Heppell, Timothy. "Obstacles to adaptation:: Continued adherence to Thatcherism 1992–2005." *The Tories: From Winston Churchill to David Cameron*. London: Bloomsbury Academic, 2014. 103–132. *Bloomsbury Collections*. Web. 26 Apr. 2023. <<http://dx.doi.org/10.5040/9781472545138.ch-004>>.

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Obstacles to adaptation: Continued adherence to Thatcherism 1992–2005

John Major was to face immensely difficult circumstances between 1992 and 1997. McAnulla suggests that he suffered from a ‘ghost of the past’ in the shape of Thatcher, as well as the ‘grim reaper’ of being forced to operate with a small and dwindling parliamentary majority (McAnulla 1999: 193–4). For example, Thatcher celebrated Major’s general election victory by arguing that ‘I don’t accept the idea that all of a sudden Major is his own man.’ She then concluded that ‘Thatcherism will live’ and that ‘there is no such thing as Majorism’ (Thatcher 1992). That combination of dealing with the divisive legacy of Thatcherism, while operating with a small parliamentary majority, prompted Major’s outburst in his accidentally recorded comments to ITN’s Michael Brunson in July 1993. Major commented that

the real problem is one of a tiny majority. Don’t overlook that. I could have done all these clever decisive things which people wanted me to do – but I would have split the Conservative Party into smithereens. And you would have said that I acted like a ham-fisted leader. (Major 1999: 343)

After 1992 Major was unable to exploit the mandate that he had secured. He later admitted ‘there was much I hoped to do after the election, but which, as things turned out, I would not achieve’ and ‘I shall regret this all my days’ (Major 1999: 214). Given the scale and speed within which his fourth-term administration was to unravel, Major would later speculate:

I sometimes wonder what would have happened if we had lost in 1992. Labour, not the Conservatives, would have had to face Black Wednesday

and a Eurosceptic attitude as rife in its ranks as it was in our own. Faced with these troubles, Neil Kinnock would have been hard pressed to keep the left wing of his party at bay. On form, the Conservatives would have won any election that followed a one-term small majority Labour government. Assuming this, some Tories have argued that 1992 was the election we should have lost. What the Tories needed was not another spell in power, but the cold, sharp shock of opposition, an ideological cleansing of the palate. . . . Despite our defeat in 1997, I disagree . . . our victory in 1992 killed socialism in Britain. It also, I must conclude, made the world safe for Tony Blair. Our win meant that between 1992 and 1997 Labour had to change. (Major 1999: 310–11)

From Black Wednesday to Black Thursday 1992–1997

The Major administration descended into chaos in the early stages of their fourth term and never recovered. Their claim to governing competence was shattered by their ejection from the ERM in 1992. Their claim to be unified was shattered during the parliamentary ratification of the Maastricht Treaty during 1992–93, by the withdrawal of the Conservative whip from eight MPs (1994–95), by an unnecessary and futile party leadership contest in 1995 and by the constant infighting over the single European currency. Their claim to govern in the public interest was undermined by a series of sex and financial scandals. Their claim to effective leadership was lost as Major seemed consumed by the demands of leading his fractious party rather than leading the nation (Norton 1998: 77–8).

Of these difficulties the most significant was the lost claim to governing competence. The ERM proved to be a ‘political crisis of gargantuan proportions’ (Hayton 2012a: 22). Entry had been expected to provide ‘a credible framework for economic management’ that would serve both an economic and a political purpose. Economically it would ‘impose tight monetary discipline on the British economy’. Politically it would shift the responsibility for economic management to ‘an externally constituted regime’ and a ‘system of policy rules bound up with broader European commitments’ (Kettell 2008: 631, 637). Thus it would provide an external anchor to aid domestic economic management, with potentially the added benefit of improving relations within Europe.

Britain had entered the ERM in October 1990 when Major was Chancellor and Thatcher was still prime minister. As the previous chapter identified, Thatcher was against entry but she was too weakened to withstand the clamour for entry. In justifying entry Major felt that aligning sterling to the Deutschmark, which was the most inflation-resistant currency within Europe, would limit the impact of inflation within the British

economy in the future. However, during the summer of 1992 the position of sterling within the ERM became perilous. The value of sterling declined from DM 2.91 in May to DM 2.81 in July and to DM 2.80 in August which was close to the ceiling of DM 2.778. Options such as seeking a realignment or devaluation of sterling within the ERM, or withdrawal, were deemed to be unacceptable (Lamont 2000: 225). Major chose to defend sterling and its position within the ERM and use reserves to prop up its value (Young 1998: 438). Major left no ambiguity as to the importance that he attached to remaining within the ERM. He staked his reputation on remaining within in a speech to the Scottish CBI just days before withdrawal. Those who questioned the merit of membership were dismissed as 'quack doctors peddling their wares', as 'miracle cures simply don't work – never have, never will'. He ended with words that would humiliate him within days:

All my adult life I have seen British governments driven off their virtuous pursuit of low inflation by market problems or political pressures. I was under no illusion when I took Britain into the ERM. I said at the time that membership was no soft option. The soft option, the devaluers' option, the inflationary option, would be a betrayal of our future. (Major 1999: 326)

Currency speculators did not believe that there was a prospect of economic recovery without devaluation. Massive instability in the currency markets followed involving heavy speculative activity against the weaker currencies. A wave of selling resulted in sterling sliding to the floor of the ERM. Interest rates were increased from 10 to 12 per cent in an attempt to arrest the slide. No market impact was detectable. So interest rates were increased further to 15 per cent. Again no impact was evident (Lamont 2000: 249). An administration that had repeatedly ruled out devaluation had had a devaluation effectively imposed upon it against its will. It was an expensive failure and cost the taxpayer £3–4 billion or the equivalent of £20 per head of the UK population (Stephens 1996: 253–5).

Black Wednesday was to be the defining moment of the Major government, and the new leader of the Labour Party, John Smith, captured its impact on Major: 'he is the devalued Prime Minister of a devalued Government' (HC Debates, Vol. 212, Col. 22, 24 September 1992). Faith that the Conservatives were competent plummeted in the opinion polls as Labour became viewed as the party best equipped to manage the economy (Denver 1998: 19). The image of policy failure and incompetence created by the ERM disaster would remain for the rest of the Parliament (Norton 1998: 80).

Having stated during the election campaign that ERM membership was the central tenet of their economic policy strategy and their means of countering inflation, the Major government was now operating in a policy vacuum. Kenneth Clarke, who at the time was Home Secretary,

but would soon move to the Treasury, admitted that 'I reflected on that day that I'd never been in a government that didn't have an economic policy' (Young 1998: 440). They needed to rapidly construct an entirely new counter-inflationary framework. However, the political imperative of tax cuts was not deemed to be viable due to wider economic constraints. Economic policy formulation was in a structural bind due to the fragility of the economy and the recession and the need to control public expenditure limited the choices available. Stringent corrective action was required. Lamont set about implementing a punitive package of tax increases, which included higher national insurance contributions for employees; freezing of personal tax allowances; a reduction in tax allowances for married couples and mortgage holders; and the initiation of a straightforward tax increase through the extension of value added tax to domestic fuel and power (Denver 1998: 22).

The reaction within the PCP was devastating. Many feared that one of their main electoral assets, their reputation as the party of lower taxation was being blunted (Gove 1995: 238–9). Initially Major stuck by Lamont and withstood the temptation to dismiss him after Black Wednesday. He waited until after the implementation of the unpopular package of taxation increases upon which they had agreed. The rationale for his delayed removal was that Lamont's position had become untenable as he had lost the confidence of industry, of the City and of some of his Cabinet colleagues (Major 1999: 679). Lamont felt that the same could easily be said of Major. A vocal enemy had been created (Seldon 1997: 376). The new chancellor, the pro-European Clarke maintained a tight fiscal squeeze. In the November 1993 Budget, Clarke continued the strategy of reducing the deficit by reducing public expenditure and increasing taxation. Measures implemented included a freeze on income tax allowance; increases in excise duties; reductions in the value of mortgage tax relief; restrictions on married couples allowance; the introduction of new taxes on insurance premiums; punitive taxes on motorists and smokers and the implementation of a public sector pay freeze, which would contribute a 1.3 per cent cut in public expenditure, and reductions in spending on defence, education and transport (Thompson 1996: 180).

Their ejection from the ERM and the need to raise taxation were not the only indications of governing incompetence. The Major administration was damaged by its handling of the pit closure programme in the autumn of 1992 (Negrine 1995: 45–61). Over 20,000 letters of protest were sent to Downing Street. Protesters took to the streets with placards stating 'Sack Major, NOT 30,000 Miners' (Routledge 1994: 232–4). Slowly the crisis was defused and the sense of outrage would dissipate. However, this was only after Major had been forced to back away from the original proposal, which resulted in a review of their energy policy and a reappraisal of the viability of 21 of the pits earmarked for closure (Crick 1997: 393). The cumulative effect of these disasters undermined Conservative electoral

strategy. Thatcherite strategy had rested on shaping electoral attitudes around the Conservatives as competent, in order to negate the Labour attack that they were cruel or harsh (Hogg and Hill 1995: 125). Black Wednesday and the pit-closure fiasco suggested the Major administration was cruel but incompetent (Bale 2010: 42).

It was against this backdrop of governing incompetence that party divisions intensified. Black Wednesday unleashed latent Euroscepticism. Thatcher herself exploited this by encouraging Eurosceptic rebels to believe that her removal had been part of a Europhile plot (Gill 2003: 123). Preventing the parliamentary ratification of the Maastricht negotiations, for which Major was immensely protective but had delayed pushing through before the election, was to be the battleground. Major would gain the parliamentary approval that he needed, but at a considerable price. It would be completed after 18 months of debilitating and divisive parliamentary trench warfare. With a small majority the Whips' Office would impose some of the most brutal and controversial whipping in parliamentary history (Baker et al. 1993: 158). As the rebellions continued, the passage of the legislation was only secured by a vote of confidence. Major was thus creating a mutually assured destruction strategy for himself and the rebels given the position of the party in the opinion polls at the time. This was Major's 'take me to Maastricht or I will kill us all' option (Baker et al. 1994: 44). All but one did and Major had secured his objective. Thatcher intervened to stress that she still felt that Major was being duped into a federalist strategy and that Maastricht was a staging post to the single currency (Seldon 1997: 251–3, 328).

On the evening of securing ratification Major's frustrations in dealing with the legacy of Thatcherism were exposed during his accidentally recorded post interview comments to ITN (in July 1993):

Just think it through from my perspective. You are the Prime Minister, with a majority of eighteen, a party that is still harking back to the golden age that was and is now reinvented. You have three right wing members of the Cabinet who actually resign. What happens in the parliamentary party? I could bring in other people. But where do you think most of this poison is coming from? From the dispossessed and the never possessed. You can think of ex-ministers who are going around causing all sorts of trouble. We don't want another three more of the bastards out there. (Major 1999: 343)

A year later, in autumn 1994, when eight Conservatives abstained on a parliamentary division relating to increases to Britain's budgetary contribution to the EU, (which was a confidence motion) Major removed the Conservative whip from them. This was the toughest disciplinary sanction that had ever been imposed in the history of the party. However, the decision to remove the Conservative whip from the eight abstainers

inflicted greater damage upon the credibility of Major than it did upon the eight non-complying Conservative parliamentarians. Their readmission 6 months later constituted an ignominious surrender. Without any apparent commitment being made by them to be loyal in future, it left Major looking inept (Alderman 1996a: 19).

The Eurosceptic rebels were still vexed about the fallout from Black Wednesday. The resultant need to increase taxation had stimulated electoral concerns about whether the Conservatives could be trusted. That decline in trust within the electorate was intensified by the 'sleaze' allegations that would engulf the Major administration (Worcester and Mortimer 1999: 71). Numerous Conservatives were involved in sex scandals. Sexual impropriety was then compounded by allegations of wider financial corruption. Two Conservative parliamentarians, Graham Riddick and David Tredinnick, were exposed as being willing to accept cash in return for asking parliamentary questions and three Conservative parliamentarians, Jonathan Aitken, Neil Hamilton and Tim Smith were exposed as being willing to accept hospitality from Mohamed Al-Fayed, the owner of Harrods (See 2013: 114–16). As a response, Major set up the Commission on Standards in Public Life under Lord Nolan, which led, in 1995, to the creation of a new Commons Standards and Privileges Committee (Butler and Kavanagh 1997: 16).

Sleaze began to develop in the aftermath of Major's 'Back to Basics' speech to the 1993 Annual Conference. Given the above governing difficulties, Major was sensitive to the jibe that his administration was losing dominance of elite debate. The demand to define and thereby renew Conservatism led Major to launch his 'Back to Basics' campaign. It was meant to challenge fashionable theories on health, education and crime and in doing so address concerns associated with traditional middle England. However, social conservatives were keen to use the language of Back to Basics to launch a war on permissiveness and portray Labour as a party of the 1960s – a party representing drugs, pornography and family breakdown. Those Conservatives motivated by traditional morality implied that the traditional family was the essential building block of society and that single parenthood was symbolic of social disintegration and a bloated welfare state (Baston 2000: 156–8). Social conservative parliamentarians began to use it as a vehicle to attack single mothers and preach sexual fidelity. They felt justified in doing so as 'rolling back the permissive society' was the underdeveloped aspect of the Thatcher revolution (Fry 1998: 145).

The print media believed it was a moral crusade, meaning that any Conservative not living up to the distorted premise of Back to Basics needed to be exposed (Bale 2010: 46). This justified the lurid tabloid headlines that emerged post 1993, which would destroy Back to Basics as a viable political theme for the Conservatives. It was abandoned, although an increasingly hostile print media and the Labour opposition continued to use it as a means of highlighting the hypocrisy of the Conservatives (Baston 2000: 161).

The Conservatives were displaying the classic symptoms of a degenerating and long-serving administration. Could their decline be arrested or was it irreversible? Was there anything that could be done to undo the damage of the preceding 3 years? Could the Conservatives recast themselves and reclaim their mantle as the natural party of government? They had after all reversed their decline in the mid-point of the previous Parliament. While the actual symptoms of decline remained, a mirage of renewal while in government was created by the removal of Thatcher and the emergence of Major (Bale 2010: 48). A precedent now existed. Would the removal of Major midterm enable the Conservatives to reclaim the party of government characteristics, which had been lost over the preceding 3 years?

Speculation about the probability of a challenge to Major in the autumn of 1995 was more intense than in the three previous years. Rather than wait for his critics to find a candidate to challenge him in the autumn, Major chose to resign in June 1995 to seek a new mandate to lead the Conservatives into the next general election. In announcing his dramatic plan for self-preservation, Major concluded:

The Conservative Party must make its choice. Every leader is leader only with the support of his party. That is true of me as well. That is why I am not prepared to tolerate the present situation. In short, it is time to put up or shut up. (Seldon 1997: 571)

Major hoped that his critics would show themselves to be cowards. If he was re-elected unopposed it would also make it far harder for his backbench critics to continue to destabilize him. It soon became clear that Major would not secure this best case scenario of an unopposed re-election. Speculation initially focused on Lamont. However, the critics of Major feared that Lamont may not inflict enough damage to Major in the first ballot to force his resignation (Denham and O'Hara 2008: 28). There was an acceptance that the preferred candidate of the right, Michael Portillo, would not be willing to challenge Major outright. Portillo was willing to stand when the leadership was vacant – that is, as Major had done in 1990, but he was not willing to suffer the fate of Heseltine in 1990 of standing to win, but losing and being accused of disloyalty. Similar concerns explain why Heseltine and Clarke did not stand (Heppell 2008b: 100–2).

However, John Redwood resigned from the Cabinet in order to dispute the leadership with Major. The problem for Redwood was the feeling that he could not defeat Major outright. Many Conservatives came to the conclusion that a vacancy being created by Major deciding to resign due to a substantial protest vote going to Redwood would lead to further prolonged conflict. A bitter conflict between candidates from the Europhile left (Clarke and/or Heseltine) and the Eurosceptic right (Portillo and/or Redwood) would leave the eventual victor with an ungovernable party (Alderman 1996b: 323). The Major campaign managed to pull many Conservative parliamentarians back to Major by the fear of something worse (i.e. other options would

intensify factional strife) rather than the hope of something better (Heppell 2008b: 105).

Major won by 218 votes to 89 for Redwood and 22 abstentions and he overcame his self-imposed hurdle of 215 votes, which was what he felt he needed to justify continuing (Major 1999: 620). In retirement, Major was clear about the significance of the exercise to the party:

My re-election as leader postponed – and, I hope, saved the party from an irrevocable split over European policy. It was very likely it would have haemorrhaged if a leader had been chosen who gave unconditional backing to one side or the other in an argument so fundamental to the protagonists that none was prepared to concede. (Major 1999: 647)

The put-up or shut-up strategy ensured that Major was secure until the general election. However, his continuation through a process that highlighted his weaknesses and the endemic divisions within the Conservative Party, worked to the long-term electoral advantage of New Labour. (Foley 2002: 197–8). Significantly, it did not stem the flow of criticism of Major from Thatcherite critics on the backbenchers or within the press (Fowler 2008: 70–2). They felt that the Major era amounted to a betrayal of the Thatcherite policy agenda (Dorey 1999: 225). It is true that shifts in policy prioritization and direction were evident with regard to the poll tax, the commitment to membership of the ERM, the rhetoric of constructive engagement with Europe which explained the commitment to the Treaty of European Union, the attitude towards the public services and the approach to the conflict within Northern Ireland. However, despite this academics have argued that the Major era amounted to a broad adherence to the Thatcherite policy agenda and as such the betrayal thesis lacks conviction (Bale 2010: 61). There was evidence of minimal deviation and a clear adaptation in terms of style and rhetoric but there was no real evidence of retreat and betrayal. It may not have amounted to a zealous continuation but it did constitute steady consolidation or as Evans defines it ‘Thatcherism on autopilot’ (Evans 1999: 175).

What probably caused their criticism was the inability of the Conservatives to overcome the flat-lining in the opinion polls, which had remained since Black Wednesday. Of real concern was the fear of a vote-less recovery. As the parliament entered its final stages, it was clear that improvements in economic performance were not translating into perceptions of economic and governing competence vis-à-vis the Conservatives (Denver 1998: 34–45). Despite the fact that there was a gradual improvement in key economic indicators, (which suggested that the corrective measures implemented were having the intended impact), negative perceptions of the Conservatives vis-à-vis economic management remained. The electorate simply refused to give the Major administration any credit for the improving economic position in the latter part of the parliament

(Dorey et al. 2011: 18). Given the following indicators this was immensely frustrating for Major:

- 1 Unemployment was as high as 3 million during the recession in 1992 (or 9.8 per cent) of the working populous but had fallen and was still falling at 1.75 million (7.5 per cent) by 1997.
- 2 The inflation rate had been as high as 9.7 per cent at the time of the downfall of Thatcher, yet for the duration of the second Major Government, it oscillated between a low of 1.6 and a high of 4.1, which constituted the longest period of low inflation for half a century.
- 3 Interest rates were reduced following ejection from the Exchange Rate Mechanism and stabilized around 5–6 per cent for the final 4 years of the Major Government.
- 4 Finally, although the economy was contracting by 1.5 per cent in 1991, the rate of growth had advanced to 3 per cent in 1993 and 4 per cent in 1994 (Heppell 2006: 160).

Major claimed that his administration had left a 'benevolent legacy' and they had eradicated the inflationary cycle (Major 1999: 688–99). However, reductions in the standard rate of taxation in the 1995 budget and then again in 1996 (down to 23p) could not remove the memory of broken promises on taxation in the earlier part of the Parliament, and Black Wednesday had established the image of governing incompetence and disunity (Hayton 2012a: 23–5).

Having refused to adhere to demands for a referendum on the Treaty of European Union, Major attempted to craft a semblance of unity through a 'negotiate and decide' policy stance on Economic and Monetary Union, which would be confirmed via a referendum (Bale 2010: 59). The rationale for holding a referendum on Economic and Monetary Union (agreed to in April 1996) was designed for internal party reasons rather than national interest. The ambivalent Major believed that this should be acceptable to Europhiles, (as the single currency had not been ruled out in perpetuity), and Eurosceptics, (many of whom had long argued for a referendum on the issue).

However, the civil war over the single European currency dominated the prolonged general election campaign of 1997. Major had hoped that his agnostic stance would be sufficient to bridge the divide between Europhile and Eurosceptic alike, thus allowing the Conservatives to provide a façade of unity when campaigning. However, it was increasingly clear that many candidates were openly defying the 'negotiate and decide' formula (Bale 2010: 63). In a futile attempt to stem the tide of dissidence, Major decided to abandon a planned Party Election broadcast on unemployment figures, (which were favourable to the Conservatives), and speak directly to the camera for a full 4 minutes about Europe. However, he appeared to be

speaking to his internal party critics rather than the wider electorate when he said 'whether you agree with me or disagree with me, like me or loathe me, don't bind my hands when I am negotiating on behalf of the British people' (Butler and Kavanagh 1997: 106).

Major argued that, first, joining, (or not joining), the single European currency was the most important issue facing Britain for a generation; second, that the electorate should vote for the party that he leads despite their divisions on this seminal dilemma; and third, despite the importance of the decision, he was not going to explain what he would do if re-elected. Major believed that he would enhance his chances of re-election by publicly demonstrating how deep the divisions were within his party, and how he was simply unable to deal with them. Blair countered with a brilliantly succinct sound bite: 'there are two Conservative parties fighting this election. . . . John Major is in charge of neither of them' (Seldon 1997: 723).

While New Labour and Blair had a clearly defined strategy on how they sought to portray the Conservatives, the same could not be said of how the Conservatives sought to portray New Labour. Was their best line of attack to portray Blair as a 'socialist wolf, red in tooth and claw but dressed in Bambi designer-chic' or should they say Blair was 'an opportunistic closet Tory who was stealing Tory policies' (Williams 1998: 69)? Regardless, the improving economic environment in the latter part of the Parliament and reductions in the basic rate of income tax had failed to resonate with the electorate. The Conservatives were thereby trapped in a bind: because the electorate remembered their indirect tax increases at the beginning of the Parliament, and disregarded the reductions in direct taxation at the end of the Parliament, so a 1992 style tax bombshell attack on New Labour would not work. New Labour had the whip hand on the tax issue:

New Labour countered the attack with two different tactics. Firstly, it made very limited tax commitments, and one of these, a windfall tax on the profits of privatized utilities, was popular amongst voters because of public concerns about profiteering in these industries. Secondly, Labour frontbenchers repeatedly claimed that there had been twenty-two tax rises since 1992, and that these were the equivalent to 7p in the pound in the basic rate of income tax. (Whiteley 1997: 550)

Moreover, New Labour constantly reminded the electorate of sleaze (e.g. cash for questions); the perception of the Conservatives as apologists for greed and selfishness (e.g. boardroom greed and the revolving door ushering Conservative ministers into lucrative jobs in the private sector); and value added tax on fuel (i.e. the impact of which was greatest on the elderly and economically disadvantaged). By doing so, they aimed to show that the Conservatives were uncaring. Standing opposite to the incompetent and uncaring Conservatives was *New Labour*. It retained its traditional

reputation for being caring but they had managed to recast themselves as a party of economic trustworthiness. By framing themselves as competent *and* caring, they defined the political terrain (Hilton 1997: 48).

Before the general election campaign began, Major realized that the Conservatives were destined to lose. He had hoped to restrict the New Labour majority to around 20–30 seats. This would have ensured that there was a solid Conservative parliamentary base, and thus a return to government after one-term in opposition was a realistic possibility. This scenario required a parliamentary presence of around 260–280 seats and a 35 per cent vote share. In the final days Conservative expectations were adjusted downwards to 240 seats and a Labour majority of around 80 (Seldon 1997: 713, 734). Just before the polls closed on the day of the election, however, Major was informed that

exit polls suggested that the revised prediction of the Tory party winning 240 seats had been a grave over-estimation. It was suggested that the result would be much worse than he had ever dared to imagine. Major, went very, very quiet. (Seldon 1997: 734)

From compassionate Conservatism to the core vote strategy 1997–2005

The scale of their electoral rejection was so pronounced that the likelihood of the Conservatives reclaiming power inside 5 years looked extremely remote (Redwood 2004: 141). Their share of the vote at 30.7 per cent was their lowest since the coming of mass democracy and represented an 11.2 per cent reduction from 1992 and their lowest post-war return beating their previous worst of 35.8 per cent in October 1974. Their representation in Parliament was halved with 165 members considerably lower than their previous worst at 213 members in 1945. Labour had won with the biggest parliamentary majority of the post-war era (179) on the back of a 10 per cent swing from Conservative to Labour. The Conservatives were officially the one-nation party as they had no representation at all in Scotland and Wales (Butler and Kavanagh 1997: 244).

They were ill prepared for the demands of opposition. In terms of resources, they were limited both in terms of personnel and finances. They had a remarkably small parliamentary representation from which to construct a shadow ministerial team. Few had been in opposition before and many experienced figures of the Thatcher/Major era retreated to the backbenchers. Financially the party was in a very weak position. They were close to bankruptcy and the election campaign had left the party £8 million in the red (Snowdon 2010: 46–7).

They were immediately thrown into a leadership election as Major resigned. A large field of candidates subsequently emerged. But the most

well-known candidates were not available. Health fears prevented Heseltine from standing as a candidate for the Europhile left, and Portillo, the preferred candidate of the Eurosceptic right had lost his parliamentary seat. Three of the candidates were strongly associated with the Eurosceptic right – that is Redwood, Michael Howard and Peter Lilley. The most popular candidate with the electorate was Clarke whose pro-Europeanism would mean he would ultimately lose out to the youngest candidate, William Hague, who was regarded as a Eurosceptic, but whose association with that faction was less pronounced than Redwood, Howard and Lilley (Heppell 2008b: 125).

The first ballot eliminated Lilley (24 votes) and Howard (23 votes) and left Clarke leading Hague by 49 to 41 votes, with Redwood third with 27 votes. The second ballot eliminated Redwood (on 38 votes) and Clarke remained in the lead over Hague by 64 to 62 votes. Somewhat surprisingly the defeated Redwood chose to back Clarke claiming that they were in broad agreement on domestic policy, and that a free vote could be granted on European policy, including members of the shadow Cabinet (Denham and O'Hara 2008: 34). The Hague camp then 'benefitted' from the intervention of Thatcher. The prospect of Clarke winning the leadership forced her to end her position of neutrality, whereupon she provided 'open and active support' in preparation for the final ballot (Alderman 1998: 11–12). Redwood failed to bring enough of his supporters across to Clarke and Hague was elected by 92 to 70 votes, with two abstentions. However, Hague entered the leadership with two constraints that undermined his authority: first, the best Thatcherite candidate was not available (Portillo); and second, he was seen as the ABC candidate – anyone but Clarke (Heppell and Hill 2008: 63–91).

Hague had campaigned for the party leadership on the optimistic slogan of a Fresh Start leading to a Fresh Future. He believed that the re-branding of the party would involve organizational reform and then policy reappraisal. Organizational reform would be geared towards three objectives: first, the creation of a modern integrated party to aid electioneering; second, increasing activist involvement; and third, addressing the ageing and shrinking membership of the party (Norton 2001: 73–4).

Before attempting to proceed with this, Hague sought an endorsement of his party leadership election victory from the party membership and the agenda on which he campaigned that is, unity, decentralization, democracy, integrity and openness. He reinforced these principles for a comprehensive review of the organizational structures of the party in a document entitled *Our Party: Blueprint for Change*. Party members were then balloted to secure their endorsement of Hague as party leader and his change agenda. The 1997 Annual Conference provided Hague with the reinforcing mandate that he needed to proceed. When balloted 142,299 (81 per cent) of the party members said yes and 34,092 (19 per cent) said no (Norton 2001: 74). Once approved, those proposals were instituted in 1998 under the title *The Fresh Future* (Collings and Seldon 2001: 626).

The organizational reforms set out in *The Fresh Future* brought the three formerly separate elements of the Conservative Party – the parliamentary, voluntary and professional wings – together as a single entity with a constitution, rules and a national membership (Peele 1998: 141–7). A new party board was set up as the supreme decision-making body. It was set up to meet monthly and would comprise seventeen members, five of whom, including the Party Chairman, would be appointed by the leader; five would be activists from the newly formed National Convention, and the remaining four members were to come from Scotland, Wales, the Association of Conservative Councillors and the 1922 Committee. In addition, a National Convention was set up to replace the Central Council. Like the Central Council it would meet twice yearly and would comprise national, regional and area officials, officers of constituency associations and members of other affiliated bodies, such as women's and youth groups. The National Convention would keep the party leadership informed of grass-roots views and would advise the Board on all aspects of extra-parliamentary organization (Kelly 1999: 28).

The six senior officers of the National Convention then formed the National Convention Executive, which was to have day-to-day responsibility for the voluntary section of the Conservative Party, with the Executive being responsible to the Board. Ordinary members were encouraged to contribute their views on policy through the Conservative Policy Forum. Under this system discussion papers were to be sent out to constituencies, with activist feedback forwarded to the shadow Cabinet for consideration (Kelly 2001a: 332). Finally, a centrally administered membership list would be established for the first time. This shift to a national party was significant – previously supporters did not join the national party; there was no national party, but simply a collective of constituency parties (Norton 2001: 74). The existence of national party membership list enabled the party to communicate directly with all party members but it was also necessary to enable the party to complete the one-member one-vote stage of future party leadership elections (Lees-Marshment and Quayle 2001: 204).

The new party leadership election procedures removed the obligation for the incumbent leader to submit themselves to an annual re-election and the requirement that a challenge be instituted by an individual Conservative parliamentarian. Instead, a vote of confidence could be held at any time if proposed by at least 15 per cent of the PCP, and a full-scale party leadership election would be initiated if the incumbent failed to win this initial vote. If the no-confidence vote failed, then another confidence motion would not be permitted during the next 12 months. If a no-confidence motion was carried, the incumbent party leader would be forced to resign and would be barred from standing in the ensuing vacant party leadership election. If there were only two candidates, their names would be submitted to a ballot of all party members, who had been members for at least 6 months prior to the no-confidence motion, on the basis of one member, one vote. If there

were more than two candidates, then a series of eliminative primary ballots would be held within the PCP, until only two candidates were left (Kelly 1999: 29).

Organizational reform was necessary, but was not enough; the party needed a coherent strategy to demonstrate change (Bale 2010: 82–6). Initially there was an apologetic tone. Hague acknowledged that the Conservatives had made mistakes in government, such as entry into the ERM (Holmes 1998: 136). Hague believed that the party needed to accept culpability, then draw a line on it and move on politically. He accepted that the PCP had become viewed as conceited, selfish and factional and had a tendency towards moral preaching. Hague was keen to end the association of the Conservatives with intolerance, traditionalism and stuffiness. To create a new image of modern, inclusive Conservatism that was outward reaching, tolerant and pluralistic, Hague instructed Conservatives to break free from old structures (the justification for internal organizational reform) and old habits and modes of thought, which implied that the party needed a fundamental reappraisal of its policies and identity (Norton 2001: 73).

Policy development, however, lacked coherence. By the time of the 2001 general election, two types of Conservatism had been advanced. Hague mark 1 or *Fresh Conservatism* accepted the need to move beyond Thatcherism. It recognized that continued adherence to traditional moral values led to accusations of being out of touch and that voters could not relate to them. For Hague, a pragmatic acceptance of social liberalism and reconfigured attitudes towards single mothers, homosexuals and ethnic minorities would enable the Conservatives to be viewed as compassionate and inclusive (Kelly 2001b: 198). However, this tentative attempt to challenge the right of New Labour to colonize the centre ground of British politics failed to make any discernable impact upon the opinion polls, and thus it would be abandoned in 1999 (Collings and Seldon 2001: 628).

The trigger for abandonment was a speech delivered by Lilley who was now the Deputy Leader of the Conservative Party. Lilley confirmed that the Conservatives needed to broaden their electoral appeal by shifting their focus away from solely economic concerns. His emphasis on the importance of education and health and his desire to reconfigure perceptions of Conservatism around the public services was seen by many on the right as a repudiation of Thatcherism. Rather than stimulating an intellectual debate on the meaning of Conservatism, it provoked emotional and elemental passions about the legacy of Thatcherism. The chaos that ensued demonstrated that attempting to challenge Thatcherism and change the party was too dangerous (Taylor 2005a: 146). Hague initially tried to weather the political storm, but the scale of discontent among the shadow Cabinet, the PCP and the activist base, overwhelmed him. To shore up his position, Hague dismissed Lilley, and thereafter abandoned the attempt to formulate a more inclusive narrative of Conservatism (Walters 2001: 118). To radically alter the attitudes of the party requires evidence that there

are electoral rewards in doing so. In this sense, *Fresh Conservatism* was flawed by two fundamental political failings – first, the electorate were not responding positively to it and second, because of this and many of their own prejudices, Conservative parliamentarians and the wider party membership did not like it (Taylor 2005a: 146–8).

Hague Mark II emerged throughout 1999 through the language of the *Common Sense Revolution* which then informed the draft manifesto *Believing in Britain* in 2000. This would then underpin the core vote strategy in the general election campaign of 2001. Hague moved to a populist socially authoritarian agenda as he pandered to the Eurosceptic and socially conservative sentiment within the PCP and the wider party membership. The emphasis was now on anti-Europeanism, attacking bogus asylum seekers, law and order, cutting taxation and bureaucracy and promoting marriage and the family (Taylor 2005a: 148–9). Hague also began berating the opinions of what he called the supposedly trendy liberal elite. Such was its reactive and opportunistic approach that Hague was dubbed ‘Billy Bandwagon’ and was accused of chasing panaceas (Walters 2001: 105–15). Hague had jumped on a bandwagon to nowhere. This demonstrated an absence of a coherent and settled political and electoral strategy, with its inconsistencies being seen to be a by-product of their internal divisions.

The economic ideological divide had largely been resolved (Garnett 2003: 157). The Thatcherite economic dries were now clearly in the ascendant and the interventionist wets were clearly marginalized (Heppell and Hill 2008: 63–91). Most of those who were interventionist wets were also Europhiles, and it was on this ideological divide that they vented their dissatisfaction with the internal party management of Hague. Given the increasing growth of Euroscepticism and his view of how ambivalence had scarred his predecessor, Hague abandoned the compromise stance, of ‘negotiate and decide’, that Major had adopted on the vexed question of the single European currency. He ruled out British membership of the single European currency in the next Parliament irrespective of a referendum. This shift to a more sceptical position would culminate in presenting Conservatism as the defender of the national currency. It created policy distinction and would allow the Conservatives to establish clear blue water between themselves and the government (Kelly 2001b: 201). There was a contradiction surrounding the policy. Hague had commented that the single currency exists for all time and that should Britain enter, then it ‘could find itself trapped in a burning building with no exits’. The logical concomitant to this argument, which would be intellectually coherent, would be to rule out membership in principle, not for the lifetime of the next Parliament (Holmes 1998: 138).

However, the shift to a more sceptical stance did not end the factional infighting. By moving away from the option of entry, he lost from his shadow Cabinet pro-Europeans such as David Curry, Ian Taylor and later Stephen Dorrell (Bale 2010: 79). Given the refusal of the two leading

pro-Europeans, Clarke and Heseltine, to serve in his shadow Cabinet, this meant that pro-European representation was absent from the elite level of the party. While Major had sought an inclusive strategy or incorporating both ideological perspectives in the Cabinet and then sought to unify via discussion and compromise, Hague adopted an exclusive strategy, in which a Europhilic perspective was now absent. His attempt to unify by marginalization largely failed; dissent would remain. For example, Heseltine and Clarke publicly endorsed the Europhile position of Blair, by sharing a platform with him as he began his 'Britain in Europe' campaign (Kelly 2001b: 201–2).

Their fratricidal ideological struggles extended beyond Europe. Just as the economic ideological divide had been superseded by the European ideological divide in the late-Thatcherite era, the European ideological divide became increasingly overshadowed by the ideological conflict between socially inclusive liberals and socially authoritarian conservatives. This ideological divide became tangled up in debates on strategy and electoral recovery. Inclusive social liberals, increasingly coalescing around the revisionist Portillo (re-elected into Parliament in 1999) were also viewed as party modernizers. They argued that modern Conservatism needed to be inclusive and reach out to minority groups within society and display greater understanding and acceptance of alternative lifestyles (Garnett 2003: 117). The tension between the modernizing socially liberal and the socially conservative wings of the party came to match the European policy divide in terms of the difficulties that it was presenting for Hague (Collings and Seldon 2001: 628–9).

In addition to the continuing image of disunity was the problematic image of Hague as a potential prime minister in waiting. Although he was an effective parliamentarian, he lacked popular appeal and he undermined his reputation by his inability to adhere to a settled political strategy. Conservatives were left bemused by the contradictory agenda of their party leader and the impression left was that he focused too much on short-term tactics and not enough on long-term strategy (Bale 2010: 67–133). Furthermore, his style of party leadership was perceived as weak. Despite being a gifted public orator and a devastatingly effective parliamentarian, he was deemed to be inferior in the modern stylistics of politics, at which Blair excelled (Nadler 2000: 209–11). Hague was not user friendly and the party could not utilize his political image for electoral benefit (Broughton 2003: 203–4). The Conservatives compounded these limitations of image by the manner in which they sought to present Hague to the electorate. His appearance at the Notting Hill Carnival and his wearing of a baseball cap embossed with *HAGUE* were public relations disasters of the highest order, and served to establish and then reinforce an image of him as a political lightweight (Snowdon 2010: 62).

The Conservatives hurtled head long into what was generally regarded as a misguided general election campaign. Based around the core-vote strategy,

it attempted to ensure that the known 30 per cent plus of Conservatives felt mobilized to vote (Butler and Kavanagh 2001: 54). It was based obsessively around right-wing themes, tax, asylum, and most significantly around Europe and the single European currency, which was encapsulated around the campaign slogan 'save the pound' (Collings and Seldon 2001: 630). This was despite the fact that these issues were of low importance to the electorate when compared to pensions, health and education. Collings and Seldon have eloquently identified the insularity of the approach adopted:

the hard core of increasingly elderly committed Tory voters no doubt felt their spines tingle as they marched to the polling booths, honoured to play their part in the epic struggle for the pound's survival. But back in the real world, the critical mass of moderate voters . . . saw William Hague and . . . voted Labour. (Collings and Seldon 2001: 630)

The outcome was catastrophic. A sense of *déjà vu* characterized the outcome. Indeed it appeared to be a mere punctuation mark in the continuing narrative of New Labour hegemony. The parliamentary majority for New Labour was reduced from 179 to 167 and thus fell a long way short of single figures. Conservative representation increased from 165 to 166 parliamentarians. Their share of the popular vote had increased by only 1 percentage point from 30.7 per cent to 31.7 per cent. In a low turnout (only 59 per cent of the electorate voted) the Conservative vote had shrunk by another 1.2 million votes. It was now down to 8.3 million votes. They were 6 million short of the 14 million plus votes that they had secured to secure their fourth successive term just 9 years earlier. That vote base was the smallest Conservative return since 1929 when there was a smaller electorate (Butler and Kavanagh 2001: 251).

Hague had set himself a target of 240 to 260 seats to justify remaining as leader or a Labour majority of around 50 (Bale 2010: 135). His immediate resignation put to the test the new procedures relating to the extension of the franchise to the mass membership. This meant that if more than two candidates emerged, then the PCP would conduct a series of ballots until only two candidates remained, whereupon those two candidates would be presented to the party membership who, on the basis of one member, one vote, would determine the succession (Denham and O'Hara 2008: 53–8).

Five candidates emerged. Three were assumed to be peripheral and relatively lightweight candidates. First, there was former junior minister and current Party Chairman, Michael Ancram. Although he was a moderate sceptic, he hoped that his consensual style would appeal to party loyalists, who would gravitate to him as the candidate best equipped to unify the party. However, he was seen as a 'stop-gap' option (Bale 2010: 135). Second, there was another former junior minister, David Davis. The fact that he had opted out of frontbench responsibilities during the Hague era meant that he could be seen as being disassociated with the errors made during

the previous parliament. Third, there was Iain Duncan Smith, who had no ministerial experience as his political reputation had been shaped by his status as a critic of the Maastricht Treaty during the Major era. Europhiles were particularly concerned about his Euroscepticism; while social liberals worried about by his reputation for authoritarian social conservatism. Over and beyond these limitations were concerns about his public image (Carter and Alderman 2002: 573).

It was assumed that Ancram, Davis and Duncan Smith would be eliminated and that the two heavyweight candidates – Clarke and Portillo – would be those who would be presented to the mass membership. Clarke, the Butler of his generation, stood again for the party leadership. The strengths and weaknesses of the Clarke candidature were exactly the same as 4 years earlier. He could offer experience, competence and electoral appeal. His committed Europhilia remained an obstacle. Could he secure enough votes from an overwhelmingly Eurosceptic PCP to ensure that he was one of the two candidates presented to the mass membership? Portillo offered Cabinet experience, and he possessed a high public profile and personal charisma. He was also the candidate who had engaged in the deepest examination of the complex difficulties facing contemporary Conservatism and a willingness to modernize in search of electoral recovery. However, his search for modernization through social liberalism had mobilized a growing army of critics from his former constituency of Thatcherites. Many of them were now implacably against him (Carter and Alderman 2002: 570–8).

The first parliamentary ballot ended with Portillo winning but with Davis and Ancram tying for the last place. Both should have withdrawn but insisted on a re-run. Again Portillo was the victor leading on 50 votes to Duncan Smith on 42 and Clarke on 39. With Ancram and Davis losing support from the first ballot, they both withdrew. The PCP now had to decide which two from Clarke, Portillo and Duncan Smith should be presented to the mass membership. Despite having won both the initial ballots it was Portillo who was eliminated in the final ballot. The party membership would have to select either Clarke, a popular, well-liked, experienced moderate, or Duncan Smith, an unknown, inexperienced ideologue. However, Norton argues that the screening process had produced the worst possible option for the party. He suggests that:

Had the choice been between Portillo and Clarke, then whichever of the two men won, would have resulted in the election of a charismatic political heavyweight with high public visibility. To some extent, it would have been a “win/lose” contest, a Portillo victory having the potential to widen popular support for the party, a Clarke victory having similar potential, but with the prospect of a potentially disastrous party split. In the event party members were offered what appeared to be a “lose/lose” contest. (Norton 2005: 39)

Clarke and Duncan Smith campaigned for 2 months to secure the endorsement of the mass membership. The level of acrimony in the campaign was unprecedented. The Duncan Smith camp attempted to smear Clarke over his business dealings. The Clarke camp derided Duncan Smith as an extremist and implied that his agenda would attract racists to the party. (Carter and Alderman 2002: 584). Once again, Clarke was rejected for an inferior candidate, as Duncan Smith secured 155,933 votes (60.7 per cent) to Clarke on 100,864 votes (39.3 per cent). Clarke could barely conceal his disappointment at losing, nor could his supporters. When the first Duncan Smith shadow ministerial team was declared, a known Clarke supporter commented: 'the lunatics have taken over the asylum' (Garnett and Lynch 2002: 29).

Duncan Smith wanted to decommission the European issue. He felt that the party had become seen to be obsessed by Europe *and* divided over it but their obsession over Europe was not shared by the electorate. He also feared that they were perceived to be narrow, selfish and elitist party. They had a reputation of governing in the interests of the rich rather than in the interests of ordinary people (Hayton and Heppell 2010: 429). This interpretation was to be famously addressed by the then Party Chair, Theresa May, who informed the annual conference of 2002, that the Conservatives were seen as the 'nasty' party (Bale 2010: 162–5).

Duncan Smith made policy renewal and strategic reorientation his main priority. He addressed the first dilemma, that of Europe, in a manner that was largely misconstrued. He believed that the Hague policy was intellectually incoherent. To base the campaign around saving the pound did not make sense when the policy was to rule out the single European currency for a specified period of time. More intellectually coherent was to rule it out indefinitely, which is what Duncan Smith did. It was construed as a clear indication of his profound Euroscepticism, which in many ways it was. But it was not just a matter of principle. It was also a matter of sensible politics for him. To say no meant that the issue was closed. The harder but quieter position would ensure that it would not pollute strategic planning for the next general election campaign (Hayton 2012a: 68–9).

Outside of the European debate, much of the policy review concentrated on the area of public services, an area in which the party felt New Labour had vulnerabilities (Hayton and Heppell 2010: 430). The Conservatives developed a threefold response to the government's handling of the public services. First, the party argued that New Labour's obsession with targets led to huge unproductive bureaucracies leading to a command state. Second, the party talked about devolving control of hospitals and schools down to institutional level. Third, the Conservatives sought to introduce a choice agenda to empower consumers and force schools and hospitals to improve their services (Dorey 2004: 374).

This response was published in 2002 as *Leadership with a Purpose: A Better Society*. Here Duncan Smith identified what he called the five giants

that would be policy priorities of an incoming Conservative government. First, there was the problem of failing schools. Second, they identified new thinking on law and order and crime prevention. Third, they expressed concern surrounding substandard health care provision. Fourth, they wanted to address the damaging consequences of child poverty. Finally, they highlighted the problem of insecurity in old age. Reforming the public services was to be the core belief and the new narrative for post-Thatcherite Conservatism (Taylor 2005a: 149–51). This would enable the Conservatives to position themselves as a party wishing to help the most vulnerable in society – a party that was to pursue social justice (Seldon and Snowdon 2005a: 260). The process of policy reappraisal and strategic reorientation would climax in a new policy document, presented in early 2003. Entitled *A Fair Deal for Everyone*, it demonstrated how Duncan Smith wanted to reconfigure perceptions of contemporary Conservatism away from the core vote strategy that Hague had pursued at the tail end of the previous Parliament. It was a strategy that consciously and deliberately moved away from the signature themes of that campaign – tax, crime, Europe and asylum and immigration. The shift reflected the realization that these issues were not the most salient electoral variables. The Fair Deal agenda would then focus on the most salient areas of public concern – pensions, health, education, social services and inner city deprivation (Bale 2010: 179).

Even though he had stuck to his Eurosceptic reputation, Duncan Smith was, in the economic and social sphere, surprising both his colleagues within the party and his critics outside it. He was attempting to craft a strategy that would redefine perceptions of Conservatism. He wanted to extend electoral perceptions of the party beyond economics and the pursuit of the market, and beyond Euroscepticism and issues relating to national identity. It was designed to erode perceptions of the party as selfish, greedy and nasty and to demonstrate their softer and more compassionate side. The use of terms such as compassionate Conservatism and the rhetoric about changing perceptions of the party drew comparisons with the early stages of the Hague tenure. This comparison does have some justification because both identified the importance of modernizing the party, as a means of stimulating political renewal.

However, his approach was largely misunderstood and ignored. Political commentators had pigeonholed Duncan Smith. His emphasis on the public services did not adhere to their stereotyping of him and therefore they did not offer it, or him, a sympathetic interpretation. In addition, Duncan Smith was grappling with the need to construct a new narrative that would unite the PCP and the mass membership. The attempt to configure the Conservatives around public services failed to convince fellow Conservatives. Moderate economic damps and social liberals remained unconvinced about the depth of Duncan Smith's commitment. The emphasis on issues of morality were insufficiently articulated for them to believe that he had changed his views. Meanwhile, Thatcherite economic

dries and traditionalist social conservatives had reservations about the rapprochement with the Tory left, having just annexed the leadership on behalf of the Thatcherite right. Beyond that internal dimension of uniting the party, Duncan Smith needed to provide an external dimension: would his new narrative appeal to the wider electorate, especially floating voters with centrist instincts?

Duncan Smith was unable to persuade a sceptical electorate that he had found a new narrative that amounted to a coherent agenda, worthy of government. Although he had identified public services as a core concern of the electorate, and an area on which New Labour might be increasingly vulnerable, the quandary remained. The electorate wanted high-quality public services without increasing taxation. Duncan Smith wanted and needed to retain a view that the Conservatives were the party of lower taxation. He wanted to demonstrate that the Conservatives were more credible than Labour on public services, but that they could keep taxes lower than Labour. How could this be achieved? Claiming to improve public services while keeping taxes lower than New Labour did not seem credible. To escape this bind, the Duncan Smith view that public services could be funded not just from state funding, but from a coalition of charities, churches and the private sector, simply did not resonate with the electorate (Taylor 2005a: 149–51).

If Duncan Smith had survived and contested the 2005 general election, would he have adhered to the Fair Deal strategy and an inclusive approach designed to reach out to non-core voters? We will never know. What we can say is that as the approach failed to mobilize support, and the internal party criticism of Duncan Smith escalated, he did show signs of engaging in a 'lurch to the right' (Taylor 2005a: 151). In the final months Duncan Smith reverted to type. By the time of his final conference speech in October 2003, the focus on inclusiveness and social justice was downplayed, and the emphasis on low taxation and anti-Europeanism resurfaced (Taylor 2005a: 151).

Unity had remained elusive during the Duncan Smith era, although the intensity of the European ideological schism was beginning to erode. The party, however, managed to remain divided over the meaning of the modernizing agenda, between modernizing social liberals, who thought Duncan Smith did not share their views, and traditionalist social conservatives, who were fearful that Duncan Smith might abandon them. The Hague era had witnessed the gradual embedding of a divide over social-, sexual- and morality-based policy. Duncan Smith was tested when he was faced by a parliamentary division on the adoption of children by homosexual unmarried couples. This was the litmus test for the modernizers vis-à-vis his socially liberal credentials. An astute political operator would have recognized that this amounted to an issue of conscience. Traditionally, such issues are free votes, that is, the party leadership imposes no instructions on how to vote. Adhering to this tradition, New Labour imposed no whip. Defying such

tradition and logic, Duncan Smith imposed a three-line whip and adopted a strong socially conservative position – Conservative parliamentarians were instructed to vote against (Crick 2005: 413). A total of eight Conservative parliamentarians voted against, with a further 35 not voting, and therefore assumed to be proactively abstaining (Cowley and Stuart 2004: 357). Through sheer political ineptitude Duncan Smith had drawn attention to the ideological fissures that existed within the PCP on social-, sexual- and morality-based matters. Had he offered the traditional free vote he would have limited the scale of division and disloyalty that was reported (Cowley and Stuart 2004: 357). Duncan Smith then compounded his original action of demanding unity over a conscience issue by a disproportionate reaction to the rebellion. He called a press conference, in which he inferred the rebellion was designed to destabilize him and challenge his mandate to lead. He announced that:

for a few, last night's vote was not about adoption but an attempt to challenge my mandate to lead the party . . . the party, had to "unite or die." (Norton 2005: 39)

Tactical miscalculations had created this crisis and highlighted the splits on social, sexual and moral matters. Meanwhile, on the approach to Iraq, Duncan Smith managed to divide his party, while deriving no political benefits to the Conservatives as Labour pursued an unpopular war on a disputed legal basis (Cowley and Stuart 2004: 359). A more ambivalent initial position would have offered options for the Conservatives over the longer term. A long-drawn out military adventure could impact upon the popularity of the New Labour administration, whereupon ambivalence could have switched to principled opposition as events unfolded. Unconditional support left the Conservatives without a political outlet and meant no long-term political (i.e. electoral) gain was derived from this stance, as the Liberal Democrats became the main beneficiaries of anti-war and anti-Government sentiment (Seldon and Snowdon 2005b: 727).

Duncan Smith suffered from the fact that few believed that he was a prime minister in waiting. He also found it immensely difficult to secure the loyalty and deference of his parliamentary colleagues (Seldon and Snowdon 2005a: 259). The negative media portrayals of the party under his leadership contributed to a decline in party membership. Whereas donations to the Liberal Democrats were increasing, contributions to the Conservative remained at relatively low levels (Fisher 2004: 407). Due to concerns about the leadership capability of Duncan Smith, one benefactor, the millionaire spread betting tycoon, Stuart Wheeler, announced that he would be withholding financial support until the Conservatives changed their leader (Fisher 2004: 406). A link between Duncan Smith as leader and a decline in donations and their electoral prospects now existed and this would be critical in causing his eventual removal from office (Heppell 2008b: 164).

Most significantly, however, Duncan Smith lacked political stature. Whereas Blair was still viewed as an effective presenter of the New Labour brand, Duncan Smith was clearly viewed as an inferior political communicator. His parliamentary performances were weak and his public speeches and television interviews were at times inept, and the 'Quiet Man' image (whose determination should never be underestimated) completely failed to resonate with the electorate (Denham and O'Hara 2008: 72). The weakness of his public profile gave political ammunition to New Labour. They were able to present a particularly negative image of him as an ideological extremist, devoid of personal charisma, lacking in electoral appeal, and as an incompetent figure. New Labour did not need to actively pursue this line too vigorously as his leadership limitations seemed all too evident. One line of sustained attack that New Labour could and would exploit was his record as a parliamentary rebel when the Conservatives were last in government. Many Conservatives agreed with the New Labour argument that Duncan Smith could not demand loyalty and unity from his fellow Conservative parliamentarians, when he himself had been disloyal earlier in his own parliamentary career (Seldon and Snowdon 2005b: 726).

A third successive landslide electoral defeat was imminent. The increasing popularity of the Liberal Democrats had the potential to reduce Conservative representation even further. Of the 166 Conservative-held constituencies, the Liberal Democrats were in second place in 58 of them. If the opinion polls of mid-2003 were to be reflected in a general election, then a further 15 Liberal Democrats seats would be gained at the expense of the Conservatives. Pessimistic Conservatives feared being relegated to third-party status (Kelly 2004: 400).

The limitations of Duncan Smith became an increasing concern of Conservative parliamentarians. By the autumn of 2003 the requisite number of 25 Conservative parliamentarians requested a confidence motion. Duncan Smith added an additional 21 votes to the number he had polled in the final ballot of the parliamentary party 2 years earlier, but he was short of the requisite number of 83 that would have constituted a technical mandate for his continuance. He secured the endorsement of 75 Conservative parliamentarians or 45.5 per cent of the vote, but 90, or 54.5 per cent of his Conservative colleagues did not have confidence in his leadership (Denham and O'Hara 2008: 92–100).

If Conservative parliamentarians could agree upon one candidate, then they could circumnavigate the procedural requirement for party membership participation. A modernized version of the magic circle, in which the new party leader was ritually acclaimed, would make the party look unified (Norton 2005: 40). Conservative parliamentarians began to coalesce around Howard, who had performed well as shadow Chancellor, with such alacrity that it placed potential candidates in a difficult position. How would the likes of Portillo, Clarke or Davis react given that the momentum behind Howard was so pronounced that they could not prevent him from securing

a massive lead among parliamentary colleagues (Crick 2005: 433)? For Portillo, Clarke or Davis the other calculation was that even if they could finish second among parliamentarians, and then win among the activists, this would leave him in the same position as Duncan Smith had been, that is, they would have a weak mandate, and they would be devoid of the necessary authority that he would need to lead effectively.

The deadline for nominations passed with Howard as the only candidate; no parliamentary ballots or no mass membership ballots were required. Howard succeeded Duncan Smith within 2 weeks of the confidence motion. For Howard it amounted to a remarkable political comeback, but an outcome that New Labour was comfortable with as they felt Howard would retreat back to the 'Tories right wing comfort zone' (Mandelson 2010: 381). Howard began his leadership with advantages that went beyond the undisputed mandate and his status as an experienced political insider. Unlike Hague and Duncan Smith, who acquired the leadership in the aftermath of Labour landslides, Howard was facing Blair when the gloss was coming off the New Labour brand. The government was increasingly divided over education and health policy. The war in Iraq had fractured unity further, as well as creating massive public opposition to Blair personally. The aura of impregnability that had characterized Blair during their elongated honeymoon period, was giving way to an aura of vulnerability. While the inter-party environment seemed more conducive to Conservative advancement, the manner of Howard's emergence would aid him in improving intra-party relations. The strength of his mandate and the unifying message that it offered, would make Conservative parliamentarians less inclined to be disloyal and rebellious. It also provided him with scope (should he wish to utilize it) to transcend Thatcherism. It was argued that the fact that he was a gold-plated Thatcherite, but crucially a loyal and senior one, could allow him to convincingly argue the case for defining a narrative of Conservatism that transcended Thatcherism, without provoking the levels of dissent and disagreement that overwhelmed Hague and Duncan Smith. That optimism suggested that great things were expected of him (Seldon and Snowdon 2005a: 264).

Howard made a positive initial impact. This was evident from the opinion polling data. Within 2 months of acquiring the leadership the Conservatives had reason to believe that the age of flat-lining might be at an end. They led Labour and had secured a projected vote share above the critical 40 per cent but it was not to be sustained (Broughton 2004: 352–3). Howard was unable to exploit the greatest vulnerability of Blair surrounding Iraq. The inability of the government to contribute to securing a swift resolution to the conflict, the apparent absence of a post-invasion strategy and exit route, and the questioning of the intelligence gathering and decision-making that justified war were dominating political debate. Howard expected the Hutton Inquiry, which was set up to investigate the reasons for the suicide of the Government scientist, Dr David Kelly, to

implicate Blair. When the subsequent report exonerated Blair it left Howard looking opportunistic. He had ratcheted things up too much, perhaps hoping that Blair's integrity would be questioned, knowing that this would have the capacity to humiliate New Labour and thus aid the Conservatives (Crick 2005: 445). Moreover, the position that Howard adopted on Iraq, of being in favour of the war but questioning the rationale for war (i.e. the retrospective realization that there were not weapons of mass destruction) lacked credibility (Wheatcroft 2005: 268).

In broader terms the policy-renewal process that had characterized the Duncan Smith era remained incomplete. A viable and utilizable narrative of post-Thatcherite Conservatism that could unify the party internally and appeal to the electorate externally remained elusive. A sense of incoherence remained. Howard needed to articulate an answer to the dilemmas, what is Conservatism and what is the purpose of the Conservative Party? In an attempt to begin the process of explaining his philosophy to a sceptical electorate, Howard launched a personal manifesto, entitled *I Believe*. This was launched in January 2004, and it contained an overview of 16 core beliefs that informed his political approach. The new rhetoric and old record of Howard created contradictory messages. His new rhetoric suggested he was repenting on matters such as his socially conservative instincts (Crick 2005: 440). He appeared to recognize that an image of social intolerance was an electoral impediment and therefore he initially claimed that he wanted the Conservatives to be inclusive. However, the desire to be inclusive did not extend to his core beliefs. There was no mention in his *I Believe* manifesto of homosexual rights or ethnic minorities, which Portillo, for example, would have highlighted (Garnett 2004: 368). His new rhetoric, however, contradicted his ministerial record and this undermined him and the party. Lesbian and homosexual groups remained deeply hostile to him due to section 28. New Labour ridiculed the attempted imagery of a caring and compassionate Howard by frequently referring to the high levels of unemployment during his tenure as Employment Secretary. What was even more problematic was the fact that, first, his socially conservative and traditionalist instincts had remained in opposition; and, second, some modernizers were sceptical about the extent of his conversion (Crick 2005: 440).

What was increasingly problematic was what modernization meant. It appeared to mean different things to different Conservatives at different times. Some Conservatives appeared to spout the mantra of modernization in an unthinking manner on the basis that their current approach was unappealing and therefore needed changing. For Hague, modernization appeared to carry two elements: first, organizational reform to improve the structures of the party to aid voter mobilization; and second, to alter the negative images of the party as being intolerant. For Duncan Smith, modernization did not embrace the first Hague element of organizational reform. The second element of changing the image of the party was less

about intolerance and the treatment of minority groups within society. It was more about aiding the status of the most vulnerable within society and addressing concerns about the quality of, and means of delivery within, the public services. For Portillo, the dominant aspect of modernization was the need to broaden the appeal of the party by ending their demonizing of homosexuals, ethnic minorities and public sector workers.

The Howard configuration of modernization appeared to embrace the Duncan Smith emphasis on the issue of the public services, more than it did the Portillo emphasis on inclusivity. The thinking that informed his *I Believe* statements reaffirmed Thatcherite ideological thought. The claim that they would also address the public services conundrum seemed implausible, and reflected the confusion in their strategic thinking. In *I Believe*, Howard demonstrated that, regardless of his rhetoric of inclusivity and modernization, he had no intention of slaying the ghost of Thatcherism (Garnett 2004: 371).

Given the ambiguities that were evident in the Howard manifesto, the intriguing dilemma was how modernizers and traditionalists could both remain satisfied with Howard as leader. In the early stages of the Howard tenure, Garnett speculated that the split between social liberals and social conservatives had not been healed by Howard acquiring the leadership. Rather, both factions had manufactured a temporary cessation of hostilities, given the air of optimism that had permeated the Conservatives when Howard succeeded Duncan Smith. Garnett implied that given the socially conservative instincts of Howard, it would be interesting to see how long he could sustain the rhetoric of inclusiveness. If there was no electoral benefit, would he revert to type? (Garnett 2004: 368).

That initial upsurge in Conservative support, which saw them hit 40 per cent and lead Labour in January 2004, was not sustained. A series of morale-sapping election results followed. The European elections of June 2004 proved to be disappointing. The Conservatives led the poll, but their share of the vote at 27 per cent, was 9 per cent down on the share secured 5 years earlier (Seldon and Snowdon 2005b: 730). Worryingly for the Conservatives, UKIP proved to be an attractive option to disaffected Europhobes and their vote share increased from 7 per cent to 16 per cent (Kavanagh and Butler 2005: 39). Their inability to expand their projected vote share in the opinion polling data, and the small vote share in the European elections, pushed Howard onto the political back foot. Symptoms of a Hague, or to a lesser extent, Duncan Smith, lurch to shore up the core vote become evident. In an attempt to energize Conservatives, Howard switched his emphasis to crime, tax and immigration (Seldon and Snowdon 2005a: 266). As the inevitability of another electoral reversal became apparent, Conservatives and political commentators focused their attention on what the future would hold for a post-Howard Conservative Party. Increasingly, political elites, if not the mass electorate, were focusing

their attention on the next generation of modernizers. Most notable among this tendency were David Cameron and George Osborne, who became viewed as Conservative versions of Blair and Gordon Brown. Unless Howard could prove the pundits wrong, then this so-called Notting Hill set of post-Portillo modernizers would have designs on the leadership (Seldon and Snowden 2005a: 268–9).

A third successive electoral reverse followed. New Labour secured a parliamentary majority of 66, despite the fact that their share of the vote slipped as low as 35.2 per cent, which was down from 40.7 per cent in 2001, and 43.2 per cent in 1997. The Conservative share of the vote increased from 31.7 per cent in 2001 to 32.3 per cent, meaning that in 8 years they had increased their share by only 1.7 per cent from the 30.7 per cent of 1997. The beneficiaries of hostility towards New Labour were the Liberal Democrats who increased their vote share from 18.3 per cent to 22.1 per cent. Despite this, Howard claimed that by increasing their parliamentary representation (from 166 to 198), and by reducing the percentage vote share difference between themselves and Labour from 9 percentage points to 2.9 percentage points, that a Conservative recovery had commenced (Seldon and Snowden 2005b: 736–7).

Howard had failed to provide a springboard for electoral success at the next election; at this rate, it would take more than one more heave to propel them into office. Two schools of thought emerged on their predicament. The nature of their arguments largely mirrored those expressed in the aftermath of their initial removal from office. Thesis one argued that there was nothing fundamentally wrong with contemporary Conservatism. All that was required was a clear Thatcherite message of a small state, low taxation, Euroscepticism and social conservatism. The failure to be sufficiently Thatcherite explained their respective electoral reversals. Thesis two constituted the modernizers case which suggested that fundamental reform, and the adoption of a new narrative based around compassionate and inclusive conservatism, was essential to securing their electoral recovery.

The collapse of post-Thatcherite statecraft

Their record as a party of government between 1992 and 1997 embedded in the eyes of parts of the electorate that the Conservatives were incompetent, divided, sleazy and poorly led (Taylor 2005a: 145). The planks of the Thatcherite statecraft strategy had dissolved. The Conservatives had traditionally been seen to provide political stability and economic security for much of the middle and professional classes (Dorey 2003: 142). However, the transformation of the economy, that the Thatcher and Major era had stimulated, had actually undermined the Conservatives. The pursuit of neoliberalism had weakened communities and social bonds, and therefore it

had become a self-limiting project (Gray 1997: 1–10). Thus, through the rapid processes of economic and social change that had been initiated, old loyalties became questioned and the middle class and professional coalition that had been the base of Conservative support fragmented (Lynch and Garnett 2003: 255). In the short term this social transformation had worked to the advantage of the Conservatives, as disaffected and socially mobile Labour voters defected to the Conservatives. However, over the longer term it ‘corroded Tory support in the middle classes’, thereby ‘hollowing out’ Tory England, because the ‘economic constituency that gained most from early Thatcherism had been savaged by its longer term effects’ (Gray 1994: 47; 1997: 3; 1998: 32).

The loss of a viable electoral strategy was clearly aligned to their inability to demonstrate governing competence in the Major era. Despite the economic improvements of the latter stages of their fourth term in office, the electorate punished them for the mismanagement associated with the ERM debacle. The defeats that followed in opposition demonstrated Labour’s dominance in the sphere of economic competence (Dorey 2003). With continuous economic growth being recorded between 1997 and 2005, and low inflation and high employment, New Labour had demonstrated their ability to govern effectively and provide economic stability. In doing so they also denied the Conservatives a trigger that could initiate a political recovery. The proceeds of economic growth, (i.e. the additional tax revenues that growth created), enabled New Labour to invest further within the public services. Thus New Labour was able to frame political competition as a clear choice – growth and investment under New Labour or cuts under the Conservatives. The ‘cuts versus spending’ strategy was a central explanation for their election victories in 2001 and 2005 (Kavanagh and Cowley 2010: 64).

Conversely, the Conservative pledge to cut taxation *and* invest in public services seemed disingenuous, and undermined their attempts to appear like a potential party of government (Seldon and Snowdon 2005b: 731). The dilemma remained how to improve public service delivery while retaining a small state and thereby low taxation. The problem for the Conservatives was one of credibility on tax and believability on the public services. Conservative electoral success during the Thatcherite hegemony had been predicated on perceptions of superior economic management and their claim to be the party of low taxation. Central to their capacity to argue this were two factors. First, they could portray Labour as economically incompetent, by reminding voters of the financial crises of 1967 or 1976 and the winter of discontent in 1978–79. Second, the continued utility of the taxation claim was dependent on Labour campaigning on a platform of increasing taxation. Labour had negated the tax advantage that the Conservatives had by shedding their image as a tax and spend party, through the symbolic gesture of abandoning their commitment to public ownership. Furthermore, the passage of time, aligned to the rebranding of Labour as New Labour

enabled them to disassociate themselves from their own past. Conversely, it was the Conservatives who were unable to wriggle themselves free of their own legacy of economic incompetence. Their reputation for economic competence had been shattered by the ERM disaster. Their reputation as a party of lower taxation had been tarnished by the taxation increases that flowed from the aforementioned debacle. The era of opinion polling flat-lining had commenced at that juncture, back in 1992. Howard, like Major, Hague and Duncan Smith, was unable to reverse the electoral perception that Labour, and not them, was the best-equipped party to manage the economy. Positive electoral perceptions on economic management are the keys to the door of voter popularity. The keys were now owned by New Labour who were dominant in terms of elite debate, as Blair and New Labour appeared to have

tapped into the widespread belief amongst the British that there need not be – indeed should not be – a trade off between social justice and economic growth, between fairness and efficiency, between quality public provision and higher net disposable incomes. At the same time it also managed to persuade people that a trade off does exist between lower taxes and investment in the NHS and state education, which, along with economic well being remain at the top of voters' list of things that governments are supposed to deliver. (Bale 2010: 5)

The Conservatives had lost political argument hegemony as New Labour crafted an electoral strategy predicated on the importance of the individual and individual achievement on the one hand, and a traditional Labour emphasis on the community and the public services on the other. New Labour derided post-Thatcherism for the economic instability and insecurity that it had created, but the Conservatives could no longer articulate their message around the fears engendered by the thought of Labour in office (McAnulla 1999: 195). The traditional dynamics of party competition had changed. This was partly due to the failings of the Conservatives, but it was also caused by the repositioning and subsequent effectiveness of New Labour under Blair. Not only were they economically competent but they were also more united than Labour had historically been (Cowley and Stuart 2003: 317). Moreover in Blair they had a highly effective leader. In an age of valance, rather than positional politics, where election campaigning has become so focused around the character and competence of political leaders, Blair had come to personify New Labour. Their strategy was shaped by inspiring in the electorate trust in his abilities (Finlayson 2002: 586–99).

Thatcher had apparently claimed that the creation of New Labour was among her 'greatest achievements' (Dorey et al. 2011: 12). If so, it was an achievement with questionable benefits for the Conservatives. By making a pragmatic accommodation with elements of the Thatcherite policy legacy (Hay 1999), the Conservatives were pushed towards either a battle of

competence and image with New Labour (where Blair would excel in an era of economic prosperity between 1997 and 2005), or they could reaffirm their commitment to the now outdated politics of Thatcherism (Dorey et al. 2011: 13). It was in the words of Lord Parkinson who Hague brought back as Party Chair between 1997 and 1999 a 'no win situation' (Hayton 2012a: 20). The notion that continued adherence to Thatcherism could rediscover for them their lost claims to political argument hegemony lacked credibility in the eyes of modernizers. This created a tragic irony. Thatcherism had forced the Labour Party to modernize, but now the Thatcherites own dogmatism would impede their own attempt to modernize themselves. They were 'paralysed' while their opponents were 'galvanised' (Hayton 2012a: 27, 36). Post 1997 the ongoing 'fixation' with Thatcherism would undermine attempts to 'reinvigorate' Conservatism and apply it to the new terrain being advanced by New Labour. On this dilemma Portillo concluded [in 2006] that

they had frozen Thatcherism in time, forgetting that one of the key ingredients of Thatcherism was that it was cutting edge, it was new. Thatcherism now of course is retro, it is twenty years past its sell by date . . . so these rather bone headed old Thatcherites occupy a lot of the positions in the party [in opposition] and that has stopped the party changing. (Hayton 2012a: 26–7)

Thatcherism required 'others' and fears around others to sustain its claim to political argument hegemony. Without excessive trade union power and the ability to plausibly argue that Labour was economically illiterate they appeared to lack 'bearing and purpose' (Gould 1999: xii). Hayton concludes that the Conservative Party 'was a victim' of the 'success' of Thatcherism, as by 'helping to forge' a new post-Thatcherite consensus (as New Labour accepted the market), so 'it robbed itself of its primary purpose and electoral appeal: its opposition to socialism' (Hayton 2012a: 27). Thatcherite statecraft had been shown to be time specific – in the short term it was effective, over the long-term self-defeating. The method by which to transcend Thatcherism and reconstruct Conservatism remained unresolved.