



PERSPECTIVE

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Seeking the common ground

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INTRODUCTION

The Centre for Policy Studies is facilitating a series of meetings, gathering together Conservatives from all points of view within the Party along with representatives from interested think tanks, to discuss the future of Tory philosophy and strategy. The objective of these gatherings is not to debate detailed policy but to attempt to find a common language with which the various factions (so-called “modernisers” and “traditionalists”) might feel comfortable, as a frame of reference for the Party’s presentation of itself.

A starting point for this exercise was that the public statements of most of the leadership candidates and their supporters had a remarkable amount of common ground. There now appears to be at least a weak consensus on what must be the central themes of a Conservative revival: the political and economic cost of high taxation; the importance of the role of community in society; developing a distinctly Tory account of what constitutes social justice; and a programme for the reform of the public services. There is also a sense that no future election campaign will be credible unless it has a coherent and over-arching approach to government which provides convincing alternatives on these points in morally attractive terms.

Taxation has been the issue on which there has been, paradoxically, most agreement and also most contention.

MPs are particularly aware that educated middle class voters who have abandoned the Party in three general elections will only find it acceptable to return when the Party presents itself as enlightened and socially conscientious. Pragmatism alone (especially if it appears to be callous or obsessed with “efficiency”) is no longer an acceptable stance: people who are themselves secure and affluent want to believe that they are being generous and public-spirited when they choose a governing party. The critical question then becomes: how can Conservatives convey their own sense of idealism – of moral and social conscientiousness – in ways that are compelling to the public and consistent with the Party’s core principles?

TAX

Taxation has been the issue on which there has been, paradoxically, most agreement and also most contention. Almost no one expressing a serious view about the Party’s direction now disputes the notion that the Party should advocate lower taxes. This is sometimes expressed in strong terms: “The Conservative Party is a party of low taxation, or it is nothing” has been reiterated often, as has the argument that tax (rather than economic competence) is now the defining issue of difference from Labour. There is, however, a vociferous and influential element in the Party which, while agreeing in principle



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with a low-tax economy, believes that there are sound political and economic reasons for not leading the Party's message with tax-cutting proposals. So there are, in spite of a general agreement on the ultimate destination, considerable (and strongly felt) differences on whether promises of immediate tax cuts are feasible or politically wise.

The Party seems to have got past what is generally seen as a failure of nerve on tax policy during the last General Election campaign. Many MPs are now openly critical of the minimal cuts that were promised and of the leadership's view that any tax cuts had to be supported by detailed savings in public spending. The sense seems to be that this exercise, rather than increasing the Party's credibility, simply gave credence to the Labour argument that spending cuts would always (necessarily) follow tax cuts. On the whole, there is a more robust view gaining ground that the case must be made for a lower tax economy on the grounds of higher economic growth and greater personal freedom: that lower taxation is a positive thing and would give rise to a healthier social order.

There is a lively disagreement about whether the poor should be taken out of tax by increasing the personal allowance. A strong case can be made that this a morally unimpeachable proposition: the poor pay too high a proportion of their income in tax which is debilitating and clearly unfair. Promising to rectify this would appeal not only to them but to the social consciences of middle class voters. Against this, is the fact that any significant increase in the personal allowance would be very expensive for the Treasury. A more dubious argument from some quarters in the Party is that taking people out of tax makes them irresponsible citizens: that those who pay little or no tax will

always be inclined to vote for higher public spending because they themselves do not have to pay the price for it. But this seems tantamount to holding voters to ransom: making them pay for government spending however little they earn has more than a hint of vindictiveness about it. It could easily be argued that low paid working people who were permitted to keep more of their earnings would become more responsible as they were able to be more economically independent.

A robust view is gaining ground: the case must be made that lower tax is a positive thing and would give rise to a healthier social order.

Gordon Brown's tax credits have added complication and dependency to the mix and confused the equation of low wage – high tax in ways that are dangerous to a Conservative message. MPs have remarked on how often they were met on the

doorstep by the accusation that "you would take away my tax credit". It may well be that only an increase in tax allowances could compensate for the removal of the tax credit system.

A practical objection to early promises of lower tax is made by those who believe that the first priority for any incoming Conservative Government will be to reform the public services – the failings of which are thought to be the most important form of public dissatisfaction with Labour.

The reforms which most progressive Conservatives favour, involving more consumer choice and the general empowerment of the public who use the services, will require quite heavy "transition costs". For example, if genuine parental choice in state schools is to become a reality, then there needs to be more slack in the system: popular schools will have to be allowed much more flexibility to expand and seed money will have to be made available for new schools to be created to meet parental demand. This will create at least a



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short-term demand for extra funding until the system is established. So, it is argued, immediate tax cuts would not be consistent with the extra expense of such reforms.

The proponents of early tax cuts counter that reformed public services will inevitably be more cost effective, and thus not be an additional burden on revenue. This is clearly a continuing debate; but it is one about timing. It is not an ideological schism.

COMMUNITY

There is an almost universal belief that Conservatism must restore a sense of the value of community: that the importance of the ties and responsibilities that connect families, neighbourhoods and voluntary groups must be revived and strengthened. There is little dispute about the premise that greater and greater reliance on government intervention to resolve civil and private behaviour problems has significantly weakened the social fabric. Some participants in the discussions have become actively engaged with the voluntary sector in community self-help projects and believe fervently that this kind of commitment is morally and politically essential to the Party's recovery.

Attacks on the "dependency culture" are thought to have unpleasant undertones of blaming the deprived for their own condition. Transforming what was once seen as smug censoriousness about welfare dependence into a positive endorsement of voluntary activism is now widely agreed to be an essential element in constructing a new face for the Party. For Conservatives, the message must be, not that it is somehow shameful to need help and support, but that people should help each other and be supported in constructing their own community welfare projects. For the State to be the only source of welfare and social solidarity undermines the character of local

communities and the spirit of inter-personal co-operation. Any such policy would have to be accompanied by serious tax breaks and government facilitation (but with the government as enabler rather than supplier of support) if it is to be meaningful. Again, this is a case where offering tax relief – on certain kinds of activities and self-help schemes – would be consistent with a socially positive programme.

Offering more choice to consumers of health and education is still problematic for some sections of the Party. There is a concern that the Tories would appear to be uncaring about those who do not have the social confidence or intellectual wherewithal to make

informed choices; and that there would be political dangers in the collapse of those schools and hospitals which are not popular. Certainly safeguards would need to be in place to protect the system from the consequences of a free-for-all rush to the most desirable institutions, but there can be little doubt that the present system – which underwrites poor standards and failing facilities indefinitely – is unsatisfactory, and the public knows it. Government monopoly provision offering mediocre (or worse) performance will not be tolerated for much longer by an increasingly demanding and sophisticated consumer society.

Developing what is fashionably called a "narrative" for the Party on the issue of social justice could plausibly be linked to the commitment to lowering tax, offering greater choice for everyone (not just the rich) in public services, and reviving the social role of the community. The Party has often given the impression over the past decade of having definitively lost the high ground over the language of "social fairness". But New Labour's monopoly on



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this vocabulary can be challenged. Many voters do not regard the outcomes of Labour policy – in education, healthcare, and levels of prosperity – as being fair. There is now a much more confident sense within the Tory Party, especially among the younger generation of MPs, that words like “opportunity”, “aspiration” and “fairness” can be reclaimed, provided that the Party has a convincing alternative approach: that is, one that does not see government as the only source of virtue.

Opportunity, as defined by New Labour, is essentially a passive concept: people are *given* opportunities by a beneficent government. There is great scope for Conservatives to restore the sense of the word that implies self-determination and personal motivation which can be *enabled* rather than provided by government. The theme of actively participating neighbourhoods, families and individuals taking back civic authority from the state would have resonance with voters of all classes and social strata who now feel powerless. Reforming the public services in ways which offered consumers more personal choice and communities more effective control would be entirely consistent with this. It would (as many Conservatives now advocate) create the possibility for lower tax

by reducing the demands on the state. By devolving many of the functions and responsibilities of central government down to the community where they would be managed in ways that were accountable to local people, the inordinate power (and expense) of central government would be reduced.

The role of government could be to remove obstacles and obstructions to personal development (or to communal voluntary action), to cut back limitations and regulations that hamper growth, and to do this specifically through a programme of tax reliefs and reduced bureaucracy. Freedom has always been a Tory word, but there is no reason why it should not be

consistent with social responsibility and communal enterprise. Too often over the past decade, the Party’s political needs seem to have been put the wrong way round: strategy first, to be fleshed out with philosophical principle later. There is probably enough agreement in Conservative thinking now to allow the Party to forge a reasoned and intelligible philosophical framework, from which a campaigning strategy would naturally follow.

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