

CAMERON'S CONSERVATIVES – WILL IT BE 1979 OR 1992?

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Introduction

The last eighteen months have been a roller-coaster ride for the Leader of the Opposition. In early October 2007 he faced likely defeat in a snap election which seemed all but certain to be called by the new Prime Minister, enjoying an extended political honeymoon. By spring 2008, he had moved into a small but significant opinion poll lead and had pulled off excellent local election results and a famous by-election triumph at Crewe and Nantwich. The Tories' poll lead lengthened, occasionally hitting 20 percentage points, and Gordon Brown's stock plummeted. In early September Labour backbenchers called for a leadership election. Although he warned against complacency, David Cameron could hardly have known what was about to hit him.

The decision by the US authorities on September 15th to allow Lehman Brothers to collapse changed the world in many ways. The global financial crisis which followed appeared also to have transformed the British political landscape. In the place of a Prime Minister who appeared out of touch, world-weary and often surprisingly politically inept, there was a more confident Gordon Brown, sure of himself on the world financial stage, able to take (and, to be fair, he has taken) tough decisions and to offer a steady hand on the tiller when at times it seemed as if the economy might founder. If the test of a leader is their ability to handle crises, the British people appeared to be forming a much more favourable opinion of Gordon Brown. Then, the Prime Minister's shock recall of Peter Mandelson proved a master-stroke, with the ultra-smooth Business Secretary effectively replacing the dalek-like Darling as the government's principal economic spokesman.

The Tories were slow to react. It is arguable whether any Opposition could, initially, have done much about the political consequences of the financial crisis. Incumbents tend to look good in the midst of a crisis; they can act and meet other world leaders, which makes them look even better; the dilemma for oppositions is whether to try to be statesmanlike too (but inevitably only a pale imitation of the real thing) or to rail from the sidelines. The criticism of the Conservatives, and specifically David Cameron and George Osborne, was that at times they appeared to be trying to do both.

Then, just as it appeared that the financial crisis was going to be the making of Gordon Brown's premiership and there was even some brief talk late in 2008 of a snap election in spring 2009, the first polls of the new year have swung back to double-digit leads for the Conservatives, with one poll again showing a 20 point lead. Whether this is evidence of the continuing volatility of public opinion or suggests that voters are decisively and irrevocably turning their backs on Labour, it is too early to say. Nor is it immediately apparent why voters appear to be turning against Labour again: a more sure-footed approach by the Opposition to the economy (see next para), including the ditching of their commitment to maintain Labour's spending plans; the relentless stream of economic bad news; and widespread scepticism about the cut in VAT in the pre-Budget report have no doubt all contributed.

One turning-point was Cameron's announcement on 18 November that the party would no longer be bound by Labour's spending plans from 2010/11. At a stroke this freed Cameron to attack Labour's mountain of debt, which has undoubtedly struck a chord with the voters; while households cut their spending and try to reduce debt, (however fair or not this is) the government seems to be going on a debt-fuelled spending spree. The irony of the frontbench reshuffle which Cameron announced on 19 January, the focus of which was the recall of Ken Clarke, was that it might no longer have been necessary; the clearer Tory message on the economy appeared to be getting through. However, it is often the mark of a good leader to make changes during a period of good fortune, and the generally favourable response to the reshuffle will have fuelled expectations that the polls will continue to look good for the Conservatives. Clarke's return has undoubtedly given Cameron some protection against the attack being developed by Brown that the Conservatives were retreating into a Thatcherite laissez-faire response to the economic crisis. On the other hand, Clarke's strong pro-Europeanism and general outspokenness could yet spell trouble for Cameron.

This paper examines, in outline, the prospects for a Conservative government; how likely it is to come about, and if it does, who its movers and shakers will be and what policies it is likely to follow. It will also try to answer the question in the title: are the Tories heading for a clear-cut election win like that of 1979, or will Labour weather the storm and hang on as John Major did in 1992? For reasons explained below, a mirror image result of 1997 is not on the cards.

What are the Tories' chances of forming the next government?

There are two facts to remember about the electoral system in the UK, one permanent, one more transitory (though currently semi-permanent). The first, fixed feature is that the first-past-the-post system nearly always produces a clear winner. When the parties are close in the polls there is always much talk of hung parliaments, coalitions and the role of the Lib Dems as kingmakers. In practice, it hardly ever happens. There has never been a coalition government since 1945 (the closest was the Lib-Lab pact in the late 1970s, but there were no Liberal ministers and indeed it is difficult to see what the Liberals got out of the arrangement) and only one hung parliament as a result of an election (February 1974). The Callaghan and Major governments ultimately lost their Parliamentary majorities (and became minority governments) through by-election defeats.

The reason for this – apart from the existence of the first-past-the-post system – is linked to the second feature, which is the considerable bias in the electoral system at the moment to the advantage of the Labour party. Academics debate why this is, but the main reasons appear to be that: the boundary reviews are slow to catch up with the drift of population out of the cities, leaving more, smaller urban Labour seats; there is some residual anti-Tory tactical voting (even now); and there is still some over-representation of Scotland and, especially, Wales. The effect of this skewing of the voting system is that the Conservatives need to be roughly 8 percentage points ahead of Labour in the popular vote if they are to achieve a Parliamentary majority (depending to some extent on the precise level of Lib Dem support). This is even more skewed than in 1992, when John Major won by 42% to 34% in the popular vote but had a majority of only 21 in the Commons.

Conversely, if the two main parties are level pegging in the popular vote at the next election Labour would have a small, but workable, overall majority in the new Parliament.

It is therefore worth bearing in mind that unless the Conservatives are around 8 points ahead of Labour in the polls they will not be able to form a majority government after the next election.

What would happen if there was a hung parliament?

Again, it is worth reiterating that this is an unlikely scenario. However, what would happen in those circumstances would depend on the precise arithmetic of the new Parliament. If Labour had most seats, Gordon Brown would presumably either try to continue as the leader of a minority government (especially if not far short of a majority) or try to reach agreement with smaller parties, particularly in Northern Ireland, to gain their support. In that case, the decision of the Lib Dems on whether to vote against the Queen's Speech could be crucial.

If the Conservatives had most seats, Gordon Brown could still try to form a government (minority or coalition), as Heath tried to do in March 1974, but if he could not do so the Queen would invite David Cameron to try to form a government. He would then face the same choices as Brown in the first scenario.

The Lib Dems might prefer not to enter a formal coalition with either party, though that was not, initially, their stance in both Scotland and Wales. In Wales, they were formerly Labour's coalition partner, but declined to continue after Labour's defeat in 2007; in Scotland they also supported Labour and again stood aside once the SNP became the party with most seats. It would be difficult for the Lib Dems to justify supporting Labour in office if they had more seats but fewer votes than the Conservatives (which, if there were a hung parliament, would by no means be unlikely).

If current opinion poll figures are sustained, and the Tory lead settles in the 10-15% bracket, Cameron would have a good chance of becoming Prime Minister, though some tightening of the lead could be expected in an actual general election.

A Cameron Cabinet

Often an incoming Prime Minister has a choice of former ministers and fresh faces from which to choose a cabinet and fill the junior ranks of government. In 1997, however, Tony Blair led a party which had been out of power for 18 years; even so, there were some MPs with experience of government (such as Margaret Beckett).

David Cameron, even though the Tories will have been out of office for just 12 or 13 years at the time of next election, will – if he wins – find himself with very little government experience in his Parliamentary party. The reasons for this are that many former Tory ministers have retired from politics or gone to the Lords, and that the Conservative Parliamentary party has been much smaller (because of the skewed electoral system) than Labour ever became. Even in its nadir of 1983 Labour held 209 seats, whereas the Tories have never been over 200 since 1997. Among the candidates in Tory-held seats none are former MPs; a handful of ex-MPs – such as Peter Duncan and Phil Gallie in Scotland – are seeking re-entry to Parliament in seats currently held by other parties.

Of the current Parliamentary party most of the ex-Ministers who intend to remain in Parliament after the next election are unlikely to return to a government post – their Ministerial careers had already finished before 1997. Possible exceptions are Michael Fallon, Francis Maude, James Arbuthnot, John Maples, Tim Yeo, Nicholas Soames and Alistair Burt. Of the current shadow cabinet, only William Hague and Ken Clarke have cabinet experience and only seven others (Liam Fox, Francis Maude, David Willetts, Lord Strathclyde, Cheryl Gillan, Patrick McLoughlin and Andrew Mitchell) have had ministerial experience. So any Cabinet appointed by David Cameron will be inexperienced, even if he recalls a few heavyweights such as John Redwood – see below – Stephen Dorrell or Sir Malcolm Rifkind, and one or two peers such as (by then) Michael Howard.

Not all of the present shadow cabinet therefore can be certain of posts in a Cameron cabinet. He will undoubtedly remain loyal to some of his close friends and confidants, and those most associated with the modernising tendency in the party, such as George Osborne (assuming he has no more problems to surmount),

Michael Gove and Nick Herbert. William Hague is assured of a major role if he wants one. Other highly-regarded shadow cabinet ministers include Chris Grayling and Andrew Lansley (already promised the role of Secretary of State for Public Health). But there could be some additional switching of portfolios and some members of the shadow cabinet, including Theresa Villiers and Alan Duncan, are by no means guaranteed seats at the Cabinet table after any election victory.

One factor that Cameron will have to take into account is the balance of opinion within the party. In Opposition the Right has been fairly quiescent, but in government it could be expected to flex its muscles. He will have to decide whether to offer posts to leading standard-bearers for the Right such as John Redwood or Edward Leigh, or in the Lords Michael Forsyth. One solution would be to put leading “hawks” on economic policy into big-spending departments, such as DWP or DCLG, with a brief to rein in expenditure.

Who's in Cameron's Kitchen Cabinet?

Rather like Tony Blair, and much more than any previous leader of the Conservative Party (even Margaret Thatcher), David Cameron has surrounded himself with a small, close-knit group of people, many of whom he has known for some years, and whom he has moulded into a Praetorian Guard for the “Cameron project”. He has also rapidly promoted people whom he instinctively feels share his view of the party's future direction and has done far less (and has had to do less) to buy off other factions in the party. It is perhaps telling that his uneasiest relationship in the shadow cabinet was with the former shadow home secretary and his rival for the top job, David Davis.

Cameron's team includes (excluding those named above):

Steve Hilton – still his chief strategist despite moving to California with his wife Rachel Whetstone and their child

Ed Llewellyn – chief of staff

Andy Coulson – Director of Communications

Andrew Feldman – chief executive of the Party

Andrew Mackay MP – senior political adviser

Henry Macrory – press secretary

Peter Campbell – prepares him for Prime Minister's Questions.

The backgrounds and views of prospective Tory MPs

Just as important as the contents of the Conservative election manifesto are the views of those who will make up the Parliamentary party after the election. If the ‘traditional’ Tory candidate was likely to be a white Oxbridge-educated male, with a background in the law or the City, with possibly some army experience thrown in, tomorrow's Tory MPs will be rather different. Around a third of candidates are women, several are from ethnic minorities, some are gay and they are more likely to have been to a red-brick university. About two-fifths of the candidates in winnable seats are or have been councillors.

Although socially more diverse and liberal than previous generations of Tory candidates, their views – according to a survey carried out by the website conservativehome and reported in the Daily Telegraph – are still robustly Conservative, indeed Thatcherite. They are tax-cutters, Eurosceptics, more concerned about terrorism than about climate change and pro-nuclear. More than half disagree with environmental taxes (even when used to lower taxes on families).

So how in tune would these Tory MPs, if elected, be with the likely policies of a Conservative government?

What would a Cameron government do?

With the next election probably a further year away, some of the urgency has been taken from Conservative policymaking. Broadly speaking, the party is producing, over time, a series of policy discussion papers which fit into its three main themes: the Responsibility Agenda, the Opportunity Agenda and the Security Agenda. These three headings cover, slightly awkwardly, the main policy areas: education, for example, sits within the Opportunity Agenda but health within the Responsibility Agenda. The Security Agenda in addition to obvious policy areas such as crime and terrorism also includes climate change.

Economy

The global financial crisis has also transformed the political landscape in policy terms. Earlier this year the standard Labour riposte to almost any Conservative policy announcement was (if it was a tax cut) that it was unfunded and would therefore lead to cuts in service, and if it was a proposed new service or reform, that it had not been costed and would therefore lead either to higher taxes or balancing cuts in other services in order for the country to afford it.

This line of attack on the Tories had to be abandoned and the terms of this rather sterile political debate were transformed by Alistair Darling's Pre-Budget Report on 24 November 2008, the centrepiece of which was unfunded tax cuts. Risking the accusation (immediately made by Labour) that it was either bereft of ideas (or, still worse, unwilling) to tackle the recession, the Tories have now decided to take the political gamble of appearing passive in the face of the recession in order to give themselves the room for manoeuvre to lambast Brown and Darling for "reckless" borrowing. Polling evidence currently suggests that the gamble may be working, though it is only over the longer term that it will become clearer which of the policy options voters prefer. In broad political terms, it seems likely that the longer the focus is on the global financial crisis the more this will benefit the Prime Minister; the more quickly the focus shifts to the recession and to the public finances, the more Cameron will reap political rewards. Paradoxically, in other words, the more desperate the global economic situation becomes the better it could be for Labour.

Tory economic policy in relation to the big questions arising from the global crisis was initially to support the government, almost as if a "government of national unity" had been unofficially formed to tackle it. Hence Osborne supported the first recapitalisation of the banks. However the policy soon became more nuanced, with accusations from the Opposition frontbench that the recapitalisation was necessary but insufficient in itself to unfreeze the flow of credit; and following the "second recapitalisation" on 19 January the Opposition (both Conservative and Lib Dem) has become more openly critical of the government's handling of the crisis. George Osborne has finally managed to get onto the "front foot" by proposing measures, such as a loan guarantee scheme, some of which the government have, to some extent, subsequently taken up.

As noted above, policy to tackle the recession has diverged considerably. Arguing that unfunded tax cuts are unsustainable and irresponsible in the current state of the public finances, Opposition policy has focused instead on a mixture of existing and new policies to help business, particularly small business:

Cut the main rate of corporation tax to 25p and the small companies' rate to 20p, paid for by scrapping reliefs and allowances

A six-month VAT holiday for SMEs, paid for by a 7.5% interest rate on delayed payments

A cut in NI of 1 percentage point for six months for firms with fewer than five employees

A £2.6bn package of tax breaks to get people into work, funded by money diverted from unemployment benefit.

In addition, help to individuals and families would be offered by:

Freezing council tax for two years (paid for by reducing spending on government promotional budgets and use of consultants) – announced at 2008 party conference

Raising the inheritance tax threshold to £1m (paid for by tax on non-doms) – announced at 2007 party conference

Abolishing stamp duty for 9 out of 10 first-time buyers (ditto).

Housing, planning and construction

The Opposition, spurred on by its supporters in local government, where it is the dominant force, have protested against the “top-down” approach of the current government to housing allocation and have been particularly vociferous in their opposition to ecotowns, most of which would be unlikely to proceed under a Conservative government (indeed, few may proceed anyway). However, it is unclear how the party would ensure that the required amount of new housing would be built if it was in government and it is in danger of raising expectations among its supporters that it may find hard to meet. According to a policy paper published in February, the party would create “bottom-up incentives for house building, by allowing councils to benefit more from the increase in council tax revenues from new homes, rather than being equalised away by Whitehall.”

Policy developments include:

Tory shadow housing minister Grant Shapps MP is leading a Home-Buying Review, designed “to improve the process for buyers and sellers alike”

Home Information Packs will be abolished (though Energy Performance Certificates will be retained).

Sir John Ritblat is chairing an Olympics Oversight Committee to scrutinise the whole Olympics project

The Regional Development Agencies are likely to see some at least of their functions transferred to local government – the policy green paper “Control Shift”, published in February, promised to “Abolish all regional planning and housing powers exercised by regional government, [and] return powers and discretion back to local communities”

Likely abolition of Building Regulations to be replaced by National Building Standards, which would also include the adoption of whole life costing of new public sector buildings.

In addition, the former shadow Communities Secretary Eric Pickles strongly attacked the Infrastructure Commission and the Homes and Communities Agency for undermining local democracy, but it is far from clear what the Conservatives would put in their place – if in fact they were to abolish them.

Local Government

In a paper on Localism published in February (“Control Shift”), the party gave some indication of how it would put into effect its oft-promised “decentralisation” of power away from Whitehall. The three leading ideas were:

Giving local authorities a new discretionary power to levy business rate discounts, allowing them to help local shops and services, such as rural pubs or post offices

Provide citizens in all large cities with the opportunity to choose whether to have an elected mayor, through mayoral referendums

Greater use of direct democracy, including allowing residents to veto high council tax rises, and instigating local referendums on local issues.

In the 2009 local (predominantly county council) elections, the Conservatives will campaign on both strengthening local democracy and on value-for-money, boosted by flagship councils like Wandsworth freezing their council tax this year. London Mayor Boris Johnson has also frozen his precept on London council taxpayers.

Education, Skills and Training

In his speech to the 2008 party conference, shadow skills secretary David Willetts MP announced that an incoming Conservative government would create 1200 Skills Scholarships to enable apprentices to go on to university. Earlier in the year, a party policy paper called for –

“Ensuring that all apprenticeships are work-focused by making it easier for companies to run apprenticeships”

£775m. support for apprentices through new Lifelong Learning Accounts, which the paper argues would “fully fund 77,000 apprentices who are currently part-funded, and creating 100,000 additional apprenticeships each year”

£2K bonus for each apprenticeship at an SME

Make it easier for small employers to form Group Training Associations and take on apprentices

“A £60m Business Skills Development Fund to promote non-apprenticeship skills that businesses need and employees want”

A £100 million fund to target special help on young people not in education, employment or training (“NEETS”)

A £100m Community Learning Fund for people wanting to update skills

New providers to be encouraged to enter the FE sector

Sector Skills Councils will accredit courses at FE colleges.

Health

In line with the priority given to NHS policy since David Cameron became leader, the party has made some of its most extensive and detailed commitments in this area. In September 2008 the Party's NHS Improvement Plan was published; a plan to "transform the duties and responsibilities of NICE (the National Institute for Health and Clinical Excellence)" followed.

The main commitments to emerge from these policy papers have been:

More choice for patients over where they are treated

Every patient will be given the opportunity to choose a single room when booking an operation in hospital

Every hospital will have the single rooms they need to isolate infected patients

No patient will be in mixed-sex accommodation

More information about health outcomes to be published

"Create positive funding incentives to support patient choice by rewarding successful treatment results for patients"

Independent board to run NHS free from ministerial interference

Independent healthcare providers to be free to supply services to NHS if they can do so at NHS price and to NHS standards

NHS to work with local authorities and business to achieve public health objectives

Speed up access to clinically effective new drugs

Remove politicians from the process of recommending new drugs for referral to NICE

Introduce "value-based pricing" of new drugs, sharing risk between pharmaceutical companies and the NHS

No more root-and-branch reorganisations of the NHS.

Further policy papers are expected over the next few months on maternity services, cancer, social care, dentistry and public health.

Environment

The early period of David Cameron's leadership of the Conservative Party was marked by a strong emphasis on environmental policy. The party leader appeared ready to embrace radical "green" policies, and certainly succeeded in showing up the relative lack of interest of both Blair and Brown in green issues and in wresting the issue away from the Liberal Democrats, who had traditionally "owned" it. The "Quality of Life" policy group which reported in summer 2007 duly proposed some radical ideas, but the more controversial of these, such as a parking charge at out-of-town stores, were almost immediately disowned by the leadership, worried about the political implications. Since then, the environment has slipped down the list of the Tory leader's concerns and although there is a general commitment to increase environmental taxes in order to fund reductions in family taxes, all such proposals have probably been overtaken by events.

A further complication for Cameron is that party activists are split on the issue, with many thinking that the commitment to environmental policies was initially overdone. While on the one hand Zac Goldsmith is now a prospective Tory candidate and young MPs like Nick Hurd still advocate radical policies on the environment, on the other there is an old guard of "climate change sceptics", headed by luminaries such as Lord Lawson.

The sacking of Peter Ainsworth in the January 2009 reshuffle can also be seen as further evidence of the gradual decline of green politics; Ainsworth had established good links with environmental campaigners and had become something of a 'born-again' environmentalist. Nick Herbert's, his successor's, focus is likely to be on more traditional rural policies, not least hunting of which he is a passionate advocate.

To little fanfare, the Party did produce a policy paper on a Plan for a Low Carbon Economy, published on 16 January. The paper, which built on an earlier one on a Decentralised Energy policy, proposed:

Introduction of a new "smart grid" and "smart meters" to allow better management of supply and demand and underpin much greater use of renewables

Feed-in tariffs to encourage micro-generation

Expansion of offshore wind and wave power through a new network of Direct Current cables

Big expansion of electric and plug-in hybrid vehicles through creation of a national recharging network

Encourage much greater use of biogas

Promote the development of second generation biofuels

Clear the way for new nuclear power stations by establishing a national Nuclear Waste Site

Subsidised energy efficiency improvements for homes

Fully implement the Energy Performance in Buildings Directive

Cancel third runway at Heathrow and build high-speed rail network.

Transport

Transport policy, like the shadow transport secretary, has not had a very high political profile under David Cameron. However, transport policy generally – apart from airport capacity – is low-key generally at present.

The Tories are clearer on what they oppose than on what they want to do – they are against pushing local authorities into considering congestion charging schemes and against Heathrow expansion, for example. They are committed to continuing current major rail infrastructure projects (eg Crossrail) and to introducing high-speed rail, as a means of reducing domestic flights. If they are serious about increasing environmental taxes they may have to bite the bullet on car and fuel taxation, though they will try to present any changes as revenue neutral and more about changing behaviour than raising money. On fuel duty, George Osborne has proposed a fuel duty stabiliser, to vary duty levels in line with price changes.

Transport is one area where the Mayor of London will be able to make the running. Mayor Johnson has already signalled the end of bendy-buses, invited designs for new Routemasters, proposed outer London express buses, cancelled the congestion charge western extension and stepped up station and bus security. His suggestion that there should be a new airport in the Thames Estuary has been widely attacked and at first was greeted with scepticism by Theresa Villiers. In the debate in the Commons on 28 January she said "that is not an option that we are looking at, at the moment" (Hansard, 28 January 2009, col. 300), but a future Conservative government may yet work with a Tory mayor to conduct a full feasibility study.