

## Introduction

2010 proved a milestone in British politics. The formation of a coalition government ushered in a new politics of compromise. Two distinct parties put aside their differences to tackle an immediate priority, bringing the budget deficit under control. For the next four years, the political landscape will be defined by the ability of the coalition government to manage the current financial crisis, and to reduce public spending. The deficit has become the defining feature of the coalition.

Yet what will be the future of the coalition? Indeed, will it retain any purpose once the deficit is brought under control? In particular, what will become of the Conservative Party?

It is unlikely that the Conservative Party will fight for a further five years of coalition government in 2015. Labour may have lost the last general election, but it remains a harsh truth that, while David Cameron has become the first Conservative prime minister in thirteen years, John Major still remains the last head of a Conservative government.

The Conservatives are likely to fight for their own separate mandate, reinforcing their values. What that mandate will be and the ideas that will underpin it need to be defined now.

2010 also proved to be something of a watershed for the Conservative Party itself. Nearly 150 new Conservative MPs were elected, the largest single number of new members of the party since 1931. This has provided the party with new blood and a fresh face, for the first time in decades reducing the average age of a Conservative MP to below fifty. Many of the 2010 intake have been keen to make their impact felt on the party at an early stage, dominating select committees and taking active roles within the 1922 Committee. This group will be a powerful force, whose opinions and ideas will help define the Party, and have a wider impact on British politics.

In this book, five new Members of Parliament from this group, representing a spread of constituencies, have come together to identify today's challenges, and to explore ideas for the future to overcome them.

Politics depends on change. Politicians must constantly adapt to the needs of society and tackle new problems. As we enter the second decade of the twenty-first century, the Conservative Party must adapt to the challenges of modern society if it is to remain both distinct and relevant.

The book does not pretend to be exhaustive, but it tackles a range of important issues, not only for today but for tomorrow. These can only be met through restating our Conservative principles: that the future of Britain's prosperity lies in its liberal and free market values, while the welfare of its citizens must be directed towards greater individual responsibility.

Each chapter in this book is largely self-contained. They can be read, sampled from or even skipped over by the reader in whichever manner is preferred. Indeed, the main thrust of our analysis can be appreciated solely

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by reading this Introduction and our chapter on Values. Each chapter is concluded by a summary agenda giving key recommendations. These suggestions are summarised in the Book in Brief section at the end of the book.

Our belief is that Britain should strive to be among the most competitive and pro-business nations in the world. Within the context of a thriving economy, we should continue the reform of our public services. We need a new settlement for working families that reduces regulation for business and increases flexibility for parents. The wider relationship of Britain with the world and with Europe, in particular, is vitally important.

We begin by looking at the Conservative principles that we feel are relevant to today. We assert the paramount importance of fiscal responsibility. Without a prosperous country we can never achieve our goals in society or provide an adequate safety net for our most vulnerable citizens. The last thirty years of public debate in Britain has been dominated by left-wing thinking, particularly in education and society. Although there is a Conservative-led government, there still remains a left-wing consensus. Examples of this type of thought are found in ‘identity politics’ in which an individual’s ethnicity or gender is seen as all important without any regard to the person. Statists have also ‘annexed’ family policy, claiming the means of progress is state involvement and institutionalised subsidy support. The same thinking has cramped any real discussion in education policy, where an egalitarian consensus has demonised the notion of academic rigour in state schools. Underpinning any debate about education is the notion of excellence and meritocracy leading to social mobility. The Conservative Party should reclaim the idea of social mobility and meritocracy to establish itself as a credible party of government.

The first part of the book looks at income and expenditure. Governments raise income through taxation, which comes from business enterprise and the private sector in general. We first look at issues of taxation, the role of the state in the economy, and implementing the best conditions for economic growth. This section also looks at the question of the environment within the wider context of economic growth.

As a consequence of the financial crisis of 2008, the United Kingdom faced the biggest deficit in its peacetime history. This deficit was £160 billion, since the government took in £540 billion and spent £703 billion in the fiscal year 2009–10.

This gap, known as the deficit, represented 12.8 per cent of national GDP. This proportion was contrasted to a figure of 3.3 per cent in Germany during the same period. The extent of the deficit was a consequence of Labour spending from 2001, when the then Chancellor, Gordon Brown, decided to accelerate public spending.

It is a major argument of this book that government spending across an economic cycle should, as a rule of thumb, never increase faster than the rate of economic growth in the country as a whole. To put this another way, the public sector should never grow faster than the private sector. Of course, during a slowdown, the so-called ‘automatic stabilisers’ will ensure that public spending increases faster than the economy but this should be an exception to the broad fiscal rule we have outlined. We need to wean Britain off its love of public spending and the sense of entitlement that has developed.

We propose a second fiscal rule of thumb, which is, in effect, a tighter restatement of Gordon Brown’s ‘Golden Rule’ – that budgets should be balanced across a cycle. This in fact is what Keynes envisaged. Under favourable

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economic conditions, governments would run surpluses to be reinvested in the economy under more difficult economic conditions. Keynes never imagined, however, that a government would have to borrow money at a time of strong economic growth. This is exactly what happened between 2001 and 2007.

More generally, the widely oscillating nature of British politics, in which Labour governments spend only to run up huge deficits which Conservative governments then have to pare down, is very debilitating to the country. The Conservative Party has to win the wider argument about fiscal management. We almost succeeded in doing this in the run up to 1997, when Labour were forced to pledge to stick to the Conservative Party's spending plans. This discipline was abandoned after 2001. Conservative politicians need to win that argument a second time, and make it harder for subsequent governments of any political colour to spend as profligately as Labour did in the first decade of the twenty-first century.

We also believe that Conservatives should be more focused on what are called 'supply side' policies to boost economic growth. The history of the late twentieth century showed repeatedly that economies that had lower tax rates, like Japan in the 1950s and 1960s, Hong Kong in the 1970s and 1980s, Estonia and other Baltic states in the 1990s, grew at a faster rate than high tax economies. Cutting taxes improves the incentives for entrepreneurs.

A combination of fiscal discipline and greater incentives through the tax structure will, even in the medium term, give a country a more prosperous future than a regime of high taxes and excessive public spending. These obvious facts, it seems, need to be restated in every generation and the contributors to this volume are unabashed in their commitment to these ideas.

The second section of the first part of the book deals with public spending, more specifically the provision of public services. The three biggest slices of public spending are, in order: social protection, health and education. The second section on spending is necessarily focused on policy in these three areas.

To compete globally, we need vastly to improve education standards. Other countries are achieving not only better levels of literacy and numeracy. They are also equipping future generations with the high skill levels needed for the jobs of tomorrow.

We should place greater emphasis on school performance, rather than exclusively obsessing about pupil selection. For too long the British education debate has hinged on the quality of students attending a particular school – grammars v. Secondary Moderns on the right, ‘banded entry’ and lotteries on the left – rather than the quality of schools themselves. The ‘poor quality of students’ has been a veil behind which failing schools and failing teachers have hidden.

Of course we should give schools and students more freedom over entry criteria, but it is reasonable to expect more attention to be placed on competition between schools. We should increase quality by allowing profit making schools to enter the sector. There is also a wider cultural question about why British students are apparently less motivated and less ‘academic’ than overseas counterparts. The anti-success culture which is embedded in many schools and universities needs to be directly challenged. If 95 per cent of Japanese students are graduating schools at A Level standard, why isn’t the same proportion of British children?

One of the major problems in British education is the number of students that cut options off too early.

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For example, 50 per cent of comprehensive school sixth forms do not offer Further Maths A Level, which means that students aren't able to study maths or physics at a top university. The coalition government has reintroduced setting within schools. This initiative is to be welcomed, and should be extended. The most successful school systems in the world have an 'escalator' policy. This compels all students to reach the base level each year (at the risk of being held down a year), but also allows students to accelerate through the system. While there should be a core that continues to 18, as students get older, there should be more options available and those of high ability should be pushed forward. Bright students from low income backgrounds should have a 'college track' through the system, encouraged by scholarships and prizes.

Our public and social services face ever greater demands. We live in a society which is facing severe demographic pressure. In health and social care, an ageing population will require ever more complex services; in schools more pupils have specific needs requiring greater personalisation; in housing waiting lists remain interminable. It is clear however that the ability of the state to fund growing demands for social services may be pushed to breaking point.

The Conservative Party is fully committed to a National Health Service which is free at the point of delivery and accessible to all. However, this commitment does not mean that the NHS services should be trammelled by vested interests which have led to it becoming the third largest workforce in the world, employing more managers than doctors.

Healthcare reform is desperately needed because otherwise the NHS will simply go bust within a couple

of decades. Demographic change, particularly the increase in life expectancy, will place a massive burden on its resources, 80 per cent of which are dominated by care for the elderly. We want to protect the NHS. To do this, however, we must look at how other countries have adapted to the increasing demand for healthcare.

The second axis upon which government acts is security. The first part of the second section of the book (part 3) concerns domestic affairs. We begin by looking at our justice system, and what we can do to regain the public's confidence in sentencing, prisons and control of immigration. We next look at what can be done to protect our civil liberties, and ensure a healthy pluralism among the voices in our media.

We believe that civil liberties were grossly eroded under the last government, and we do not see any inconsistency between adopting a tough penal policy and a more liberal approach to civil liberties. The principle can be very simply expressed. British justice should be firm but fair: we should allow the citizen the widest possible freedom within the law, but we should be very firm in our condemnation when the citizens steps outside that law.

Finally, we take a look at what we could do to create a more sustainable relationship between Scotland the rest of the United Kingdom.

The concluding part of the book (part 4) is concerned with Britain's position in the world, and treats foreign policy, our relations with the EU, and the provision for our security against external threats, namely defence.

Great Britain, because of her history, has played a significant role in global affairs during the last 300 years. Modern Conservatives are equally ambitious for Britain to 'punch above her weight' internationally and fulfil her historic role. In the current situation of international



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uncertainty, modern Conservatives believe that there should be strong and effective defence.

Providing for the security of its citizens against external threats is one of the first duties of any government. In the context of Britain's dire fiscal situation, more commitment should be made to protect levels of spending in defence, while at the same time maintaining a disciplined approach to costs.

Defence remains a paramount concern in the second decade of the twenty-first century. We only have to see British forces committed in theatres of war in Iraq, Afghanistan, and now Libya, to see how uncertain and changeable our world remains. Despite this, it has always been a contention of the Conservative Party that we should not be the policeman of the world. If Britain ever played such a role, this part had been relinquished at least as long ago as 1945. Modern intervention will always be undertaken on a mixture of humanitarian and strategic interests. But, it must reconcile ends and means – the most basic tenet of a credible foreign policy.

It would be naive always to commit Britain's armed forces to operations in another country on humanitarian grounds alone. Similarly, it would be an unrealistically cynical politician who only ever committed British forces to further our national interests in a narrow way.

Consequently, a pragmatic balance between humanitarian concerns and our national interests can be the only permanent principle upon which to base a foreign policy. To argue that we should never intervene on humanitarian grounds is cold hearted and, in the long run, detrimental to our national interest, as it would damage our reputation abroad.

The same pragmatism is adopted in this book in relation to questions concerning Britain's relationship with the EU.

## AFTER THE COALITION

It is a general assumption of the contributors to this book that younger Britons identify just as readily with the wider world as they do with the continent of Europe. Gap year students, young professionals and aspirant workers are just as likely to travel to Thailand, the United States or Australia as they are to go to Italy, or France.

This cultural phenomenon should shape our view of the EU. We remain committed to a Europe in which trade can flourish, but will be determined in our opposition to further political integration within the EU.

*After the Coalition* aims to be a general and broad statement of the Conservative solution to the problems of British politics. It is one of the first treatments of what a Conservative Party might look like in the wake of the first coalition government since the Second World War. We firmly believe that such a restatement of general ideas, across a wide range of policy, is necessary. The fact that the coalition government is *not* a Conservative administration means that a reassertion of the principles of the Conservative Party itself, as distinct from those of the government, should be made. *After the Coalition* is a contribution to that effort.