the Network Rail and train operating companies, granting the mutual rail company a twenty year franchise to run an integrated Anglian rail network, conditional upon commitment to a long-term housing and infrastructure investment programme along the rail network. Grant the new company special development rights along the rail corridor, with generous compulsory purchase and compensation (as they have in France). Empower the company to issue a (perhaps government backed) 5% coupon to investors. Encourage a wide range of individual, corporate and pension fund investors. Allow local authorities in the region to be shareholders with a stake in the wider regional infrastructure vision. Then structure the company so that it is led by a regional figurehead, and is accountable to its regional shareholders and local councils. At a stroke we could create a major sustainable business of FTSE 100 standing, with major property and train operating assets, capable of raising finance in the capital markets to invest in UK infrastructure and growth.

Exporting in emerging economies

We then need to think about how we innovate in terms of selling our products and services. Fundamentally, we need to turn our focus from the sclerotic Eurozone to emerging markets. The Western European

nations are all grappling with the same structural weaknesses – and a currency and banking system weighed down in bad debts. We cannot afford to sit and wait for the Eurozone alone to drive growth. We have to go and trade with the faster emerging markets, the BRICs and N11.

Even with the current slowdown, the numbers are still startling. As Jim O'Neill documents in his latest book *The BRIC Road to Growth*, the balance of power is only going to the way of emerging markets. They have accounted for 70% of all world growth in GDP since 2000. Even with slower growth rates, the decade from 2040-50 will see the combined might of the BRIC countries overtake the G7. In 2011, the GDP of the BRIC countries surged by \$2.3 trillion; as O'Neill points out, this is like adding another Italy to the global economy. China alone has been adding the equivalent of another Spain every year. As O'Neill pithily puts it: "many people are effectively in denial about the new facts of the global economy".³⁴

Recent history shows the scale of the challenge. According to the CBI, even though the value of total UK exports to the BRICs rose by 42% between 2008 and 2011, they still made up only 7% of total UK exports in 2011, with China comprising just a measly 3%. And, according to their projections, at our current pace exports to emerging markets won't make up the majority of the UK total until 2047.³⁵ The Chancellor's recent measures to help boost exports (creating the most competitive export finance in Europe by doubling the amount of lending available and cutting the typical interest rates charged on that lending by a third) are exactly what we need to help the UK trade our way back to economic strength.

In my field of Life Sciences, for example, the emerging economies are driving vast new markets in food, medicine and energy. In food, we

³⁴ Jim O'Neill, *The BRIC Road to Growth*, (London: London Publishing Partnership, 2013), 47.

³⁵ The Confederation of British Industry, "The only way is exports", http://www.cbi.org.uk/media/2021144/The_only_way_is_exports_April_2013.pdf (2013), 27.

will have to double global food production with much less land, water and energy. In 30 years the exploding populations of these nations – who today need the basics of public health, nutrition and energy – will demand the modern biomedicines, Western foodstuffs and Cleantech that only their elites enjoy today.³⁶ Far from giving up on emerging markets, such needs show why our exports are more sought after than ever.

“I was always struck by how many first-time entrepreneurs underestimated their turnover, and spent vast amounts of time and stress and accountants fees worrying about complying with government bureaucracy”

To do that we need to make the UK the best place in the world to come and start a new business. That’s why for the last three years I’ve been advocating a ‘New Deal for New Business’: if you’re starting or growing a small business, employing people and generating sales turnover, Government should get off your back. No employers National Insurance – a jobs tax. No VAT – a value tax. No Regulations designed for Big Companies.

During the 15 years I worked in start-up venture capital, I was always struck by how many first-time entrepreneurs underestimated their turnover, and spent vast amounts of time and stress and accountants fees worrying about complying with government bureaucracy. Get off their backs and let them grow and we’ll find that they hit the threshold for tax that much quicker. Such a policy would be simple, clear and potentially revolutionary in its effect.

Creating an innovation economy won’t happen by chance or accident. Having saved the UK economy from becoming another Greece, the next Parliament will be about our economic vision for the next 50

³⁶ O’Neill, *The BRIC Road to Growth*, 76.

years. The UK can become a high-tech, export-led hub of innovation if we are bold.

Our generation will need to seize the opportunity, inspire the people of this country to back us in taking the tough reforms we'll need, and do it.

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A new economic model

Profitability and productivity

Laura Sandys MP

As we come out of this very difficult economic period we must be careful that we don't look at the world as if it were the same as when we went into the global downturn. Countries have traded places with each other on growth, economic expectations, and public prosperity. The system has been given a good almighty shake up. The rules of the game have changed and will be even more radically changed by 2020.

There will not just be new players at the top table but also new ways of doing business, of growing economies, not captured by the incumbent nineteenth century processes and model. It is the asymmetry of thinking and ambition between the old economies and the new that truly concerns me. If we don't use this dramatic and difficult period to rebuild our economy by leapfrogging existing business models and design a modern, new economic model we have no hope of getting into the starting blocks of the global race, never mind playing a leading role.

Putting GDP in its place

The rules of our old fashioned "game" are defined by the metric – Gross Domestic Product (GDP). In those "heady" days of British Leyland, GDP

reflected the misnomer that producing something, whatever, at any cost, was the end goal. Who cared if there was a customer or if the product broke 10 minutes later? Production for production's sake cannot be right, and using GDP as the only measure to judge our economic performance must be recognised as flawed and in need of serious reform.

We don't have any measurement to distinguish between good and bad growth. So in Japan over the 10 year period of stagflation there was only one year when GDP hit a very surprising peak. This great economic miracle was not due to a rise in exports, or a new great innovation – it was the Kobe earthquake. This year in the UK we could see some excellent GDP figures that might exceed expectations, but we need to drill down and see if some of this additional unexpected growth is not due, say, to repairs from the floods. Let's not wish for pure growth in activity without looking a little more carefully at what sort of growth we are wishing for.

“Production for production's sake cannot be right, and using GDP as the only measure to judge our economic performance must be recognised as flawed and in need of serious reform”

GDP is still the dogma capturing all our government departments and defines our dialogue and policies across the economy. Such a sophisticated department as the Treasury must know deep in their hearts that if we continue using GDP as our policy-defining metric we will find ourselves on the wrong side of productivity, efficiency and competitiveness.

Profit and productivity

Some colleagues and I established the 2020 Productivity and Efficiency Group to look at what a more efficient economy would need to measure, assess and put in place in terms of metrics and policies. As we all

share a business background, we were all intrigued that profitability is not effectively measured by Government. It was even more concerning to learn that the word profit or profitability doesn't appear once in the BIS corporate plan.³⁷

Officialdom then adds to the distortions of GDP with another metric that only tells half the story. In a competitive world we are going to have to look very carefully at our productivity, but today we only substantively measure labour productivity and spend little time or effort in assessing resource productivity. Not only is this obsession with labour very retro, but also it misses a really important opportunity for the UK economy. We are soon going to be facing much greater constraints on global resources, and if we want to really focus on competitiveness we must see resource insecurity as the real threat to economic security. The more resource productive we are, the more we fall into the virtuous circle of delivering immediate bottom line benefits, less price shocks, and increased resilience.

We need to start measuring both profitability and resource productivity and not be captured by a hire-and-fire approach to competitiveness. Instead we need to adopt a smart, efficient, high margin economic ambition. If we stay in the world of high inputs and high outputs we will be far less competitive than those that are significantly reducing their inputs.

Resource efficiency

If we embrace the new metrics of profitability and resource productivity, a new set of policies will naturally emerge. How about supporting a lack of consumption rather than incentivising consumption? This is already starting with Demand Reduction in the Energy Bill championed by the Climate Change Minister, the Rt. Hon. Greg Barker MP. We need

³⁷ Department for Business, Innovation & Skills, "Business Plan 2012-2015", https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31960/12-p58-bis-2012-business-plan.pdf (2012).

to take this concept further by identifying where else we can introduce new policies to distinguish between good and bad consumption and accelerate efficiencies in all areas of activity.

Capital Allowances should be extended from energy efficiency through to resource efficiency. By putting energy and resource efficiency on an equal footing in the eyes of the Treasury, the Government would be able highlight just how committed it is to ensuring the UK has the most efficient and productive economy in the world.

We need to turbo-charge our energy efficiency policies, with more research funds going into technology and every department working to support both their internal and their supply chain's energy efficiency. An additional pound is saved in the economy for every pound of energy not used. This is a 100% multiplier effect towards a more competitive and efficient economy.

“We are soon going to be facing much greater constraints on global resources, and if we want to really focus on competitiveness we must see resource insecurity as the real threat to economic security”

Japan, which has had to deal with resource scarcity since the Second World War, is a prime example of a nation taking efficiency very seriously. Through their Top Runner Programme they make sure all products comply with the most stringent energy efficiency standards globally. This has contributed to Japan becoming one of the most resource productive economies, with very little waste allowed throughout the design and production of goods.³⁸

We need to ensure that our economic thinking and our infrastructure reflects the new business models that are emerging. There are a

38 Laura Sandys, Patience Wheatcroft, David Ruffley et al., “Sweating Our Assets – Productivity and Efficiency Across the UK Economy”, <http://tella.org.uk/resource/2020%20Report.pdf> (2014), 17.

range of taxation difficulties around new business models, such as ‘re-manufacturing’. Some jurisdictions regard remanufactured products as second hand, which has led to certain manufacturing companies establishing hiring and leasing branches in order to trade twenty-first century products in a twentieth century economy.

A new set of policies should be supported around the circular economy that supports outputs but reduces the overall use of new inputs. Replace, reduce, reuse and recycle are becoming the watchwords of the most professional companies, but public policy is still running to catch up.

“The big challenge is for us to change our approach to inputs – energy and resources – kick half a century of wasteful habits and look to build a clean, lean and extremely competitive economy”

We should redefine the meaning of ‘waste’ to ensure that valuable resources are not unnecessarily put into landfill and move the whole policy area to the Department of Business, Innovation and Skills in order to ensure that it is given support as a commercial opportunity. This would allow us to assist an emerging business sector called ‘ReMade in Britain’ – a sector that has huge potential for strong growth in the UK.

If we were to embrace these important new business models and incorporate them into our infrastructure plans and as a part of our industrial policy, we would make our international inward investment proposition much stronger.

Conclusion

We need to own the future and must not get left behind. We need new thinking for a modern, efficient highly productive, competitive environment, placing more emphasis on margins than top line ‘sales’.

And the heart of the efficiency, productivity and competitive puzzle for the UK is that we are used to cheap resources. Cheap energy and imported resources have been seen as the easy and secure solution for the last 60 years. The big challenge is for us to change our approach to inputs – energy and resources – kick half a century of wasteful habits and look to build a clean, lean and extremely competitive economy ensuring that every point of increase in GDP delivers as much of a bottom line benefit as it does to our top line.

It would be tragic if, following this extremely difficult economic period for the UK, we replaced an outdated nineteenth century economy with one that looked and felt the same.

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Small steps

Immigration

Sam Bowman

Few issues suffer from a greater disconnection between the elite and the public than immigration. While most economists and members of the political class acknowledge that immigration is, on the whole, economically positive, public opinion is quite strongly opposed.

This chapter argues that public perceptions of immigration are so skewed, and the economic arguments for relatively liberal immigration policy so strong, that politically acceptable ‘micropolicies’ are required in the UK – that is, targeted policies that reform specific aspects of the immigration system where public opposition is weakest without requiring a full-scale change of policy which, though desirable, seems politically unlikely in the near future. Student and graduate visas are most ripe for reform, followed by high-skilled worker visas. Ultimately, though, change in these areas should be seen as a path towards full-scale liberalization of the immigration system.

Public concern; public benefits

This approach makes the best of a bad situation. Currently, the public has a distorted view of immigration. Another survey in 2013 found that

the public's average guess about what percentage of the UK population was foreign-born was 31%, as opposed to the true figure of 13%.³⁹ Similarly, the average guess was that 24% of the UK population was Muslim. The true figure is 5%.

For many years, around 40% of the population has consistently stated that immigration is bad for the economy. Here the public appears to be at odds with most academic research, which demonstrates the positive benefits of immigration.⁴⁰ Indeed, the economic benefits of immigration seem overwhelming. A government report released in March 2014, found that there was no harm to native workers' wages or employment rates associated with skilled immigration, and that the harm associated with low-skilled immigration was small and short-lived.⁴¹

"Immigrants seem to be particularly entrepreneurial: a recent report found that immigrants in Britain were behind the creation of one in seven UK companies"

The report also pointed out that "Dynamic impacts on productivity and innovation may imply that in the long term migration could have positive impacts on the labour market."⁴² Though difficult to measure, immigrants seem to be particularly entrepreneurial: a recent report found that immigrants in Britain were behind the creation of one in seven UK companies, twice as entrepreneurial as the British-born

39 Ipsos MORI, "Perils of perception", <http://www.ipsos-mori.com/researchpublications/researcharchive/3188/Perceptions-are-not-reality.aspx> (2013), 5-11.

40 Sari Pekkala Kerr and William R. Kerr, "Economic impacts of immigration: a survey" (Working Paper), http://www.hbs.edu/faculty/Publication%20Files/09-013_15702a45-fbc3-44d7-be52-477123ee58d0.pdf (2011), 43-46.

41 Olivia Bolt, Ciaran Devlin, David Harding, Ishtiaq Hussain and Dhiren Patel, "Impacts of migration on UK native employment: An analytical review of the evidence", https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/287086/occ109.pdf (2014), 46.

42 Ibid., 5.

working age population.⁴³ A 2006 study in the US found that 52% of Silicon Valley tech start-ups had at least one immigrant as a founder.⁴⁴

The fiscal impact of immigration is positive – immigrants pay more in taxes than they cost the state in their use of services, and additional marginal immigrants will thus improve public finances. In aggregate this may prove enormously important as the British population ages: the Office for Budget Responsibility has estimated that with net migration of 140,000 a year, government debt will approach 100% of GDP in the next fifty years, but with net migration of 260,000 a year or higher it will stabilize at around 50% of GDP.⁴⁵

To summarize: the economic arguments for immigration are very strong. The majority of the public is mistaken about the scale and economic impact of immigration. But such skepticism is unlikely to change any time soon. Consequentially, ‘micropolicies’ that reduce the harm caused by the immigration cap without expending significant amounts of political capital are needed.

Graduate entrepreneurs

The Tier 1 Graduate Entrepreneur Visa launched by the government in April 2012 is a study in wasted potential. In *An Entrepreneurs’ Manifesto*, a recent publication by The Entrepreneurs’ Network, Joy Elliott-Bowman of the National Union of Students outlines why, despite 1,000 visas being created, the scheme had just 135 applications in its

43 Centre for Entrepreneurs and DueDil, “Migrant entrepreneurs: Building our businesses, creating our jobs”, <http://www.creatingourjobs.org/data/MigrantEntrepreneursWEB.pdf> (2014), 17.

44 Gary Gereffi, Ben Rissing, AnnaLee Saxenian and Vivek Wadhwa, “America’s new immigrant entrepreneurs”, http://people.ischool.berkeley.edu/~anno/Papers/Americas_new_immigrant_entrepreneurs_I.pdf (2007), 5.

45 Carlos Vargas-Silva, “The fiscal impact of immigration in the UK”, http://www.migrationobservatory.ox.ac.uk/sites/files/migobs/briefing%20-%20the%20fiscal%20impacy%20of%20immigration%20in%20the%20uk_0.pdf (2013), 6.

first year.⁴⁶ Because the scheme required student applicants to already be running a business that was 'world-class and innovative', and because student visas prohibit students from working on their business in a way that could be considered 'self-employed', eligibility was almost impossible from the outset. These requirements have been loosened somewhat, and the number of available visas increased to 2,000, but the scheme is still far from what it could be.

The Graduate Entrepreneur Visa can be salvaged. The first step, as Elliott-Bowman suggests, should be to create a pre-application period where students on Tier 4 visas can legally do self-employed work for their businesses, or a longer post-study period for self-employed work. In the medium-term, the government should consider the reintroduction of the post-study work visa that was discontinued in 2012.

Students

More broadly, the inclusion of student visas without work allowances in overall net migration cap is senseless and should be changed.

Student visa numbers have collapsed since the introduction of the net migration cap: from 341,305 Tier 4 visas issued in 2009⁴⁷ to just 218,773 in 2013, a 36% drop in just four years.⁴⁸ The average international student pays £12,000 per year to study in the UK, suggesting that the cap has already cost British universities billions of pounds in lost revenue.⁴⁹

46 Joy Elliott-Bowman, "Our best and brightest international graduates shouldn't be pushed out", <http://tenentrepreneurs.org/manifesto/our-best-and-brightest-international-graduates-shouldnt-be-pushed-out> (2014).

47 Home Office, "Control of immigration: Statistics United Kingdom 2009", https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/116016/hosb1510.pdf (2009), 50.

48 Home Office, "Immigration statistics, October to December 2013", <https://www.gov.uk/government/publications/immigration-statistics-october-to-december-2013/immigration-statistics-october-to-december-2013#study-1> (2014).

49 Joy Elliott-Bowman, "Our best and brightest international graduates shouldn't be pushed out", <http://tenentrepreneurs.org/manifesto/our-best-and-brightest-international-graduates-shouldnt-be-pushed-out> (2014).

British universities have already – rightly – lost a significant proportion of their direct public subsidy, but for the government to choke such an important funding stream at the same time is borderline sadistic. For a country with a clear comparative advantage in higher education – six of the top twenty universities in the world are British – it makes no sense to cap what is, essentially, that sector’s ability to export.⁵⁰

“Even supporters of the immigration cap must concede that foreign students on Tier 4 visas cannot threaten native British workers, nor is it likely that students on three- or four-year temporary study visas will do much to threaten the integrity of British culture”

The government’s crackdown on ‘bogus’ visa-sponsoring colleges should be welcomed as an alternative, not a complement, to blunt restrictions on overall student visa numbers.

The politics of both these reforms should be relatively straightforward: provided ‘bogus’ colleges are dealt with, even supporters of the immigration cap must concede that foreign students on Tier 4 visas cannot threaten native British workers, nor is it likely that students on three- or four-year temporary study visas will do much to threaten the integrity of British culture. International students have low impacts on public services and social cohesion, according to the Home Office.⁵¹ Indeed, by increasing university revenues, lifting the cap on student visa numbers may prove to be a political complement to the government’s higher education policies in general.

50 Judith Burns, “Six of world’s top 20 universities are in UK”, *BBC News*, 10 September 2013.

51 Rebecca Gillespie, Kate Hitchcock, Kitty Lymperopoulou, Sarah Poppleton and Jon Simmons, “Social and Public Service Impacts of International Migration at the Local Level”, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210324/horr72.pdf (2013), 5.

Highly skilled migrants

If the Conservative Party is wedded to the net migration cap in the medium term, it should at least introduce reforms to lessen the harm it causes to the British economy. Capping highly-skilled immigration (both Tier 1 visas for general highly skilled migrants and Tier 2 visas for applicants with an offer of a skilled job in the UK) is almost as silly as capping student visas.

Although there is some evidence that low-skilled immigration reduces the wages and employment prospects of native low-skilled workers, there is virtually no evidence whatsoever that high-skilled immigrants are anything but a huge boon to the countries they move to. Like students, skilled workers have a low impact on public services.⁵²

Crucially, the public does not seem to object to immigration by either high-skilled workers or students. Just 31% and 32% say that these numbers should be reduced respectively, compared with the 64% who say that low-skilled worker immigration should be reduced.⁵³ Given this, and the strong economic arguments in favour of liberalizing immigration, the government should reformulate the net migration cap to include only low-skilled immigration (Tier 3 visas), focusing only on the sort of immigration the public really seems to object to.

Conclusion

The Conservative Party must eventually come to terms with the tension between its immigration policy and its other policy goals. A return to a cap-free points-based system, with appropriate reforms to make immigration by high-skilled workers and students as easy as possible, would be a worthy step. To be sure, the politics of liberalizing

⁵² Ibid.

⁵³ Ipsos MORI, "The Migration Observatory Understanding Immigration Poll September 2011", <http://www.ipsos-mori.com/Assets/Docs/Polls/understanding-immigration-topline-ipsos-mori-september-2011.pdf> (2011), 5-6.

low-skilled immigration would not be straightforward, but any kind of cap on overall immigration is anathema to the sort of openness that Britain needs to flourish.

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Going green again

Energy and the environment

Peter Franklin

The Svalbard archipelago is located half way between Norway and the North Pole. It has a population of 2,642 and an average summer temperature of five degrees centigrade (don't even ask about the winter).

You wouldn't expect such a place to serve as the cradle of a political movement – let alone a British political movement. Yet when David Cameron visited the islands in 2006, to view the retreat of glaciers in the face of climate change, the effect was electrifying. Arguably it was the huskies who stole the show, but there's no doubting the impact that the pictures had back home. Here was a Conservative leader who not only cared about the environment, but also cuddled cute furry animals!

Of course, this wasn't the starting point of the Tory modernisation project, which precedes Cameron's leadership of the Conservative Party by many years; but, in breaking through into the public consciousness, nothing was quite so important as that husky-hugging photo-op in the Arctic Circle.

Green Conservatism in crisis

Eight years later, green Conservatism is in crisis – and so, by extension, is the entire modernisation project. In 2010, David Cameron promised

that he would lead the “greenest government ever.” In 2013, a senior Tory source was briefing journalists that the Prime Minister wanted to “get rid of all the green crap.”⁵⁴ The remarks were subsequently denied, but by then it was too late – the damage had been done.

The Prime Minister is in no position to complain. Even if he never uttered the words “green crap,” his actions and inactions have sent all the wrong signals. First, there was the decision to appoint overtly anti-green ministers to key positions in DECC and DEFRA. Then there was the Energy Bill, which failed to break the stranglehold of the ‘Big Six’ energy companies on the electricity market. The Bill also paved the way for subsidising a new generation of nuclear power plants, despite a promise not to. Finally, there was the panicked response to Ed Miliband’s cynical promise of an energy ‘price freeze’ – the outcome of which was to reduce support for energy efficiency measures.

“The Prime Minister is in no position to complain. Even if he never uttered the words ‘green crap,’ his actions and inactions have sent all the wrong signals”

Matters came to a head late last year when more than 25 environmentally-minded Conservative MPs squeezed into Cameron’s House of Commons office, urging him to think again.⁵⁵ Even some of their less sympathetic colleagues are concerned that by so blatantly failing to keep faith with his green ideals, the Prime Minister is damaging Conservative prospects at the next election.

54 James Randerson, “Cameron: I want coalition to be the ‘greenest government ever’”, *The Guardian*, 14 May 2010; Rowena Mason, “David Cameron at centre of ‘get rid of all the green crap’ storm”, *The Guardian*, 21 November 2013.

55 Matt Chorley, “‘Ditch green policies and you will split the Tory party’: More than 25 MPs deliver stark warning to Cameron in showdown meeting”, *The Daily Mail*, 26 November 2013.

What went wrong?

To recover the situation in time for 2015, we need understand what has gone so wrong with the environmental policy process since 2010.

The cynics will say that there never was much substance behind the green image of the modern Conservative Party. My personal experience is that this is not the case. Over the last decade or so, I've had the privilege of working with a variety of Conservative shadow ministers including Tim Yeo MP, Oliver Letwin MP and Greg Clark MP – all of whom made a serious contribution to the development of Conservative environmental policy.

I wouldn't say that the Party got everything right in Opposition, but by the time of the last election Conservative policy, especially on energy and climate change, was developed to a degree of detail exceeding anything produced by the Liberal Democrats – supposedly the more environmentally-focused party.

With the formation of the Coalition, it was a Liberal Democrat – Chris Huhne MP – who took the top job at DECC. With other matters on his mind and no distinct reform agenda of his own, the initiative was immediately re-captured by the 'energy policy establishment.'

In the field of education policy the coalition of interests seeking to block academies, free schools and other vital reforms is known to its enemies as the 'blob.' I would argue that energy policy has its own blob – a loose of alliance of civil servants, regulators, the big energy companies and misguided environmentalists. This isn't a conspiracy so much as the usual depressing resistance to anything that might upset the established distribution of jobs, influence, funding streams, subsidies and opportunities to fleece the consumer.

There's an ideological and psychological aspect to all of this too.

On the centre-left, there are those who have invested enormous amounts of political capital in constructing and maintaining the existing framework of national and international climate change policies

(the components of which include the UN Framework Convention on Climate Change, the EU Emissions Trading System, the Renewable Energy Directive and the Climate Change Act). Despite the accumulating evidence that this framework is failing – and indeed driving deeply perverse outcomes – it is very hard for its supporters to admit this.⁵⁶

“Rightwing participants in the energy debate therefore wander about in a state of denial, convinced that a few wind turbines represent a mortal threat to the capitalist order, while a Franco-Chinese scheme to build outdated nuclear reactors at vast public expense is something to be welcomed”

Meanwhile, in the blue corner, we find the supporters of free enterprise, who have their own problems in facing up to the truth – not so much on climate change policy, but in regard to Britain’s ostensibly ‘liberal’ energy markets. The fact that a British industry privatised under Margaret Thatcher is now dominated by continental corporatist behemoths like *Électricité de France* is simply too much to bear. Rightwing participants in the energy debate therefore wander about in a state of denial, convinced that a few wind turbines represent a mortal threat to the capitalist order, while a Franco-Chinese scheme to build outdated nuclear reactors at vast public expense is something to be welcomed.

Going green again

Green Conservatives are in a unique position to cut through the cognitive dissonance. On the one hand we recognise the reality and significance of climate change; while on the other we have the ability to

⁵⁶ Stefan Wagstyl, “German coal use at highest level since 1990”, *The Financial Times*, 7 January 2014; Roger Harrabin, “Renewable energy: Burning US trees in UK power stations”, *BBC News*, 28 May 2013; “Carbon trading: ETS, RIP?”, *The Economist*, 20 April 2013.

distinguish real markets from the lobbyist-ridden oligopolies that currently pertain.

Working up the right policy directions into a practical plan of action will obviously require a huge amount of work – which presents a serious institutional challenge. As we've seen in other policy areas, genuine reform cannot be entrusted to the supporters of the status quo. But assuming that the necessary capacity for developing policy can be obtained, what would genuine reform look like?

Let me conclude with five suggestions:

Firstly, abolish winter fuel payments for richer pensioners and redirect the savings in their entirety to a programme of energy efficiency upgrades to fuel poor homes. Public, private and voluntary sector organisations would be allowed to bid for the contracts – which would require the inclusion of the more difficult improvements like solid-wall insulation.

Secondly, create a system of 'capacity auctions' to provide direct incentives for the capital investment needed to 'keep the lights on' and clean up our energy supplies. In other words, generators should be paid for building the new capacity we will need in future years, not just for generating power from existing capacity – thus providing both consumers and producers with the long-term certainty needed to reduce risk and the cost of capital. Doing this through an auctioning mechanism would mean that different projects and technologies would compete on equal terms. Crucially, providers of new generating capacity (measured in megawatts) would face direct competition from providers of energy efficiency and demand reduction schemes (measured in 'negawatts'). Thus for the first time, we'd have an energy market in which the supply and demand sides were properly integrated and where capital costs for all technologies were made transparent. The new Energy Act already contains provision for capacity payments, but we've yet to see how open and competitive the bidding process will

be. With ministers currently stitching up some decidedly opaque and uncompetitive deals on nuclear power, the disciplines of the market place are clearly not a priority.

Thirdly, commission an independent body like the Office of Budget Responsibility to create a comprehensive register of energy subsidies. Currently, the subsidies provided to some energy technologies such as wind power and energy efficiency are made visible in the form of precisely calculated environmental levies ('green taxes') on household fuel bills. However, the support provided to fossil fuel and nuclear energy is not made visible. A robust methodology is required to allow across-the-board comparisons.

Fourthly, the dominant market position of the major energy companies should be shaken up. It should not have taken four years for the Government (and the industry regulator Ofgem) to trigger an inquiry by the Competition and Markets Authority. Indeed, for all of his posturing on the issue, Ed Miliband should have ordered the investigation when he was Energy Secretary before the last election. Depending on the outcome, the Government should consider breaking-up the Big Six – or, at the very least, act to reverse the vertical integration of the sector by no longer permitting the retail arm of each company to buy directly from its generating arm.

Fifthly, the British government should lead a push to replace the deeply dysfunctional EU Emissions Trading System (EU ETS) with a carbon tax. The ETS is a 'cap-and-trade system' in which polluters buy and sell permits to emit greenhouse gases, with the overall number of permits determined by a pre-agreed overall limit on emissions. It can therefore be described as a market mechanism, but what it actually does is 'launder' political decisions through the artificial semblance of a market. Notorious for its perverse incentives (for instance, permits are given away free to some of the worst polluters and sold at a profit) and erratic price signals (the price of carbon keeps on crashing), it is

time to sweep the whole system away in favour of a simple carbon tax that sends a reliable price signal into the real market place.⁵⁷

“The subsidies provided to some energy technologies such as wind power and energy efficiency are made visible in the form of precisely calculated environmental levies (‘green taxes’) on household fuel bills. However, the support provided to fossil fuel and nuclear energy is not made visible”

David Cameron’s ambition to lead the “greenest government ever” is one that he can still achieve – not least because government need not, and should not, do all the work itself. Rather the role of the state should be one of ensuring that the polluter pays, unblocking barriers to free competition and not adding to the uncertainties that get in the way of investment. With the right policies in place, we can achieve something that should make all the difference: not the greenest government ever, but the greenest free market ever.

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57 Grisca Perino, “Private provision of public goods in a second-best world: Cap-and-trade schemes limit green consumerism”, <http://www.uea.ac.uk/documents/166500/0/CBESS-13-01/bb866dfc-ce62-4d3b-8142-5252120f4e2f> (2013).

Playing politics, not ideology

The European Union

Professor Tim Bale

What the Conservative Party *should* do and what the Conservative Party *will* do on Europe are two very different things. Indeed, one can argue that that difference has been widening for nearly three decades.

It was in 1986 that Margaret Thatcher made the fateful decision to sign the Single European Act – a Treaty which constituted one of the most significant surrenders of sovereignty that this country has ever seen. Ever since, the Tories, both in government and out, have been attempting to escape the implications of that decision and the seemingly inexorable steps towards closer integration that have flowed from it.

John Major achieved opt outs from the Maastricht Treaty. William Hague played at least some part in forcing Tony Blair to abandon the idea of joining the euro. And while discretion may have proved the better part of valour when it came to holding a retrospective referendum on the Lisbon Treaty, David Cameron moved quickly once in Downing Street to stop what most Tories regard as the rot.

The European Union Act 2011 ensured that any further amendments to EU treaties will automatically trigger a referendum in the UK. It contained a reminder that the only reason that directly applicable and di-

rectly effective EU law has any force in Britain is because Parliament at Westminster passed the European Communities Act back in 1972, the implication being that it retains its sovereign right to override or undo that decision should it ever want to.

Little satisfaction

But if such moves have sought to reassure the Party, they have done nothing of the kind. Instead of moving on, those who sought such reassurance have wasted little time in declaring themselves dissatisfied and begun to demand yet more clear blue water between Brussels and London.

Throwing them a bone by exercising a veto here and an opt-out there may have bought Mr Cameron time. But it has bought him precious little peace. Nor has the setting up of a review of the 'Balance of Competences' between the UK and the EU – an exercise that is still going on, although without much fanfare (presumably because it hasn't been able to summon up anything sufficiently demonic).⁵⁸ Hence the Prime Minister's decision – in reality reluctant but now worn as a badge of honour – to declare his support for an in-out referendum which will follow a wide-ranging and profound renegotiation of this country's relationship with the EU that will take place sometime between now and 2017.

“Throwing them a bone by exercising a veto here and an opt-out there may have bought Mr Cameron time. But it has bought him precious little peace”

But even that hasn't been enough. Cameron made the best of a bad job when it came to backbench efforts to enshrine the referendum in law, turning an initiative which began as an attempt by Eurosceptics to

⁵⁸ See, for example, Matthew Elliot, “The Balance of Competences review is unbalanced – and here's how it can be put right”, *ConservativeHome*, 14 February 2014.

ensure he wouldn't one day wriggle out of his promise into proof positive of his good intentions. The fact that he can't guarantee the prompt passage of their private member's bill, however, has prompted suspicious sceptics, worried that he might not do all in his power to get it on the statute book before the next election, to fire a warning shot via a round-robin letter, signed by nearly a hundred backbenchers, suggesting that Parliament be allowed a say on each and every piece of legislation coming out of Brussels. This is a right which no other legislature in the EU possesses and which is therefore the political equivalent of asking fellow member states if we can play rugby while they play football. Little wonder that even William Hague – a Eurosceptic darling when he was party leader but no longer – declared it 'unrealistic'.⁵⁹

"Back in the real world, after all, no-one genuinely hoping for such a deal would dream of entering into the negotiation process with a self-declared set of non-negotiable 'red-lines'"

Renegotiation

But that was just a skirmish – a prelude to a bigger battle which has already begun. Having promised to get Britain a better deal or else, Cameron (as he surely should have guessed) is now facing intense pressure to put more flesh on the bones of his negotiating stance. Indeed, there are those on the Tory benches at Westminster, as well as in Fleet Street and centre-right think tanks, who would like to see him set out some sort of 'shopping list' of demands.

Such calls surely have more to do with Eurosceptics' desire to get their own measures included on said list and therefore scupper any agreement

⁵⁹ Douglas Carswell, "I'm one of the MPs who signed that letter. Why does Hague think our veto plan is 'unrealistic'?", *Daily Telegraph*, 12 January 2014.

than they do with achieving the best deal possible. Back in the real world, after all, no-one genuinely hoping for such a deal would dream of entering into the negotiation process with a self-declared set of non-negotiable 'red-lines'. As the Prime Minister himself pointed out in mid-March 2014, 'it would not be a very smart negotiating tactic to lay all Britain's cards on the table at the outset'. Fortunately, the seven supposedly 'specific changes' he claimed at the same time to want to see, were for the most part nothing of the kind, and the only one that did just about qualify – seeking somehow to opt out of the rhetorical commitment to 'ever-closer union' embedded in all treaties since the Treaty of Rome – is something I suspect other member states would (albeit with a degree of either bemusement or irritation or both) allow if it really makes us happy.

Clearly, Cameron and whoever else represents the UK in those negotiations will clearly need to take into them a genuinely specific, wish-list. But he must do all he can to keep it – or at least the details – private and hope (probably forlornly, but there is only so much that he can control) that his continental interlocutors will do the same.

If past performance is anything to go by, however, he will find this difficult. After all, from the moment that, during the contest for the Tory leadership in 2005, he was panicked into promising to withdraw Conservative MEPs from the EPP-ED group in Strasbourg, sceptics have known that he can be pushed and pulled in their direction – all the more so now that they can claim, more or less credibly, that anything less is bound to boost for support for UKIP.

Presumably, the moment of maximum danger for the Prime Minister, at least in terms of being obliged to give away more of his wish-list than he really wants to, will come in the wake of Nigel Farage's party being able to claim to have 'won' the European Parliament elections at the end of May 2014. That humiliation may, ironically, be easier to cope with if Labour is beaten into second place, and Ed Miliband's decision not to fully match the Tories referendum offer means sceptics have less cause

to up the ante. But even if Cameron somehow manages to resist the coming clamour for more specificity in the immediate aftermath of a UKIP win, one gets the feeling that the contents of his wish-list will eventually dribble out – especially given Number Ten’s inveterate tendency, when facing periodic pincer movements from UKIP and Tory backbenchers, to brief journalists on measures (invariably involving EU migrants) that are clearly designed, at least in part, to spike Mr Farage’s guns.

All this talk of wishlists and shopping lists, of course, begs the question in the sense that it presumes that pragmatic, moderate Conservatives of the type that Mr Cameron once appeared to be can themselves agree on its contents – something which is in itself dependent on them agreeing on the relationship they would like this country to have with the European Union.

What kind of Europe for Tory modernisers?

The kind of European Union to which most Tory moderates and pragmatists would feel reasonably content to belong is not really the problem. Indeed, Cameron himself set it out during his so-called Bloomberg speech in January 2013. They want what he said he wanted then: a twenty-first century EU that is ‘a means to an end – prosperity, stability, the anchor of freedom and democracy both within Europe and beyond her shores – not an end in itself’, an EU which stresses internal and external competition, which acknowledges diversity and operates rules and structures that don’t discriminate against those member states not signed up to full-blown currency, banking, and fiscal union, which makes sure that things better done domestically are not being done by Brussels and, if they are, makes moves to put things right.⁶⁰

No, what is more difficult for Conservatives who remain broadly in favour of continued membership (if only for pragmatic rather than sentimental reasons) is what the UK should do if this isn’t the kind

⁶⁰ David Cameron, *Speech on The Future of the European Union*, 23 January 2013.

of European Union that the other 27 member states actually want or at least feel can be achieved. This is something which the small-but-perfectly-formed group of pro-European Tories optimistically calling themselves *Mainstream* have to presume won't be the case.⁶¹ However, if Cameron is pushed into pushing things too far by their Eurosceptic colleagues, it could well be.

For the moment, if he has done nothing else, Mr Cameron has postponed any immediate need to come up with an answer to this awkward question. He has also, with a little help from Angela Merkel, been able to give the impression that the UK, in its bid to renegotiate its relationship and repatriate powers, is not without friends and allies.⁶² But anyone who can resist the lure of wishful thinking or is halfway familiar with the countries in question – Germany, the Nordics, some of the post-communist member states – knows that, forced to choose, they will choose Europe over helping out their new best friend. Unlike the UK, or at least unlike the Conservative Party, they see no going back even if they would like to see some serious changes made.

That is not to say, however, that they will not give a little. The Conservative Party's and the country's best hope is surely some sort of deal done on the basis of devolving powers that a decent majority of member states can agree need devolving.

The problem will come if Cameron concludes that the only deal worth having (or at least worth trying to sell back home) is based on Britain getting something that most other member states don't get. Not unreasonably, they will see special treatment of that kind as free-riding and therefore won't agree. The same goes for a deal which involves unpicking budgets or serious reform of the CAP. There are simply too

61 European Mainstream, "In our interest: Britain with Europe", Europeanmainstream.org.uk (2014).

62 Fraser Nelson, "Why David Cameron's 'Northern Alliance' may reshape Europe", *The Spectator*, 1 March 2014.

many payees – and, whatever the UK thinks, not enough seriously angry payers – to see that happen.

“He should figure out what other member states will put up with and then work backwards from there”

Sensible Conservatives – the kind who haven’t already thrown this book across the room in despair and disgust – know in their hearts what the Party and the Prime Minister should do. Starting with the vision of the EU he laid out in his Bloomberg speech, he should figure out what other member states will put up with and then work backwards from there, sorting out how to sell whatever that may be as just what he wanted in the first place and exactly what the country really needs. That entails some seriously skillful behind-the-scenes (as opposed to megaphone) diplomacy and, although nobody is talking about a full-blown reconciliation, trying to rebuild some of the bridges that were burned by leaving the EPP group. The very least the Tories can do on this score is not to allow their desperation to expand their own ECR group to tempt them into offering membership to the populist rivals of the mainstream centre-right parties whose support Cameron will need for any reform programme worth the name.

It’s not pure. It’s not even pretty. But it is politics, at least as practiced in the real world. Those Conservatives who prefer the fantasy version need to grow up and get real. I’m not holding my breath.

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Humble homes

Housing

Isabel Hardman

The Tory leadership these days is used to being treated as a pushmi-pullyu by the rest of the party, who use awkward votes to change policy on Europe, immigration and other issues. Perhaps this is a bad thing – the number of rebellions in recent years certainly hasn't done much for David Cameron's authority – but there was a point in the Conservative Party's history when its membership pushed the top brass to adopt a policy that should make the current party proud.

In 1950 Conservative Party members squared up to their leadership, which had promised to build more homes than Labour. They weren't dissatisfied because they were Nimbys frightened of development: they wanted a figure for exactly how many homes the Tories would build. And they won a vote settling it at 300,000 (*The Spectator* described that conference as focusing on 'more houses, less Communism'⁶³). Harold Macmillan was then challenged to meet that target when he became housing minister in 1951. Winston Churchill was sceptical, telling him it was "a gamble – it will make or mar your political career, but every

⁶³ "Conservatives Confident", *The Spectator*, 19 October 1950, 1.

humble home will bless your name if you succeed".⁶⁴ It made Macmillan's career: he hit the target set by Conservative members a year early and kept rising through the ranks of power.

Such success stories, either in terms of the volume of homes built or a dazzling ministerial career after the housing brief, sadly seem rather less plausible these days. But there are many reasons why the Conservative party needs to recall its proud heritage on housing. The first is that there are plenty of 'humble homes', in Churchill's words, desperate to bless the name of anyone who solves the housing crisis caused by too few homes being built each year. Rents are rising, and with them the housing benefit bill.⁶⁵ And research from Shelter suggests couples are delaying starting families because they cannot afford to move into a suitable property.

"There are plenty of 'humble homes', in Churchill's words, desperate to bless the name of anyone who solves the housing crisis caused by too few homes being built each year"

Even those who take an 'I'm alright Jack' attitude to the housing crisis, watching their own property rise in value as demand continually outstrips supply, are affected. That rising housing benefit bill has to be paid for by someone: the taxpayer. There is a strong small state case to be made for a big increase in the supply of homes. This is because it is ordinary taxpayers who are forced to foot the bill for the failure of politicians to get enough homes built. The government's recent attempts to cut the housing benefit bill have caused upheaval and bitter political divides, but in reality these cuts are just sawdust savings compared to the cost of not building enough homes.

⁶⁴ Alistair Horne, *Macmillan: The Official Biography*, (London: Macmillan, 1998).

⁶⁵ Department for Work and Pensions, "Benefit expenditure and caseload tables 2013", <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2013> (2013).

Building more homes

So how does the Conservative Party solve the housing crisis? This parliament has seen some valiant attempts, such as the Localism Act and the accompanying National Planning Policy Framework. In 2012 an energetic and passionate planning minister, Nick Boles MP, was appointed. But the response from communities and the MPs who represent them – fury at development deemed inappropriate – seems to be the very thing the Conservatives had set out to end when they set out their ideas for reform of the planning system when in Opposition:

The reforms have led to planning by appeal, whereby the Planning Inspectorate is forcing through decisions. This is in stark contrast to the cosy image, conjured by party strategists before 2010, of communities deciding where development should go. This turnaround means that 'localism' is now a dirty word.

One very simple change would be for the Planning Inspectorate to make decisions on the basis of plans that are still under development, so that homes are not built in areas where a local authority has no desire at all to develop.

But there are bigger changes that could make a difference. The most popular place to live is the suburb: it has enough space for people to feel as though they're not living higgledy-piggledy on top of one another, but without being too remote.⁶⁶ But the city suburb is constrained by the Green Belt, and new garden cities that might replicate this popular form of housing have frightened politicians – beyond an existing and uncontroversial development supported in the 2014 Budget by George Osborne at Ebbsfleet.

The future of the Green Belt

The Green Belt isn't quite as talismanic in this country as the NHS, but it does have a funny mystical quality to it. I'm a country bumpkin and

⁶⁶ Alex Morton, *Cities for Growth*, (London: Policy Exchange, 2011).

love trudging through muddy meadows and woodland. But if I toured the Green Belt, I wouldn't necessarily find it dominated by either of those things. Green Belt land is designated purely to stop urban sprawl, not because the land itself is particularly high quality: it is very different to areas of outstanding natural beauty (AONB) or sites of special scientific interest. Around 60% of it is devoted to intensive farming, according to Policy Exchange, and 7% is already developed.

“It is a shame that the current housing minister is just a parliamentary under-secretary when the role used to be minister of state and has grazed the Cabinet at times too”

Green belts squeeze towns so that there is less green space inside, and push development into more rural areas where locals may be less well-disposed to development. They have a logic to them, but it is difficult to argue that they improve quality of life for those living inside or just outside them. Some councils, such as Cambridge, are trying to swap green field sites so that the less desirable ones are developed on in exchange for a better quality plot elsewhere receiving protection. Other councils are following suit, and so should more.

Garden cities

The Tories have thus far held up plans for new garden cities because they are trying to keep their natural supporters at least vaguely calm in the run-up to 2015. Fair enough, perhaps. But these developments have a great deal in their favour. They side-step a lot of the objections that are raised to new development within existing towns as they are built with new infrastructure to support the new community, are neatly planned rather than sprawling out the side of an existing settlement, and have a focus on the quality of development rather than cramming more and more properties into an increasingly choked space.

But if there is one lesson from the previous government's unpopular eco-town developments, it's that these big new sites don't work if there's a hint that men in grey suits in Whitehall are somehow dumping the development upon unsupportive locals. Policy Exchange's proposal for garden city corporations to draw up plans which are voted on by people living in the boundaries of that new development would give locals that real say – and the corporations the incentive to plan a garden city of good quality homes, not the unpleasant boxes that planners and developers can often impose on existing communities.

None of these policies would be easy motherhood-and-apple-pie ones. So whoever is responsible for housing and planning after the 2015 election will need nerves of steel and colleagues who support them, too. It is a shame that the current housing minister is just a parliamentary under-secretary (albeit a very bright and well-respected one, Kris Hopkins MP) when the role used to be minister of state and has grazed the Cabinet at times too. Insiders argue that this is partly because the Treasury now takes such an active interest in housing. But Treasury interest isn't always a good thing: those bean-counters often need a strong advocate inside a department to fight for a certain policy so it isn't meddled or cut into oblivion. If the Conservatives really want to reclaim their proud heritage on housing, they'll need the housing and planning roles to be seen as a solid job for an ambitious MP, not, as has been the case for the past 20 years, one of diminishing importance and insecure tenure.

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Capital gains

London

James Cleverly AM

Labour in London are in a good mood. They assume they will easily take seats from us at the General Election, and that they will walk back into City Hall in 2016 with little campaigning effort and even less serious thinking on policy.

Already, Labour politicians are road-testing their narratives. Top of the list is the claim that London can be divided into rich and poor. A 'tale of two cities' may be a good sound-bite, but it ignores the millions of Londoners who are neither yacht owners nor on the bread line. Being seduced by their own divisive narrative leads Labour politicians to alienate many of the very voters they need to secure a win in London.

Take my constituency of Bexley and Bromley, written off by Labour as rich Tory-land. Just like many outer London suburbs, a quick glance at the houses and cars may suggest comfortable wealth but the reality of people's lives isn't so clear cut. They are people who endure long, expensive and crowded commutes and get home after the kids have gone to bed. They sacrifice family time for a bit more space, a nicer car and a better choice of schools. For many, all that stands between comfort and hardship is an interest rate rise. Try telling them, many of whom have been sucked into the 40p tax band, that they are rich.

Four million Londoners live in the suburbs and Ed Balls has them in his sights. If he gets his way with a “Mansion Tax” it won't just be vast country estates that pay it. In parts of London, a two bedroom flat will be more than enough to qualify. And as with every new tax you can be sure that over time more and more people will be dragged into it. Some estimate that up to 85% of all homes affected will be in London and the south east.⁶⁷

“To win again in London we must start by rejecting the notion of London as a Labour city and begin developing innovative plans that go beyond the easy rhetoric of ‘rich’ versus ‘poor’”

So while Labour left the door open in suburban London, Boris won twice by not just focusing on the Conservative “core vote”. As well as talking about protecting the Green Belt, he also promised to address the spate of young black boys murdered on London's streets. As well as being a champion of the city's financial services industry, he vowed to build more social housing than his predecessor. As well as protecting and extending the freedom pass to retired Londoners, he also extended free travel to those actively looking for work.

We won in London, twice, by understanding and talking to London as a whole, not just a convenient subsection of it. Therefore, to win again in London we must start by rejecting the notion of London as a Labour city and begin developing innovative plans that go beyond the easy rhetoric of ‘rich’ versus ‘poor’.

There are a host of areas where innovative thinking could make a difference to Londoners, but I'll get the ball rolling by focusing on three issues that affect the Londoners I represent, and who in turn are representative of millions of others across the city: commuter transport, immigration and housing.

⁶⁷ Alan Smith, “Beware the mansion tax”, *Your Money*, 24 January 2014.

Transport and Commuting

Everyone agrees on the need to expand and modernise our transport infrastructure. But if we are to keep London at the cutting edge of world competitiveness, we need to think more creatively and long-term. Solving the big challenge of how we keep our city moving involves not just thinking about capacity, but questioning the very nature of how we work and travel.

Latent travel demand will eventually eat up the additional mass transit capacity, even with Crossrail and Crossrail 2 on the horizon. The London Plan predicts London's population will grow to over 8 million by 2031 and there will be around three quarters of a million new jobs.⁶⁸ At this point, we need to ask ourselves whether maintaining the current pattern of commuters flocking to the centre every morning and scattering to the suburbs every evening is sustainable. Not to mention whether it is a healthy and fulfilling way to live.

This current pattern is wasteful both in terms of individual time and transport resources. Like so many suburban Londoners, I find standing on a busy, rush-hour platform frustrating, especially when trains heading in the opposite direction are almost empty. Having enough trains to meet peak demand means much of the rolling stock sits in railway sidings all day waiting to be brought back into service for the evening rush.

While no one will be able to un-invent rush hour, we should look at ways of reducing its inherent inefficiencies. The move towards decentralised and flexible working provides is just such an opportunity.

Over a half a million Londoners now work from home, a 14% increase over the last five years despite tough economic times.⁶⁹ The Government

68 Greater London Authority, *The London Plan*, (London: Greater London Authority, 2011).

69 Trade Union Congress, "Home-working on the increase despite recession, says TUC", <http://www.tuc.org.uk/workplace-issues/work-life-balance/04-homeworkers/home-working-increase-despite-recession-says-tuc> (2013).

estimates that over half of new businesses are started from home.⁷⁰ It's a growing trend and it needs a response. For example, we need to work with telecoms companies to deliver the super-fast digital connectivity that is still only theoretical in too many parts of London. In a knowledge economy, connectivity must be thought of as the fourth utility, and its importance reflected in planning and development policy. No new development would be built without electricity, gas and water provision and high bandwidth digital communications should now have the same importance.

Government, City Hall and councils need to make it far easier to create business hubs and flexible work spaces in under-used buildings. We need to identify the areas where co-working clusters could emerge and properly connect them digitally and physically. We could have co-working enterprise zones, shared spaces encouraged by tax breaks and made viable by the pooling of energy and broadband costs.

A reduction in average commuting distances combined with flexible ticketing should significantly cut the cost of getting to work. In real terms this will feel like an instant pay rise for hundreds of thousands of commuters. Transport running costs will come down as trains, buses and the tube will be used more efficiently which, when added to the efficiencies the Mayor is already pushing through, creates a realistic opportunity to hold fares down too.

Immigration

London has been an international commercial city since its inception and has been a draw for hard working, entrepreneurial people from across the country and the world. To continue to be electorally successful in such a cosmopolitan city we must not only recognise and accept that fact, we must go further. We must embrace it.

⁷⁰ Department for Business, Innovation & Skills, "The home business guide", https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/39255/12-829-home-business-guide.pdf (2012).

London has hosted a steady stream of social, artistic and commercial innovators for centuries. From the Huguenots and European Jews via the Windrush generation and Asians from both the sub-continent and East Africa, and more latterly Eastern Europeans, we have been enriched, in all senses of the word.

“Most migrants, whether from West Africa or the West Country, come to London to work and pay taxes and if we as Tories do not champion and celebrate these entrepreneurs I don't know who will”

My parents were both immigrants to London: my mother from Sierra Leone and my father from Wiltshire. They came to work and their contribution was recognised and welcomed. I know that our party is welcoming towards passionate and hard-working people irrespective of their background, but many Londoners do not know that. We have to show them.

Most migrants, whether from West Africa or the West Country, come to London to work and pay taxes and if we as Tories do not champion and celebrate these entrepreneurs I don't know who will.

In addition to this domestic economic activity, many new Londoners provide a bridge to the emerging and fast-growth economies from which they or their parents came. Far from seeing them as an economic drain we should look at them as keyholders, ready to open doors to massive export opportunities.

There is also a pragmatic, electoral imperative. London, like most of our big cities, is increasingly ethnically diverse and the tone we take on issues like immigration have wide reaching implications for the voting intentions of hundreds of thousands of people. There are ethnic entrepreneurs, for example, who could and should look to us as their natural political home. Yet far too many do not.

This was the subject of my first political speech in 2002 and it is still

an issue for us over a decade later. We need to win their confidence and their votes and every year that we do not grasp this nettle we make it harder for ourselves to win in urban areas.

Housing

But we must not be blind to the pressure that migration can bring. The cost of housing is an enduring challenge and is likely to be an increasingly big issue as the economy picks up.

House price inflation cannot be prevented but the rate of growth needs to be kept as close to earnings growth as possible. Demand is largely out of the hands of government, but supply is very much something that government can influence. Whether it is direct funding, freeing up local government borrowing restrictions or changing the tax implications on private sector funding, there is much government can do. In short, unblocking anything that stands in the way of delivery.

Labour are flirting with the reintroduction of rent controls. They do so despite history showing us that such a policy would most likely suppress the supply of private rental property and put even more inflationary pressure on property purchase prices and the social rented sector. Their short term populism should be rejected and replaced with sustainable long term planning.

London is a low density city compared with international comparators and there is the capacity to increase our total housing stock without spoiling its green and open character. The 1911 census showed that what is now central London had a population 60% higher than it currently is and outer London's population only recently passed the 1951 figure.⁷¹

But higher density does not mean that we have to have a city full of high rise towers. A modern reinvention of the Georgian town houses with modest gardens can provide almost the same population densities

71 University of Portsmouth, "A *Vision of Britain through Time*", http://www.visionofbritain.org.uk/unit/10076845/cube/TOT_POP (2014).

as high rise blocks with their surrounding empty space, but in a more aesthetically and socially successful fashion.

“It’s time the planning system placed as much weight on quality as it does on quantity – important though that is”

Building homes that will be cherished and refurbished in fifty years’ time rather than torn down and replaced is both financially and ecologically sensible. Beautiful homes, more in keeping with a traditional architectural vernacular, will increase the chances of development proposals being accepted locally and speed their passage through the planning process. It’s time the planning system placed as much weight on quality as it does on quantity – important though that is.

Conclusion

The question of how to take London forward into the 2020s and beyond cannot be answered in one short essay. But one thing is clear: in 2016 Labour will be proposing the same tired prospectus of class warfare, higher taxes and spending. That needs challenging, because like those Londoners whose surface comfort is based on fine margins, so too is our city’s prosperity. And those fine margins will be quickly eroded unless we fight for an alternative vision.

London isn’t a naturally Conservative city but it isn’t an inherently Labour city either. In order to win again we will need to be bold. The fight will be hard but London is a prize worth fighting for.

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Potentially prosperous Poverty

Ryan Shorthouse

It is 1961: a Pakistani immigrant arrives in the UK with hardly a penny to his name and finds work in a Rochdale cotton mill, before eventually running his own shop and raising five children. Today, his son Sajid is in the Cabinet as the Conservative Party's Culture Secretary.⁷²

These rags-to-riches stories rightly impress, particularly Conservatives. Human endeavour – motivated by love and responsibility – has been suitably rewarded. It gives hope that hard graft can succeed in transforming circumstances: an optimistic world view which Margaret Thatcher and Ronald Reagan trumpeted and wooed millions with. Such stories also animate because they embody the prevailing conception of what is fair among the general public: namely, getting in life what you deserve.⁷³

But, sadly, not everyone is so lucky. And luck also plays an important role in our fate. Despite the considerable efforts of most to better the circumstances of themselves and their families, 13 million people in Britain live in poverty, according to official figures in 2011-12. That's

72 Sajid Javid, "How I became a Conservative", *The Spectator*, 9 April 2014.

73 Neil O'Brien, *Just deserts? Attitudes to fairness, poverty and welfare reform*, (London: Policy Exchange, 2011).

just over a fifth of the population living in households with income which is below 60% of the national median.⁷⁴

Some, of course, reject this official relative measure of poverty. It is hardly Sub-Sahara Africa, they say, where people are dying of starvation or dehydration. True. But the nature of poverty is specific to different societies. If people struggle to afford items deemed essential to partake in society – to pay for activities for their children or afford a proper, nutritious meal – then they are without doubt impoverished. So, the relative measurement of poverty – internationally respected and employed – should stay a main indicator of poverty.

The scale of poverty in Britain is deeply inefficient. It costs the taxpayer a frighteningly high amount. Looking at child poverty, it is estimated this costs £29 billion a year, which includes the costs associated with it such as expenditure on social services or the criminal justice system.⁷⁵ Poverty is also deeply inequitable since it squanders potential, being strongly associated with worse educational, health and employment outcomes for individuals.

“Poverty is often hidden, proud people understandably ashamed of it, parents anxious to ensure their children do not stand out”

Despite these human and fiscal costs, the majority of the public believe there is very little of it.⁷⁶ Poverty is often hidden, proud people understandably ashamed of it, parents anxious to ensure their children do not stand out.

74 Tom MacInnes, Hannah Aldridge, Sabrina Bushe, Peter Kenway and Adam Tinson, *Monitoring poverty and social exclusion 2013*, (York: Joseph Rowntree Foundation, 2013).

75 Donald Hirsch, *An estimate of the cost of child poverty in 2013*, (York: Joseph Rowntree Foundation, 2013), 4.

76 Elizabeth Clery, Lucy Lee and Sarah Kunz, *Public attitudes to poverty and welfare, 1983-2011: analysis using British Social Attitudes data*, (London: National Centre for Social Research, 2013), 8.

But poverty is more commonplace, and experienced by those with very similar characteristics to the majority of the society, than most assume. Nearly a third of us will experience poverty at least once over an eight year period.⁷⁷ The majority of people experiencing poverty in fact live in a working household.⁷⁸ Poverty is also a consequence of unexpected events: family separation or unemployment.

Poverty derives from a myriad of interrelated causes. There are of course social characteristics which make people more likely to be living in poverty: family separation, disability, previous criminality, poor educational attainment and – in the most extreme cases – drug and alcoholic abuse. But, just as Conservatives rightly reject identity politics and trumpet that anyone can make a success of their lives regardless of their background and identity, so too must they acknowledge that almost anyone – regardless of their social characteristics – can fall into poverty.

“Just as Conservatives rightly reject identity politics and trumpet that anyone can make a success of their lives regardless of their background and identity, so too must they acknowledge that almost anyone – regardless of their social characteristics – can fall into poverty.”

Equally, there is no single solution to poverty; it requires a multitude of interventions from different actors: the state, the market, the wider family, communities and individuals themselves all have a role to play. This chapter proposes three main ways to help those in poverty: by enhancing their financial capital, human capital and social capital. It is

77 Noel Smith and Sue Middleton, *A review of poverty dynamics research in the UK*, (York: Joseph Rowntree Foundation, 2007), 2.

78 Social Mobility and Child Poverty Commission, *State of the nation 2013: social mobility and child poverty in Great Britain*, (London: HMSO, 2013).

this mixture of money, education and strong relationships – delivered from a range of sources including the state, market, wider family and community - that could mitigate the shameful levels of poverty in the UK today.

Financial capital

Money matters. It pays for the essentials and opportunities that are important in order to survive and prosper in modern society. This was why it was wrong for the Coalition Government to reduce benefits and in-work tax credits to the extent it did over the course of this parliament while leaving universal benefits for wealthier pensioners such as the Winter Fuel Allowance and free bus passes. The necessary pain was not shared fairly.

The current Government often criticises the so-called ‘poverty plus a pound’ approach of the last Labour Government. But it too recognises the importance of financial resource, hence its flagship welfare proposal being the Universal Credit, essentially a materialist solution to poverty mitigation. Though facing technical difficulties, the introduction of the Universal Credit is right.

Under the Universal Credit, all claimants will receive their payment on a monthly basis into one designated bank account, with the exception of a small minority of those who are really struggling. The Department for Work and Pensions own research found monthly payment to be “highly contentious”, with debt likely to increase as a result of the extended interval between payments.⁷⁹ It could be incredibly disruptive to typical budgeting patterns, especially considering that nearly half of those earning under £10,000 a year are paid weekly.⁸⁰ It also alters current ar-

79 Monique Rotik and Luke Perry, *Perceptions of welfare reform and Universal Credit*, (London: Department for Work and Pensions, 2011), 15.

80 Department for Work and Pensions, “Universal Credit Policy Briefing Note 2”, <http://www.dwp.gov.uk/docs/ucpbn-2-payment.pdf>.

rangements, where both members of a couple – the ‘main earner’ and the ‘main carer’ – receive different amounts. This situation could be improved: claimants should be able to access a budgeting portal before the money hits their bank account, where they can alter the frequency and distribution of payment.⁸¹

The replacement rate (the gap between average earnings and the average level of support received in out-of-work benefits) for the first year of unemployment is ungenerous in the UK compared to other countries in the OECD.⁸² There is an imaginative way of enabling claimants to top up their income during unemployment which does not rely heavily on state resource: on top of existing benefits, some claimants should be able to receive a loan from government, which they pay back on an income-contingent basis when they are back in work. This would operate much like the student loans system.

“This loans-based approach to welfare could be a future model for Conservatives: it minimises state expenditure, makes contribution to welfare much more related to what you consume, and strengthens the contributory principle”

These loans should also be available to parents requiring financial support to pay for expensive childcare, helping them to smooth their costs and making it much more affordable on a monthly basis.⁸³ Government can minimise its costs by designing these loan schemes in a way to get most of the money back, for instance by applying an interest rate on the loans that generates a surplus to pay off any debt write-off for very low earners. This loans-based approach to welfare could be a

81 Nigel Keohane and Ryan Shorthouse, *Sink or Swim? The impact of the Universal Credit*, (London: Social Market Foundation, 2012).

82 Ian Mulheirn and Jeff Masters, *Beveridge rebooted*, (London: Social Market Foundation, 2013).

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

future model for Conservatives: it minimises state expenditure, makes contribution to welfare much more related to what you consume, and strengthens the contributory principle (people pay into the system later, rather than before).

For those in work, the government has raised the Personal Tax Allowance (PTA). But, for many low earners, these gains have been reduced by reductions in in-work benefits. In the next Parliament, the priority above raising the PTA must be lifting the threshold for the payment of employees Class 1 National Insurance. Especially as a record seventh of the workforce is now self-employed,⁸⁴ with half earning below £18,000,⁸⁵ relief also needs to be targeted at these budding entrepreneurs: the income threshold for self-employed paying Class 2 (£5,585 pa) and Class 4 (£7,956pa) NI contributions could be raised in line with the PTA.

As the economy is now strengthening, businesses can play a greater role in poverty reduction. There is a strong academic consensus that raising the minimum wage sensibly does not impact on job supply.⁸⁶ So the Low Pay Commission's recent announcement to raise the National Minimum Wage (NMW) above inflation for the first time in years is welcome. Long may this continue. There is probably scope in some sectors such as banking and construction, and especially in London, to have a higher wage floor:⁸⁷ the Low Pay Commission could introduce a kitemark system to recognise and reward businesses that pay a higher minimum wage than the NMW, not just police those that are legally obliged to pay the NMW.

84 Tom Papworth, "Some budget measure to cheer both liberals and conservatives", *Conservative-Home*, 14 March 2014.

85 Richard Murphy, "The fast disappearing income of the self-employed", Tax Research (2013), <http://www.taxresearch.org.uk/Blog/2013/12/03/the-fast-disappearing-income-of-the-uks-self-employed>.

86 Alan Manning, *Minimum wage: maximum impact*, (London: Resolution Foundation, 2012).

87 James Plunkett and Alex Hurrell, *Fifteen years later: a discussion paper on the future of the UK National Minimum Wage and Low Pay Commission*, (London: Resolution Foundation, 2013).

Human capital

Education is the passport for success in this country, providing the necessary skills and qualifications to secure and retain work. Those with lower educational qualifications are much more likely to be unemployed and experience poverty. In fact, this relationship between education and labour market outcomes is more pronounced in the UK than most other countries in the OECD.⁸⁸

A good education requires strong foundations. This is because skill formation is complementary and the human brain is most malleable in infancy.⁸⁹ So high-quality pre-school education is critical. But it remains a low status, low paid profession, despite improvements in recent years. Before any further extensions to the early years free entitlement – in hours or to different ages – government should focus any future funding on improving the quality of childcare staff.

At school, the most important factor in improving education is high-quality teaching. Since quality of teaching has been found to be directly related to the prior qualifications of the teacher,⁹⁰ government should consider making a 2:1 degree or equivalent in any subject the minimum requirement for a NQT in core subjects. Teachers, like any profession, require continuous professional development (CPD); OFSTED should only rate schools outstanding if all teachers are demonstrating real engagement with CPD.

Good schooling can reduce the chances of poverty substantially. However, even for those who attain low educational qualifications at aged 16, there must be continual opportunities to improve skills, especially if their labour is to be able to compete in an increasingly knowledge-based, globalised economy.

88 OECD, *Education at a Glance 2013*, (Paris: OECD Publishing, 2013), 129.

89 Ryan Shorthouse, "A better beginning", in Ryan Shorthouse and Guy Stagg (eds) *Tory modernisation 2.0: the future of the Conservative Party*, (London: Bright Blue Campaign, 2013).

90 Ludger Wossman, "Schooling Resources, Educational Institutions and Student Performance: The International Evidence", *Oxford Bulletin of Economics and Statistics*, (2003), 117-170.

One idea is for companies to be able to receive new training grants to help pay towards improving the skills of low-paid staff. If the training leads to improved salaries and skills, the company gets to keep the grant. If a salary uplift is not achieved, however, the government claws back the money. The government and businesses win here: the former because it will lead to a reduction in expenditure on in-work benefits, and the latter because they will benefit from increased skills and productivity from staff.

In addition, in the Work Programme, welfare-to-work providers could receive a part of the performance element of their government funding not just when they get jobseekers into work and staying there, but when they get them jobs that enhance their skills and qualifications.

Rising self-employment poses opportunities and challenges; such people are more likely to both fall into and escape poverty.⁹¹ Government could introduce start-up grants for those on low income in self-employment, distributed by Job centres and conditional upon engaging in relevant training, to provide additional resource for those in self-employment and make it more likely that self-employment is a prosperous route.

Long-term unemployment leaves scars, however. A recent experiment found that employers are three times more likely to interview an applicant with irrelevant but recent employment experience than an applicant with relevant experience but a spell of long-term unemployment.⁹² To mitigate this, small businesses could be offered financial bonuses from government for recruiting and keeping on people who have been long-term unemployed. Again, this would be an imaginative use of state resources, as government would be repaid through a reduced benefits bill.

91 Guy Palmer, "Low income by work status", <http://www.poverty.org.uk/39/index.shtml?2>; Elaine Kempson and Michael White, *Self employment in rural England*, (University of Bristol, 2002). <http://www.bristol.ac.uk/geography/research/pfrc/themes/sse/pfrc0204.pdf>.

92 Tim Hartford, "Why long-term unemployment matters", *Financial Times magazine*, April 4, 2014.

Social capital

A 'Big Society' is also necessary to tackling poverty. In today's Britain, people are impoverished by weak connections with, and minimal support from, family and friends. Social isolation should be added to William Beveridge's famous list of "giant evils" in society, alongside squalor, ignorance, want, idleness and disease. It has been estimated that 87% of people now work 'atypical' hours.⁹³ In particular, those on low incomes are more likely to work night shifts and weekends. This is often in conflict with the opening hours of essential public services such as childcare or schools. So, without support from family and friends who ensure children are picked up and care for, people are more likely to struggle in – or worse drop out of – the labour market. A recent study I authored for the Social Market Foundation demonstrated that if low income families do not receive money and practical support from their parents they are more likely to fall into debt, sacrifice enriching opportunities for their children, and be unemployed.⁹⁴ In fact, strong social connections are crucial for hearing about and securing employment opportunities in the first place.⁹⁵

"In today's Britain, people are impoverished by weak connections with, and minimal support from, family and friends. Social isolation should be added to William Beveridge's famous list of 'giant evils'"

In tackling poverty, professionals such as health visitors need to focus efforts not only on social groups traditionally most likely to be associated with social exclusion – those on low income, teenage mothers – but also those identified as having poor social networks. Welfare pol-

93 Ivana La Valle, Sue Arthur, Christine Millward, James Scott and Marion Clayden, *Happy families? Atypical work and its influence on family life*, (York: Joseph Rowntree Foundation, 2006).

94 Ryan Shorthouse, *Family fortunes: the bank of mum and dad in low income families*, (London: Social Market Foundation, 2013).

95 David Brooks, *The social animal: the story of how success happens*, (New York: Short Books Ltd, 2012).

icies need to be designed in such a way as to ensure claimants are more likely to benefit from the support of their wider family. When allocating social housing, councils could take more into account proximity to family and close friends. Equally, policies such as the removal of the spare room subsidy need to be reconsidered where it disrupts familial support, for example the provision of overnight childcare by grandparents. To enable members of a wider family to better support one another, government could introduce grandparental leave and tax-efficient Family Trust Funds for those on low incomes, where government provides matched funding to a certain extent for the savings of different members of a wider family.

Beyond the family, the wider community is critical. There are a multitude of projects, led by passionate and motivated people, around the country that aim to provide advice, services and support for people who are vulnerable. Such interventions can receive financial assistance from a range of sources: government grants, philanthropic donations and – increasingly – social investment. More specifically, Social Impact Bonds (SIBs) are developing, where private capital is provided to fund social interventions, with the investor receiving a return on investment if the intervention leads to a reduction in government spending – for example, on benefits or through the criminal justice system. So far, these SIBs have focussed on particular types of people across a locality: offenders in Peterborough Prison or children on the edge of care in Manchester, for example. Policymakers should find ways to encourage and enable particular estates or communities to bid for SIBs, which could be a tool to bring communities together to support one another and reduce poverty.

Not just strong, but also diverse, social networks are needed. Character, aspirations and opportunities are more likely to be enhanced with exposure to different social environments. The Equal Opportunity Project in the US has shown that for two children with parents on the same

income and with the same educational qualifications, the child who lives in a more mixed socio-economic neighbourhood is more likely to experience higher social mobility.⁹⁶ Creative policymaking is needed to foster public services that are more socially mixed. For instance, to encourage parents from different socio-economic backgrounds to attend Sure Start Children's Centres, it may be worthwhile to locate universal services there such as birth registration and health visitors.

Conclusion

One of the greatest successes of the modernisation project was the standing ovation David Cameron received lambasting Labour at the 2009 Conservative Party Conference when he declared: "So don't you dare lecture us about poverty. You have failed and it falls to us, the modern Conservative party to fight for the poorest who you have let down".⁹⁷ Here is Conservatism at its best, optimistic about human nature and the future.

"If given greater financial, human and social capital, those in poverty have great power and potential to better themselves and leave impoverishment behind"

Conservatives should argue that poverty is neither inevitable nor deserved. As Nelson Mandela said, "Like Slavery and Apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings".⁹⁸ Rather, if given greater financial, human and social capital, those in poverty have great power and potential to better themselves and leave impoverishment behind.

96 Raj Chetty, Nathaniel Hendren, Patrick Kline, Emmanuel Saez, Nicholas Turner, "Is the United States still a land of opportunity? Recent trends in intergenerational mobility", http://obs.rc.fas.harvard.edu/chetty/mobility_trends.pdf (2014).

97 David Cameron, *Speech to Conservative Party Conference*, 8 October 2009.

98 Cited in Julia Unwin, *Why fight poverty?*, (London: Perspectives. 2013).

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Patient power

The NHS

Sean Worth

Tony Blair once said that the first lesson of political courage was to think anew.⁹⁹ The quote could not be more relevant than when applied to the situation gripping our NHS today.

Here is the problem in a nutshell. Right now, our population grows by around 1,000 people every single day and is also ageing faster than ever, with the number of over-85s set to double in just the next 20 years.¹⁰⁰ Rising numbers of the old and young are pushing up demand for the most expensive NHS services, just as spending on them is all but frozen.¹⁰¹

The situation is clearly unsustainable and calling for ever-rising amounts of money to be poured into the system, as some do, is simply unrealistic. It also betrays totally outdated and pessimistic thinking.

Take the example of mobile technologies: with the roll-out of 4G

99 Tony Blair, *A Journey*, (London: Arrow Books, 2011).

100 Office for National Statistics, "Census 2011", http://www.ons.gov.uk/ons/guide-method/census/2011/index.html?utm_source=LCRN+News+Service&utm_campaign=2da3bf9763-LCRN_Resource_eNews_Volume_2_Issue_42_10_2011&utm_medium=email (2012).

101 NHS England, "NHS allocations for 2013/14", <http://www.england.nhs.uk/allocations-2013-14/> (2013). NHS spending has increased in real-terms by less than 1% annually since 2010, compared to increases averaging 7% under the previous government.

coverage, we look to be on the verge of a genuine technology revolution in our NHS. Just one application is a new generation of devices that can monitor vital bodily information using your watch or phone, alerting doctors in real time to illnesses before you even feel unwell.

“Vested interests in and around our NHS constantly choke off the innovation it needs by sparking off an infantile political row about ‘privatisation’ whenever it is proposed that new providers and ideas from outside the NHS be allowed in”

Preventative health monitoring is an idea as old as nursing itself, but it is technological progress that is driving possibilities in it that were unimaginable only a few years ago; ideas which will save countless lives and huge amounts of NHS money. This is all good, but for one problem: politics.

The bureaucracies and vested interests in and around our NHS constantly choke off the innovation it needs by sparking off an infantile political row about ‘privatisation’ whenever it is proposed that new providers and ideas from outside the NHS be allowed in. Sadly, this argument appears either to dupe or cow our entire political class.

What is happening to our hospitals is a perfect example. Since the report on the Mid Stafford hospital deaths scandal last year,¹⁰² fourteen NHS trusts have put in ‘special measures’, amounting to about one in ten of our hospitals: a crisis by any other name. The simple solution would be to allow good operators, including those from outside the NHS, to come in, take over and improve these failing hospitals. But by cowing to the purile argument that outside help equals ‘privatisation’, political inaction is actively harming the poorest people in our country.

So what should be done? The solution lies in some simple ideas that,

102 Mid Staffordshire NHS Foundation Trust Public Inquiry, “Final Report”, <http://www.midstaffs-publicinquiry.com/report> (2013).

although unpopular with vested interests in the NHS establishment, are exactly what regular people and families in the middle ground of political opinion say they want.

Survey after survey has shown that people care little for the 1970s-style debates our politicians seem to be captured by and have no great bias over who should provide services, believing the results matter far more than who delivers them. Crucially, this feeling is held most strongly by the poorest people: precisely those who rely on NHS services most, yet lack the power to exit poor care.¹⁰³

My own research shows that regular people want much more openness, choice and an end to the state's virtual monopoly on provision; they want information about hospitals and GP surgeries presented in simple league tables so that they know where to go; and they want new technologies to transform the NHS, just as they have every other area of our lives.¹⁰⁴

So here are four ideas for change which are both easily deliverable, and would also put politicians on the side of people instead of public sector elites.

A hospital rescue programme

People want failing hospitals turned around and the choice for government is clear: either allow management to be taken over by new operators, or try yet more changes to bureaucratic procedures. The Government is attempting the latter, introducing more managerial oversight, more inspections and hiring new figureheads to oversee leadership standards. This is all fine, but it is totally inadequate. It is new competitors on the scene that are need-

103 National Centre for Social Research, "British Social Attitudes 2009", <http://discover.ukdataservice.ac.uk/catalogue?sn=6695> (2009); Department of Health, "The public wants more choice of NHS care", <https://www.gov.uk/government/news/the-public-wants-more-choice-of-nhs-care> (2011); Populus, "Public Service Priorities to 2015", <http://www.populus.co.uk/Poll/Public-Service-Priorities-to-2015/> (2012); The Confederation of British Industry and Association of Chief Executives of Voluntary Organisations, "Public Service Provision Survey", <http://www.comres.co.uk/poll/698/cbi-provider-diversity-poll.htm> (2012).

104 Sean Worth, "Better Public Services: a roadmap to revolution", *Policy Exchange*, 23 April 2013.

ed: new entrants have improved every other sector in history and hospital competition has been shown by academic research from the LSE to save lives.¹⁰⁵ The NHS should open to new entrants immediately.

This should be applied first to those hospitals in special measures, which need urgent support. An open invitation to contract with the best possible providers should be announced, allowing bids from any provider with the credentials to work to NHS standards and costs, be they private or voluntary operators, or other NHS trusts. Contracts would be fixed-term franchises only, so NHS assets remain in public ownership and cannot be claimed to be ‘privatisations’.

“It is new competitors on the scene that are needed: new entrants have improved every other sector in history and hospital competition has been shown by academic research from the LSE to save lives”

Make powerful consumers out of patients

The Coalition has published more data on NHS performance than ever, including patients’ own feedback about the care they receive. There are already concerns, however, that this data drive is of more benefit to the likes of insurance companies than it is to regular people.¹⁰⁶ This data must empower patients with more choice and control or it is useless.

Rather than releasing vast spreadsheets of data into the ether in the hope that technology developers might someday create something useful with it, government should be more interventionist and kick-start progress now. It should contract commercial comparison site operators to come into the NHS and use the data to produce simple-to-use online league tables for hospitals, GP surgeries and care institutions.

105 Zack Cooper et al., “Does hospital competition save lives?: evidence from the English NHS patient choice reforms”, <http://eprints.lse.ac.uk/28584/> (2010).

106 *Health Select Committee Hearing*, 25 February 2014.

The best staff paid more

Good nurses are not paid enough and too many of the NHS' top brass are rewarded for years spent in the job, rather than their performance. The Government has signalled an intent to change automatic pay progression, but the national pay systems that restrict employers' flexibility, for example to change staffing patterns for weekends, as every other service sector has done in modern times, will remain.¹⁰⁷

Working and pay arrangements should be locally determined by NHS providers. Hospitals should be free to pay good nurses more for excellent care and to penalise poor performance – such as top consultants refusing to work weekends. Many employees cash in on their NHS experience by moonlighting for private firms when their NHS employers need them ; they should be forced to pay a contribution back to taxpayers for their training.

The new government scheme to collect feedback data from patients could even be used to help create a pay scheme that responds to 'customer satisfaction' on hospital wards.

“Working and pay arrangements should be locally determined by NHS providers”

Protect people from strikes in emergency NHS services

Industrial relations have improved hugely over recent decades, to the credit of our trade unions. So long as emergency service strikes are lawful, however, they pose a major threat to NHS services. This is because, unlike with transport or other strikes, the public have no realistic alternatives. An inquiry in March 2012 into London ambulance strikes, for example, found they caused widespread “pain and distress”. One

107 NHS Employers, “Submission to the NHS Pay Review Body”, <http://www.nhsemployers.org/SiteCollectionDocuments/NHSPRB%20Evidence%202022Oct%20FINAL.pdf> (2013).

case study detailed of the death of an 83 year-old man who had fallen at home and died on the floor in front of his family after repeated 999 calls over several hours were ignored by strikers.¹⁰⁸

Emergency services are too important to be used in the politics of industrial action and the vulnerable people who rely on them must be protected against their wilful withdrawal. The Government should either ban strikes in emergency NHS services outright or give the public powers to seek injunctions to prevent them.

Those are some simple, progressive ideas for change: an open field of the best providers, not state monopolies or privatisations. People enabled as powerful consumers, not supplicants of care. Staff motivated to deliver the best. People protected from militants when they are at their most vulnerable. These are the kinds of ideas with which the centre-right should champion to improve our NHS, and be assured that they would do so with the support of the majority of ordinary people and families in this country.

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108 NHS London, "30th November 2011 Industrial Action Review: Formal Report", <http://www.northwestlondon.nhs.uk/publications/?category=3545-30th+November+Industrial+Action+Impact+on+London+Ambulance+Service+%28LAS%29+Review+-d> (2012).

The revolution, continued

Schools

Jonathan Simons

A liberal Conservative approach to school reform in 2015 needs to marry politics and policy. Conservatives need an approach which speaks directly to the primary recipients of education: children, and their parents. Such an offer needs to be tangible and grounded in practical experience of what parents care about. It should be optimistic, and speak powerfully to a vision that education is the single biggest tool with which to improve people's lives. It should also be pragmatic, both understanding and accepting where the system is at present, and understanding human beliefs and behaviour.

“A school system needs both collaboration and competition – sometimes called co-opetition – in order to best succeed”

From a policy perspective, a liberal Conservative approach to schools reform should strongly support the notion that schools are at their best when they are autonomous institutions which look outwards to their pupils and their communities, and it should recognise that a school

system needs both collaboration and competition – sometimes called co-opetition – in order to best succeed. What, in concrete terms, could sit underneath that to make it a reality?

What now for Academies?

The development of Academies has been a flagship success of the Coalition. As of March 2014, there are 3,689 open Academies in England.¹⁰⁹ As Tony Blair wrote in his memoirs, the mantra of standards not structures ‘*was bunkum as a piece of policy. The whole point is that structures beget standards. How service is configured affects outcomes*’.¹¹⁰ Autonomy for schools through Academy status – when combined with clear accountability – drives improvement because it empowers Heads and teachers. It encourages them – and forces them – to take responsibility for all elements of their school, because no one else will, and the results will be clear for all to see.¹¹¹ Through both collaboration and competition, Academies are improving life chances.

The next stage for Academies is to make more consistent their potential for systemic impact. Academies are expected to support one or more other schools, whether maintained schools or Academies in a way that has not been defined. Many are doing superb work. But a truly school led system would have all top performing Academies engaged in school improvement. To take this agenda forward, it should not be possible for Ofsted to grade an Academy as Outstanding unless the inspectors are satisfied that the Academy is – in a way which the Academy is free to determine – involved in substantive school improvement and

109 Department for Education, “Open academies and academy projects awaiting approval”, <https://www.gov.uk/government/publications/open-academies-and-academy-projects-in-development> (2014).

110 Tony Blair, *A Journey*, (London: Arrow Books, 2011).

111 Organization for Economic Cooperation and Development, “PISA 2012 Results”, <http://www.oecd.org/pisa/keyfindings/pisa-2012-results.htm> (2012). The 3 yearly PISA studies from the OECD are clear that high levels of autonomy and accountability combined drive improvement, and both are necessary

partnership. This could be through being in a chain or more informal support, if sufficiently tangible.

Secondly, a future government must look again at primary schools. Save the Children's recent research has shown that 78% of the variance at GCSE scores is fixed by age 7, and 89% by age 11.¹¹² There will likely be around 2,000 primary Academies in 2015 (out of 16,000). I believe a future government ought to want the majority of the rest to achieve Academy status during the next Parliament. Crucially, primary Academies should be almost entirely in some form of partnership, or chain. Such partnering can be formal, under a Multi Academy Trust and an Executive Head. Or it can be more informal, such as collective purchasing of some goods and services. Some primaries will cluster horizontally with other primaries, and some vertically with a secondary school and even an FE college or an early years setting. But entirely standalone primary schools – either under Local Authority control or as Academies – ought to be the exception by 2020. The experience to date suggests this may not happen organically.

The future of school chains

The Department for Education should look at the role of financial incentives to support chain development – including, when introducing the long promised national funding formula, whether provision could be made within that for funding for chains, such that there is a clear and steady state financial incentive for primaries to form chains of a variety of different legal forms. More radically, the DfE should not be afraid to continue to remove underperforming primaries from LAs and create new, state-run chains – under the ambit of the Regional Schools Commissioners – to nurture these failing primary schools where no sponsors can initially be found, with a specific mission to

¹¹² Hollie Warren, *Too young to fail: giving all children a fair start in life*, (London: Save the Children, 2013).

incubate these schools and pass them on to new chains at some time in the future.

“Only individual schools can be inspected by Ofsted; this should be expanded to chains so that systematic weaknesses can be identified and rectified”

In doing this, Government should guard against overly ambitious chain expansion. The model should be many small, localised chains, led by an outstanding primary or secondary rather than national chains overseeing hundreds of schools. Government must also remember that their primary duty is to parents and to pupils, and avoid the temptation of corporatism. As chains expand, so too must their accountabilities, and the information available to its users. At present, only individual schools can be inspected by Ofsted; this should be expanded to chains so that systematic weaknesses can be identified and rectified.

And as well as government stopping poor chains from expanding, schools also need to be able to move between them more easily, to add to competitive pressure. At present it is not at all clear how a school can decide to leave a chain (as opposed to government changing the sponsor of schools). It should become a straightforward and well understood process analogous to schools changing any major supplier; not necessarily something that happens frequently but which could be done after due consideration by relatively informed lay people.

Free schools

Free schools are – on the whole – performing well, and popular with parents.¹¹³ Free schools represent an important test case of broader public service reform. In schools, the state monopoly on operation

113 Graeme Paton, “Nine-in-10 of the Coalition’s free schools ‘oversubscribed’”, *The Telegraph*, 10 April 2013.

has long since gone, through Academy status (and, for example, City Technology Colleges before that). But the state still maintains a de facto monopoly of provision. Excluding free schools, parental choice is limited to preferences within existing provision – welcome, but not sufficient.

Continuing free schools after 2015 requires taking action on three fronts. Firstly, free schools should be particularly encouraged where they are most needed. In areas of local underperformance, a future government ought to consider a free schools equivalent of sponsored Academy status – bringing in new providers to set up provision on a more planned basis, rather than waiting for it to emerge organically. Such providers, especially those with a proven track record, could proactively be approached to expand into a region, with sites and start up funding being provided for them.

Secondly, the government should (as it has started to do) make it easier for existing groups of Academies and free schools to set up additions to their groups. An educational provider with a proven track record should face less bureaucracy in trying to expand than an entirely new group setting up.

Thirdly, government should look to address site issues, and look to the experience of many states and cities in the US where charter schools have been allowed to share premises with half empty public schools – including potentially taking a power to compulsorily acquire or rent disused school land for a free school's purpose.

But fourthly, government should continue to tighten the way in which it holds free schools to account. Economic theory might dictate that the market will close underperforming schools. Yet whilst this is possible, such cases are likely to be drawn out and harmful to children remaining in these schools. A future government should look closely at the experience of states in the US with high performing charter schools, who often have an automatic closure requirement if certain

floor standards are breached. In the English context, this would best translate as an automatic switch of sponsorship to another sponsor (or a state-run chain in the short term).

Open data

Government should also insist on using the power of big data to open up all aspects of school performance. Parents choosing a secondary school have access to external exam data and league tables which, though comprehensive, refer to pupils five or six years older than their child. They also have Ofsted reports which again can be a number of years old. But sitting within the school is a huge amount of data on the performance of 11 year olds in that school which can be broken down and categorised into very specific micro populations, as well as data on the type of workforce in the school, student survey data, timetabling information, the condition of the building, financial performance, and so on. How much better would it be for parents to be able to access – via an app – any of this data (anonymised) that they deem useful?

Teaching

Finally, a school is nothing without its teachers. The common refrain is that schools ‘have the best generation of teachers ever’. Teach First has also shown how attractive teaching in the most challenging schools can be as a career for top graduates. But too many schools still report difficulties in recruiting teachers, especially those in traditional shortage subjects.

One option would be to encourage more graduates into teaching by committing to introduce a Teacher Loan Forgiveness Scheme, which pays off student loans for all the time graduates spend teaching in a state school (or, for a more tailored scheme, forgiveness only for graduates in certain subjects or teaching in certain types of school).

Every year, around 600,000 students leave university with an honours degree or a postgraduate degree.¹¹⁴ If just 5% of them were attracted to teaching because of this scheme, this would almost double the number of graduates applying to become teachers. A policy which promised more teachers by paying off their student loans is easily understandable and promotes teaching as a worthy public service mission.

Taking these together, the outline of an offer to parents in 2015 becomes clear. A liberal Conservative approach would speak powerfully about the potential of education to transform lives, and look to build on the success of so many outstanding schools and teachers across the country. It would commit to more freedoms for 'your local school', and an increase in schools working together, especially at primary stage; but with this collaboration driven by schools themselves rather than Whitehall, and with more opportunities for schools to change these arrangements if they wanted. It would offer new opportunities for parents to help support new schools in their area if that is what they want, and greater information about schools to help them choose. And it would strengthen the idea of teaching as public service with greater financial support for new teachers. This is a strong agenda for the next stage of the schools revolution.

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114 Higher Education Statistics Agency Table K, "HE qualifications obtained 2012/13". http://www.hesa.ac.uk/images/stories/hesa/Pubs_Intro_Graphics/STUDENT_1213/student_1213_table_K.xlsx.

Fees, international students and politics

Higher Education

Nick Hillman

Why fees are here to stay – whoever wins in 2015

At the 2001 general election, the Labour Party promised: ‘We will not introduce “top-up” fees.’¹¹⁵ At the 2005 general election, the Conservative Party promised: ‘We will restore real choice in higher education by scrapping fees.’¹¹⁶ At the 2010 general election, the Liberal Democrats promised they would: ‘Scrap unfair university tuition fees.’¹¹⁷

In office, all three parties have decided the best way to fund people undertaking their first degree is through fees and loans. Independent reviews, such as the Dearing report (1997) and the Browne report (2010), have also concluded that this is the right way of securing more resources for higher education. Even Lionel Robbins, the grandfather of Britain’s mass higher education system, became an advocate of loans.¹¹⁸

115 Labour Party, “Ambitions for Britain”, <http://www.politicsresources.net/area/uk/e01/man/lab/lab01.htm> (2001), 20.

116 Conservative Party, “Are you thinking what we’re thinking?”, http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/11_04_05_conservative_manifesto.pdf (2005), 9.

117 Liberal Democrats, “Liberal Democrat Manifesto 2010”, http://network.libdems.org.uk/manifesto2010/libdem_manifesto_2010.pdf (2010), 39.

118 David Willetts, *Robbins revisited: bigger and better higher education*, (London: Social Market Foundation, 2013).

There are three reasons why loans have proved so alluring. First, higher education has rarely had the same priority as other government spending, including other education spending, so loans can unlock extra resources. Secondly, the UK higher education model – with most full-time students living away from home – is relatively expensive. Thirdly, graduates typically earn more than others, so it does not seem fair to expect the generality of taxpayers to cover all of the costs.

Almost as soon as the generous national student grant system was introduced in 1962, Westminster and Whitehall rued the day. Before the 1964 election, Treasury civil servants plotted a move towards student loans. Three years later, Harold Wilson's Cabinet agreed to consider them. In 1969, Shirley Williams formally consulted universities about introducing loans for undergraduates and postgraduates.¹¹⁹

With hindsight, that is unsurprising. The shift to comprehensive schooling encouraged people to stay in education, which made it more likely they would progress to higher education. Yet taxpayer-funded grants were costly, so they did not offer sufficient headroom for expansion. There were three possible solutions: a new funding model, including loans; more public spending, which seemed unrealistic given the economic problems associated with oil price hikes; or expansion on the cheap.

Tragically, the last option was chosen. The 1970s saw great timidity in Whitehall and Westminster and years of underinvestment followed. During the eighteen years of Conservative rule from 1979, the mass expansion of higher education was not just low-cost, it was no-cost. The number of students doubled and the public spending on each one halved.¹²⁰ Academics voted Conservative in even smaller numbers than

119 Nicholas Hillman, "From grants for all to loans for all: undergraduate finance from the implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)", *Contemporary British History*, 2013, 249–270.

120 David Greenaway and Michelle Haynes, "Funding Higher Education in the UK: The Role of Fees and Loans", *The Economic Journal*, 2003, 152–153.

in the past: between 1976 and 1989 the Conservative vote share among Oxbridge academics more than halved, from 31% to 14%.¹²¹ Although student loans were finally introduced for maintenance in 1990, those of us at university then faced large classes, restricted contact hours and inadequate pastoral care.

“When the Coalition tripled the maximum undergraduate tuition fee to £9,000, they were acting within a longer tradition peopled by realists like Harold Wilson, Margaret Thatcher and Tony Blair, as well as Lionel Robbins, Ron Dearing and John Browne”

The Dearing review, established by John Major’s Government, recommended finding extra resources for higher education via a fixed tuition fee of £1,000, backed by a loan, and the continuation of a mix of grants and loans for maintenance.¹²² Incredibly, egged on by the National Union of Students (NUS), Tony Blair’s Government did the opposite. They abolished maintenance grants and introduced upfront fees with no tuition fee loan to pay them. U-turns were inevitable. Maintenance grants came back in 2004 and tuition fee loans arrived two years later.

Why does any of this history matter? Firstly because it shows that, when the Coalition tripled the maximum undergraduate tuition fee to £9,000, they were acting within a longer tradition peopled by realists like Harold Wilson, Margaret Thatcher and Tony Blair, as well as Lionel Robbins, Ron Dearing and John Browne. Politicians who want well-funded higher education institutions with large numbers of students from all backgrounds living away from home should not hide

121 A. H. Halsey, *The Decline of Donnish Dominion*, (London: Clarendon Press, 1995), 240.

122 National Committee of Inquiry into Higher Education, “Higher Education in the Learning Society”, <http://www.leeds.ac.uk/educol/ncihe/> (1997), 263-346.

behind unaffordable rhetoric on things like ending fees. That is for the birds (and, if the last election is a guide, the Greens).

Secondly, the history is important because it highlights the paucity of alternatives. The usual alternative offered up is a graduate tax. When standing in the Labour Party leadership contest, Ed Miliband wrote he would 'in coming months produce a plan for replacing tuition fees with a new graduate tax.'¹²³ That plan has never appeared. No one has been able to solve the three key questions about a full graduate tax. How do you cover universities' costs between abolishing fees and waiting for people to graduate to pay the new tax? How do you ensure the Treasury doesn't top-slice the tax and spend the proceeds on something else? How do you get the money back from students who emigrate, given you can't tax people living abroad?

Why university finance may not be an election issue in 2015

As the local Conservative candidate for the 2010 election, I gatecrashed the event in Cambridge where Nick Clegg signed the NUS's anti-fees pledge. The Lib Dems' position then was not one of naivety, as many have supposed. It was a failure of leadership, for the party's higher echelons were not really committed to the pledge. Stephen Williams MP, the Lib Dem spokesman on higher education at the time, has revealed as much: *"I spent much of the last Parliament walking a tightrope between most of the leading members of the Lib Dem shadow cabinet who wanted to ditch the anti-fees policy in its entirety and the MPs and activists who preferred the pure and simple language of abolition."*¹²⁴

On polling day, the gap in votes between the victorious Lib Dem and the runner up (me) was much smaller in Cambridge than the total

123 Ed Miliband, "Why I'd bin tuition fees", *Guardian*, 26 June 2010.

124 Stephen Williams, "The long route to fair funding of higher education", <http://stephenwilliams-mp.wordpress.com/2010/10/24/the-long-route-to-fair-funding-of-higher-education/> (2010).

number of students in the city. So I would have had to be superhuman not to have felt a certain *schadenfreude* over the Lib Dems' tortuous manoeuvrings on student finance after the election. Yet it would be easy to draw the wrong conclusion about the electoral impact of higher education. In fact, Cambridge is different because it is one of only a handful of seats where student finance materially affects the result.¹²⁵

The assumption that university funding swings national elections does not stand up. The Conservatives introduced maintenance loans in 1990 and won in 1992. Labour introduced tuition fees in 1998 and won in 2001. Labour legislated for a much higher fee in 2004 and won in 2005. Even the Lib Dems' behaviour in 2010 did not change their popularity. Within the first few months after entering the Coalition, their poll rating halved – well before their MPs split three ways in the parliamentary votes on fees in December 2010.¹²⁶

There is a third reason why the history matters. After each bold student finance reform to reduce the cost to the taxpayer of each extra student, there tends to follow further expansion in student numbers. This is exactly what is now planned. The 2013 announcement that the government would remove the cap which has limited the number of undergraduate student places, was in the words of the former Labour special adviser and Chief Executive of GuildHE, Andy Westwood, an unexpected 'game-changer'.¹²⁷ A pessimist might suggest it simply makes a virtue out of surging demand that is happening anyway but an optimist would point out it shows a genuine desire to meet people's aspiration for more higher education. It is a radically different stance to

125 Cambridge University undergraduates are more likely to be on the electoral roll because of the college accommodation system, there is a great concentration of students from Cambridge University and Anglia Ruskin University within the single parliamentary constituency and highly-skilled young people are more likely vote.

126 UK Polling Report, "Voting Intention since 2010", <http://ukpollingreport.co.uk/voting-intention-2> (2014).

127 Andy Westwood, "A statement that we didn't expect", <http://www.wonkhe.com/2013/12/05/a-statement-that-we-didnt-expect/> (2013).

the days when Conservatives opposed Tony Blair's goal of having half of all young people attend higher education.

“Were any party to combine a commitment to expansion with a commitment to ensuring the sector is more responsive to student needs, it would be a very enticing combination”

But a commitment to remove student number controls will not, on its own, transform anyone's electoral prospects. Extra places do not offer anything to those who thought they were on their way to higher education already, or indeed had already enrolled. Were any party to combine a commitment to expansion with a commitment to ensuring the sector is more responsive to student needs, it would be a very enticing combination. That has to mean more than letting the market rip, despite recent growth in new higher education providers, because the legal framework for higher education is already in urgent need of reform to reflect recent funding and supply-side changes.¹²⁸

Why the Coalition needs to look again at student migration

I am proud of having worked on the removal of student number controls while a special adviser working for the Coalition, but the confusion over international students looks even more odd alongside this new expansionist policy. There are three problems with conveying a lukewarm rather than a wholehearted welcome to students from outside the European Union.

First, international students bring enormous economic, social and cultural benefits to the UK. Second, British voters are not nearly as

128 Nick Hillman, *Unfinished Business?: Higher education legislation*, (London: Higher Education Policy Institute, 2014).

opposed to student migrants as they are to other migrants; according to the Migration Observatory ‘students are among the most numerous immigrants coming to Britain in recent years, but among the least likely to generate opposition.’¹²⁹ Third, the vast majority of international students leave the UK after their studies. Blocking someone from coming to the UK to spend lots of money before going home again, while leaving a useful imprint behind, is irrational.

One of the boldest higher education reforms undertaken by Margaret Thatcher was to end the public subsidy on international students, so that they had to pay their full costs. It was deeply controversial at the time but, rather than deterring foreign students, it provided new incentives to encourage them to come here. No longer were they a cost to the taxpayer that needed capping. This created the conditions for selling the benefits of a British education across the world and, today, educational exports generate £17.5 billion a year for the UK economy.¹³⁰ By constraining growth on that, we are missing an excellent export opportunity and the Coalition is renegeing on one of Thatcherism’s most important free-trade measures.

Reducing net migration back towards tens of thousands of people a year was a Conservative manifesto commitment in 2010.¹³¹ Even though it was not repeated in the Coalition programme, few Conservative ministers would wish to be accused of breaking that promise via the backdoor by redefining it so that it no longer includes students. But five parliamentary committees have recommended international students should be removed from the Government’s net migration target,

129 Migration Observatory, “Thinking Behind the Numbers: Understanding Public Opinion on Immigration in Britain”, <http://migrationobservatory.ox.ac.uk/sites/files/migobs/Report%20-%20Public%20Opinion.pdf> (2011), 16.

130 Department for Business, Innovation and Skills, “International education strategy: global growth and prosperity”, <https://www.gov.uk/government/publications/international-education-strategy-global-growth-and-prosperity> (2013), 22.

131 Conservative Party, “Are you thinking what we’re thinking?”, 21.

which surely provides sufficient covering firepower to make the change, especially if it is for the post-2015 Parliament rather than the current one.¹³² That does not mean excusing bogus colleges or bogus students; indeed, legitimate colleges and legitimate international students are among the firmest opponents of dodgy behaviour because of the risk to their reputations.

The head of the Number 10 Policy Unit, Jo Johnson, is likely to play a key role in the preparations for the next Conservative manifesto. Before taking on the job, he wrote persuasively on the problems that arise from the current practice of classifying international students alongside other migrants and called for a change: *“Changing the way students are classified will have little effect on the government’s ability to control medium to long-term net migration. The success in tackling bogus colleges and fraudulent student visa applications has created the political space in which a change to the classification is now conceivable. The government faces real choices over policy on international students. The difference they make to long-term net migration is relatively small. The difference these choices make to the education sector, to Britain’s soft power around the world and to the UK economy is very significant.”*¹³³

Anyone who wants the UK to be an open trading nation, including in educational services, must hope Johnson’s view is reflected in the manifesto.

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132 Adrian Bailey et al., *Letter to David Cameron*, <http://www.parliament.uk/documents/commons-committees/business-innovation-and-skills/Letter%20to%20the%20PM%2020130130.pdf> (2013).

133 Nick Pearce and Jo Johnson, “Foreign students are key to UK prosperity”, *Financial Times*, 14 May 2012.

election. Previously, he was a History teacher and worked at the Association of British Insurers. He has written for a range of think-tanks and peer-reviewed journals. His chapter has been contributed in a personal capacity.

Innovate or fail

Public service reform

Nick Hurd MP

At last it is the Conservative voice that is most ambitious in wanting to deliver better public services. Anyone listening to Michael Gove and Jeremy Hunt can sense the passion to deliver better outcomes for people using our schools and NHS. This commitment extends beyond the higher profile services. For example, Francis Maude is equally passionate about transforming the experience that we all have in dealing with the Government online. This is a restless ambition to improve standards and challenge the status quo.

This matters because of the huge challenge that future governments face in delivering modern public services. It is not just the fact that austerity is here to stay for a while longer, whoever wins the General Election. It is the scale of change and complexity that we face.

Demographics of course have an enormous impact on shaping priorities. In the UK we are living with a mini baby boom at the same time as the number of people over 65 is set to grow over 50% by 2030.¹³⁴ The consequences of this rapid ageing in terms of pressure on the NHS and

¹³⁴ The Committee on Public Service and Demographic Change, "Ready for Aging?", <http://www.publications.parliament.uk/pa/ld201213/ldselect/ldpublic/140/14002.htm> (2013), 7.

our already strained system of care are immense. Just consider how quickly we have had to recognise the importance of understanding and dealing with dementia in more effective ways.

At the other end of the age spectrum, for far too long the country has wasted the potential of almost one million young people, known as NEETS (Not in Education, Employment or Training). Technology and globalisation will continue to change the jobs market in profound ways. What we need is even deeper thinking about how we as a society help our young prepare for life and work.

The public service challenge is not just how we meet current expectations with significantly less public money. That will be hard enough. It is as much about improving our ability to anticipate and meet future need in a way that keeps pace with public expectation.

Social innovation

My argument is not for a single big policy idea. It is for relentless pursuit of a profound culture change inside the public sector. For too long, we have been risk-averse and closed to fresh thinking. In the past, policy making has been dominated by an elite of insiders. We do not think hard enough about the opportunity cost of the status quo. We still think in silos, and cooperation is the exception rather than the norm.

“Innovation is most associated with the creation of wealth and our extraordinary cultural heritage. It has been less evident in the response to our social challenges”

For Conservatives, austerity must not mean salami slicing of front line services. We have to seize this window of opportunity to find better ways of delivering services that people really need. Our success as a country has been built on our ability to innovate. Up till now, that innovation is most associated with the creation of wealth and our extraor-

dinary cultural heritage. It has been less evident in the response to our social challenges. This is not because we lack ideas or people prepared to take risks in testing them. Britain is blessed with extraordinary social entrepreneurs. What we don't yet have is a system and culture that makes best use of them. Modern Conservatives have to change that .

Some very important foundations have been laid by this administration to encourage fresh thinking. New structures such as Academies and Free schools are about the freedom to innovate. Power has been decentralised in a big and irreversible way, not least power in the form of information. For example, Britain now leads the world in publishing open data that is increasingly recognised as the raw material of social innovation. Whitehall is being challenged to think in different ways, whether it be about the impact of policy on wellbeing or the application of “behavioural insights” on the choices we make.

Innovation in ideas

The first steps are being taken in Open Policy making. Innovation funds have been set up to support new ideas. Through a new ecosystem of “what works” centres, we are building better information about what interventions actually make a difference and at what cost. Increasingly, commissioners of services are looking to pay by results and focus more rigorously on the outcomes they need. New commissioners have entered the local scene, most obviously in the area of crime prevention (PCCS) and Health (CCGs), and many are looking to do things differently.

We have created spaces such as the Commissioning Academy for innovative public sector leaders to learn from each other and be challenged. The Social Value Act encourages public sector commissioners to think harder about how to extract maximum value for the taxpayer pound they are spending.

Some silos are being dismantled. The Troubled Families programme,

for example, is challenging multiple agencies to work together around the needs of a family. Community Budgets too are a force for smarter cooperation.

On the supply side, we believe in choice and competition. That means also challenging the dominance of the big private sector outsourcing companies. Gradually we are breaking down the barriers for innovative charities and social enterprises to come in and help us deliver better services. Indeed, the single biggest provider of National Citizen Service¹³⁵ is a social enterprise that was a start up in 2010.

“For a Conservative party that takes pride in being on the side of the entrepreneur, it is time to embrace the cause of the public sector mutual”

One of the great under developed opportunities are the social entrepreneurs already working inside the public sector. Many of them want to set up their own businesses as mutuals; they just need liberating. Since 2010, we have supported over 60 new public sector mutuals to spin out. They work in 12 different sectors and collectively deliver over £1 billion of contract value. When you visit them, you can feel the difference. They must be a bigger part of the future. For a Conservative party that takes pride in being on the side of the entrepreneur, it is time to embrace the cause of the public sector mutual.

Going further

These achievements are groundbreaking – but they are just a start. This new culture of embracing social innovation is not yet embedded. The next Conservative administration must not only persist: it should find another gear in terms of ambition. I will pick one example. If we want

¹³⁵ The National Citizen Service (<http://www.ncsyoes.co.uk/>) is a fast-growing personal development growing programme for 16-year-olds.

to support social entrepreneurs, we have to make it easier for them to access capital. That is why we are growing a new market called social investment. This is private capital that is looking for a combination of social and financial return. It is currently worth around £200m in the UK and is growing fast.¹³⁶ We lead the world in developing this emerging movement and there is big international interest.

Central to our strategy has been the creation of the world's first social investment institution, Big Society Capital (BSC) with a balance sheet of £600m, most of it coming from dormant bank accounts.¹³⁷ One of the key social investment tools is the Social Impact Bond (SIB). These are very attractive to Government as a tool for financing social innovation, especially in the area of prevention. Essex County Council, for example, has set one up to help them keep more children out of care. BSC and others will provide the risk investment to try a new intervention, supplied by a charity. If it does not deliver the agreed outcomes, then the investors will lose their money. If it delivers then they will get a modest financial return that is significantly less than the projected savings to the taxpayer, plus the social return they need. In effect, the taxpayer pays for success.

There is no shortage of investor appetite for SIBs, and we believe that there are around 40 in various stages of development across lots of different sectors. So this is a movement that feels like it is nearing the first bend in the S curve of development. Again we have laid some good foundations with the creation of a large investor in SIBs (BSC), a new tax relief which was announced in the April 2013 Budget to encourage other investors, and some modest catalytic funds to offer outcome payments to investors. We now have the opportunity to build something much more ambitious on these foundations. Social Investment can

136 The Boston Consulting Group, "Lighting the touchpaper: Growing the Market for Social Investment in England", <https://www.bcg.com/documents/file92199.pdf> (2011), 7.

137 <http://www.bigsocietycapital.com/about-us>.

transform our ability to finance the social innovation we desperately need. So we should embrace it and push it to the mainstream of public service reform.

There is so much scope to build on what we have started. For example, there are other potential sources of dormant assets to top up BSC. The intention already exists to widen the scope of the new tax relief. Departments and other partners can begin to look at pooling funds to co-commission SIBs in more complex areas. The momentum is genuine and exciting.

Public sector innovation

In the business world, innovation is the key to success and it is rewarded. We have to build that culture in the public sector and open it up to fresh thinking. Faced with the challenges we have, I believe it is a Conservative instinct to start by asking how we could make much better use of the resources we already have: whether it be people, capital or data. It is the instinct underlying the Big Society vision, and it remains the right one. It is a case of innovate or fail.

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The next stage

The arts

Kate Maltby

There was a time when taxpayer support for the arts was a policy on which Conservatives set the pace. In the 1930s, as the debate rolled on over whether to endow a National Theatre, *The Spectator* repeatedly argued for state investment: “Drama cannot flourish under conditions which are wholly governed by box-office receipts”, it stated in 1935, in a leading article entitled “The Claims of a National Theatre”.¹³⁸ In 1937 another leader concurred: “That drama, for instance, should be subsidised by the State should be a cause of pride rather than of shame to a country”.¹³⁹

Fifty years after the National Theatre Company finally launched in November 1963, the National Theatre now employs 850 people, and attracts 1.48 million paying audience members to its London venues each year, or 3.6 million worldwide – even before one calculates participants in education workshops, daily pop-events in the lobbies and outdoor space, or workshops.¹⁴⁰ Very few people today, a few months after the National’s triumphant 50th birthday celebrations, would gainsay the Art

138 “The Case for a National Theatre”, *The Spectator*, 4 January 1935, Vol 154, 9.

139 “A Spectator’s Notebook”, *The Spectator*, 3 September 1937, No. 5,697, 5.

140 Royal National Theatre, *Annual Report*, 2012-13.

Council's £130,000 grant to get that first season off the ground in 1963. Would we be better off if we'd never founded the National Theatre?

Conservative contributions to the debate preceding the establishment of the National Theatre were characterised by two arguments: that commercial theatre could not sustain the long-term development and collaborative relationships required to mount the most imaginative of productions, and that the cultivation of the dramatic arts at the highest levels provided Britain with a celebration of her cultural heritage that vindicated every penny of the subsidy. Full-scale Shakespeare as national identity, hordes of spear-carriers optional.

Inevitably, such arguments focused on the case for subsidising a classic repertoire, however soggily reheated. But clearly, tradition and innovation have always gone hand in hand. Without *Look Back in Anger* premiering at the subsidised Royal Court in 1956 ("I learned at an early age what it is to be angry. Angry. Helpless"), David Warner's seminal, angry young *Hamlet* in 1965 would have looked very different; without the Arts Council's support of an energetic young composer, Benjamin Britten, we would have lost the benefit of his Aldeburgh Festival, which continues to foster young musicians' work across the classical tradition, including in the revival of early English choral music. This is English nationalism at its best.

The economic argument

More recently, arts organisations have been under pressure to demonstrate the economic benefits of arts investment: hence the slew of recent reports on the issue.¹⁴¹ The new think tank industry growing up around the need to make the economic case is itself heavily bureaucratic and thus deeply unconservative: the most recent Arts Council England inquiry, however,

141 *inter alia*, The Sector Skills Council for Creative Media, *Sector Skills Assessment for the creative industries*, (London: Skillset, 2011); Centre for Economics and Business Research *The contribution of the arts and culture to the national economy*, (London: CEBR, 2013), Arts Council England *The value of arts and culture to people in society: an evidence review*, (London: ACE, 2014).

reported that after extensive research, it lacked data to assess the impact of a thriving arts sector on healthcare, social cohesion, and criminal rehabilitation. So the ACE will now allocate substantial sums of public money to develop precisely this research. As Peter Bazalgette, Chair of ACE, notes, “we lack longitudinal studies of the health benefits of participation in arts and culture, and comparative studies of the effects of participation in the arts as opposed to, say, participation in sport.”¹⁴² Bazalgette is right that it is unhelpful that such data has been quantified for sport, and not for the arts – but this is probably fertile field for public policy units in universities, such as the Warwick University Commission on Cultural Value.

Churning out doorstep-wedges of paper on the statistical benefits of drama classes in prisons risks becoming a distraction, moral and financial, from the primary aim of the Arts Council, that is actually funding the arts. But in order to allow the Arts Council to focus on this mission, the political pressure on it to justify itself needs to be lifted.

“In an industry where many professionals move in and out of the commercial and subsidized sectors, most have been nurtured, at some point or another, by the strength of the supposedly subsidised arts”

Certain aspects of the economic value of the arts can be quantified. According to the Department for Culture, Media and Sport’s own figures, the Creative Economy accounted for 2.55 million jobs in 2012, or one in every 12 jobs.¹⁴³ In an industry where many professionals move in and out of the commercial and subsidized sectors, most have been nurtured, at some point or another, by the strength of the supposedly

142 Ibid.

143 Department for Culture, Media and Sport, “Creative Industries economic estimates”, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271008/Creative_Industries_Economic_Estimates_-_January_2014.pdf (2014)

subsidised arts. The undergraduate who hones his design skills in student drama, then settles down to earn a steady wage at an advertising agency, is part of a familiar narrative. But to take more tangible examples, The Globe receives no public subsidy and is frequently cited as a successful example of commercial theatre operating to the highest artistic standards.¹⁴⁴ Nonetheless, it is headed by Dominic Dromgoole, who learned how to run a company as Director of the Bush Theatre, and then Headlong (previously the Oxford Stage Company), two leading subsidised companies. His predecessor, founding Artistic Director Mark Rylance, learned his trade at the Royal Shakespeare Company.

Throughout the broader Creative Economy, the subsidised arts function as the training ground for Britain's internationally successful commercial sector. Any cut to the arts in Britain essentially undercuts the government skills training and initial investment in 8.5% of the population's jobs.

Creative education: The 'STEAM' Agenda

But it will always be impossible to quantify the value to the British economy of raising its children in a society which privileges curiosity, questioning, imagination. Too often, 'winning the global race' has become a euphemism for aping China's relentless focus on STEM subjects. But those who look exclusively to the Chinese model should remind themselves that only of the few Nobel Prizes China has won for Science: 4, to Britain's 84.

Britain's tradition of the high arts – theatre, literature, even music – is fundamentally anarchic, requiring even the youngest practitioners to take responsibility for their own creative output. Britain's exceptional track record in the arts is intricately bound up in its traditional commitment to individual flourishing. Ensuring that every child in Britain has access to this intellectual legacy is the cornerstone of Michael

¹⁴⁴ Nigel Reynolds, "Shakespeare's Globe makes £1.5 m profit without any subsidy", *The Telegraph*, 12 January 2006; Fraser Nelson, "No, Sajid Javid isn't a luvvie. That's why he'll be a great Culture Secretary", *The Spectator*, 14 April 2014.

Gove's schools revolution. The value of growing up in a society which privileges the imagination is beyond quantification.

"The value of growing up in a society which privileges the imagination is beyond quantification"

Michael Gove is right to note that the best creative education can take place outside the superficial assessment procedures of specifically vocational courses, but leeway must be given to Ofsted inspectors to take account of creative training available in schools beyond the A-level or GCSE syllabus, such as Artsmark or the Arts Award. Cross-curricular projects, in which the syllabi in several subjects are co-ordinated to assess a topic from interdisciplinary angles, are to be rewarded – especially when these bring digital and creative skills together.

Arts Council funding

It is essential, therefore, that support for the creative industries is matched by a renewed defence of the arts, in direct subsidy as well as in universities and further education. Now that the 35% cuts to the Arts Council grants necessitated by Labour's mismanagement of the economy have taken effect, the next Conservative Government should commit to maintaining current levels of funding in real terms for the next five years. In order to nurture long-term artistic development, the Arts Council must be given the flexibility to make grants to National Portfolio Organisations for five, rather than three year cycles, even when this means reducing funding for organisations which are not deemed sufficiently excellent. The short-termism of many Arts Council applications from arts organisations is a waste of everyone's time and money.

This must be matched by a commitment to increasing, in real terms, current levels of funding for research excellence in arts and humanities in Further and Higher Education, through the AHRC (Arts and

Humanities Research Council). Educational organisations are often the most effective regional hubs for the arts outside London, and Arts Council England has been developing an exciting number of partnerships with universities in recent years. The future of artistic development in this country lies in regional partnership with universities: future funding packages must recognise this. If anything, regional funding should be diverted away from local councils, notorious for their highly politicised funding of pet schemes, in the direction of Arts Council-led schemes across broader geographical regions.

“Regional funding should be diverted away from local councils, notorious for their highly politicised funding of pet schemes, in the direction of Arts Council-led schemes across broader geographical regions”

Nonetheless, the Arts Council must recognise that every penny spent on its grants is money levied from British taxpayers. To this end, it must work harder to ensure that projects with an unambiguously party political agenda do not receive funding: the production company Theatre Uncut, founded in 2011 in response to “brutal cuts in public spending that were being outlined by the UK coalition government”, with a mandate to “encourage debate and galvanise action”, receives regular funding from the Arts Council, including an £8,000 grant in October 2013.¹⁴⁵ A healthy society should support art that raises uncomfortable political questions, but not that which prescribes presupposed party political solutions.

Similarly, the Arts Council of England must make the substantial data it collects from supported organisations publicly available. As a tax-payer funded organisation, its decisions must be open to public scrutiny.

As discussed, above, the commercial sector and the subsidised sector remain deeply co-dependent. Nowhere is this more evident than in the

¹⁴⁵ Source: The Arts Council England, GFTA awards offered October, 2013

success of subsidised theatre transfers to the commercial West End. The National Theatre's most successful recent export is *War Horse*, which as National Theatre Director Nicholas Hytner himself notes, "started as an experiment in our Studio. We spent about £50,000 on its development, and about £500,000 putting it on. In the last four years it has made the NT £11m."¹⁴⁶ The Royal Shakespeare Company has had a similar success with *Matilda*. In both cases, significant investment into these productions came from taxpayer funds, through the Arts Council of England. The Department for Culture, Media and Sport should pay close attention to models which would allow the Arts Council to recoup initial investment, in the case of commercial profit.

Philanthropy and culture

Similarly, the government is right to encourage private philanthropy and investment as a model for the future. Tax relief for regional theatres in the 2014 Budget is to be welcomed. Many small arts organisations now take advantage of the Seed Enterprise Investment Scheme, which underwrites 50% of individual business angels' initial investment in companies with fewer than 25 employees.¹⁴⁷ Nonetheless, as this scheme was fundamentally developed for other start-up models, it is not ideal for adaptation in the arts, which remain essentially non-profit. To highlight but one incongruity, SEIS business angels must remain decision makers on the company board for three years. For most arts organisations, funding is only guaranteed for a year, or a season, and many angels wish to support only a particular production. The next Conservative government should look more closely at developing a more philanthropic model of the SEIS scheme directly targeted at arts angels.

The Conservative Party is right to encourage a greater culture of private philanthropy, and was correct to drop the proposed cap on tax relief for

¹⁴⁶ Royal National Theatre, *Annual Review*, 2012-3, 9.

¹⁴⁷ <https://www.gov.uk/seed-enterprise-investment-scheme>.

charitable donations in 2012. Nonetheless, all parties should be wary of American-style ‘league tables’ for private giving: the British culture of discretion and reticence over displays of wealth make it unthinkable to expect high net worth individuals to declare their wealth, let alone their levels of giving. Yet the next Conservative government should consider introducing a required philanthropic contribution to private charity, in addition to standard tax rates, for non-domiciled owners of empty properties in England. It is absurd to suggest, as has been proposed in some quarters, that such property owners be required to contribute greater rates to charities local to their postcodes – Knightsbridge and Notting Hill are not the greatest pockets of need in Britain. But those who treat the British Isles as an occasional holiday spot should be expected to contribute to the great cultural institutions in the country at large that make the United Kingdom so attractive compared to our global competitors.

“Those who treat the British Isles as an occasional holiday spot should be expected to contribute to the great cultural institutions in the country at large that make the United Kingdom so attractive compared to our global competitors”

Similarly, the government should look again at charging non-UK tax-payers fees for entrance to public museums. British taxpayers have already paid for the right to enjoy the National Gallery: every foreign visitor who sets foot in the Gallery for free is effectively subsidised by us. Opponents of two-tier charging have made a good case that requiring photo ID in a public space is at odds with British traditions of liberty and that this would restrict access to culture to those who lack ID. One compromise may be to require proof of residence only for adults – we should not be putting barriers to culture in the way of teenagers. But at a time when arts and culture budgets are under unprecedented pressure, we should be allowing our custodians to maximize their reve-

nues, in line with every other major European museum network.

Most howls of anguish following recent cuts to library services would have been better directed at local councils than at the Conservative Government, given the poor judgement with which many Councils chose to apply necessary austerity measures handed down from government to their total budgets. Nonetheless, the next government should look closely at the findings of the independent DCMS report on library services, chaired by William Sieghart and due to report at the end of this year. It is increasingly important that libraries be able to pool resources across geographical boundaries, and with the growth in digital resources, this should not be difficult: every library should now be lending e-books, as well as physical books. With this in mind, the government should be prepared to override local councils to mandate basic standards of library provision, including wifi provision and provision for children's librarians, with training in literacy support.

Finally, the British Government's delay in ratifying the Hague Convention on cultural heritage in conflict zones is embarrassing. The UK, rightly, did not ratify the convention the First Protocol in 1954, due to its failure to ensure proper enforcement procedures, but the Department for Culture, Media and Sport has been promising to ratify the Second Protocol since 2004, when parliamentary time permits. Given that legislation is not opposed by any major parliamentary party, a slot on the legislative schedule is long overdue.

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Diversity in Britain

What does the Conservative Party offer ethnic minorities?

Paul Goodman

It was the ethnic minority vote that swung it for David Cameron. Had it voted in line with expert pre-election predictions – which foolishly forecast that the Conservatives would scrape a mere 16% of Britain’s non-white English voters¹⁴⁸ – a hung Parliament would have resulted, and he might have been condemned to a fractious coalition with the Liberal Democrats.

Instead, marginal seats tumbled into the Tory column: Chris Philp in Hampstead and Kilburn won by a whopping 10,034; Mark Clarke in Tooting by 5,421 (thus unseating Sadiq Khan, that rising Labour star); even Nigel Dawkins in Birmingham Selly Oak scraped home by 599 votes – re-taking a seat for the Conservatives that they last won in 1987, the best part of 25 years before. “This election has proved that the Conservatives are a party for the whole country,” an exultant David Cameron proclaimed on the steps of Downing Street, framed in the

148 Anthony Heath and Omar Khan, “Ethnic Minority British Election Study – Key Findings”, <http://www.runnymedetrust.org/uploads/EMBESbriefingFINALx.pdf> (2012).

bright light of the mid-day sun. The Tories made it over the winning line by 12 seats.

The reality for Conservatives

Readers will take the point of this fantasy. In reality, the Conservatives did gain only 16% of that ethnic minority vote, and Cameron was indeed consigned to coalition. A powerful combination of the distribution of the vote as a whole and the propensity of ethnic minority members to vote Labour now threatens to make the Tories the natural party of Opposition – in a mirror image to the recent fate of the Republicans in American Presidential elections, four out of six of which have been won by the Democrats. The compellingly exact figures above, which mock the Prime Minister with what might have been, come courtesy of a study by British Future, which projected what would have happened had ethnic minority members voted in the same way as their non-ethnic minority counterparts.¹⁴⁹ Bradford East, Derby North, Dudley North, Halifax, Nottingham South, Walsall South, Wolverhampton North-East: with a decent share of the ethnic minority vote, some of the Midlands and northern seats that Cameron needs to win to form a majority next time round would already be tucked up in the Conservative column.

“All ethnic minority voters may have a very few features in common (such as a greater reluctance than other people to vote Conservative), but it would be ignorant, patronising and inaccurate to treat them a single undifferentiated electoral lump”

So what is driving this phenomenon that cost Cameron victory in 2010, and threatens the Conservatives' future as a One Nation party?

¹⁴⁹ British Future, “From Minority Vote to Majority Challenge”, <http://www.britishfuture.org/wp-content/uploads/2013/09/From-Minority-Vote-to-Majority-Challenge.pdf> (2013).

What is Number 10 and Conservative Campaign Headquarters doing about it, and what more could be done? Finding the right answers means avoiding some dangerous misconceptions. All ethnic minority voters may have a very few features in common (such as a greater reluctance than other people to vote Conservative), but it would be ignorant, patronising and inaccurate to treat them a single undifferentiated electoral lump. The 16% figure quoted above – that is the proportion of ethnic minority voters that supported the Tories last time round – is from a Runnymede Trust analysis of the last election, but it conceals quite a bit of variation. Among African-origin voters, the Conservative total fell as low as 6%; among Indian-origin ones, it climbed as high as 24% (among white voters, it was 37%).¹⁵⁰

The causes

At a glance, we might therefore assume that income is everything – that, since Indian-origin voters are on the whole better off than African-origin ones,¹⁵¹ the voting habits of ethnic minority voters will come into line with those of non-ethnic minority ones if their living standards rise. However, as Lord Ashcroft has written: “the Conservative Party’s unpopularity among black and Asian voters is not simply a matter of class and geography. There were sometimes strikingly different results between white and non-white voters living in the same area, and between different ethnic minority groups. Among ethnic minority voters the Conservatives’ brand problem exists in a more intense form. For many of our participants – by no means all, it is important to state – there was an extra barrier between them and the Conservative Party directly related to their ethnic background.”¹⁵²

150 Anthony Heath and Omar Khan, *Ethnic Minority British Election Study – Key Findings*.

151 Steve Garner and Gargi Bhattacharyya, *Poverty, Ethnicity and Place*, (York: Joseph Rowntree Foundation, 2011).

152 Lord Ashcroft, “Degrees of Separation”, <http://lordashcrofthpolls.com/wp-content/uploads/2012/04/DEGREES-OF-SEPARATION.pdf> (2012).

Those words come from 'Degrees of Separation', Ashcroft's report into ethnic minorities and the Conservatives. It was, in his words, "the biggest such survey ever conducted in Britain", and its findings overlap substantially with those of David Sanders's for the Economic and Social Research Council.¹⁵³ Ethnic minority respondents to the Ashcroft polling and focus groups cited the Smethwick campaign of 1964, Enoch Powell's 'Rivers of Blood' speech and the Stephen Lawrence case as reasons for shunning the Tories. That the notorious Smethwick leaflets weren't distributed by the Conservatives, that Powell didn't actually say "rivers of blood", and that John Major's Government wasn't involved in the Lawrence case is beside the point. To many ethnic minority voters, Labour is the party that welcomed immigrants, that passed the Race Relations Act and which instigated the Macpherson report into the Lawrence murder.

In short, David Cameron's party has the electoral equivalent of body odour as far as a significant proportion of ethnic minority members are concerned. A photo montage of words from focus groups, imposed on the Tory tree in 'Degrees of Separation', makes depressing reading for Conservatives: "For the Rich. Rubbish. Selfish. Upper Class. Unfair," shriek the responses (together with the occasional neutral word, such as "Business" and, both prominently and unexpectedly, the word "Good").

Number Ten's response has been to start in the right place: by grasping that this lost ground can't be made up by a quick sprint, but will require a long-distance run – in other words, by local Conservatives working patiently alongside ethnic minority voters and communities for the common good. For only by being there can they make the obvious point: that Tory values are also those of a large number of ethnic minority voters, and that most Tory people simply want to make their country and communities better.

153 Economic and Social Research Council, "British Election Study Ethnic Minority Survey", <http://www.esrc.ac.uk/my-esrc/grants/RES-062-23-1953-A/read> (2011).

Canadian Conservatives

Downing Street and CCHQ didn't simply work all this out for themselves, though both have invested time and trouble over polling and research in Government that was lacking in opposition. Rather, they have looked long and hard at the experience of the Canadian Conservatives, who won over two in five of the country's ethnic minority voters in its 2011 election.¹⁵⁴ The latter argue that it was the previous Liberal Government's decision to support same-sex marriage – which split the tripartite coalition of Catholics, socially conservative immigrants and liberal progressives which upheld it – that allowed the Conservatives to get a foot in the ethnic minority door. But whatever the reasons may have been, Stephen Harper's party made the most of its opportunity. The party's outreach to ethnic minority voters was led by the indefatigable Jason Kenney, now Canada's Minister of Employment, Social Development and, crucially, Multiculturalism.

Harper regularly goes round the Cabinet table to ask what community events his Ministers have attended over the weekend, such is the importance that he places on keeping the votes that the Conservatives have won – and improving further. Cameron has taken to following in Harper's footsteps in his own political Cabinet, though less regularly. And for better or worse, his Government lacks the larger number of special advisers that Harper's uses to buttress policy work on issues of special interest to ethnic minority voters.

Building bridges

This takes us to three policy areas which the Conservatives might address in order to speed up that long march among their British equivalents.

First, the Conservatives must address micro-issues that have particular play with ethnic minority voters. In this context, some work has

¹⁵⁴ Tom Flanagan, "The emerging Conservative coalition", *Policy Options*, June 2011.

been done but there is a lot more to do. Mixed-sex wards have gone (though their removal has been under-publicised). Hard-hat exemptions for Sikhs have followed earlier ones for motor cycle helmets – eventually, and rather late.

“But as she went on to point out, the capital provides a good example of how it can be reworked”

The timing of that last announcement was poor. It was made in the aftermath of revelations about the Thatcher Government’s alleged involvement in Operation Bluestar, the Indian Army’s operation to flush out militants from the Golden Temple in Amritsar in 1984. Any move to, for example, speed up inquests in some cases (swift burial is a feature of Islamic belief) or curb stop and search (as many black and ethnic minority voters want) or admit more students from India who will contribute to economic growth and the tax take will need to be better timed.

Stop and Search is a practice that is ripe for reform. There is every reason to retain it. As Theresa May told the Commons last year, it has resulted in 45,000 criminals being arrested in London, for example.¹⁵⁵ But as she went on to point out, the capital provides a good example of how it can be reworked. The complaint is that fewer than one in ten stop and searches result in an arrest – 9%, to be more precise. And the figures show that if someone is from a black or minority ethnic background, they are up to seven times more likely to be stopped and searched than if they are white.

The Met has succeeded in reducing the number of stop and searches while increasing the arrest rate: the former has fallen from 500,000 to 350,000, while the the latter has risen from 8% to 18%. This happened after guidance for stop and search was changed and a target set for 20%

¹⁵⁵ Theresa May, *Statement to the Commons*, 2 July 2013.

of stop and searches in London to result in an arrest or drugs warning. The Met is clearly targeting the people who should be arrested, thus using their time more efficiently and improving confidence in stop and search. There is a clear case for other forces following the Met's example and setting their own target, as Theresa May appears to want them to do – though there is resistance to the proposal in Downing Street.

“CCHQ needs a community affairs department with ring-fenced fundraising – one that is backed from the top and is there for the long-term”

The golden rule should always be that any policy with ethnic minority appeal must also be in the interest of voters as a whole – a consideration that applies to Alok Sharma's call for listed companies to disclose publicly their ethnic balance. With such MPs as Gavin Barwell, Kris Hopkins, Priti Patel and Paul Uppal, Sharma – a Party Vice-Chairman – is leading the push to engage with ethnic minority voters in a more purposeful way. Mrs May, Chris Grayling and Eric Pickles have been among the Cabinet members most frequently deployed to help.

This leads directly to the second way in which efforts to engage with ethnic minority voters should be consolidated. New groups, such as Conservative Friends of Pakistan, have come into being since 2010. The danger is that they will fall victim, like some previous initiatives, to the urgency of the electoral cycle. The pattern is wearisomely familiar. Elections are won and lost. New Party Chairmen come and go. So do staff with their expertise, contacts, relationships and institutional memory. Money raised is fiercely targeted on marginal seats. This is fine for each short-term cycle, but destructive in the long run. CCHQ needs a community affairs department with ring-fenced fundraising – one that is backed from the top and is there for the long-term. Finally, Cameron needs to end the long Tory war against multiculturalism – a way of

life that polling shows most Conservative voters support, though by multi-culturalism they mean the multi-racial society, rather than some multi-cultural practices.

For Cameron, this would not mean repudiating his Munich speech on extremism,¹⁵⁶ most of the content of which was excellent, so much as standing it on its head. Instead of Tories being against multiculturalism, we should be for integration – and everything that the idea suggests, such as those who enter the country having a basic grasp of English and Britain's history, values, institutions and culture. Indeed, being for things rather than against them is indispensable to quickening progress in the long, arduous and slow journey towards being more like the country we seek to govern.

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156 David Cameron, *Speech at Munich Security Conference*, 5 February 2011.

Legally high Drugs

Ian Birrell

It is 43 years since Richard Nixon, in need of a public enemy to shore up support for his snarling style of uncompassionate conservatism, declared war on a new target. “America’s public enemy number one is drug abuse,” he declared, warning Congress that the problem of narcotics had “assumed the dimensions of a national emergency.”¹⁵⁷

Having risen to national prominence as an anti-communist campaigner, Nixon’s new foe was the counterculture. His stance was widely assumed to be an attack on the hippie culture he so despised, with academics, writers and rock stars promoting the use of hallucinogens, but the media was also full of stories of clean-cut young men returning from Vietnam as shattered junkies.

Nixon pushed new funds to drug control agencies and backed tougher sentencing and policing. Marijuana, ludicrously identified as a ‘gateway’ drug to heroin, was placed in the most restrictive category. Meanwhile the United States used its muscle to ensure the rest of the world joined one of the most futile, destructive and immoral wars the human race ever inflicted upon itself.

¹⁵⁷ Richard Nixon, *Special message to the United States Congress on drug abuse prevention and control*, 17 June 1971.

While the Vietnam War fades into history, thousands of people still die and millions of lives are ruined annually in this insane fight against drugs. Fittingly, given it was launched by a president who turned out to be a crook, the biggest beneficiaries have been the most lethal gangsters on the globe as they battle over the immense spoils of an illegal trade that crucifies families and corrodes communities.

A futile war

For more than four decades, the world has been hooked on its own addiction to this ludicrous war. More than one trillion dollars have been wasted on a punitive response to the human desire to get high, a fact of life since our species dwelt in caves. Meanwhile the planet's political leaders ignored the mounting and incontrovertible evidence of their terrible failure: the destroyed families, the decimated cities, the devastated countries along with the improving purity, the falling prices, the widening range of products.

Slowly but surely, the world has begun waking up. It took time: two years before the start of this century, the United Nations stupidly declared we would have a drug-free planet by 2008, committing member states to eliminate or significantly reduce use of opiates, cannabis and cocaine in a decade. Instead, global opiate use rose by more than one-third, with big rises also for cocaine and cannabis. Last year, the British Medical Journal found street prices declined over the past two decades while potency increased.¹⁵⁸

As Margaret Thatcher said, you can't buck the market. Like it or not, many people want to take drugs; it is estimated they are used by 5% of the planet's adults. So the finest law enforcement agencies and massive funding are no match for smugglers when there are mark-ups of

158 BMJ Open, "International "war" on illegal drugs is failing to curb supply", <http://blogs.bmj.com/bmjopen/2013/09/30/international-war-on-illegal-drugs-is-failing-to-curb-supply/> (2013).

more than 16,000%.¹⁵⁹ Even in the most well-protected prisons drugs are available, while the might of American and British militaries failed to stop poppy production tripling in Afghanistan in a decade.¹⁶⁰ What hope of our island nation guarding 12,000 miles of coastline when one year's supply of cocaine for the entire market could fit in a single shipping container?¹⁶¹

"This idea is often portrayed by ostrich-like opponents as the promotion of a druggie free-for-all. Yet the reality of reform could not be further from this crude caricature. In fact, it is a highly conservative yet progressive cause"

For libertarians, the state simply has no right to dictate to people what they put in their bodies. Their outrage is all the greater when presidents and prime ministers admit using drugs, yet governments run prisons crammed with people caught doing the same drugs or selling them, who mostly could not afford decent lawyers. Or when alcohol is socially acceptable, but the use of substances deemed less harmful by scientists is illegal. This hypocrisy is one reason for the dangerous breach in trust between politicians and their electorates, just as it widens the gap between police and the public. Use of drugs is, of course, a victimless crime. Little wonder chief constables and spy chiefs press the case for reform of our self-harming drug laws. They are right to do so.

Beyond the libertarian argument for drug legalisation

I have sympathy with these libertarian arguments. But ultimately only one fundamental question should govern drug policy: how can the

159 Max Daly, "11 Facts That Reveal The Insanity Of The Global War On Drugs", *BuzzFeed*, 26 November 2013.

160 "Afghanistan opium harvest at record high – UNODC", *BBC News*, 13 November 2013.

161 From author interview with Steve Rolles, senior policy analyst with Transform Drug Policy Foundation.

state ensure that people who use these products do the least harm to themselves and society? If you ignore cultural or historic hang-ups, there can only be one answer – the legalisation and regulation of all drugs.

This idea is often portrayed by ostrich-like opponents as the promotion of a druggie free-for-all. Yet the reality of reform could not be further from this crude caricature. In fact, it is a highly conservative yet progressive cause, an issue unusually popular with younger voters and with the ability to reconnect the Tories with long-lost sections of the community.

Indeed, it is hard to think of another policy with the same potential to challenge popular conceptions of conservatism. As I proposed to the prime minister and some of his closest advisers, the issue of drug reform clearly fits the modernising blueprint for both party and nation. The idea was toyed with in the early days of David Cameron's leadership of the party, then quickly abandoned amid fear of hostile headlines. Since then, the world – and the British media – has moved on.

International examples

The United Nations Commission on Narcotic Drugs is the annual get-together for combatants in the war on drugs, a forum to swap stories from the frontline and debate how to defeat drugs. Each year, member states discuss global drug controls and examine the effectiveness of the three key international treaties underpinning their mission.

Two years ago, the Czech Republic questioned the idea of illegality, suggesting the UN adopt a new approach based on prevention and treatment rather than prohibition. This country has conducted a little-noticed but near-perfect experiment – decriminalising drugs for personal use under Vaclav Havel, then banning them, then decriminalising them again. A major study into this test case found none of

the key arguments for illegality stood up – but vast sums were frittered away that would have been better spent on treatment.¹⁶²

“Uruguay is becoming the first country to legalise and regulate the production, sale and taxation of marijuana”

At this year’s event in March, the Czechs were joined in pressing for an alternative stance by Colombia, Ecuador, Guatemala, Mexico and Uruguay. These are among the nations most damaged by drugs as feuding gangs fight over profits from transporting cocaine and heroin to North America and Europe. This cancerous trade now cuts through west Africa also; it was one reason for the recent collapse of Mali, as it fostered corruption and funded Islamic militants, in a clear case study of how this war on drugs backfires on development.

Uruguay is becoming the first country to legalise and regulate the production, sale and taxation of marijuana. As its courageous president Jose Mujica says, this measure targets the traffickers. ‘It’s not a law supporting addiction,’ he told *The Telegraph*. ‘It’s a way of battling the black market economy.’ Once this would have provoked a furious response from Nixon’s successors in the White House. But last year the Organisation of American States issued a landmark report exploring the path from prohibition, reflecting concerns of leaders fed up with chaos and carnage in their countries.¹⁶³

The tide has even begun turning in the United States, with two states legalising cannabis and two more set to follow after referendums later this year. California is expected to have a ballot in 2016 – and if success-

162 The Global Initiative for Drug Policy Reform, “Legislative changes in the Czech Republic have made it the European country with the most liberal drug policy”, <http://reformdrugpolicy.com/beckley-main-content/new-approaches/future-directions-for-drug-policy-reform/czech-republic/> (2014).

163 Organization of American States, “OAS Secretary General presents report on the drug problem in the Americas”, http://www.oas.org/en/media_center/press_release.asp?sCodigo=E-194/13 (2013).

ful, as it almost certainly would be, could spark the end of prohibition in bordering Mexico. As President Barack Obama says, it is wrong to have a law that is widely broken when only a select few get punished. “Middle-class kids don’t get locked up for smoking pot, and poor kids do,” he told *The New Yorker* in January 2014, adding that this meant African-American and Latino youngsters were hit with the harshest penalties since they were more likely to be impoverished.

The influential blogger Andrew Sullivan noted last year how the successful referendum campaigns in Colorado and Washington rebranded reform as a conservative measure.¹⁶⁴ These campaigns were powered not by hippies seeking the right to smoke spliffs, but parents concerned about children’s safety. Advocates include unlikely figures such as Pat Robertson, the right-wing Christian evangelical, who said: ‘This war on drugs just hasn’t succeeded.’

These cannabis ballots are just the start. Mujica and other Latin leaders are now floating the idea of wider drug reform, while in the US the polls are shifting fast. A majority support legalisation of marijuana, a threefold increase in just 25 years. More significantly, two-thirds of Americans – including a majority of Republicans – favour greater emphasis on treatment rather than punishment for any drug use, with just a quarter wanting the focus on prosecuting users.

Drug dealers have also embraced the digital age, creating synthetic drugs sold online across borders. If the law steps in, chemists simply tweak composition to evade the ban – and there are thought to be some 250 of these new narcotics on the market. The Association of Chief Police Officers has pointed out the futility of constantly adding new drugs to the list of banned substances, given the speed with which the market provides replacements. New Zealand found a far better solution – clinical trials for toxicity, followed by strictly-regulated sales from licensed vendors.

Although drug use is falling in Britain, this country still has the high-

¹⁶⁴ Andrew Sullivan, “The right brings a coup de grass”, *The Sunday Times*, 18 November 2012.

est rates of drug use in Europe with one in 12 adults and one in six older teenagers admitted taking an illegal drug last year.¹⁶⁵ All these people are putting their lives in the hands of dealers who use murder and mayhem to promote their illegal business. The tragic results are seen too often, such as with the spate of deaths of youngsters who thought they were taking ecstasy but were sold the far stronger para-Methoxyamphetamine (PMA).

The conservative case

Legalisation would replace this ultra-free market that exists to the benefit of the world's most vicious criminal groups with a system in which supply is controlled, products regulated and profits taxed. This is far safer for children, since parents will have more control than at present; it is safer for users, since the drugs can be tested for strength and purity; and it is safer for society, since it cuts off funding for the gangs that scar our cities and the cartels that carve up the world.

Current policies are staggeringly wasteful of taxpayers' cash, something that should always concern conservatives. One report found more than £65bn spent globally each year on enforcement – yet the booming illicit trade is the same size as the Danish economy, the 32nd biggest in the world. In Britain, annual public expenditure on treatment, policing and criminal justice in relation to drugs is £4.5 billion, but the cost of cocaine has plummeted in recent years.¹⁶⁶

Drug reform should appeal to a Conservative Party seeking ways to connect with young and ethnic minority voters, who bear the brunt of street enforcement strategies by police. These two groups are crucial to the party's long-term survival. Instead of resorting to misanthrop-

165 Home Office, "Drug Misuse: Findings from the 2012 to 2013 crime survey for England and Wales", <https://www.gov.uk/government/publications/drug-misuse-findings-from-the-2012-to-2013-csew/drug-misuse-findings-from-the-2012-to-2013-crime-survey-for-england-and-wales> (2013).

166 "Drug Prices: All cut up", *The Economist*, 11 August 2012.

ic messaging and failed core vote strategies aimed at frightened older generations, here is an issue offering something bold, conservative and modern that the party could take a lead on nationally and globally.

“In Britain, annual public expenditure on treatment, policing and criminal justice in relation to drugs is £4.5 billion”

It makes sense on economic, political, social and moral grounds. It is also popular, for just as in the US, pressure for reform is growing in Britain. A poll by campaign group Transform found a majority favour permitting cannabis use, while four in 10 Britons favour total decriminalisation and more than two-thirds favour a comprehensive review of all drug policies.¹⁶⁷ Support cuts across political divisions and embraces readers of all papers; some of the most fervent supporters are female readers of mid-market tabloids who see the damage done to families and communities.

Given the voices coming out in favour of reform, it is hardly even controversial these days. Ken Clarke MP, a relic from the jazz age, says Britain is losing the war on drugs.¹⁶⁸ Alan Duncan argued the number of users would not increase following legalisation from his 1995 book *Saturn's Children* in a chapter on drugs of which was later deleted,¹⁶⁹ while crime would fall quickly as we saw following decriminalisation in Portugal.¹⁷⁰ It is worth listening also to Labour's Bob Ainsworth, whose experiences as a Home Office minister turned him into an unlikely drugs campaigner; as he told me, the public are in a far more progressive place than politicians on this issue.

Prohibition is on its way out; one day people will look back on it with

167 Transform Drug Policy Foundation, “New Ipsos MORI poll shows 53% of GB public want cannabis legalised or decriminalized”, <http://transform-drugs.blogspot.co.uk/2013/02/new-ipsos-mori-poll-shows-53-of-gb.html> (2013).

168 Alan Travis, “Britain is losing war on drugs, says Ken Clarke”, *The Guardian*, 3 July 2012.

169 <https://groups.google.com/forum/#!topic/uk.politics.drugs/zJW3GJIviNc>

170 Maia Szalavitz, “Drugs in Portugal: Did decriminalization work?”, *Time*, 26 April 2009.

as much bemusement as to the days when alcoholic drink was banned in America. The Conservative Party should lead reform rather than continue to adopt a Canute-style stance against the tide of history. Already the Liberal Democrats are looking to set the pace, while Labour's Shadow Cabinet has discussed its position and the Ukip leader Nigel Farage backs reform. The Tories, whose leader showed courage and realism before taking office with calls for 'fresh thinking' on this subject, should seize the opportunity to outflank them by proposing total overhaul of drug laws instead of continuing to fight Nixon's futile war.

After all, what could be more conservative than a policy that is tough on crime, cuts public spending, protects children, safeguards families and aids global security?

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Gay marriage – whatever next?

Gay rights

Cllr Nigel Fletcher

In common with many political junkies of my generation, I cannot look at an issue of current affairs for long before I am struck by a reference from *The West Wing*. The cult US TV series may have finished in 2006, but the quality of Aaron Sorkin's writing and the idealised world of his fictional Bartlet Administration still provide a mine of pithy one-liners and home truths that remain relevant on both sides of the Atlantic.

So when I began to consider the question of the Conservative Party's future approach to Lesbian, Gay, Bisexual and Transgender (LGBT) issues, one of President Bartlet's most common catchphrases swam into my head: "What's next?". In the series, this seemingly innocuous question was raised almost to the status of a defining philosophical approach. Once a knotty political problem had been resolved – for good or ill – Martin Sheen's President Bartlet would put the matter to bed and signal his readiness to move onto a new challenge by uttering the businesslike phrase – usually followed by the end credits.

I'm not sure if David Cameron shares my obsession with the programme, but one could imagine a similar scene as the Marriage (Same Sex Couples) Act 2013 received Royal Assent and equal marriage be-

came a reality in the UK. The Prime Minister had taken the brave and commendable decision to give the issue his unequivocal personal support, and led from the front in the face of considerable opposition from within the party. But once it was done, the business of government rolled on with scarcely time to raise a glass to the happy couples who have now begun to get married.

The Conservative journey

The victory leaves many advocates of equality feeling rather dazed and confused. The pace of progress on LGBT issues over the last 15 years has been dizzying. An equal age of consent was followed by the repeal of Section 28, then adoption rights, Civil Partnership, and now equal marriage. Perhaps just as extraordinary has been the transformation in the prevailing attitude of the Conservative Party to such changes– from pained discomfort, to tolerance, to acceptance and even celebration. Most of that journey was meticulously charted by Michael McManus in his excellent book *Tory Pride and Prejudice*,¹⁷¹ which brought an insider’s perspective to bear on the psychology of the party over the last century.

“The temptation for a metropolitan, socially liberal Conservative like me is to read this as history, tutting at the bigots, cheering the heroes, and smiling as the battle is gradually won”

His account is not always comfortable reading, but as he put it – “it is a story with a happy ending” – with ample evidence of the party’s increased support for LGBT people, even before equal marriage was introduced. The temptation for a metropolitan, socially liberal Conservative like me is to read this as history, tutting at the bigots, cheering

171 Michael McManus, *Tory Pride and Prejudice*, (London: Biteback Publishing, 2011).

the heroes, and smiling as the battle is gradually won. It is all too easy to find yourself thinking as you consider, for example, the fact there are now more LGB Members of Parliament in the Conservative Party than in the other parties put together, that the work is done, and it's time for a Bartlett-esque 'What's next?'

We should resist this temptation. The 'What's next?' we should be asking is what more needs to be done to embed and advance the party's new positive attitude (and record) on LGBT issues – rather than ticking it off as mission accomplished. This matters substantively, because of what the party's attitude on these issues says about its identity, its image, and its consequent chances of future success in the centre-ground of British politics, where elections are won.

Whilst it has taken some time (and longer than many of us would have liked) for the Conservative Party to reach this point, it has done so in the way it has always done – by reacting to the reality of a changed world. Conservatism is successful when it recognises what is necessary and desirable change, and sets itself to adapting to meet the challenge. We are at heart a pragmatic party, ruled not by a rigid dogma but by a world view which values what is good about the past whilst not living in it.

British society has moved on from its outright hostility to LGBT people, and that is a thoroughly good thing. We should not fall into the trap of thinking we were alone in our past discrimination against people whose sexual orientation or gender identity placed them in the minority. We may have lagged behind other parties, but politicians as a whole have lagged behind public opinion. The key now is to identify that we were wrong, as others were wrong, and look ahead to place ourselves on the right side of history.

Our collective sense of guilt over Section 28 and other discriminatory attitudes can inhibit us from 'owning' LGBT issues. Certainly, the lingering perception that there is something inherently bigoted about the Conservative Party provides a barrier to us claiming the credit for

what we have achieved. Our opponents are always keen to jump on any evidence they see of Conservatives reverting to type, and to shout ‘same old Tories’. We should be able to take pride in the fact it was a Conservative Prime Minister and a Conservative-led government which delivered equal marriage, but we are hindered by the fact this was done without a majority of Conservative MPs voting in favour. To me, this makes David Cameron’s stance all the more admirable, but it is undeniably problematic. We still have some way to go as a party, even though we have a clear direction of travel.

Many of those Conservatives who voted against equal marriage were not bigots – but feared the measure was running ahead of public opinion (or, in reality, ahead of opinion in their constituency associations). Others considered it was an unnecessary battle, or a ‘distraction’ from other issues. None of these arguments are ultimately convincing,¹⁷² but such cautious scepticism will always be part of the party’s instinct. Conservatives tend to be somewhat conservative, after all. The job of those of us who view LGBT rights as fundamental rights is to convince our colleagues that this agenda is not only right, but authentically Conservative, and electorally desirable.

“We still have some way to go as a party, even though we have a clear direction of travel”

When David Cameron expressed his support for equal marriage, he tellingly did so by stressing that he was not backing it in spite of being a Conservative, but because he is a Conservative.¹⁷³ It is worth dwelling on that, and making the case that equalising marriage is in fact a very

172 Alison Park Et al., *British Social Attitudes: the 30th Report*, (London: NatCen Social Research, 2013), ix. The British Social Attitudes survey recorded a majority (56%) in favour of same-sex marriage, and noted the trend of increased support for LGBT rights in general.

173 David Cameron, *Speech to the Conservative Party Conference*, 5 October 2011.

Conservative approach to LGBT issues – recognising the importance of personal responsibility and commitment regardless of sexuality– rather than simply seeing minorities as distinct groups requiring assistance.

A ‘civil’ partnership with Labour?

This means we can be much more assertive – even shameless – in our approach. There are significant obstacles in the way. At the 2009 Conservative Party conference there was a well-attended and enjoyable ‘Conference Pride’ party at a nightclub on Manchester’s Canal Street. It was one of the hot tickets of the week, and a far cry from the days when the conference programme for gay Tories consisted of drinking warm white wine with a handful of people in a dingy hotel basement fringe meeting. Sadly, a group of demonstrators picketed the event and hurled abuse at those going inside. The usual homophobic faux-religious fundamentalists? No –it was actually a group of Labour LGBT activists.

This was not an isolated incident. One of the things I find most infuriating on Pride marches and at other LGBT events is the sight of these LGBT Labour activists with their “Never kissed a Tory” slogan emblazoned on T-shirts and stickers. The line may have been moderately amusing once (if demonstrably untrue in many cases), but after many years, it just looks pathetic. Pride marches are supposed to be a demonstration of LGBT unity, but what this Labour line reveals is a divisive mindset which sees campaigning together for positive change as less important than scoring party political points and insulting Tories (even those Tories who agree with you). It isn’t just on stickers and t-shirts – it is worryingly ingrained in the tone and approach of many Labour LGBT activists and MPs. I find it personally offensive, and the increasingly effective LGBTory group should call them out on it.

But the best way to answer these attacks is to turn our attention to answering the substantive ‘what’s next?’ question ourselves. This isn’t an easy task, ironically, precisely because of the success of progress to

date. There is now no obvious totemic law or legally enshrined major injustice around which the campaign for LGBT equality in the UK can be rallied. So can we pack up our banners and go home? Well, no.

Enhancing LGBT equality

First, there is the significant issue of appalling abuse of LGBT people overseas. It is to the credit of the gay press and organisations like Stonewall that they have become increasingly focussed on global issues in recent years, and we have seen significant attention focussed on the brutal persecution of sexual minorities in Uganda and Russia, for example. It seems many activists have answered ‘what’s next?’ by looking outwards, and politicians should do the same. As well as speaking out loudly and regularly against barbaric human rights abuses wherever they occur, Conservatives should also engage on equality issues with our traditional centre-right allies in the US and Australia, using the benefit of our own experience to persuade them that clinging to prejudice isn’t right or politically sensible. This can perhaps be done more effectively as a candid critical friend than by public hectoring.

There is also work still to be done at home. Conservatives know better than most that passing a law isn’t a magic wand, and that there are limits to the effectiveness of legislation to solve all ills. So we should keep making the case that eliminating discrimination from our laws is only a first step to eliminating it from our hearts and minds (as Alan Duncan once memorably put it).¹⁷⁴

Despite much progress in social attitudes, casual homophobia remains endemic – from playgrounds where ‘gay’ is in widespread use as an insult, to streets where same-sex couples would never dream of holding hands for fear of attracting abuse. Homophobic bullying is a real problem in our schools, with over half of young gay saying they

174 Alan Duncan, *House of Lords Debate*, 12 October 2004, col. 190. He used the phrase at the conclusion of his speech on Second Reading of the Civil Partnership Bill.

have experienced it.¹⁷⁵ Even amid the positive coverage of the first same-sex marriages in England and Wales in March 2014, a poll for the BBC found 22% of the population would refuse an invitation to such a ceremony.¹⁷⁶

“It seems many activists have answered ‘what's next?’ by looking outwards, and politicians should do the same”

None of this can be solved by government decree, but politicians can and should take a lead. Evidence from the British Social Attitudes Survey points to a trend of more enlightened attitudes, with opposition to LGBT rights falling over time. The Conservative Party should demonstrate that it not only understands that trend, but actively welcomes it. Specific initiatives to challenge homophobia in schools and in sport would be right in themselves, but also a powerful symbol of our values as a party. At the time of the equal marriage vote, David Cameron said: “There will be girls and boys in school today who are worried about being bullied and concerned about what society thinks of them because they are gay or lesbian. By making this change they will be able to see that Parliament believes their love is worth the same as anyone else’s love and that we believe in equality.”¹⁷⁷

Like many of his statements on LGBT issues, it was heartfelt and rather moving – as were the speeches of many Conservative MPs and peers in the debates. By taking a lead on this issue, Cameron has embodied the argument he made when he first sought the party leader-

175 April Guasp, “The School Report: The experiences of gay young people in Britain’s schools in 2012”, [http://www.stonewall.org.uk/documents/school_report_2012\(2\).pdf](http://www.stonewall.org.uk/documents/school_report_2012(2).pdf) (2012). This report found 55% of children had experienced homophobic bullying, and 96% had heard homophobic language used in school.

176 “Gay Weddings: ‘Fifth of Britons would turn down an invitation’”, *BBC News*, 28 March 2014.

177 “David Cameron: ‘I am proud of what this government has done on equal marriage’”, *Pink News*, 28 June 2013.

ship, that a ‘modern, compassionate conservatism is right for our times, right for our party and right for our country’.¹⁷⁸ He was right then, and as a party we need to continue to find ways to live up to that aspiration.

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178 David Cameron, *Speech to the Conservative Party Conference*, 4 October 2005.

Aiding empowerment and enterprise

International development

The Rt Hon Andrew Mitchell MP

We should never forget that it was a Conservative-led government that delivered Britain's historic pledge to provide 0.7% of Gross National Income for Development. Labour talked about it for years. The Conservatives delivered. And in electoral terms this is more popular among women and younger people than amongst our fellow citizens as a whole. For an important target group for our Party in 2015 this principled success and achievement will matter. It gives permission to a group of people who have not always considered themselves to be Conservatives to give us their support.

Britain's international development policies are not about soft-hearted altruism. They are a hard-headed approach to our security and prosperity. They are also morally right. By standing by our commitment to international development, Britain has earned respect and admiration from around the world. This follows from our proud history of assisting those who are suffering, whether it is campaigning to abolish slavery in the nineteenth century, the fight against fascism in the twentieth, or "making poverty history" in the twenty-first.

Britain should now maintain its historic promise under the Conservative-led Government to the world's poorest people. This promise has

been maintained throughout a period of economic difficulty, when the justification for maintaining development spending when other areas of public expenditure are being reduced is not an easy one. This has been done by ensuring that aid delivers value to the British taxpayer and results for those we are trying to help.

The policy is not only morally right, but is a valuable and worthwhile investment in Britain's future. It delivers an investment in Britain's security as well as providing assistance to the world's most dysfunctional and ungoverned nations, and a real investment in Britain's future prosperity and potential for wealth creation as countries we support start to lift themselves out of poverty through economic growth and investment.

“Placing girls and women at the centre of everything we do, championing economic growth, free trade and markets, and open investment alongside conflict resolution, tackling corruption, and stability building”

The so-called “golden thread of development”¹⁷⁹ can deliver extraordinary progress: building a rule of law that treats all citizens equally and assures foreign investors that they will be dealt with fairly and according to transparent rules, not at the whim of a powerful politician or warlord; supporting openness and transparency; zero tolerance of corruption; building up the sinews of the state; and support for democratic institutions. These are as essential as more traditional aid interventions such as clean water and sanitation, or feeder roads along which agricultural goods can get to market.

Today 67 million children do not go to school.¹⁸⁰ A girl born tonight in South Sudan is statistically more likely to die in childbirth than to

179 David Cameron, *Speech at New York University*, 15 March 2012.

180 “UN Economic and Social Council shines spotlight on expanding access to education”, *United Nations News Centre*, 5 July 2011.

complete her primary education.¹⁸¹ Last year, despite significant efforts by international aid to improve maternal health, more than a million people lost their mothers when they were born. Today, the greatest cause of death among children in Africa is not AIDS, TB, or malaria, but dirty water.¹⁸² All of this we know, as previous generations have not. As William Wilberforce said of the slave trade, “You may choose to look the other way but you can never again say you did not know”.¹⁸³ Today none of us can say we do not know the depths of poverty in which a billion of our global neighbours live.

The British Government has asserted global leadership in international development – placing girls and women at the centre of everything we do, championing economic growth, free trade and markets, and open investment alongside conflict resolution, tackling corruption, and stability building. It is an approach that is now being replicated all around the world.

Results

Through the Bilateral Aid Review the Government has reduced its bilateral development programmes from 43 countries to 27, focusing aid on where it is most needed. Further, a significant part of the development programme now engages in investment that seeks to generate a return for the benefit of Britain too. There has been an unremitting focus on results, which is something of a change for the international development community, which in the past was too willing to spend public funds without real accountability or public explanation. Development organisations, funded with taxpayers’ money, must now explain why and how results will be achieved and value for money delivered. Full

181 “South Sudan’s future: Now for the Hard Part”, *The Economist*, 3 February 2011.

182 UNICEF/WHO, “Diarrhoea: Why children are still dying and what can be done”, http://www.who.int/maternal_child_adolescent/documents/9789241598415/en/ (2009).

183 William Wilberforce, *Speech before the House of Commons*, 18 April 1791.

and open accountability leads to better results on the ground, but is also indispensable if there is to be any chance of persuading hard-pressed taxpayers of the value and justice of the development cause.

Security

Development is impossible without security and stability. And in this increasingly interconnected world, it is not in Britain's interest to allow states to be ungovernable or unstable, nor allow their path to development and growth to be blocked.

Development Economist Sir Paul Collier has stated that "conflict is development in reverse". Indeed there is credible research to show that conflict is four times more expensive than the international peace-keeping cost of preventing it, but this figure ignores the human cost. I will never forget hearing from a community leader in Ntoto, in eastern Democratic Republic of the Congo, and her furious and devastating denunciation of the international community, as well as her own regional and national government, as she spoke of the killing of women and children at the hands of the 28 lawless groups which ravaged her locality. Women especially bear the brunt of conflict in ways with which we are sadly all too familiar. We must put them at the heart of everything we do in international development.

Action must be taken to stop conflict before it starts via early warning and preventative action, such as working to secure an arms trade treaty.

Work is also needed in reconciling post-conflict communities that have terrorised each other. The importance of this, and just how difficult it can be, has been demonstrated by the recent history of the Great Lakes region. And yet the recent history of both Rwanda and Somalia offers hope that progress can be made in extraordinarily difficult circumstances. The reconstruction process in Rwanda after the genocide 20 years ago has been extraordinarily successful. And we are now final-

ly seeing tangible progress in Somalia. For 20 years this has been un-governable space, as countless local and international initiatives have failed. The international conference on Somalia held in London in 2012 made considerable if unexpected progress. Such progress is reliant on support from the international community and development funds for a bottom up process where accountable structures which represent the wishes of local people are paramount. Funds should be targeted at health, education and the provision of the basic necessities of life, as well as support for good governance and, for example, honest policing, which British support has helped develop in Somaliland.

This is not only about the interest of Somalia and the surrounding countries. There were recently more British passport holders in Somalia training in terrorist camps than in any other country in the world.¹⁸⁴ British efforts to help Somalia directly assist our own security as well as saving lives there. And it underlines that there is no development without security and no security without development.

Wealth Creation

It is in our interest to be part of a world marked by prosperity, not poverty. The fastest way to alleviate poverty is to be economically active and to have a job.

One of the first actions of the Coalition government in 2010 was to set up a private sector department within DFID. This came alongside major reform of the CDC – the British Government's 100 per-cent-owned Development Finance Institution (DFI). CDC has now returned to its original *raison d'être*: to provide “pioneer capital”, going where the commercial sector was too nervous to tread, and “patient capital” which did not require an immediate commercial return, whilst still returning a profit for its shareholder, the British taxpayer. In view of the way that it is developing after its reform, I do not think it is un-

¹⁸⁴ “Somalia Conflict: Why should the world help?,” *BBC News*, 21 February 2012.

reasonable to suggest that in 50 years time CDC will be seen as the principal British development structure, rather than DFID. Nothing would more eloquently demonstrate the success of development policy as countries graduate from aid with their own equity and debt markets funding their future development.

“I do not think it is unreasonable to suggest that in 50 years time CDC will be seen as the principal British development structure, rather than DFID”

British Leadership

2015 sees the expiration of the Millennium Development Goals – the eight goals agreed internationally in 2000 to help abolish the extremes of poverty. These deal mainly with health and education, and while spectacular success has been achieved in some places, it is a sad fact that no country caught up in or just emerging from conflict has achieved any of the MDGs.

Britain’s contribution to the debate on what comes next has been to draw the international communities’ attention to the persuasive argument that promoting good governance and accountability while tackling corruption and supporting a rule of law deserves much greater attention. At the same time Britain has championed initiatives more narrow in nature which, given strong support and a focus on delivery, can be transformational.

In 2011 the Government focused on securing support for vaccinating children against killer diseases. Working with the Bill & Melinda Gates Foundation, we gathered more than 40 nations, international and private sector donors, to support the initiative. The result should mean that Britain’s contribution alone will ensure that a child is vaccinated every two seconds and that the life of a child is saved every two minutes (during the five years of this Parliament) from diseases which no longer

kill children in Britain. In 2012 a similar effort was directed towards achieving the same impact with family planning. This effort should mean that over the next eight years we reduce, by half, the number of poor women in the world today who want access to family planning but cannot get it. It is hard to think of a result that will have a greater effect on the position of women around the world.

Perhaps the most surprising breakthrough is the emerging agreement on tackling tax havens and the moral pressure on companies to pay tax where it is ethically due. Mineral wealth in many countries has proved a curse for the poor. Openness and transparency in the future could make it a blessing. In the past mineral resource issues have often been about geography, whereas now they are much more about public policy. Tackling corruption, with its cancerous effect on development, should be one of our highest priorities.

Following the work undertaken by the High Level Panel led by David Cameron on what should succeed the Millennium Development Goals, we now await the results of further deliberations at the United Nations General Assembly.

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Global terrorism

Foreign policy

Dr Liam Fox MP

‘Terror’ is a word that seems to have invaded our daily existence. From TV news to train station luggage warnings to the intrusive security we face with every flight we take, we are constantly reminded of its presence.

Since the London Underground bombings and more recent terrorist events including the horrendous murder of Drummer Lee Rigby many people in Britain find themselves asking whether we now have, hidden in our society, those who wish to undermine or replace our system of government and to actively challenge our value system. The answer to this question is almost certainly yes. Yet the story of what we commonly refer to as terrorism is probably much more of a continuum than we might imagine.

In Britain and the United States, how many people now remember the extraordinary levels of violence and insecurity that stalked Europe in the 1970s and 1980s? The facts would shock many of us. In Italy between 1969 and 1987 there were 14,591 terrorist attacks; 1,182 people were wounded and 419 killed.¹⁸⁵ Outside the United Kingdom (and to

¹⁸⁵ Michael Burleigh, *Blood and Rage: A cultural history of terrorism*, (London: Harper Perennial, 2009), 191.

a surprising extent inside too) who really remembers the scale and frequency of the IRA attacks on both civilian and military targets in the last quarter of the twentieth century? How can it be that so many of us have already forgotten those killed in September 1975 in the bombing at the Hilton in Park Lane or in December 1983 in Harrods, and in the numerous other attacks of that era? It is a long and bloody list with each atrocity a life-changing event for the families of the victims and the survivors themselves.

“It will not end with a victory or defeat on a battlefield
Terrorism learns to mutate”

Terrorism has probably always been with us and probably always will be – a sad but warped testament to our inability to deal with our differences in a peaceful and civilized fashion. It is a reflection of culture, religion, politics and the resentments and conflicts they can produce. Events that seem at first unconnected may on closer examination be intricately linked, and the accidental or willful distortion of historical events can provide a fertile ground in which to grow deeply held grudges and foster hatred. A quick look at history tells us that what some call today the war on terror cannot and will not be a discrete time-limited entity. It will not end with a victory or defeat on a battlefield. Terrorism learns to mutate.

Islamic fundamentalism

The current campaign of violence being waged by Islamic fundamentalists around the world is a toxic phenomenon fed by increased personal mobility, the rapid improvement in communications and a grotesquely distorted and simplified view of history. It threatens both Muslim and non-Muslim states alike, and eats away at concepts of equality, democracy and pluralism.

This movement not only justifies the murder and maiming of innocent civilians but glorifies atrocities such as suicide bombings. They do

not lack the will to kill us, merely the capability to do so. That is what we must deny them. From Bali to Madrid to Manhattan, this particularly venomous threat is probably the world's first truly global terror phenomenon and will require prolonged international cooperation if we are to have any chance of containing or defeating it. In their exceptional book *Winning the Long War*, James Jay Carafano and Paul Rosenzweig state, "Radical Islam is not terrorism in the name of religion; it is terrorism hiding behind a mask of religion."¹⁸⁶

"What makes them tick?" is a question we often ask ourselves. For most of us, it is virtually impossible to understand the mindset of those who indiscriminately kill or maim the innocent. The motivation behind terrorism has been endlessly discussed and written about by historians, politicians and psychologists, with the full spectrum of human behaviour invoked from religious fanaticism to political idealism to frank criminality. Yet whatever the reasoning or excuses given, the effect is always the same. Michael Burleigh's book, *Blood and Rage: A Cultural History of Terrorism*, contains a point about the victims of terrorism should be on the desk of every politician, security officer and journalist:

*"Their victims usually have one thing in common regardless of their social class, politics or religious faith. That is a desire to live unexceptional lives settled with their families and friends, without some resentful radical loser – who can be a millionaire loser harbouring delusions of victimhood – wishing to destroy and maim them so as to realize a world that almost nobody wants . . . They all bleed and grieve in the same way."*¹⁸⁷

186 James Jay Carafano and Paul Rosenzweig, *Winning the Long War: Lessons from the Cold War for defeating terrorism and preserving freedom*, (Washington, DC: Heritage Books, 2005), 5.

187 Burleigh, *Blood and Rage: A cultural history of terrorism*, preface.

The nature of today's threats

Terrorism, however, is not just a case of inflicting emotional distress on the target population. The economic costs of 9/11 highlighted the asymmetric nature of the attack and showed how a security incident in one part of the world can quickly create contagious instability in the global economy. A relatively low-cost operation for the terrorists had a significant direct impact on stock markets and New York City itself. By the end of the week the Dow Jones industrial average had lost 14.3% or some \$1.4 trillion – a record at that time. The GDP of New York City is estimated to have fallen by \$27.3 billion in the last three months of 2001 and the whole of 2002, with the federal government providing over \$20 billion in aid.¹⁸⁸ It also had longer-term consequences for the United States and its allies, not least the costs of the war in Afghanistan. What the total bill will be is currently unknown, but is likely to run into several trillion dollars. That is before long-term support for the country is taken into account.

When people think about the nature of the threats we face, it is not unusual to hear them remark that, with so much nuclear technology around, it is amazing we have never had any sort of nuclear terrorist attack. This is all the more pressing, given that of the seven reactor-produced isotopes likely to be suitable for radiological terror purposes, the US Nuclear Regulatory Commission estimates that a quantity of one of these is lost, abandoned or stolen every day of the year.¹⁸⁹ In this context I often ask people this question: according to our security advisers, how long is it likely to be before a major city experiences some sort of nuclear terrorist incident? It is of course a trick question as there have been at least two such incidents already, in Moscow and Grozny. Neither device was detonated but the implications are all too obvious.

188 Robert Tilford, "The economic impact of the 9-11 attacks was enormous", *Examiner*, 10 September 2012.

189 Peter D. Zimmerman, "Dirty Bombs: The threat revisited", *American Physical Society News*, March 2004.

After 9/11 there was a great anxiety that terrorists might target the United States with some kind of dirty bomb, with New York seen as particularly vulnerable. It was assessed that the economic costs of such a device might be greater than even the 9/11 attacks themselves. How do we deal with such a wide range of threats to our security, knowing that there are people out there who would do us harm and who may already be in possession of such potentially devastating technologies?

Our response

Dealing with this threat will require a multi-pronged approach involving unified international condemnation of terrorist acts; support for moderate governments in the Muslim world so that terrorists are deprived of recruiting grounds; refocusing the international community's efforts and resources on the areas most at risk of terrorism; and using modern information and communication technologies to kindle aspirations for freedom in those societies ruled by the sponsors of terror.

“For terrorists, first comes the jihad of the tongue, then that of the purse, and finally that of the sword, which is supreme”

It has been said that Western legal systems fail to see that, for terrorists, first comes the jihad of the tongue, then that of the purse, and finally that of the sword, which is supreme. We cannot say that we have not been warned. The question is whether we have the political and moral courage to pick up the gauntlet that has been thrown down to us. Meanwhile, the inability, or unwillingness, of certain political elements in the West to understand the uncompromising and fanatical nature of this threat has made it more difficult to deal with.

In my own book, *Rising Tides*, I related a conversation I had in the Elysée Palace with a senior member of President Sarkozy's govern-

ment.¹⁹⁰ I was talking about how we had won the Cold War not just because of our military and economic superiority but because we also had a moral superiority and belief in our own values. I asked why it was that we had been so willing to use the word 'better' then (democracy was better than dictatorship; freedom was better than oppression; capitalism was better than communism) but seemed so afraid to use it now. Surely in relation to fundamentalist Islamist views our ways are better – better to have religious tolerance than violently imposed orthodoxy, better to have a concept of universal human rights than not, better to have societies in which women play a full and equal role with men? The answer was depressing: "I don't think we can really say 'better' nowadays, only 'different'."

"If we do not believe that our values are better than the alternatives, and worth defending, then why should anyone else listen to us. Liberty, equality and the rule of law are better than the alternatives."

If this is what we really believe, we are in deep trouble. If we do not believe that our values are better than the alternatives, and worth defending, then why should anyone else listen to us. Liberty, equality and the rule of law are better than the alternatives.

We need more 'better' and less 'different' or we risk losing the battle of ideas and ideals for the future. That would be an unforgivable betrayal of those who sacrificed so much for what we too often seem to take for granted.

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190 Liam Fox, *Rising Tides*, (London: Heron Books, 2013).

People power

Political and constitutional reform

Zac Goldsmith MP

The relationship between people and power is unarguably in poor shape today. The anecdotal evidence is strong enough. Radio phone-ins fizzle with rage for politicians. But the research more than backs it up.

Turnout at elections continues to sink. From 1945 until 1997, the average turnout at General Elections was over 76%, peaking at 83% in 1950. In the most recent elections, it has hovered at around 60%.¹⁹¹ Meanwhile, membership of political Parties is at an all time low.

“Nearly 4.5 million people, or one in ten adults belong to environmental and conservation groups”

Of course, politicians are aware of this. Some put it down to the recent expenses scandal, but voter turnout plummeted after the General Election 17 years ago, and remains low. I suspect for most people, the scandal merely confirmed a prejudice that was already there. Others attribute it to apathy, but that too must be wrong. A million people marched in Lon-

¹⁹¹ Simon Rogers and John Burn-Murdoch, “UK election historic turnouts since 1918”, *The Guardian*, 16 November 2012.

don against the war in Iraq. Half a million people took to the streets in opposition to the ban on hunting. Nearly 4.5 million people, or one in ten adults belong to environmental and conservation groups.¹⁹²

The cause is not boredom, or a temporary anger about a single, albeit major scandal. It surely has more to do with disaffection with the way we do politics in this country.

People can sense that politics has become so remote that no matter how hard they may try to exert meaningful influence, they are unlikely to succeed. The fact that even a media heavyweight like Jeremy Paxman has been willing to admit that he didn't bother to vote at the last election surely tells us something must change.

British democracy has continually evolved. From the first Reform Act of 1832, through various improvements to the Act, right up until the moment every man and woman over the age of 18 was able to vote, our democracy has broadly kept pace with the times. Each step involved handing more power to more people, and each was strongly resisted at the time. But no one today regrets the direction of travel. After all, for voters at least, the alternative to improving democracy is walking away from it, and there isn't an example in history of that leading to a happy ending.

However things ground to a standstill forty or so years ago, and despite monumental changes to the way we live, not least because of the internet, our politicians have stubbornly dug their heels in and resisted meaningful reform.

Locally, voters are continually demoralised by how little power their elected Councillors have and how often they are simply overruled on planning issues by distant, unelected quangos. The national equation is only marginally more tipped in people's favour. For the 1,500 or so days in between general elections – when people can choose between (at a stretch) three political parties – they are denied any access at all to the

192 Jon Cracknell et al, *Passionate collaboration?*, (London: Environmental Funders Network, 2013).

decision-making process. Once the polls have closed, voters have no choice but to accept one often-bad decision after another.

“Direct Democracy holds the key, in my view, to repairing the relationship between people and power”

Nor can voters properly hold their own representative to account. MPs are almost entirely insulated from constituents in between elections. Ask any MP, and they will concede that once the election has passed, the pressure is largely from Party, not people, even in the more marginal seats. Voters know that in between elections, no matter how poorly their MP performs, there is no mechanism allowing them to intervene. Unless jailed for more than a year, an MP is inviolable.

For voters whose MPs fail to conduct surgeries, or who rarely turn up to vote in Parliament, or who systematically break important pre-election promises, this is already known. But on the back of the expenses scandal, the problem was highlighted with appalling clarity on a national stage, and politicians of all parties realised immediately that they needed to act – or at least appear to act.

David Cameron talked vaguely but enthusiastically about Direct Democracy. Nick Clegg went further, promising something akin to a new Great Reform Act. All three Party leaders promised to bring in a system of Recall that would allow voters to sack underperforming MPs. Whatever the outcome of the election, we thought, politics would change. Specifically, we would edge towards a more direct form of democracy.

Direct Democracy is a simple concept, and it holds the key, in my view, to repairing the relationship between people and power. What it means is that ordinary people can intervene on any political issue, at any time of their choosing. With sufficient popular support, existing laws can be challenged, new laws can be proposed, and the direction of political activity, at local and national level, can be determined by

people rather than distant elites. This would radically transform politics. Not only would voters be able to stop unpopular policies from becoming law; they would be able to kick-start positive changes. The whole process of calling a referendum would ensure more widespread and much better informed debate. We would also see greater legitimacy given to controversial decisions.

The key is that decisions should always be taken at the lowest possible level. For example, if there is a proposal to build an incinerator in a particular borough, people living in that borough would be able to 'earn' the right to hold a referendum if they manage to collect a specified number of signatures.

We would need to debate about the kind of issues that could be influenced, made or reversed via referendum nationally. Constitutional issues, like the transfer of powers to the EU, would clearly justify use of a national ballot initiative. We would need rules ensuring balanced coverage of an issue, fair expenditure by interest groups, honest wording of questions, the number of signatures required to trigger a referendum, and so on. But these problems can be overcome.

A fundamental component of Direct Democracy is Recall. Its beauty is in its simplicity. If a percentage of constituents – usually 20% – sign a petition in a given time frame, they earn the right to have a referendum in which voters are asked if they want to recall their MP. If more than half of voters say yes, there is a subsequent by-election. At a stroke, Recall would convey a sense of empowerment, and help settle the relationship between people and power. Under a system of Recall, it would make no sense for voters to engage in wholesale dismissal of politicians. They would have the representatives they deserve, and crucially, even in safe seats which would become a thing of the past.

Direct Democracy didn't make it into the respective manifestos at the last General Election. Recall did however – in all three. But when Nick Clegg was asked to draft a Recall Bill, he delivered a proposal that

is so far removed from genuine Recall, it is Recall only in name. Instead of empowering voters to sack MPs in whom they have lost confidence, which is how Recall works the world over, the Lib Dem leader's version hands power up to a committee of fellow MPs. What was supposed to be a tool to enable voters to hold the institution to account has been transformed into a tool for enabling the institution to hold itself to account. The proposal was nothing more than a cynical attempt to convey an impression of democratic reform without actually empowering voters in any sense at all.

Asked to examine the draft Bill, the Political & Constitutional Reform Committee said that the Government's version of Recall "would reduce public confidence in politics by creating expectations that are not fulfilled."¹⁹³ It is worth noting that not a single reform organisation, or a single reform-minded MP, backed Clegg's Bill .

"It is this fear of the 'mob' that has prevented meaningful reform for years. Precisely the same arguments were used to prevent women being given the vote, and the same arguments are now used to row back direct democracy"

Clegg has been quite clear that the reason he has backed away from genuine Recall stems from a fear of what he terms 'kangaroo courts'. It is at root an argument against democracy itself, because under a genuine Recall system, the only court is the constituency, and the only jurors are voters. Recall is not a new concept. It exists in 19 US states, 6 Cantons in Switzerland, Venezuela, the Philippines, British Columbia in Canada, South Korea, Taiwan, and Argentina, among other countries. Where Recall happens, there are no known examples of successful vexatious recall attempts. In short, voters can be trusted.

¹⁹³ Political and Constitutional Reform Committee, "Political and Constitutional Reform – First Report", <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmpolcon/373/37302.htm> (2012).

It is this fear of the 'mob' that has prevented meaningful reform for years. Precisely the same arguments were used to prevent women being given the vote, and the same arguments are now used to row back direct democracy. We hear, for example, that direct democracy will give newspapers too much influence. But newspapers already have far more influence over vulnerable and frightened MPs than they ever could over a notional audience of 60 million. The same is true of special interest groups. Ask any lobbyist whether he would rather persuade a government minister over an expensive lunch, or instead seek to win a proposal in a public referendum. The answer will invariably be lunch with the government minister.

We hear that that policy is too complex for ordinary voters. But no one is suggesting a form of government-by-referendum. Referendums would necessarily only be used where the demand is very high. Besides, a referendum, even one dealing with a complicated subject, would prompt precisely the kind of public engagement that politicians claim they want to encourage.

Nor is the greatest fear – of the 'mob' – borne out by practical experience. In 2009, a nation with a reputation for insularity was asked to tighten its citizenship laws, making it harder for foreigners to gain naturalisation. Much to the surprise of international commentators, the proposal was rejected by a margin of almost two to one. This country can justly claim to be the most democratic on earth: Switzerland.

It is worth remembering Edmund Burke's observation that "in all disputes between people and their rulers, the presumption is at least upon a par in favour of the people."¹⁹⁴ Quite.

Conclusion

Tragically, ideas about Direct Democracy evaporated shortly after the last General Election. Only Recall remained a real prospect, but in a

194 Edmund Burke, *Thoughts on the cause of the present discontents*, (London: J. Dodsley in the Pall-Mall, 1770).

form so perverse that even the most reform-minded MPs would have voted against it. The idea effectively died, and voters today are left once again with the feeling that they have been duped, that our leaders were merely engaging in a cynical stunt. Politicians must realise that the very same stunt only strengthens arguments in favour of political reform.

***Zac Goldsmith MP** was the editor of the Ecologist Magazine for 10 years until he was selected as the Conservative Party Parliamentary candidate for Richmond Park and North Kingston. He was elected in May 2010. In 2005 he oversaw a wide-ranging review of environmental policy for the Conservative Party. Zac's book, *The Constant Economy*, was published by Atlantic in September 2009.*

Is there a ‘women problem’ in British politics?

Women

Baroness Anne Jenkin and Brooks Newmark MP

There is a shortage of women in leadership roles across the board: in industry, business, the arts, sport, academia, the judiciary and the media for example, as well as politics. The reason for this shortage is no longer a lack of aspiration, or lack of talent. Sex equality laws have changed attitudes and practice, but only up to a point. There is still a ‘glass ceiling’ in many walks of life.

This matters, whether in the boardroom, in the courtroom or in Parliament. This is not only because millions of women are frustrated by failing to achieving their true potential, but also because the nation is missing out on talent and ability that is going to waste. To change this we don’t need new laws, or punishments but we do need a wholesale change in attitude among both men and women. The expectation that cripples many women’s opportunities remains the one which ties them to childcare and home making. Sharing family tasks should be the norm, not the exception.

Some say that men will always be more ambitious than women, and this limits the objective of parity at the top, but liberating ambitious and capable women to compete should be the objective. This must be for the whole of society. Politics is part of this.

It is a little under a hundred years since women gained the vote in elections here in the UK, yet in that time remarkable changes have occurred in public life, not just here but all over the world. For over half that period we have had a successful and popular female monarch on our throne. Women from both our major political parties have sat in Cabinet; women have led big business, have become judges, and will soon be bishops. Margaret Thatcher, Angela Merkel, Benazir Bhutto, Indira Gandhi, Hillary Clinton, Condoleeza Rice, Christine Lagarde and many others have shown and continue to show that it is the quality of leadership, not their sex or gender which matters. Nevertheless, countless unreasonable disadvantages still beset many talented women as they choose their career path in so many walks of life, including in the sphere of public or political service.

Nowhere is this more apparent than in politics. The Conservatives, Labour, Liberal Democrats and all the smaller parties all struggle to increase women's involvement in front-line politics. Yes, the Conservative Party can proudly boast Margaret Thatcher as the first female Prime Minister; Nancy Astor as the first female MP to take her seat; and Janet Young as the first female Leader of the Lords. Labour and the SNP can lay claim to the fact that their deputy leaders are women. But the record of all the major parties is lamentable. The Labour Party only has a better record on numbers by getting women into Parliament through the use of all women shortlists – bringing in a new generation of capable women MPs

Attitudes matter. More than three decades after Lady Thatcher's historic victory in the 1979 election, only 22% of all UK MPs are women, and that reflects how attitudes are slow to change in all the parties.¹⁹⁵ This places the UK 64th in the world (as of April 2014), a disappoint-

195 Rosie Campbell et al, "Stand by your man": Women's political recruitment at the 2010 UK general election", *British Politics*, 2010.

ingly low ranking given the history of democracy in this country.¹⁹⁶ It is worth pointing out that many of those countries in the world which have a significant number of women MPs have achieved this through the use of some form of positive action. More than 100 countries use some form of sex quota in politics.¹⁹⁷

“More equal women’s representation in politics would strengthen the decision-making process of government. Equality of representation is not an add-on, an afterthought”

Instead of trying to score points off each other, all the political parties, and the men and women in them, MPs, party workers and party members, should be working together to tackle the habits, attitudes and behaviour which inhibits the ability to attract, recruit and indeed retain the “best and the brightest” men and women willing to serve the country as Members of Parliament. This requires a new and different strategic determination and energy than we have yet seen. We welcome the current investigation being undertaken by the All Party Women in Parliament Group into working practices and barriers into entering Parliament, and look forward to reading their recommendations when they report later this year.

More equal women’s representation in politics would strengthen the decision-making process of government. Equality of representation is not an add-on, an afterthought, or a “nice-to-have”. Dr Rosie Campbell, Reader in Politics at Birkbeck, University of London, and specialist in women’s voting intentions, agrees that female role models are ‘good for democracy’. In an interview with Women2Win earlier this year, she

196 Inter-Parliamentary Union, “Women in National Parliaments”, <http://www.ipu.org/wmn-e/classif.htm> (2014).

197 Quota Project, “Country overview”, <http://www.quotaproject.org/country.cfm> (2014).

said: “Women, as 52 per cent of the population, are obviously not a homogenous group and there is no simple link that can be made between the presence of women’s bodies in Parliament and the representation of women voters’ preferences. However, research I have undertaken.....has used survey data to demonstrate that women voters of all parties are more concerned about gender equality than men.”

She added: “There is a growing body of evidence that women politicians can have a ‘role model effect’ whereby their visibility encourages other women to become more politically active. This is good for democracy.”

A recent survey found 72% of girls aged 11 to 21 wanted to see more women in Parliament.¹⁹⁸ It also showed a link between a narrow range of role models and limited aspirations. This supports the argument that those women already in the Conservative Party need more visibility and to be seen to progress up the ministerial ranks. Another opportunity would be to have more female role models and systematic mentoring in politics. This would lead to a virtuous cycle in which women could see themselves actually going into politics as a career.

We need to do more to develop a pipeline of young women who are interested in becoming more politically engaged. Until this happens, we will continue to have a shortage of female candidates and will miss out on a potential 52% of the talent that is available in our society. As a Party, we need to work to address this by talking to young voters – at schools and at universities- in order to highlight politics as a potential career path. This doesn’t just mean becoming an MP, but becoming involved as campaigners, councillors or possibly taking up a public appointment. We welcome the fact that the Party is arranging a series of road shows around our major cities to talk about the journey and what the job of being an MP actually involves.

198 Radhika Sanghani, “Is there such a thing as the ‘women’s vote’ anymore?,” *The Telegraph*, 16 September 2013.

Is the Conservative Party modernising as well?

The outlook for the Conservative Party going into the next General Election is mixed. At the 2010 General Election, the number of Conservative women MPs increased from 17 to 49, a significant increase, up from 9% to 16% of the Parliamentary Party. To put this in context the Labour Party currently has 81 women MPs (31% of the Labour Parliamentary Party) and the Liberal Democrats have 7 women MPs (12% of the Liberal Democrat Parliamentary Party). The United Nations emphasizes the importance of women constituting 30% of elected political institutions; increasingly, advocates for women's political representation use the language of parity – of women and men's equal presence.¹⁹⁹ Recent selections ahead of the 2015 UK General Election have shown that, while roughly a third of seats have gone to women, only a quarter of retirement seats to date have selected a woman, although this is a small number and there will be more to come. It is the vacant seats already held by political parties, that, all other things being equal, turn women candidates into women MPs.²⁰⁰

Additionally, a number of women MPs who were newly elected in 2010 have announced their intentions to stand down for a whole host of reasons. Moreover, there are a number of current female MPs who will go to the polls in 2015 to defend their seats with small majorities. All of this adds up to a major challenge for the Conservative Party. In order to move forward, the party needs to deliver a significant increase in the number of women candidates selected in seats that the party expects to win. Going backwards should not be an option or a possibility.

The party has taken steps to address the shortage of female MPs over the last decade. The Prime Minister's calls for women to seek selection

199 Mona Lena Krook and Pippa Norris, "Beyond quotas: strategies to promote gender equality in elected office", *Political Studies*, 62:1 (2014).

200 Sarah Childs, *Women and British party politics*, (London: Routledge, 2008).

are to be welcomed. And Women2Win are working hard to reduce the barriers to women through a combination of mentoring and training. Regular practice Q&A sessions, along with a series of mock selections have helped female candidates to rehearse their arguments, improve their public speaking and presentational skills as well as to network with each other.

We need to appreciate, however, that it is Conservative Associations that make the final decision in selecting their Parliamentary candidate (although in some recent selections, candidates were chosen through an open primary). In UK politics, parties act as important gatekeepers. Unless associations, party members and local voters participating in selections acknowledge that women are able to do the job just as well as men, we will not see the shift in attitude from within the party translating into more seats for women.

Women2Win, together with the CWO, who run regular "Introduction to Politics" and development programmes, are working to ensure that the number of women involved in public and political life continues to increase. However, without more buy-in from our Party membership we won't be able to realise the change necessary to appeal to female voters in particular and to the electorate as a whole.

Selling the New Approach to Associations:

CCHQ has made a video featuring a variety of MPs from different backgrounds. The film has received positive feedback from Associations, and has shown the different aspects of an MP's life. Normally, Associations only see their MPs through their work with the Association, without a full understanding of their roles in the constituency and Westminster. The video makes it apparent that a woman candidate is just as well suited to the role. Many women might be better suited to constituency work than their male counterparts. Selections have tended to focus on male stereotype strengths and skills which are perceived necessary for West-

minster life. It is hardly a surprise that many female candidates struggle to match this to the satisfaction of those doing the selection. They then fail to demonstrate their own unique strengths, and even if they do, they are not valued as they should be and fail to be selected.

What else can be done?

In order to encourage a better balance in future selections, the party can choose to implement new measures/mechanisms, ones that stop short of All Women Shortlists. First, we would like to see a change to the rules to ensure that every selection final has both male and female representation. This would allow Associations a better choice and to see both men and women perform. In some cases women have been shortlisted but have not got through to the final after being interviewed by the executive, meaning that the general public at the Open Primary stage or members at the final selection meeting are missing the opportunity to pick a female candidate. By ensuring that at least one male and one female candidate is in the final, we will be taking a step towards ensuring a better balance and a better choice in the candidates being selected to fight seats.

Despite the cost, the party should also consider more open primary postal ballots. In the two instances where these were trialled before the 2010 General Election, both constituencies selected women candidates. Open primaries also have other advantages. Postal primaries can engage attention and participation far wider than the narrow party membership. They favour local candidates, who tend to perform more strongly in marginal seats. For all these reasons, open, postal primaries, or even constituency wide ballots conducted by local authorities, are the future for an engaged and relevant party. Any reference to gender should be removed from candidates' application forms. Anecdotally, where this has been tried it has led to more women being selected for interview.

There is a need for policy makers and CCHQ to appreciate and understand the female perspective on policy. It is such a betrayal of unconscious male bias, that so many of the party's senior policy researchers and special advisers are women. This is 2014, but the first female Director of the Conservative Research Department, the first PM's Political Secretary or Chief of Staff, have yet to be appointed. By bringing in more women, blunders can be avoided, there will be more new ideas, and the party's messaging and tone could be tailored effectively and women voters in particular would better understand the benefits of policy changes being implemented.

"The party should also consider more open primary postal ballots. In the two instances where these were trialled before the 2010 General Election, both constituencies selected women candidates"

The Conservative Party should make better use of the talented women ministers, MPs and councillors it already has. They are talented women who should be far more visible. They should also use other women in leadership positions such as "Business Ambassador" Karren Brady, at all possible opportunities.

We welcome the recent appointment of a new Vice Chairman for Women to address the question of whether women matter to the Party. She will also be able to co-ordinate the activities in this area, and provide a focus for communication with all the women's groups.

We need to think harder, too, about the tone and language we use when explaining our policies and appealing for votes. Women will tend to question not just the policy but also the intentions of the person introducing it. Recent media coverage has also questioned the Party's attitude and intentions towards women. At PMQs recently, the Leader of the Opposition attacked the Prime Minister for the lack of women

on his front bench team and for the lack of women in the Parliamentary Party.

Unless there is a significant increase in women MPs at the 2015 general election, the Conservative Party will need to look at this issue in detail. It needs to have a strategy to address this important issue, and all options should be on the table. Complacency should not be an option and more radical ideas may need to be considered if progress towards both increased female representation and an understanding of the female voter are to be achieved.

***Brooks Newmark** was first elected as the Member of Parliament for Braintree in 2005. Brooks was promoted to the Whips' Office in July 2007 and following his re-election in 2010, Brooks was appointed a Senior Government Whip and Lord Commissioner of the Treasury. Brooks left the Government in 2012 and was re-elected on to the Treasury Select Committee (2012-present). Books is a co-Founder and Co-Chairman of the Party's Women2Win campaign and lives locally with his wife and five children.*

***Anne Jenkin** was created a life peer in January 2011. She contested Glasgow Provan in 1987 but decided that a political career was not for her. She co-founded Women2Win in 2005 and co-chairs it. She is actively involved with a number of charities. She is a Trustee of UNICEF UK and co-chair of Conservative Friends of International Development.*

Getting the right coalition

Political strategy

Rick Nye

The battle between modernisers and traditionalists is nearly as old as the Conservative Party itself and it proves a very important point: the Conservatives were a coalition party long before they became the senior partner in the Conservative-Liberal Democrat Coalition Government formed in 2010. And this alliance with the Liberal Democrats was necessary because they failed to build a sufficiently large coalition of support on their own in the run-up to the last Election.

To win in 2015 the Conservatives must do what they have signally failed to achieve in every election since 1992: secure a wide enough range of support among the electorate to command an overall Commons majority. And if that wasn't hard enough, they must do this on parliamentary boundaries which require them to win more votes on average to secure a seat than their principal opponent, the Labour Party. That is the task at hand for David Cameron.

He almost certainly has to do better than Barack Obama did in 2012 and better than any sitting British Prime Minister has done in 40 years: to get a higher share of the popular vote at the next election than he did at the last. As Lord Ashcroft has demonstrated in his illuminating Blueprint series chronicling the ebb and flow of Conservative

support during the current Parliament, this is as much about winning the support of people who didn't vote Tory in 2010 as it is winning back those who did but who have since moved away.²⁰¹

“To win in 2015 the Conservatives must do what they have signally failed to achieve in every election since 1992: secure a wide enough range of support among the electorate to command an overall Commons majority”

There many ways to break this task down. One is by the party potential supporters come from, such as pro-deficit reduction Labour or Lib Dem voters from 2010, or by the party they are currently threatening to go, usually UKIP. Another is by targeting key demographic groups where Conservatives have traditionally under performed and ought to be doing better, for instance younger women, urban dwellers, certain minority groups or the North of England more generally.

Understanding voters

As useful as these indicators can be in telling you what people say they have done and will do or who they are demographically, they don't tell you why people behave as they do politically. Beyond the standard demographic classifications lies a series of attitudes people that people hold about the world around them and their own sensed place within it. This is based on a range of different outlooks shaped by experiences and values that have been developed and passed on among families and communities. These psychological factors both transcend party preference but they also help to drive it and it is at this level that the job of coalition-building really needs to start.

Take these six key voter types that together make up the British electorate. They have been developed by Populus after profiling voters using a se-

201 Lord Ashcroft, “Project Blueprint: The proceeds of growth?”, *Lord Ashcroft Polls*, 4 January 2014.

ries of questions about their attitudes towards business and government; their views on inequality, immigration and social change; their beliefs about progress and social mobility; and how they assess their lives to date and the future prospects for themselves and their families.²⁰² Each political party has to fashion a winning coalition from these building blocks.

Any casual observer would be forgiven for thinking that there are really only two types of voter that matter in British politics, each of which lie at opposite ends of the political spectrum. At the Conservative leaning end there's "Comfortable Nostalgia" – a haven for often older, more traditional male voters, who are financially secure but who dislike the social and cultural changes they see going on around them which they think are altering Britain for the worse. If they sound familiar it is because they are David Cameron's noisy neighbours. Usually overwhelmingly Conservative, it is this group that has flirted most obviously with UKIP since 2010.

In the other corner are the "Cosmopolitan Critics", where younger, more secular and more urban voters are to be found. This group, usually highly educated and containing more public sector workers than any other often find themselves in opposition whoever is in Government; Liberal Democrat voters were as prominent as Labour ones at the last Election but the Lib Dem support has all but collapsed among this group since the Party joined the Conservatives in coalition.

So there you have it: grumpy old men and *Guardianistas*; British politics in a nutshell. Except that collectively these two groups make up less than one in five of the total electorate. At the last Election they were not even the largest elements of their respective Conservative and Labour voting coalitions.

Both delivered fewer votes to the two main than either the "Optimistic Contentment" block of voters or the "Calm Persistence" block. The Optimistic Contentment category accounts for more than one in five voters. It contains people who are generally confident about their pros-

²⁰² Rick Nye, *A portrait of political Britain*, (London: Populus, 2013).

pects and comfortable with their current lot. They are patient, prudent and tolerant but they also think Britain is a soft touch. They formed the largest part of the Conservative vote in 2010 and along with Comfortable Nostalgia are the most likely to say currently that they'll vote Conservative at the next Election. Labour got more than a third of its 2010 vote from this group but languish a distant second to the Tories among them now.

The Labour Party enjoys more support among "Hard Pressed Anxiety" and "Long-term Despair", who together account for more than a quarter of the electorate. These people look to public services and to the tax and benefits for support – among Long-term Despair often exclusively so. Their attitudes towards immigration, politicians and the political process range from the sceptical to the outright alienated. It is among these two groups of alienated, predominantly Labour groups that UKIP hopes to make headway next.

This leaves the final and largest group of the British electorate accounting for nearly one in three voters. This "Calm Persistence" segment is keenly fought over by all political parties: think of their leaders' appeals to "strivers", "the squeezed middle" and "alarm clock Britain". This group are coping rather than comfortable and have yet to see evidence of the current recovery in their own lives. They also think that people have a right to expect more from government.

Changing attitudes

Looked at through the prism of these voting groups, it is striking how much richer and more nuanced the current political debate becomes. Yes, immigration matters but nothing like as much to the Optimistic Contentment and Calm Persistence groups as it does to the Comfortable Nostalgia group where it dominates even the economy and the cost of living.

Meanwhile the NHS hardly gets a look-in with Comfortable Nostalgia voters whereas it features prominently among the Optimistic Contentment and Calm Persistence populations.

On the other hand when asked to pick from a list of words and phrases those which best sum-up the country, Britain is described frequently as a “soft touch” by all voting groups bar Cosmopolitan Critics. Finally take the issue of same sex marriage, a subject of much heartache in the Conservative Party over the last 18 months. Asked to say on a 0–10 scale how far they agree that society would be stronger if more couples married rather than just lived together Comfortable Nostalgia voters register an average score of over 7, Cosmopolitan Critics of below 3. Re-frame the question to ask whether gay couples should have exactly the same rights as heterosexual couples including the right to marry and Comfortable Nostalgia voters now post an average score of below 3, while Cosmopolitan Critics score above 9!

This, then, is the varied and politically variable raw material of British public opinion that the leaders of all parties have to work with. Different outlooks, different priorities and different levels of political engagement. Of course building coalitions is nothing new.

Building coalitions

In fact the composition of victorious coalitions is rarely if ever questioned: people usually just lionise the ability of the leaders who create them to transcend the traditional appeal of their parties: think of Margaret Thatcher reaching out to the aspirant working classes in the 1980s, Tony Blair to the middle classes after 1997, Boris Johnson being the Tory mayor of ethnically diverse, non-Tory London now.

In one of politics’ more bitter ironies it is usually only when coalitions prove too small to succeed that party loyalists end up arguing about why they should have been even smaller.

Take John Major. Under his leadership the Conservatives won more votes at the 1992 General Election than any party has ever done at any Election before or since;²⁰³ by that measure this was and remains their

203 Colin Rallings and Michael Thrasher, *Britain Votes 5*, (London: Politicos, 1999).

most impressive coalition-building exercise to date. Remarkably, in the space of five years the same party under the same leader went down to its worst defeat since the Great Reform Act.²⁰⁴

“There is no room in British politics (at least while it is based on the first-past-the-post system that so many Tories fought so stoutly to retain) for ideologically coherent but narrowly-based political parties”

In the aftermath Conservatives spent much of the next decade trying to make their shrinking coalition more exclusive still by fixating on the relatively small number of abstentions and defections to the then Referendum Party as the primary cause of the Party's landslide defeats and continued unpopularity, rather than on understanding why millions of former Tory voters had opted to vote for Tony Blair's New Labour or the Liberal Democrats instead. There were some who wanted to repeat this exercise in analysing the Tories' failure to win outright the 2010 General Election, and some today who have the identical impulse faced with the jump in poll support for UKIP and its expected strong showing in the 2014 summer's European Elections. Here though is the problem: there is no room in British politics (at least while it is based on the first-past-the-post system that so many Tories fought so stoutly to retain) for ideologically coherent but narrowly-based political parties. Much as some Conservatives might like to inhabit Borgen minus the coalitions, they live in Britain along with the rest of us.

That is why the Conservative Party is and always has been a shifting coalition. A part of that has always included what the late great William F Buckley used to call those “who stand athwart history yelling ‘stop’”.²⁰⁵

204 House of Commons Library, “General election results, 1 May 1997”, *Research papers*, 2001.

205 William F. Buckley, “Our Mission Statement”, *National Review*, 19 November 1955.

These people have a place in the Conservative coalition but they cannot be allowed to run it.

Ultimately, the political success of the Conservatives (or any other party come to that) rests on breadth of its support as measured by the size of the voting coalition it can realise. That in turn is defined by a party's generosity and ambition. The Conservatives will need to show a lot of both in the months ahead if they are to get a second chance in government.

Rick Nye is the strategy director of Populus. Rick is the co-founder and former director of the Social Market Foundation, and a former director of the Conservative Research Department.

Conservatives have a good story to tell. The economy is growing. The public finances are being restored. Finally, living standards are rising again. And reforms to our public services – especially in education and welfare – are proving effective and popular.

Modernisers have long argued for the Conservative Party to offer a positive and distinctive policy agenda. The focus should be on conveying economic competence, managing and improving public services, supporting those on modest incomes, and being representative and supportive of modern Britain.

In *The Modernisers' Manifesto*, a broad group of influential politicians and opinion formers from the centre-right of British politics outline how the Conservative Party can demonstrate credibility and fresh ideas to convince the electorate that they need a second term in government to make Britain a fairer nation with a stronger economy and high-quality public services.



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