

BLUE DAWN FADES

compass
DIRECTION FOR
THE DEMOCRATIC LEFT

Why the Conservatives missed
their progressive moment

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Foreword

Neal Lawson, Chair, Compass

Our country and political system require profound change. The planet continues to burn, the poor continue to get poorer and it is incumbent on progressives who want a sustainable and more equal society to do something about it. We need a progressive consensus to take root to replace the neo-liberal consensus of the last 35 years, which has now been found so badly wanting.

That is why Compass was intrigued by the election of David Cameron to the leadership of the Conservative Party back in 2005, and is why we have followed his attempts to change the nature of his party so closely, debating with 'Compassionate Conservatives' such as Oliver Letwin and Philip Blond¹ and analysing in more detail the political and policy developments of Cameronism.² From our perspective, the genuine conversion of the Conservative Party to a more humane, compassionate and even progressive political platform would be a good thing for both the planet and the poor. If we want to shift the centre of gravity of Britain then we have to shift the centre of gravity of its main parties. All of them!

The post-war welfare settlement was enshrined when the Tories felt compelled to accommodate themselves to it. The ideological consensus today is much to the right of that in 1951 so the ask of Tories is nowhere near as great. Today another shift of the Conservatives, to a pro-social investment politics, recognising the strategic and unique role of the state in building a good society, would be a victory for common sense. Such a move would herald the endorsement of the humane form of neo-liberalism adopted by New Labour in which the state at least helps individuals to cope with insecurities caused by market fundamentalism.

The ideological chasm between Thatcherism and the Labour Party throughout the 1980s was immense, but Labour slowly accommodated itself to neo-liberalism and thus created a new settlement. New Labour tried to humanise neo-liberalism wherever possible, though never challenged it outright. The state itself was to be used as the key tool of humanisation, reforming the supply side of the economic equation, and investing in

¹ 'The Communitarian Face-Off', Compass Online, July 2009, www.compassonline.org.uk/news/item.asp?n=4799

² J. Cruddas and J. Rutherford, *Is the Future Conservative?*, Compass – Direction for the Democratic Left, 2008 Available at <http://www.lwbooks.co.uk/ebooks/futureconservative.html>

people and infrastructure to make the nation more economically efficient. Thatcherism just left people to their own devices, using the state to police the symptoms of free market excesses. Our test for the Conservative Party is not whether it has converted to old-style Labour welfarism, but whether it would at least accept the New Labour settlement of a neo-liberalism tempered by a proactive state. Could the Tories at least be won over to this minimal and highly constrained form of progressive politics?

Mrs Thatcher said that her political victory would be complete not when she had converted the Conservative Party to Thatcherism, but when she had converted the Labour Party to Thatcherism. It is to the same scale of victory that Labour and the wider democratic left should now aspire. The New Labour strategy was to push the Tories further and further to the right – eating up their territory, giving them nowhere to go but the tail end of the political spectrum. From this centre-right position New Labour ruled the electoral roost. Bizarrely, successive Tory leaders colluded with the strategy; from Hague to Duncan Smith to Howard, they seemed to delight in shifting further right, elbowed along by Blairism, and consequently they lost successive general elections. Unfortunately, the cost of this strategy to New Labour was both the loss of too much of its social democratic purpose and the opening up of a vacuum to its left. David Cameron spotted the opportunity to triangulate back, planting a toe – and maybe even a foot – in progressive territory on the radical side of Labour.

So has New Labour succeeded, perhaps by accident rather than design, to convert the Tories to more progressive politics? And what does this answer mean for the forthcoming general election? This pamphlet provides a sympathetic examination of David Cameron's Conservative Party.

Our country
and political
system require
profound change

Just as New Labour said it would build a New Britain, without ever deploying the means to achieve such a lofty goal, the rhetoric of the Tories also soars – but in a more negative way. Instead of building a New Britain they claim they will fix a 'broken Britain'. In many respects Britain is broken. A social recession has gripped the nation, it feels like a less cohesive

society than 13 years ago and, as we know, it is sadly less equal; income, wealth and health inequalities abound. The rich have been encouraged to race away. After the expenses scandal, democracy and belief in the political process are in perilous conditions, but it is not all bad. New Labour's state intervention made some very positive difference; crime figures are heading in the right direction and much of the infrastructure of the public sector is now in considerably better shape than it was after 18 years of Tory disinvestment. New Labour did not build a new Britain, but at least it slowed the pace of decline. The

country would most likely be irredeemably broken if John Major had won in 1997, William Hague in 2001 or Michael Howard in 2005.

If Cameron believes Britain is broken then he must will the means to fix it. Furthermore, the Conservative Party cannot be absolved from its role in breaking Britain – the destructive neo-liberal political economy was imposed on the British people during the 18 years of Tory rule. New Labour proved unwilling or unable to remedy this in 13 years. It would be too much to expect the Tories to do what New Labour has failed to achieve. Instead the test is this: will they maintain the New Labour approach of using the state to ensure society is not damaged still further?

Compass does not want the Tory Party to be eternally Thatcherite so that New Labour can comfortably rule from a centre-right position. Just as Macmillan and Heath were better for the country than Thatcher, it is laudable to desire a better Tory Party now and in the future. We want the centre of gravity to shift to a new common sense in which the relationship between society and the market is more progressively balanced. This pamphlet discusses whether this is a likely result of Cameron's leadership of his party.

Introduction

In 2008 Compass embarked on a project to better understand the politics of New Conservatism. The result of the project was an e-book, written with the journal *Soundings*, entitled *Is the Future Conservative?*³ It was an attempt by academics and politicians of both the left and right to engage with the communitarian political thinking developing in the Conservative Party and being championed by its leader David Cameron. Unlike many in the media and on the left, Compass refused to dismiss Cameron as a ‘shallow salesman’ or a ‘Tory Toff’, but thought him a genuine politician who had struck a chord with those on the left and right, and maybe even with the British public.

The themes Cameron was developing of social justice, environmentalism, localism, community and concern over ‘broken Britain’ resonated because the language was warmer and frequently more utopian than the coarse, shrill language being used by Labour ministers. The Conservative Party seemed to have developed a positive vision (albeit incomplete) of the ‘good society’, a concept absent from mainstream political discourse since the 1990s.

Before Cameron came to power in December 2005, the Conservative Party was languishing at around the 30% approval mark. Cameron steadily rebuilt its position, reaching approval ratings of up to 45%, taking a commanding 20 point lead in June 2008.⁴ Yet, in the midst of the biggest economic downturn since 1929, facing a tired 13-year-old Labour government, David Cameron has failed to capitalise on this early promise. Indeed the return to more Thatcherite anti-state and social investment policy and rhetoric seems to have damaged the party’s poll position. While Tory approval ratings are hovering just below the 40% mark, the Labour Party has clawed back ground, reducing the Tory poll leads to single figures. A hung parliament looms.⁵ Does David Cameron regret the loss of certainty that came at the same time as the decline in his more compassionate message? Only he knows.

This pamphlet returns to the examination of Cameron’s Conservative Party. It aims to analyse further the contradictions of ‘Compassionate Conservatism’ that were noticeable from the beginning, and to explain why the progressive elements of this tentative movement are being sidelined. It tells the story of a Conservative Party that flirted with a progressive vision but was ultimately unable to shake off its neo-liberal economic

3 Ibid

4 Voting Intentions, ICM Poll, October 2009, www.icmresearch.co.uk/media-centre-voting-intentions.php

5 H. Mulholland and G. Wearden, ‘New polls point to hung parliament’, *Guardian*, 2 March 2010, www.guardian.co.uk/politics/2010/mar/02/conservative-poll-lead-single-figures

orthodoxy and its antipathy to the state. At the crucial moment of flux, during the biggest economic crisis of a generation, it sadly turned back to a more orthodox neo-liberal political economy. It looks as if the brand may have been successfully detoxified but the product remains little changed.

We conclude by suggesting that a Conservative government at the next election will ultimately lead to a more divided, unequal and unjust Britain. As leading 'Red Tory' thinker Phillip Blond has highlighted, the economic crisis has been a challenge to conservatism itself, a challenge which the Conservative Party has not confronted. We finish by offering a brief alternative political vision for 2010, a genuine perspective of a progressive, compassionate and cohesive society.

The promise of Cameron and progressive Toryism

A modern, compassionate conservatism is right for our times, right for our party and right for our country.⁶

David Cameron, Conservative Party Conference 2005

David Cameron delivered a speech prior to becoming leader of the Conservative Party in 2005 in which he advocated a vision of 'Compassionate Conservatism', a term that would become synonymous with the new Conservative Party he was trying to build.

The distinguishing feature of Compassionate Conservatism is the willingness of its advocates to criticise some aspects of the Thatcherite revolution. In doing so, Compassionate Conservatism draws upon a rich history of conservative thought, from Burke's organic view of society to Carlyle's polemics against laissez-faire capitalism, and Ruskin's critique of liberal political economy.⁷

Perhaps unsurprisingly then, Cameron cites Benjamin Disraeli as his favourite Tory, a leader whose vision of 'one nation conservatism' attempted to ameliorate differing interests of 19th-century society divided by rampant industrialisation, inequality and social change.

Leading 'Red Tory' thinker Phillip Blond sums up the Compassionate Conservative vision as 'socially conservative but sceptical of neo-liberal economics'.⁸ Others see it more as an intellectual paradigm aimed at replacing the casino capitalism of the neo-liberal era with a 'more solid, stable and civilised variety'.⁹

This critique of the Thatcherite revolution can be seen in Jesse Norman's work. The Tory intellectual and author of *Compassionate Economics* criticised what he calls 'rigor mortis economics', the philosophy that has dominated political and economic thinking over the last 40 years, which he sees as leading to a myriad of economic and social problems:

6 D. Cameron, speech at Conservative Party Conference, October 2005, www.guardian.co.uk/politics/2005/oct/04/conservatives2005.conservatives3

7 D. Purdy, 'Better on symptoms than remedies', *Soundings*, www.lwbooks.co.uk/journals/soundings/articles/14%20s42%20reviews.pdf

8 P. Blond, 'Rise of the Tories', *Prospect*, February 2009, www.prospectmagazine.co.uk/2009/02/riseofthetories/

9 D. Purdy, 'Better on symptoms than remedies', *Soundings*, www.lwbooks.co.uk/journals/soundings/articles/14%20s42%20reviews.pdf

The UK grew more slowly than other rich, free-market, Anglophone economies and its growth was driven by simultaneous booms in government spending, immigration, house price inflation and personal debt, against a backdrop of low interest rates and easy credit, all ephemeral factors that did nothing to strengthen the underlying foundations of prosperity: productivity, social institutions and the education system. Indeed, the multiple social disorders that accompanied Britain's debt-fuelled spending spree, manifested in levels of drug abuse, binge drinking, teenage pregnancy, family breakdown and child mental illness that are far worse than those found in other affluent countries, suggest a society which is deeply troubled and dysfunctional.¹⁰

This thinking marked a profound shift from the right-wing Conservatives in the 1980s and 1990s, which saw no link between the harsh political economy they imposed and the social residue they produced.

The New Conservative philosophy is underpinned by a new conception of the self – known as the 'active self' – the belief that the individual could be open-minded and creative as well as, at times, selfish. Norman highlights countless examples of situations when people do not behave as rational economic maximisers, acting outside the limits of traditional Thatcherite economic predictions.

This profound shift has implications for both major political parties. The Conservatives of the 1980s and New Labour to a lesser extent both accepted the concept of the Rational Economy Man:

In this view of what it is to be human, aspiration consists of the impulse to accumulate and consume without regard to the consequences for others or any sense of responsibility to society as a whole. Here people are considered as individualistic. Ruthlessly self-interested; the electorate – or at least the section of it that counted – held fast to a rationality that verged on the misanthropic.¹¹

The idea that aspiration could go beyond acquiring material goods has ramifications for all parties seeking votes in marginal constituencies. The conception of the 'active self' implies there could be an alternative, more positive way to win over voters in middle England.

David Cameron has also visibly tried to distance himself from the 'anti-social' aspects of Thatcherism. This can be seen most obviously in his statement, 'there is such a thing as

¹⁰ Ibid

¹¹ J. Cruddas, *The Future of Social Democracy*, Compass – Direction for the Democratic Left, March 2010, www.compassonline.org.uk/news/item.asp?n=8823

society, it's just not the same thing as the state'¹² – a direct challenge to Mrs Thatcher's famous statement, 'there is no such thing as society'.¹³

In his 2005 Party Conference speech, David Cameron tapped into people's insecurities by highlighting what Compass had long been calling the 'social recession' and what he called 'Broken Britain'. He also confronted many issues that the government felt uneasy addressing after eight years in power. He acknowledged the material deprivation suffered by many, those 'people living in our inner cities of all races and religions, grappling with the problems caused by family breakdown, poor housing, and low aspirations'.¹⁴ It marked a welcome break from old Conservative Party leaders who would deny the extent of, or fail to prioritise, material deprivation as an issue.

Cameron also discussed post-material issues, saying:

To the new parent who worries about the air her kids will breathe, the state of the parks where they'll play and the food that they put in their mouths, we'll say: 'Yes, the Conservative Party understands that the quality of life matters as well as the quantity of money.'¹⁵

The language was warmer, more ethical than that of the government, which became bogged down in the day to day business of governing. Indeed, it was a stark contrast to the language of the individualist New Labour pledges of the 2005 general election:

1. Your family better off
2. Your family treated better and faster
3. Your child achieving more
4. Your country's borders protected
5. Your community safer
6. Your children with the best start¹⁶

When David Cameron first used the term 'broken Britain' he was immediately criticised by Labour Party politicians for 'talking Britain down', but the phrase struck a chord with the public. People understood what he was alluding to; he had tapped into the economic

¹² R. Bennett, 'Cameron draws line under Thatcher policies', *The Times*, May 2006, www.margaretthatcher.org/commentary/displaydocument.asp?docid=110854

¹³ M. Thatcher, interview with *Women's Own*, October 1987, www.margaretthatcher.org/speeches/displaydocument.asp?docid=106689

¹⁴ D. Cameron, Conservative Party Conference Speech, October 2005, www.guardian.co.uk/politics/2005/oct/04/conservatives2005.conservatives3

¹⁵ *Ibid*

¹⁶ Labour Party Electoral Promises 2005, *Guardian*, 11 February 2005, www.guardian.co.uk/politics/2005/feb/11/labour.uk

insecurity, the fear of rapidly changing communities of the destruction of established and important institutions such as the church, mutual organisations, charities, post offices and trade unions that used to underpin British society but had been slowly eroded by 30 years of neo-liberalism. Phillip Blond provided the intellectual weight behind the claim by citing a study by Professor Danny Dorling that demonstrated that ‘even the weakest communities in 1971 were stronger than any community now’.¹⁷ It was clear to most that Britain was facing a social recession even if they disagreed on the causes.

“Don’t you dare lecture us on poverty, you have failed . . .”

When it came to social policy, Cameron followed in the early footsteps of Tony Blair by promising to be tough on the causes of crime rather than relying on short term measures such as curfews and ASBOs. He was mocked by the right wing press for his ‘hug a hoodie’ speech¹⁸ but was welcomed by many experts who agreed with the basic sentiment that tackling the causes of crime was more effective than punitive punishment. New Labour had long since given up on such empathetic language. Many looked on with a mix of curiosity and even envy that a leader was willing to walk into such warm and emotional territory.

The highly successful Conservative 2006 local election campaign was run on a message of ‘vote blue, go green’, a promise that Conservative councils would work towards a cross-party consensus to preserve the environment. Their 2009 policy paper *The Low Carbon Economy* was welcomed by Friends of the Earth as ‘radical but essential and an achievable commitment to overhaul the UK’s energy network’.¹⁹

David Cameron then went boldly on to park the Tory tank on the progressive lawn by criticising the Labour government for allowing social mobility to decline and overseeing an increase in economic inequality: ‘Don’t you dare lecture us on poverty, you have failed . . .’ he said damningly in a lecture in 2009.²⁰

This was particularly painful for Labour Party activists and intellectuals who had watched growing inequality in Britain with a mixture of regret and despair.

17 P. Blond, ‘Rise of the Tories’, *Prospect*, February 2009, www.prospectmagazine.co.uk/2009/02/riseofthetories/

18 See http://news.bbc.co.uk/1/hi/uk_politics/5166498.stm

19 Friends of the Earth, ‘Conservatives launch low-carbon plan’, January 2009, www.foe.co.uk/resource/press_releases/conservatives_16012009.html

20 BBC News Online, ‘I’m up to the test, says Cameron’, October 2009, <http://news.bbc.co.uk/1/hi/8296010.stm>

Despite all this, critics of Compassionate Conservatism maintained that it is always stronger on symptoms than on remedies. Cameron's Conservative Party may have understood the challenges of inequality, sustainability and the social recession, but did they have the tools and policies to tackle them? ²¹

21 D. Purdy, 'Better on symptoms than remedies', *Soundings*, www.lwbooks.co.uk/journals/soundings/articles/14%20s42%20reviews.pdf

The turning point – the economic crash

The clearest sign of big government irresponsibility is the enormous size of our debt.
We are not going to get recovery from government.

David Cameron, Spring Conference 2010

Throughout the works of the New Compassionate Conservative intellectuals there was a word noticeably absent from their discourse – that of ‘neo-liberalism’. Neo-liberalism can only be understood in opposition to Keynesian social democracy; it was a ‘recipe for quelling inflation, corraling the public sector, replenishing corporate profits and restoring the primacy of market forces in economic life’.²² This was the economic foundation of Prime Minister Margaret Thatcher’s Conservative Party, and these principles have formed the economic dogma of the Party since the 1980s.

The economic crash of 2008 was a watershed for neo-liberalism. Neo-liberal doctrine stated that governments could only cause economic harm by interfering in rational and self-correcting markets. The near meltdown demonstrated clearly that markets were neither rational nor self-correcting. This doctrine had to be torn up as governments all over the world stepped in to prevent financial meltdown. Although New Labour was reluctant to intervene in the financial system, the Conservative Party was in pure denial. The fact was that it was only massive state intervention that kept the lights on and the cash machines working.

Conservative thinker Phillip Blond stated that the economic crisis had been a challenge to Conservatism itself and the Party’s belief in economic non-intervention was tested time and again over the past three years.²³ As Northern Rock collapsed, the government subsidised the bank in loans, providing guarantees to other lenders to the tune of about £55 billion, until the institution became part-nationalised. The Treasury felt that nationalisation offered the most certainty of securing the guarantees and providing value for money for the tax payer.²⁴ George Osborne responded by saying that the nationalisation was ‘completely unacceptable’.²⁵ The Conservatives also opposed part-nationalisation of other

22 Ibid

23 P. Blond, ‘Rise of the Tories’, *Prospect*, February 2009, www.prospectmagazine.co.uk/2009/02/riseofthetories/

24 BBC News Online, ‘Northern rock to be nationalised’, February 2008, <http://news.bbc.co.uk/1/hi/business/7249575.stm>

25 H. Siddique, ‘Nationalisation plan “completely unacceptable”, says Osborne’, *Guardian*, February 2008, www.guardian.co.uk/politics/2008/feb/18/alistairdarling.georgeosborne

banks including Bradford and Bingley and voted against the Banking (Special Provisions) Bill that aimed to give power to the government to tackle failing banks.²⁶ They never made it clear what they would have done had they been in government.

In response to heavy downturns in growth as a result of the financial crisis, governments all around the world were coordinating fiscal stimulus packages. The Tories opposed the decision of the government to pump money into the economy, stating unequivocally: 'We [are] against the fiscal stimulus.'²⁷ This put the Conservatives in the minority of opinion around the globe.

In his 2009 Party Conference speech David Cameron asked, 'Why is our economy broken? ... because government got too big, spent too much and doubled the national debt.'²⁸ This was a discredited assertion, bordering on fantasy. The economic downturn was caused by a banking crisis, itself fuelled by greed and risk-taking at the top, the deficit caused by a drop in tax revenues when the credit crunch hit the real economy. Public spending remained relatively stable throughout this time and to claim that big government had caused the recession contradicted the view of the vast majority of economists.²⁹

The Conservative Party went on to criticise the scale of the budget deficit; Shadow Chancellor George Osborne stated that the Tories would cut public spending dramatically if they assumed power.³⁰ Economist David Blanchflower said this 'amounts to a declaration of class war', and that he was unaware of any economists who agreed with the plan: 'The Nobel Prize-winners Paul Krugman and Joseph Stiglitz apparently agree this is a dumb idea.' Professor Blanchflower gave a stark warning that cutting spending now would cause unemployment to hurtle towards the four million mark.³¹

Details of the public spending cuts advocated by George Osborne have remained opaque. The fiscal benefit of cutting public sector jobs is minimal but the social pain will be huge. Cutting a public sector job with an annual salary of £25,000 will only give real savings of less than £2,000 per year for the government.³² The long term economic effects of public

26 Second and Third Reading of the Banking (Special Provision) Bill, 19 February 2008

27 D. Cameron, speech at Conservative Spring Forum, April 2009, www.conservatives.com/News/Speeches/2009/04/The_age_of_austerity_speech_to_the_2009_Spring_Forum.aspx

28 D. Cameron, 'Putting Britain back on her feet', October 2009, www.conservatives.com/News/Speeches/2009/10/David_Cameron_Putting_Britain_back_on_her_feet.aspx

29 W. Straw, 'Britain has a "revenue crisis" not a spending crisis', Left Foot Forward, November 2009, www.leftfootforward.org/2009/11/britain-has-a-revenue-crisis-not-a-spending-crisis/

30 N. Watt and H. Mulholland, 'UK must cut fiscal deficit now, warns George Osborne', *Guardian*, February 2010, www.guardian.co.uk/politics/2010/feb/25/osborne-uk-must-cut-fiscal-deficit

31 D. Blanchflower, 'The Tories have declared class war', *New Statesman*, December 2009, www.newstatesman.com/economy/2009/12/public-sector-spending

32 G. Irvin et al, *In Place of Cuts*, <http://clients.squareeye.com/uploads/compass/documents/Compass%20in%20place%20of%20cuts%20WEB.pdf>

sector cuts are not known. Despite this the Conservative Party seem intent on dramatically cutting public sector spending.

The economic crisis revealed the Conservative Party as unyieldingly wedded to neo-liberal principles, criticising government intervention at every turn. It is difficult to see how, if followed, the Conservatives' policies would have anything but a catastrophic effect. The refusal to nationalise banks on the brink of collapse, their promises to cut spending and refusal to support monetary easing would have had the likely effect of triggering a dramatic depression. Economic policy underpins every aspect of government, and the Conservative economic strategy would have left the Conservatives unable to enact their pro-social policies. The gap between their pro-social rhetoric and the reality of their economic orthodoxy could not have been greater.

The crisis was not triggered by government that had become too big, but by government that had become far too timid, by a government that had lost the belief and the nerve to regulate, to stop the havoc casino elements of the City wreak on the lives of families across the country. Yet the Conservatives, when under pressure, reverted to Thatcherite orthodoxy and blamed state intervention. Whether they wanted to all the time – or took a political gamble – is unclear. But the result is that their compassionate credentials and the signal of a break with Thatcherism onto the terrain of New Labour no longer had any validity.

Crises reveal hidden truths. In a crisis Labour reverted to interventionism, albeit reluctantly. The Conservatives reverted to market fundamentalism just at the point that such extremism was identified as the root of the economic problem. The crisis of neo-liberalism could not be solved by another dose of free market dogma. The gap between compassionate rhetoric could not be squared with an unshakable belief in the market, and this is where the contradictions inherent in Compassionate Conservatism began to emerge.

But as ever this was not so much a personal failing on the part of David Cameron as a symptom of a deeper lack of rigour in Conservative thinking.

The flaws and contradictions of Compassionate Conservatism; the role of the state and inequality

The inherent contradictions within Compassionate Conservatism are summed up succinctly by Jesse Norman. He highlighted two definite strands of thinking within the Party:

liberal or libertarian conservatism concerned with free markets, localism, and private property, and a paternalist conservatism that has prioritised community and social stability³³

In explaining how these contradictions expose them, the two most important areas of Conservative Party policy to focus on are the state and inequality.

Cameronism and the state

It is more government that got us into this mess.

David Cameron, Conservative Party Conference 2009

David Cameron still fundamentally sees the state as an impediment to freedom and blames the big state for causing the social recession.³⁴ In his Hugo Young memorial lecture of 2009 he explained,

As the state continued to expand, it took away from people more and more things that they should and could be doing for themselves, their families and their neighbours. Human kindness, generosity and imagination are steadily being squeezed out by the work of the state. The result is that today, the character of our society – and indeed the character of some people themselves, as actors in society – is changing.

³³ J. Cruddas and J. Rutherford, *Is the Future Conservative?*, Compass – Direction for the Democratic Left, 2008, p. 13

³⁴ J. Rutherford, 'Fraternity without equality, and other Conservative ideas', *Soundings*, 10, autumn 1998, p. 99

There is less expectation to take responsibility, to work, to stand by the mother of your child, to achieve, to engage with your local community, to keep your neighbourhood clean, to respect other people and their property, to use your own discretion and judgement.

The once natural bonds that existed between people – of duty and responsibility – have been replaced with synthetic bonds of the state – regulation and bureaucracy.³⁵

There is a need to democratise the state; to make it more accountable, local and responsive – but to blame the state for ‘broken Britain’ is absurd. Take the Royal Mail as just one aspect of state infrastructure: the service provided to the British public by postal workers is of the same standard whether the customer is rich or poor. What about the National Health Service? The bonds between doctor and patient are rarely ‘synthetic’, as the extract above implies. Cameron dismisses any notion of the public service ethos. It is hard to see how state-provided services have caused a broken Britain. Surely if it wasn’t for the minimum wage, Sure Start or investment in education and health (all state interventions), Britain would be even less cohesive than it is now? David Cameron fails to acknowledge the central role the state plays in ameliorating inequality.

Cameron also fails to subject the private sector to the same level of scrutiny. Within the private sector bonds between providers and consumers are entirely artificial, based on the profit motive. In some parts of the banking sector individual greed and excessive remuneration overcame any idea of wider responsibility to society, contributing to the economic crisis of 2008. The financial crash and the longest post-war recession were caused by the private sector, as economist David Blanchflower makes clear: ‘Since the start of the recession in spring 2008, the public sector has been the solution, not the problem.’³⁶

Alternatively, David Cameron envisages changing the role of the state by extending the power of voluntary and social institutions:

This, then, is our new role for the state.

Galvanising, catalysing, prompting, encouraging and agitating for community engagement and social renewal. It must help families, individuals, charities and communities come together to solve problems.

35 D. Cameron, Hugh Young lecture, November 2009, www.conservatives.com/News/Speeches/2009/11/David_Cameron_The_Big_Society.aspx

36 D. Blanchflower, ‘The Tories have declared class war’, *New Statesman*, December 2009, www.newstatesman.com/economy/2009/12/public-sector-spending

We must use the state to remake society.

We must use the state to help stimulate social action.³⁷

Is this new vision reinforcing or undermining the state as a vehicle for equality? The Compass vision of the good society entails empowered citizens working together to provide for themselves, through co-ops, mutual organisations, community groups and trade unions. However, the state still has a clear and unique role – especially when it comes to tackling systematic inequalities. Cameron’s vision suggests that the state should have a much reduced role in which it merely helps guide social action but doesn’t use it to tackle systematic inequalities.

David Cameron envisages a ‘smart, strategic state’ based on ‘decentralisation, transparency and accountability’, which will enable the third sector to ‘fly’.³⁸ In reality this will manifest itself as ‘contracting-out state-based public service and welfare provision to a range of private institutions, local community groups, charities and businesses’.³⁹ The danger is that this completely ignores the incontrovertible reality that economic and social security can only be achieved through a high level of state intervention. However well meaning, intelligent and hard working many charities are, they cannot shield the vulnerable from the harsh winds of global capital – this is something only the state can achieve. As Jon Cruddas and Jonathan Rutherford observed:

It would be a serious miscalculation, however, to imagine that the voluntary sector could shoulder this kind of burden and initiate the kinds of structural change proposed by the Conservatives.⁴⁰

Worryingly, this model could also be used as a template for cuts in state provision of services or further privatisation.⁴¹ This configuration also leaves further unanswered questions: how can services be democratically accountable if they are in the hands of private owners, charities or third sector organisations? How can these services remain universal and nationwide while being organic and bottom-up? The contradictions are obvious: these questions need to be asked of any political project that aims towards greater equality and diversity. However, Cameron does not feel in any way compelled to suggest how he will manage this paradox. Lastly, it is often suggested that these services

37 D. Cameron, Hugh Young lecture, November 2009, www.conservatives.com/News/Speeches/2009/11/David_Cameron_The_Big_Society.aspx

38 Ibid

39 M. Pennycook, ‘State, society and the New Conservatism’ in *Is the Future Conservative?*, Compass – Direction for the Democratic Left, 2008, p. 50

40 Ibid

41 Ibid, p. 51

will be more efficient and productive than directly funded state services – yet the use of private finance initiatives in the public sector suggests otherwise.⁴²

Matthew Pennycook of the Fair Pay Network concludes:

Their vision of a civil society as panacea represents nothing more than an attempt to return Britain to a social model in which a haphazard network of philanthropic and private organisations were left to cope – tragically – with acute social dilemmas.⁴³

So while the aim to empower citizens is laudable, through contracting services out to non-state actors of services the Conservative Party could undermine the universal services that are already provided by the state. This will inevitably leave citizens disempowered, as the only vehicle for economic and social security (the state) is undermined.

Cameron and inequality

Excuse me? . . . Who made inequality greater?

David Cameron, Conservative Party Conference 2009

When giving the Hugo Young lecture in 2009 David Cameron cited Richard Wilkinson and Kate Pickett's *The Spirit Level* – a hugely significant study that provides evidence to demonstrate that people living in more economically equal societies at all levels are happier, more trusting and perform better on a whole raft of social indicators.

He followed this citation by saying, 'That doesn't mean we should be fixated only on a mechanistic objective like reducing the Gini co-efficient, the traditional financial measure of inequality, or on closing the gap between the top and the bottom.'⁴⁴ This sentence concedes that a Conservative government will not aim to reduce economic inequality or make Britain more egalitarian. As Polly Toynbee noted, Cameron also would seek to 'focus on the gap between the bottom and the middle, leaving the rich untouched'.⁴⁵ Inequality under New Labour has decreased within the middle 90%, but those in the richest 10% of

42 Unison, *The Case against PFI*, www.unison.org.uk/pfi/caseagainst.asp

43 M. Pennycook, 'State, society and the New Conservatism' in *Is the Future Conservative?*, Compass – Direction for the Democratic Left, 2008, p. 50

44 D. Cameron, Hugh Young lecture, November 2009, www.conservatives.com/News/Speeches/2009/11/David_Cameron_The_Big_Society.aspx

45 P. Toynbee, 'Little by little, the blue seeps through Cameron's silky skin', *Guardian*, January 2010, www.guardian.co.uk/commentisfree/2010/jan/11/blue-cameron-skin-parenting-colours

society have increased their share of income dramatically to over 30% of the UK's total. For any government serious about addressing inequality, leaving the rich untouched is not an option.⁴⁶

The Conservatives fail another very basic test with regards to tackling inequality: they favour a regressive tax system and drastic public spending cuts. In the aftermath of recession those on the Thatcherite wing of the party have seen their ideas ascend into the Conservative economic remedy. In 2008, one such neo-liberal enthusiast, John Redwood, published the report *Freeing Britain to Compete*, which called for tax cuts, including the removal of inheritance tax and cuts to corporation tax.⁴⁷ These proposals were a foretaste of the policies Shadow Chancellor George Osborne is likely to pursue if in office. In his recent Mais lecture, he called for a 'supply side revolution that releases the pent up

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enterprise and wealth creation of our country'. Enacting this will see corporation tax cut 3% alongside other business taxes, the abandonment of Labour's progressive tax band of 50% when financially possible, and the inheritance tax threshold raised to £1 million per estate. Osborne would also set out real-terms cuts to public spending that would be introduced from the 2011/12 financial year.⁴⁸

The Conservative Party's desire for lower taxes distinguishes it philosophically from most progressives who believe taxes are positive, a way of increasing the well-being of society and encouraging mutual responsibility. Britain's tax burden is relatively low, around 40% of GDP, and there is little evidence that the tax burden must stay low (or indeed be lowered) for economic competitiveness. Sweden has a tax burden of over 50% but remains productive and competitive, not to mention more equal.⁴⁹

It would be fair to say that the New Conservatives have made a marked philosophical shift in their attitudes to poverty; they no longer blame poverty on individual choices, but neither do they believe that eliminating it is solely the job of government.⁵⁰ Their policy

46 The Poverty Site, 'Income inequalities', www.poverty.org.uk/09/index.shtml#g3

47 Economic Competitiveness Group, *Freeing Britain to Compete: Equipping the UK for Globalisation*, submission to the Shadow Cabinet and Economic Competitiveness Policy Group, chairmen, Rt Hon John Redwood MP and Simon Wolfson, London 2007

48 A. Porter, 'Tories will not scrap 50p tax rate until end of first term', *Daily Telegraph*, July 2009, www.telegraph.co.uk/news/newstopics/politics/conservative/5895529/Tories-will-not-scrap-50p-tax-rate-until-end-of-first-term.html, and George Osborne, Mais lecture, February 2010, www.conservatives.com/News/Speeches/2010/02/George_Osborne_Mais_Lecture_-_A_New_Economic_Model.aspx

49 H.Shah and M.Mcivor, *A New Political Economy*, Compass – Direction for the Democratic Left, 2007, p. 95

50 J. Cruddas and J. Rutherford, *Is the Future Conservative?*, Compass – Direction for the Democratic Left, 2008, p. 11

is shaped by a belief in 'nudge theory'; this term is derived from the book by eminent American behavioural economists Richard Thaler and Cass Sunstein, *Nudge*, which states that government policy should encourage individuals to take the best option while leaving the worst options open.⁵¹ In practice this would mean greater targeted and means-testing of payments to encourage the 'best option'. Yet, targeting of welfare provision can impede poverty eradication and reductions in levels of inequality. The work of Professor John Hills has shown that means-testing has inherent drawbacks such as stigmatisation and administrative burdens for recipients; this discourages people, and those who are most in need often do not take up benefits.⁵² In order to tackle the deficit, Cameron has pledged to deploy means-testing further, cutting tax credits to medium earners and retrenching the crucial early intervention programme Sure Start in order to focus it on those most in need.

Retrenchment of this kind has a wider psychological effect on attitudes towards poverty and inequality, restricting the ability to correct these social disfigurements. The Conservatives' plans to residualise the scope of the welfare state will intensify negative public perceptions of welfare institutions, encouraging severe financial retrenchment and further corroding the sense of mutual moral obligation towards citizens. According to the Fabian Society's publication *The Solidarity Society*, the extension of means-testing creates a perception among members of the public that the welfare state creates dependants; this creates a social mentality of them (benefit receivers) and us (taxpayers). It is not the targeting of resources, or the encouragement of the poor to take the 'best option', that is needed, but extension of universality to enhance the reciprocal relationship between taxpayers and welfare receivers that bonds low and middle income groups to the common institutions of the welfare state:

As we saw when political pressure prevented the Conservative Governments of the 1980s from phasing out Child Benefit, universal coverage ensures that the 'sharp elbows of the middle class' are fighting to protect the services that the most vulnerable rely on. And people's willingness to pay tax for welfare depends on what they get back. So getting the generous welfare state we need will probably require a good deal more universality.⁵³

Take one example of policy that is meant to nudge individuals into taking the 'best option' using the tax system: the tax-break initiative for married couples. This is underlined by the belief that the family unit is a positive thing and couples should be nudged into staying together. Sociologically this is questionable; a recent study found that encouraging

51 'Nudge: what's it all about?', *Guardian*, July 2008, www.guardian.co.uk/politics/2008/jul/12/economy.conservatives1

52 J. Hills, *Inequality and the State*, Oxford University Press, 2004, p. 138

53 T. Horton and J. Gregory, *The Solidarity Society*, Fabian Society and Webbs Memorial Trust, 2009, pp. 140 and 141

couples to stay together can be counterproductive and it is often better for children for unhappy couples to separate.⁵⁴ As a measure for reducing poverty, the proposed policy was criticised by the Institute for Fiscal Studies, whose analysis showed this money could be spent more effectively in other ways.⁵⁵ This tax-break initiative ironically sounds like the state replacing people's natural bonds with synthetic ones, the very thing that Cameron warned against in his Hugo Young lecture. This shows the eternal dilemma of policy based on 'nudge theory': how hard to nudge, where to nudge and where not to nudge. 'Nudge theory' is also philosophically individualist in nature – it transfers the burden onto individual (and often highly constrained) choice. This policy, inspired by the paternalist wing of Conservatism, looks doomed to failure.

David Cameron has also tried shift the debate on social inequality away from material inequality, as if there were no connection between the two. In a recent speech David Cameron stated that what matters is not the 'wealth of parents but the warmth of parents'.⁵⁶ This revealing sentence is reminiscent of the old Conservative Party philosophy that puts the burden on individual choice, absolving the government from any blame. It shows that Cameron believes that government can do very little to set a societal context in which parenting is easier or disparities of wealth are reduced.

The Conservative vision of the role of the state in tackling poverty and inequality is based 'on the belief that moral concern, duty and obligation are enough to persuade those with wealth and power to help lift the disadvantaged and marginalised out of deprivation'.⁵⁷ They are not prepared to ensure that the richest pay a proportionally equal amount of taxes to the poor, and, as David Cameron stated, they believe that the size, scope and role of the state is inhibiting the fight against inequality. The further targeting of benefits and the willingness of the paternalistic wing of the Conservative Party to use the state to make value judgements through the tax system may undermine the long term reciprocal relationship of the welfare state, and the viability and popularity of state benefits.

54 J. Hari, 'When divorce is the right choice', June 2009, www.johannahari.com/2009/06/26/when-divorce-is-the-right-choice

55 www.ft.com/cms/s/0/c79c2138-fe1d-11d1-de-9340-00144feab49a.html

56 A. Sparrow, 'Parental "warmth" more important than wealth, says Cameron', *Guardian*, January 2010, www.guardian.co.uk/politics/2010/jan/11/david-cameron-nature-v-nurture

57 M. Pennycook, 'State, society and the New Conservatism' in *Is the Future Conservative?*, Compass – Direction for the Democratic Left, 2008, p. 54

Conclusion: why the Tories are not progressive; the good society alternative

It would be wrong to dismiss New Conservatism as shallow salesmanship or pure positioning; the philosophy of Compassionate Conservatism parts with some of the worst excesses of Thatcherism. It acknowledges the existence and importance of society, the need for state provision of some social goods, and that human beings can be generous and inquisitive as well as selfish. Tantalisingly, this reminds us that there was a very different Tory Party before Thatcher – a one nation party of Disraeli and Harold Macmillan, which may have been paternalistic but also held a strong sense of obligation to others and believed that society did exist as an organic entity.

David Cameron also appears to have understood the feeling of the nation well: ‘People are just incredibly worried – worried about their families and worried about the future.’⁵⁸ He is right. However, fundamentally, he misdiagnoses the cause of insecurity, blaming the state and remaining silent about the effect of neo-liberal economic policies forced on Britain by his own party. The Thatcherite hegemony appears to have a permanent grip on the Tories.

At the beginning of a new decade we face an interconnected series of crises, of sustainability and of inequality, and because we don’t appear to be able to deal with them, we have a crisis of democracy itself. Cameron’s Conservative Party cannot hope to tackle the triple crisis while remaining wedded to the fundamental foundations of a neo-liberal political economy. Cameron’s desire to steer the party to the Burkean ‘Whiggish’ traditions of evolution and gradual progress is completely undermined by his ties to an orthodox political economy. ‘Economic Thatcherism is still part of the common sense of the political class’, and, as David Marquand observes, ‘Cameron has no alternative up his sleeve’.⁵⁹ The scale of the triple crisis and the government deficit has left him with nowhere to hide. Before they have come close to government, the project has started to unravel. The poll lead slips, the policy gaffs mounts and the contradictions in thinking emerge.

58 J. Cruddas and J. Rutherford, *Is the Future Conservative?*, Compass – Direction for the Democratic Left, 2008

59 D. Marquand, ‘In search of electoral El Dorado’, *New Statesman*, February 2010, www.newstatesman.com/uk-politics/2010/03/labour-party-cameron-british

David Cameron was taking his party in an interesting direction but when the economic crisis came, he turned back. The New Conservatives may have finally understood the scale of the social and environmental challenges we face, but their reliance on free market solutions means they lack the tools to face the challenges.

The contrast with New Labour could not be greater. Tony Blair was relentlessly New Labour. He would surely have used the economic crisis to demonstrate to the country – and especially to his party – that he would press on with being ‘new’. Before 1997, Blair and Brown committed the party to match the Conservative government’s tight spending plans. Despite howls from the Labour Party, they never wavered. This was one of many tests in which the Party proved it had become truly ‘new’. Early in their leadership, Cameron and Osborne said they would match Labour’s spending commitments. Of course the crash changed the terrain, but their headlong rush to cut raises doubts about their initial intent. Cameron refused to embed Compassionate Conservatism just when it mattered most, just when it was toughest to do so. Cameron could have said that exceptional circumstances call for exceptional state action in the economy, but he made the wrong call.

Cameron’s number one priority remains deficit reduction; he is unwilling to raise taxes and wants to protect public services – an entirely contradictory position. These contradictions in policy stem from a contradictory political philosophy. The resulting increase in inequality that would result from the implementation of the Conservative economic and fiscal policies would worsen ‘broken Britain’, undermining the pro-social aspects of New Conservatism. The over-zealous cutting of the budget deficit combined with public sector pay freezes and a firm commitment to a regressive taxation system – including inheritance tax cuts for millionaires – would increase the Gini co-efficient. The result of this as demonstrated by Richard Wilkinson and Kate Pickett in *The Spirit Level* would be shorter, unhappier and unhealthier lives, and increases in obesity, teenage pregnancy, violence and addiction. Every other value that David Cameron holds, including social justice, fraternity, the sacredness of the family unit, and the value of ‘big society’, will ultimately be undermined by this widening of income inequality.

Like New Labour, the New Conservatives are a small clique, but they don’t seem to have anywhere near the skills and determination of the New Labour vanguard. Hilton, Gove, Letwin, Blond and Cameron himself are proving to be no match for Gould, Campbell, Mandelson, Brown and Blair. Cameron cannot or will not define himself against Thatcher’s legacy as Blair defined New Labour against old. Where are Cameron’s storm troopers taking over the party to give his project real depth? The country would be a better place if the Conservatives had become truly compassionate once more so the space for exploration of genuinely progressive alternatives could be opened up.

Could it have been different? Perhaps. Means can shape ends. New Labour felt it had to look pro-business and in the process became a pro-business party. The same could have happened to the Tories. By having to look compassionate they could have become truly compassionate. It never quite happened. Did they really want to be compassionate? We don't know. All we can do is look at their words and if they ever get into government their actions. But all bodes ill.

To achieve the good society and tackle Britain's social recession, we need an active, interventionist state and tighter regulation of markets.⁶⁰ Cameron has shown little appetite to implement any of these things.

Instead of private self-interest groups governing the state and public life, we need to go back to the very basic values of trust, kindness and reciprocity. It would take a bold politician to argue against trust, kindness and reciprocity, but to allow these values to flourish we need an economic system that fosters them. The pressing task for the future and the major downfall of Cameron's Conservatives is that they have no plan for an ethical, sustainable economy able to foster equality and social justice.

If a compassionate Britain will not be created by New Conservatism then it will have to be the responsibility of another political project. The Tories do not deserve to win the next election because they have not yet successfully transformed themselves into a party that will make Britain better. But Labour will lose an election one day – and who they then lose to matters.

60 J. Rutherford, 'Fraternity without equality, and other Conservative ideas', *Soundings*, 10, p. 102

About Compass

Compass is the democratic left pressure group whose goal is both to debate and develop the ideas for a more equal and democratic society, then campaign and organise to help ensure they become reality. We organise regular events and conferences that provide real space to discuss policy, we produce thought provoking pamphlets and we encourage debate through our website. We campaign, take positions and lead the debate on key issues facing the democratic left. We're developing a coherent and strong voice for those that believe in greater equality and democracy as the means to achieve radical social change.

We are:

- An umbrella grouping of the progressive left whose sum is greater than its parts.
- A strategic political voice – unlike thinktanks and single-issue pressure groups Compass can develop a politically coherent position based on the values of equality and democracy.
- An organising force – Compass recognises that ideas need to be organised for, and will seek to recruit, mobilise and encourage to be active a membership across the UK to work in pursuit of greater equality and democracy.
- A pressure group focused on changing Labour – but Compass recognises that energy and ideas can come from the outside party, not least from the 200,000 who have left since 1997.
- The central belief of Compass is that things will only change when people believe they can and must make a difference themselves. In the words of Gandhi, 'Be the change you wish to see in the world'.

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