

DIRECT DEMOCRACY: An Agenda for a New Model Party

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"All decisions are delegated by politicians, because politicians don't want to take responsibility for them, to quangoes, and quangoes aren't answerable to anybody. Now what can you really hold a politician responsible for in domestic policy?"

**Lord Butler of Brockwell, Cabinet Secretary and Head of the
Home Civil Service 1988–1998**

December 2004

"It may be that the era of pure representative democracy is slowly coming to an end."

Peter Mandelson, European Commissioner

March 1998

INTRODUCTION

So it goes on. Once again, the Conservative Party is starting a new parliament with fewer MPs than Labour enjoyed in 1983, its popularity declining in important areas of our country, its future insecure. While parties of the Right enjoy intellectual dominance and electoral success in other parts of the English-speaking world and in Europe, the situation of Britain's Conservatives, once the world's most successful Centre-Right movement, remains calamitous. At the 2005 election, against an unpopular Government, led by a distrusted leader, the Tories could barely increase their share of the vote by half of one per cent.

The next few months provide all those who wish to see the Centre-Right prosper in Britain with an opportunity. Before the Conservative Party elects a new leader there is time, and space, for a debate about the party's aims, principles and direction. We cannot afford to shirk that debate a third time. Many Tories are still attempting to live off the intellectual capital generated in the 1970s, capital spent to good effect in the 1980s, but long since exhausted. Britain has changed dramatically since the last Conservative Opposition came to power and any new Conservative Government has to show that it appreciates which social, political and economic changes it welcomes, which it wishes to accelerate and which require checking, or reversing.

To adapt Philotheus' letter to Tsar Basil III: two Tory oppositions have fallen; a third stands; there may be no fourth. After both the 1997 and 2001 general elections Conservatives declared that they would embark on an honest and searching internal debate, learn the lessons of defeat and offer a coherent, modern programme to their countrymen. On both occasions the party found itself knocked off course, consumed by internal questions of marginal interest to most people, unable to break out of its existing base of support.

The party's failure to develop a new, effectively thought-through strategy for our times made it easier to level the charge of

opportunism against the Conservatives. Whether on pressing questions of foreign policy, such as the handling of the Iraq War, or public service issues such as higher education reform and the granting of foundation status to NHS hospitals, the party's position seemed to be driven by parliamentary tactics rather than a clear sense of conservative purpose and a firm grasp of the national interest.

There is a paradox here. The issues on which the Tories fought – MRSA, classroom discipline, border controls and the rest – were indeed of concern to the electorate. But, although individually popular, they proved collectively unconvincing. Why? Because the Conservatives had failed to construct a sturdy trellis on which their various commitments could harmoniously hang.

Politicians often claim that voters are interested in outcomes, not processes – “standards, not structures”, as Tony Blair likes to put it. But people have heard enough talk about outcomes: they know that we know that they want better local schools, hospitals and police forces. Politicians have been promising them these things for as long as they can remember. What they have not heard, but would very much like to hear, is how any party can plausibly translate such pledges into tangible improvements in their own lives.

In the recent election campaign, the Conservative Party was feeling its way towards this insight. Its focus groups and polling had discerned among voters a deep desire for better accountability. But at a more superficial level, voters' complaints were, naturally enough, about dirty hospitals, bad behaviour in schools, the absence of police on the streets and so on. The Tories' response, therefore, was a strange mixture. The ten words on which they campaigned focused on the delivery of improved outcomes: cleaner hospitals, school discipline, more police, lower tax, controlled immigration. Overlaying these slogans was an eleventh word, concerning the process by which these outcomes would be delivered: “accountability”. Yet because of a basic misapprehension of the underlying cause of the ills complained of, the “accountability”, like Singapore's guns, faced the wrong way.

It was to be Michael Howard and his colleagues who would be accountable to the public; the services in question would be accountable to them and, if they did not improve, the government would resign. The party was, in effect, merely promising to manage the existing system better, on pain of resignation. At one point Michael Howard was actively considering promising to resign as Prime Minister if crime did not fall within three years; he was, sensibly, dissuaded from this course. The trick had been tried at the Hartlepool by-election, where the Tory candidate made the same promise (absurdly, individual MPs being utterly powerless to stop crime in their constituencies). The public ignored the offer and elected a Labour MP. A better model was available just down the road in Middlesbrough: Ray Mallon, the mayor and a former policeman, had taken direct control of the police in the town and achieved a significant reduction in crime.

The word “accountability” was the best of the 11 words in the Tory campaign. Yet what is needed is not the accountability of services to central government – precisely the error of the Attlee settlement whose failed systems we still inhabit. Accountability must be direct, democratic and local.

Elsewhere, parties of the Right have succeeded by championing devolution, localism, direct democracy, personal freedom. They have shown that, far from wanting to use the machinery of the state to impose their ideology on their peoples, they are prepared to push powers outwards and downwards. In doing so, they have to some extent overcome the generalised scepticism of voters towards their political representatives. When a party adopts a Self-Denying Ordinance with regard to the powers of the state, it goes a long way towards challenging the view that all politicians are “in it for themselves”.

We, the authors, are a group of MPs, MEPs, candidates and activists who come from a variety of traditions within the Conservative Party, but who unite in our belief in a new kind of politics. For three years, we have been meeting to discuss how to restore confidence in, and

honour to, our democratic process. We want a Britain where there is pluralism, diversity and variety. A Britain where decisions are taken as closely to the people they will affect, and where individuals are not coerced by state power. A Britain where towns and counties raise their own budgets and run their own affairs, where politicians can pick and choose between successful new ideas and local initiatives, and where those who pass laws are directly vulnerable to the votes of those who are expected to abide by them.

The policy suggestions which we outline in this book are meant to open a debate, not close it. We have not written a manifesto for instant implementation. Instead, we are submitting a series of ideas, united by a common philosophy, which we believe begins to address both the weaknesses in our nation and the defects in our party. Our book contains a range of proposals, submitted by a variety of authors. Just as we want a diversity of approaches in public policy, so we do not pretend to a single, monolithic policy platform. We are as interested in seeing competing ideas emerge as we are in seeing our own make headway.

We do, though, share something more than a common sense of urgency about the need for serious discussion about the Centre-Right's future. We believe that the great challenge of our times is the need to reform those institutions which exist to serve the public interest in a way which makes them truly responsive to public demands and better fitted to advance the highest ideals of the liberal democratic West.

The need for reform of Britain's failing institutions is pressing, not least because those who rely most on the public sector, the poorest, are those worst-served by continued failure. Our belief is that reform must be more than simply managerial. The failure of Britain's public institutions to respond to public demand, and embody the highest liberal democratic ideals, can be traced to the intellectual trends which have become dominant in public life over recent years.

As far back as 1968, and certainly since 1990, the Left has moved away from traditional methods of state control such as nationalisation of major enterprises, demand management of the economy, partnership with trades unions and corporatism. Deprived of the commanding heights of the economy, the Left has instead embarked on a long march through the institutions. Control and coercion are now effected through regulation, whether in the name of health and safety or social inclusion. Pressure groups, from the Child Poverty Action Group to Liberty, now play the role which unions once enjoyed, as shapers of policy and claimants of scarce public funds. The impulse to reshape Britain from the centre is now exercised through Whitehall's monopolistic management of health and education rather than steel and shipbuilding. A new consensus demanding the extension of the activist state's reach is underpinned by support from the BBC, the judiciary and academia.

We believe that reform must aim to shift power from those élites currently administering, and centralising power within, Britain's public realm. We wish to see the British people exercise greater control over their own children's education, see their values reflected in the way our streets are policed and enjoy the superior level of health care which our neighbours manage through effective decentralisation.

We also want to see British public life rejuvenated by empowering individuals, families and communities to take control over the decisions that intimately affect their quality of life. From planning to sentencing, we believe that local people should shape solutions to suit themselves rather than having a bureaucrat impose his judgement on them.

We believe that progress depends on nurturing and cherishing difference. Coercion and conformity produce stagnation with all the precision of a chemical formula. It is because we believe the Centre-Right should be progressive, and in favour of helping those most let down by contemporary Britain, that we champion a drive for greater diversity in our public institutions.

We recognise that any such exercise as this will attract critics. We welcome them. We believe that it is only through the generation of new ideas, and their testing in open competition, that progress can be made. The Conservatives have for too long been cavalier about the need for serious reform. It is time for a new model party.

CHAPTER ONE: THE TORY COLLAPSE

A THIRD CATASTROPHE

It was, in many ways, the worst possible result: no real advance in the popular vote, but just enough new MPs to create the illusion of progress. Had the Conservatives done better, the country would now be in a happier condition. Had they done worse, at least they would now be contemplating reforms commensurate with the gravity of their predicament. But a slight increase in the number of seats, caused chiefly by a swing from Labour to the Lib-Dems, has allowed commentators and MPs alike to fall into the comfortable belief that the Tories have bottomed out. Wait until the economy turns sour, they say. Wait until we get a proper Scottish socialist as Prime Minister. Then the laws of political gravity will reassert themselves.

Such counsel fails to address the thudding, central fact of the recent election, namely the almost total failure of the Conservative Party to attract more voters. Let us consider the figures with pitiless clear-mindedness. In 1997, the Conservatives secured 30.7 per cent of the vote. In 2001, 31.7. In 2005, 32.3 per cent. At this rate of increase, it will be the year 2037 before the Tories can even hope to form a parliamentary majority.

Figure One: No progress
Result of the 2005 election

| | Seats | | 2005 Votes | 2005 % | 2001 Votes | 2001 % | 2001–2005 | Change 2001–2005 | 1997–2001 |
|---------------------|------------|-----------|------------------|-------------|------------------|-------------|----------------|---------------------|------------|
| Labour | 356 | -47 | 9,556,183 | 35.2 | 10,724,953 | 40.7 | -1,168,770 | -5.5 | -2.5 |
| Conservative | 197 | 33 | 8,772,598 | 32.3 | 8,357,615 | 31.7 | 414,983 | 0.6 | 1.0 |
| Lib Dem | 62 | 11 | 5,982,045 | 22 | 4,814,321 | 18.3 | 1,167,724 | 3.7 | 1.5 |
| SNP | 6 | 2 | 412,267 | 1.5 | 464,314 | 1.8 | -52,047 | -0.3 | -0.2 |
| Plaid Cymru | 3 | -1 | 174,838 | 0.6 | 195,893 | 0.7 | -21,055 | -0.1 | 0.2 |
| UKIP | 0 | 0 | 618,898 | 2.3 | 390,563 | 1.5 | 228,335 | 0.8 | 1.1 |
| Green | 0 | 0 | 257,758 | 1 | 166,477 | 0.6 | 91,281 | 0.4 | 0.4 |
| BNP | 0 | 0 | 192,850 | 0.7 | 47,129 | 0.2 | 145,721 | 0.5 | 0.0 |

What makes the result especially unpalatable is that it cannot be blamed on the campaign. Strategists from all three parties have since accepted that, on the ground, the Tories had the best of it. In 2005, after 18 years of being outperformed, the Conservatives leap-frogged the other two parties in their use of demographic identification, direct mailing and targeting. Yet it made no difference.

Of course, Britain's political system counts seats captured, not votes won. Is there not some cause for hope in the net gain of 33 constituencies? In one sense, yes: the party now has a deeper pool of talent on which to draw. But this advantage could easily be outweighed by the encouragement it gives to the "one more heave" school of thought.

Anyone who subscribes to that school should look intently at Figure One. While Labour lost 1,168,770 votes between 2001 and 2005, the chart's single most striking statistic is that 1,167,724 of these, or 99.9 per cent went to the Liberal Democrats. The Lib-Dems increased their vote share by 3.7 per cent; the Conservatives theirs by 0.6 per cent. This left the Tories in the middle of a batch of minor parties. UKIP increased their vote share by 0.8 per cent, the BNP by 0.5 per cent and the Greens by 0.4 per cent. These three minor parties secured an average increase of 0.6 per cent – exactly the same as the Conservative Party.

The party is running out of excuses. The government was unpopular; there were no ideological splits in Tory ranks; and Tony Blair will soon be on his fifth Opposition leader. There is a deeper reason for people's rejection of the Conservatives.

BROKEN PENDULUM

It is instructive to see just how appalling the Conservative performance was within the context of post-war British politics. There have been eight occasions since 1945 when a government's share of the vote has fallen by more than 1.5 per cent. The average fall on those occasions was 5.3 per cent. Until 2001, the average increase in

the vote share of the main opposition party on those occasions was also 5.3 per cent.

In 2001 the pendulum snapped. Despite a 2.5 per cent fall in the Labour government's share of the vote, the Conservative Opposition was able to increase its vote share by only 1.0 per cent. In 2005 the Conservatives proved even less able to benefit from the swing away from the government. Labour's vote share fell by 5.5 per cent, but the Conservatives were able to increase theirs by just 0.6 per cent. In defiance of all the normal laws of politics, the main Opposition party has ceased to benefit from the Government's unpopularity.

Figure Two: Zero-Sum Game?
Post-War Changes in Vote Shares

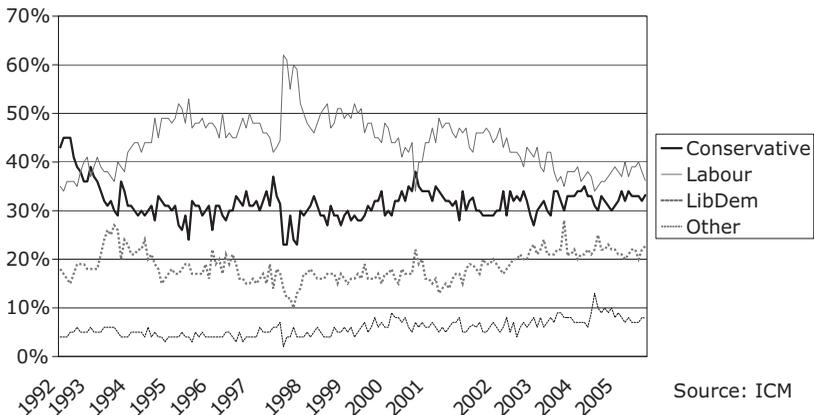
| | Government | Opposition |
|----------|------------|------------|
| 1950 | -1.7 | +3.7 |
| 1951 | +2.7 | +4.5 |
| 1955 | +1.7 | -2.4 |
| 1959 | -0.3 | -2.6 |
| 1964 | -6.0 | +0.3 |
| 1966 | +3.8 | -1.5 |
| 1970 | -4.9 | +4.5 |
| 1974 Feb | -8.5 | +5.9 |
| 1974 Oct | +2.1 | -2.1 |
| 1979 | -2.3 | +8.1 |
| 1983 | -1.5 | -9.3 |
| 1987 | -0.1 | +3.2 |
| 1992 | -0.4 | +3.6 |
| 1997 | -11.2 | +9.8 |
| 2001 | -2.5 | +1.0 |
| 2005 | -5.5 | +0.6 |

Even more doleful is the picture painted by opinion polls. All the major companies register the same trend: the Conservative Party collapsed shortly after John Major's re-election in 1992, and has scraped along in the low thirties ever since. The only exception was a blip during the fuel blockades in 2001 caused, not by an upsurge in Tory support, but by a defection from Labour to "don't know",

leading to an illusory spike as the Tories picked up a larger percentage of those who declared their intentions.

There have certainly been significant changes in Labour's lead; but these have essentially reflected oscillations within the Centre-Left between Labour and the Liberal Democrats.

Figure Three: Flatlining
Opinion Polls 1992 to 2005



Some incorrigible optimists might nonetheless clutch at the apparently small gap between Labour and the Conservatives. Is it really beyond the Tories to close a lead of just three per cent? No, of course it isn't – although, on current trends, there is no reason to expect such a thing to happen on its own. But we are still left with the gloomiest fact of all, namely the sheer immensity of the anti-Tory vote. Consider one more statistic: the total vote polled by the Left-of-Centre parties was 64 per cent. Even if we include UKIP, the BNP and the various hues of Ulster Unionist, the Right-of-Centre vote is still only 36 per cent.

OLD, MALE AND UNSKILLED

When sorrows come, they come not single spies but in battalions. The failure of the Tories to make progress has been accompanied by a change in the profile of the people who make up its supporters. It is a phenomenon known to psephologists as “churn”: defections back and forth between the parties that alter the support base of each while leaving the headline poll figures unchanged. Here, the picture gets even bleaker: typical Conservative voters are becoming increasingly elderly, male and ill-educated – hardly an image that any party wants to present to voters who have yet to make up their minds. Worst of all, Tories are dying faster than other voters, obliging their party, like the Red Queen, to run in order to stand still.

Figure Four: Alf Garnett?
% support in 2005 (% in 1997)

| | TORY | LABOUR | LIBERAL DEMOCRAT |
|-----------------------------|---------|---------|---------------------|
| Men | 33 (28) | 38 (47) | 21 (17) |
| Women | 32 (35) | 38 (43) | 23 (17) |
| AB (middle class) | 37 (43) | 32 (30) | 24 (21) |
| C1 (lower middle class) | 34 (35) | 35 (37) | 24 (21) |
| C2 (skilled workers) | 32 (28) | 43 (52) | 18 (13) |
| DE (unskilled workers) | 28 (21) | 45 (58) | 19 (15) |
| Age 18–24 | 24 (25) | 42 (50) | 26 (17) |
| Age 25–34 | 24 (27) | 42 (50) | 26 (17) |
| Age 35–64 | 33 (31) | 38 (43) | 22 (18) |
| Age 65+ | 42 (38) | 35 (42) | 18 (15) |
| Home Owners with mortgage | 30 (32) | 39 (41) | 23 (19) |
| Home owners owning outright | 43 (42) | 30 (36) | 20 (16) |
| Council Tenants | 16 (15) | 56 (65) | 19 (13) |
| ALL VOTERS | 33 (31) | 36 (43) | 23 (17) |

Source: ICM. All campaign polls (sample 13,730 in 2005, 10,000 in 1997 weighted for outcome); GB only

The Conservative Party used to be the party of aspiration. Even in 1997 the Tories received almost half as much support again as Labour among the middle class AB groups. By 2005, its lead had fallen from 13 to five per cent. Conservative support among ABs is now only nine per cent higher than among DEs – that is, unskilled workers and the unemployed. At the same time the gender gap, whereby more women than men have voted Conservative, sustaining almost every Conservative government since universal suffrage, has disappeared. Conservative support amongst those buying their home with a mortgage has also slumped further, leaving the party with substantial support only from those who own their home outright.

The decline in Conservative support has been particularly marked among the most educated. This is not always obvious since more education is associated with higher income, and higher income is still (just) associated with stronger Conservative support. However, other factors being held constant, the more educationally qualified someone is, the less likely he or she is to support the Conservatives. This is a problem to the extent that the more educated are likelier to vote, and are often influential in leading the opinion of others. It is also, of course, a problem in a country where nearly half of young people are now going to university.

It is true that the Conservative Party has traditionally done better among the old than the young. However, the current gap is unprecedented; and it is continuing to widen. Conservative support among younger people is now barely half what it is among older voters. Since 1997 Conservative support among the over-65s has increased by four per cent, while it has fallen by one per cent among the under-24s, and fallen by three per cent amongst those aged between 25 and 34. The Liberal Democrats have now overtaken the Conservatives among both of these age groups. In the past, large numbers of people who voted Labour or did not vote at all when they were young began voting Conservative as they settled down, started a family and began to pay substantial amounts of tax. The grisly truth for the Conservative Party is that this has simply stopped happening.

A BETTER CAMPAIGN?

If there is no comfort in the raw vote totals, perhaps we can find succour in the style of the campaign. After all, the gain of 33 seats is no small thing. Repeat it a couple of times, runs the argument, and the Tories could win the election after next – “two more heavens”, as it were. Might the Conservatives climb back simply through better deployment of their resources?

Certainly there is room for improvement. Since the 1987 election, the last time that the party did better in the marginals than nationally, the Conservative Party’s record in targeting its campaign has been woeful. In 1992, and again in 1997, the party performed close to five per cent worse in the marginals than it did nationally. In 2001 the party made a concerted effort to concentrate resources in marginal seats. Despite all the efforts made, Figure Five demonstrates that the effort failed abysmally, with a significant swing to Labour in the marginals, notwithstanding a two per cent swing to the Conservatives elsewhere. The performance was so bad that in 2005 the Conservatives would have needed to beat Labour by a little over 11 per cent to secure a parliamentary majority of one. When they beat Labour by the same amount in 1987 they secured a parliamentary majority of over 100.

Many have concluded from the Conservative’s ability to gain 33 seats on an essentially unchanged share of the vote that better campaigning has begun to reverse the party’s chronic underperformance in marginal constituencies. Not so, as Figure Six shows. The chart looks only at seats where the battle was between Conservative and Labour. In Lib-Dem / Conservative marginals the Tories did secure a positive swing from the Lib-Dems of 1.5 per cent, the reverse of the national picture; but it is likely that this pattern reflected the Lib-Dem lurch to the Left rather than any revolution in Conservative targeting techniques.

Figure Five: Votes where they were least needed
The Impact of Targeting in 2001

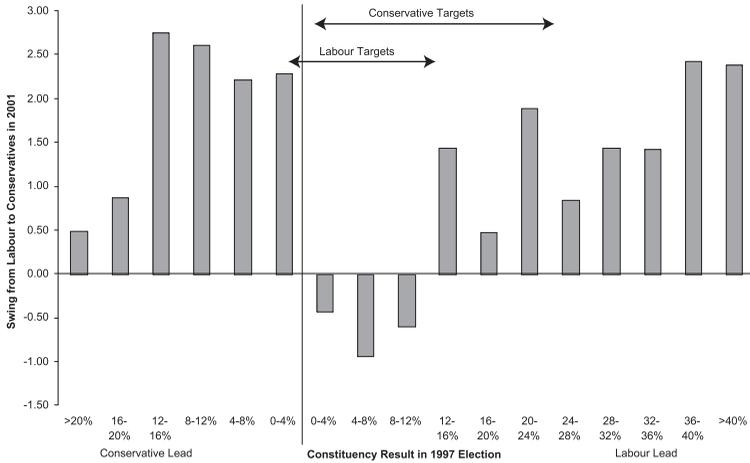
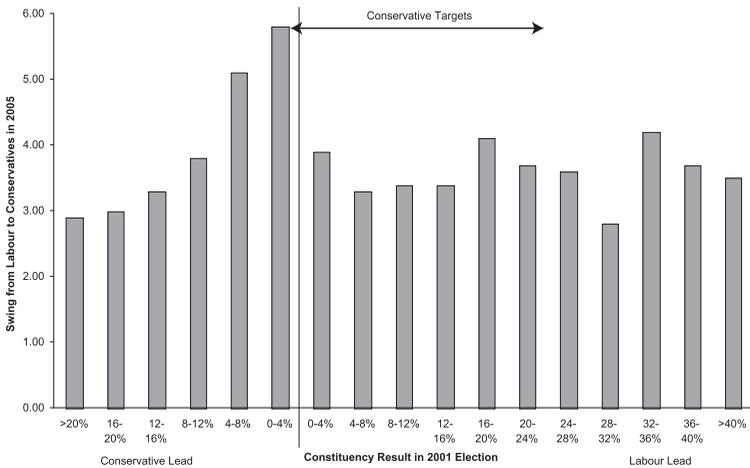


Figure Six: What happened to Voter Vault?
The Impact of Targeting in 2005



The results are unambiguous. The party has made absolutely no improvement in its ability to target resources at the marginals. The most charitable thing to be said is that this is the first election for 18 years at which the party's targeting has not become even worse. Compared to 2001, the near-uniform height of the bars in Figure Six shows that the party gained a uniform swing averaging between three and four per cent in all categories of seat where it was fighting Labour. The only limited exception was in that band of seats that the Conservatives already held but with a majority of less than eight per cent. Those seats where the incumbent Conservative MPs felt particularly vulnerable were the only ones where the average Conservative performance was better than the national picture.

This is a counter-intuitive result. Most of the authors were impressed during the campaign by the targeting of marginal seats, and of swing voters within those seats. The Voter Vault computer system, the programme of direct mailing and a much more ruthless definition of which seats were marginal ought to have ironed out some of the kinks in the system that had crept in through a failure to target in 1997 and 2001. Yet this did not happen. Evidently, there was a degree of dislike or distrust for the Tories that made people immune to their approaches, however professionally delivered.

Why, then, did the Tories pick up more seats than a uniform swing might have suggested? For three main reasons, none of which looks likely to be a factor in future.

1. Variability of Swing

Inevitably, uniform national swing is an approximation. Constituency swings cluster around that average in a normal, or bell-shaped, distribution. The extent to which constituency swings varied from the average was little different from previous elections. However, the distribution of Conservative target seats around the three per cent average national swing was sharply skewed. Nearly twice as many target constituencies required a swing of between three per cent and six per cent as required a swing of up to three per cent. Hence, to the extent that swings varied around the three per cent average national

swing, this benefited the Conservatives. They won many more seats when swing varied to the upside than they lost when swing varied to the downside.

2. Early Candidate Selection

In 2001, as we have discussed, there was on average a swing against the Conservatives in seats where the Labour majority was less than 12 per cent, i.e. the three columns that fall below the horizontal axis in the top chart. These account for around 70 seats. In almost exactly half of these most marginal seats the Conservative Party selected early, getting a parliamentary candidate in place by Autumn 2002. It worked. The swing to the Conservatives in seats where selection had taken place early averaged 4.3 per cent compared to 2.8 per cent in the seats where it had not. Constituencies which reselected candidates who had fought that seat previously also performed slightly better, recording an average swing of 4.0 per cent compared to 3.4 per cent in those seats that chose a new candidate.

3. A Swing Back in the Conservative Heartlands

The Conservatives were similarly assisted by the regional breakdown of the vote swing. South and east of a line stretching approximately from the Wash to the Solent the Tories did relatively well. North and west of that line they did relatively badly. Because there were unusually high numbers of marginal constituencies in the South East and Eastern regions and especially in London, the regional pattern of swing also helped the Conservatives to win a few extra seats. The most likely explanation for this is the economy. Economic growth and, still more, GDP growth per head given the concentration of immigration on the region has been relatively weak in and around London for the past three years. This reflects the regional divergence in the housing market over the same period, with house prices in the South East little better than flat, but rising strongly further north.

UNPOPULAR POPULISM

We can look at the result from any angle. We can prowl around it, trying to see it in a more optimistic light. But we keep coming back

to the rude truth. People do not like the Conservatives. Despite the party having been out of power for eight years, it was still the subject of anti-Tory tactical voting. Despite the palpable unpopularity of the Labour Government, the Conservative Opposition was more unpopular still.

The best measure of this is in opinion polls that measure people's attitude on an issue by issue basis, without mentioning the parties. Such surveys do not suggest that the electorate has shifted Left. On the contrary, by large margins, people want lower taxes, stiffer sentencing, reform of public services, controlled borders, and power back from Brussels. But they do not translate these feelings into support for the party that claims to share their views.

It gets worse. Tory support for a policy actually puts people off it. There have been a number of focus groups, some conducted by the Conservatives themselves, some by think-tanks, some by newspapers, in which Tory policies were "blind tasted". In other words, people were asked in the abstract whether they might be more inclined to support a party which, for example, offered parents the right to take their custom to any school. In general the response would be enthusiastic. Then, voters would be informed that whatever they had just endorsed was Tory policy, at which point they would often try to retract their support. If the *Tories* want education vouchers, they would exclaim, then we must have misunderstood the idea: it is probably a scheme to subsidise Eton fees with the taxes of the poor, or perhaps a way to facilitate the sale of school playing fields to City spivs. The same anti-Conservative prejudice can be seen in quantitative surveys – for example, in the contrast between the polls that show hostility to European integration and those that indicate that people most identify with Labour's European policy.

How are we to explain this phenomenon? Much of it has to do with brand contamination. The last time that the Conservative Party won an election was in 1992. John Major had seemed set to lose, but swung the result at the last minute by making two promises: first, that he would cut taxes; second – as he put it – "Vote Conservative

on Thursday and the recovery will begin on Friday.” He then spectacularly broke both pledges, inflicting on Britain the misery of the ERM-inspired recession and prompting the Lib-Dem leader, Paddy Ashdown, to quip: “Be fair: he never said which Friday.” Many of the negatives associated with the Conservative Party date from this period: that they are unprincipled, that they do not care about ordinary people, that they are interested in power for its own sake, that they will say anything to get elected.

This last point is crucial, for it prevents the Tories connecting with their countrymen through policy pledges alone. Voters might agree with, let us say, the proposition that there should be an upper limit to the number of immigrants entering Britain. But they are able to reconcile this belief with their dislike of the Conservative Party by telling themselves that the Tories wouldn’t really do anything about the problem: that they are simply posturing in order to win votes.

This is why it is so important that the Tories have a convincing critique of Britain. They have to show that they have diagnosed the disease and that they have a cure. Prescribing lotions and potions piecemeal makes them sound like quacks. This, in retrospect, was the big mistake of the last Parliament.

THE SMORGASBORD

Conservative policies failed to convince in the run-up to the 2005 election because they lacked any sense of coherence. The party might have had policies on everything from fly-tipping to MRSA; but, like Churchill’s pudding, it had no theme.

Tory policies lacked an underlying integrity because the party had failed to develop an overarching critique of contemporary Britain – and was thus unable to formulate a holistic solution. This has been the Conservatives’ most profound failing since the late 1980s.

Take, for example, the attempt during the Summer of 2004 to dominate the news agenda by unveiling new policies. First the party

announced a new policy on speed cameras, then, a few days later, on crime, then on licensing laws, then on mobile phone masts, then on deregulation, then on the NHS, then on political correctness; on and on it went.

Being, in many cases, selected candidates, we, the authors, took a good deal of interest in what our party was saying. Most people did not. Despite all their best efforts to capture the initiative with new policy announcements, the Conservatives ended the summer as they had begun it, stuck in the low thirties in the polls – more or less precisely where they ended up on polling day, in fact. So why did all this heaving of mountains fail to bring forth even a mouse? Because the Tory approach was, in the correct sense of the word, incredible.

Conservative policies, even when boiled down to their famous five pledges, remained a smorgasbord of promises, discrete pronouncements approved by focus groups. The party was like a sympathetic fishwife, murmuring “Oh yes, dear” to each of her neighbour’s grievances. The five pledges faithfully reflected what voters were concerned about. But the Tories did not convince that they had anything to offer beyond verbal sympathy. Hospitals are in a shocking state, aren’t they, love? Oh, and schools: someone ought to do something about those young louts. And, while we’re about it, when did you last see a copper round here? And where’s all my council tax going, that’s what I want to know.

What the party failed to do was to show *how* it would address these concerns – with the exception of immigration, where it did have a fully developed policy and which, in consequence, was one of the very few policy areas where it led consistently in the polls.

The reason the Tories failed to convince their countrymen was that they themselves had little notion of how they might deliver such promises; they themselves lacked an understanding of what was keeping hospitals dirty, police ineffectual and schools disorderly. Without a convincing critique of what was wrong with Britain, the Conservatives were in no position to think through what they would do to put things right.

The voter is a highly sophisticated consumer. He or she shops around for mortgages, jobs, on-line holidays and, indeed, political allegiance. Today's consumerist voter "buys into" political parties, and needs convincing that the brand will live up to its promise. It is no longer enough to be told that a product is desirable ("Guinness is good for you"); people now want some sense of how it works ("we brew more sugar out, so there's more alcohol in").

Rather than making rude noises about Tony Blair, a new model Conservative Party needs to put its efforts into demonstrating that it has a coherent set of policies which would improve the lives of Britons, and which is devised from a proper appreciation of the state of contemporary Britain.

As Chapter Three elaborates, most of the problems in contemporary Britain – hospitals that infect patients, schools that don't teach, policemen who won't go after criminals, immigration officials who won't remove illegal migrants – are caused by a massive centralisation of power around remote and unaccountable institutions.

In Chapter Four, we propose a remedy: radical decentralisation of power. Decisions should be devolved to the lowest possible level – ideally to the individual, whether as a patient, a parent or a customer; but, failing that, to towns and counties. At every level, decision-makers should be directly answerable through the ballot box. Only thus can we break down the remoteness and insularity of our administrators.

We adopt this agenda because we believe it will revive democracy in Britain, improve administration and maximise freedom. But there is also a political gain to be had by the party that advances it. In other advanced democracies, Right-of-Centre parties benefit from being seen as champions of localism against the state capital, defenders of the individual against the government. In Britain, however, the Conservatives are in the peculiar and unenviable position of being seen as an even more Establishment party than the party in power. Tackling this problem is a precondition to political revival. And the place to start is with the supporters of what has now become the largest party in the United Kingdom: the Stay-at-Home Party.

CHAPTER TWO: THE RISE OF ANTI-POLITICS

“YOU’RE ALL THE SAME”

2005 was the anti-politician election. No one who knocked on doors could have failed to notice it – and we, the authors, knocked on several thousand doors. The response was the same on doorstep after doorstep. All politicians, we were repeatedly told, are crooks and shysters who say anything to get elected. We promise the Earth, but we never deliver. We’re all the same.

To the extent that people did show any passion, it was usually negative. Conservative voters were primarily motivated by dislike of Tony Blair. Labour voters were not especially keen on Mr Blair either, but were determined to keep the Tories out. Liberal Democrats had only the haziest idea of what their party stood for: they were mainly registering a protest against the other two.

The philosopher Unamuno observed that Spain is divided between the Anti-Exxers, who favour Z, and the Anti-Zedders, who favour X. It was a brilliant description of his country as it began its collapse into civil war. But it applies almost as aptly to the 2005 general election in Britain.

The Conservative campaign has been widely criticised for its anti-Blair tone. But this tactic was not conjured out of airy nothing: it was formulated as a considered response to the national mood. People were not much interested in what the Conservatives stood for, and anyway tended to disbelieve all politicians’ pledges. They were more than happy, though, to believe the Tories’ criticisms of Mr Blair – however much they may have disliked the fact of those criticisms being made.

All Oppositions, of course, attack the Government of the day. What was more surprising was the vehemence of Labour’s attack on the Opposition. Consider the extraordinary fact that, after eight years in office, with a huge opinion poll lead, and with a parliamentary

majority of 160, Labour's main argument was "Stop the Tories!" – *and that it worked.*

This was, in short, an election in which politicians were believed only when they attacked other politicians. The posters of the final week – "Imagine Five More Years of Him [Mr Blair]" and "Vote Labour Or You Might Wake Up With Him [Mr Howard]" – might stand as a symbol of the entire campaign. British democracy is in a vicious circle: the lower the reputation of politicians sinks, the more they are driven to attack each other, thus driving down their standing still further.

This dilemma does not simply dictate campaign tactics: it affects policy, too. Consider, for example, the Conservative Party's promises on taxation. Having painstakingly identified £35 billion of savings, Oliver Letwin proposed to return just £4 billion of this sum in tax cuts (and, even of that £4 billion, £1.7 was allocated in a "cut" with no immediate beneficiaries: a proposed government contribution to pensions savings). Why, many commentators asked, did the Tories take the pain of proposing spending cuts without seeking the commensurate gain promising of tax cuts? Because, quite simply, no one would have believed any party making such a promise. According to a YouGov poll in *The Daily Telegraph* published a week before the campaign began, only 17 per cent of the electorate believed that a future Conservative Government might reduce their tax bill.

Mr Letwin was therefore in a very contemporary political bind. A politician who says "I promise to cut your taxes" is greeted with disbelieving snorts. But one who says "the other lot are going to *raise* your taxes" gets approving nods. Devoting his savings to staving off putative Labour tax hikes was not simply prudent economics: it was political necessity.

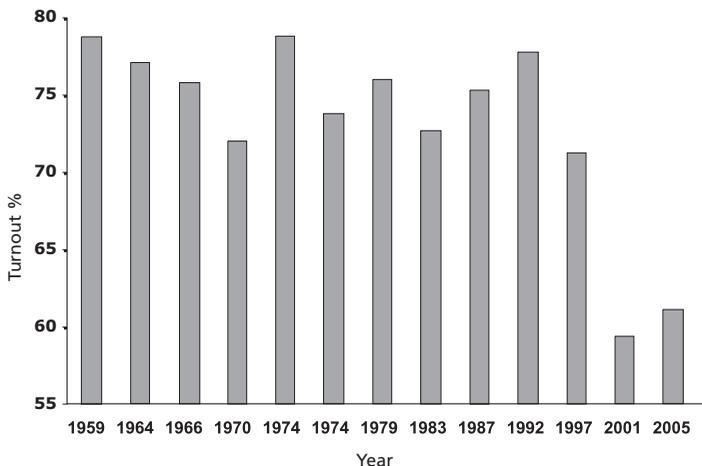
All three parties, *mutatis mutandis*, did the same thing – especially the Lib-Dems who, for all their insistence that they were being upbeat and optimistic, rarely lost an opportunity to kick their rivals. (Indeed, Charles Kennedy often managed to do both things in the same sentence, insisting that *he* would be positive, unlike the discredited

Tony Blair and the opportunistic Michael Howard.) Why? Because they knew that nothing else they said would be taken especially seriously.

DEMOCRACY IN DECLINE

This is no way for a mature democracy to conduct its affairs. The rising public disenchantment with politicians is beginning to turn into a general resentment of the electoral process itself. Canvassers from all three parties will privately admit that there was a greater sense of voter alienation in 2005 than they had ever encountered before. Those who have not been canvassing recently, and who are unwilling to accept anecdotal evidence, might like to consider the data contained in Figures Seven and Eight.

Figure Seven: Switching off
Turnout at UK Elections, 1959–2005

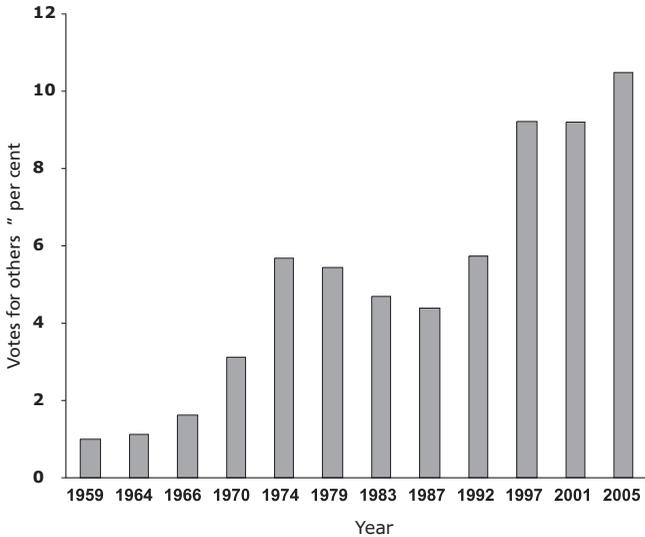


Participation at general elections is the most empirical test of confidence in the political process and, on this measure, the outlook is bleak. Having held steady for most of the post-war period, turnout

fell in 1997, plummeted in 2001, and remained at rock bottom in 2005. But the raw turnout figures given in Figure Seven almost certainly understate the problem. The apparent levelling-out of the graph in 2005 does not take into account the fact that local councils had cleaned up their electoral rolls, removing a number of defunct names. Nor does it factor in the huge increase in postal voting that followed a change in the rules. The ease of registration under the new system was bound to boost turnout, since postal voters are 20 per cent more likely to cast their ballots than those who intend to vote on the day. Multiple voting may also have played its part in bolstering the headline figure: according to Richard Mawrey QC, who presided as election commissioner over the Birmingham case involving allegations of postal voting malpractice in local elections last year, there was evidence of “massive, systemic and organised fraud” that would have “disgraced a banana republic”. It is not impossible that the slight increase in the number of ballot papers received in fact masks a decline in the number of people actually casting them.

The conclusion is inescapable. Fewer people are bothering to vote. Fewer people care about election results. We consider some of their reasons elsewhere in this book. Much of what is commonly called “apathy” is, as we shall see, a wholly rational response to the fact that elections are becoming increasingly worthless as real power passes from elected politicians to judges and bureaucrats.

Turnout, however, does not tell the whole story. Of those who *do* bother to cast their ballots, an increasing number are rejecting all three of the main parties, as Figure Eight shows.

Figure Eight: "None of the above"*Votes cast for candidates outside the three main parties, 1959–2005*

Whether and how people vote are the two clearest indicators of the rising disenchantment of British voters. Opinion polls reflect the same phenomenon, and go some way towards contextualising it. A survey by ICM for the think-tank Reform in late 2003 showed a decline in any sense of attachment to the political parties, linked to a rising scepticism about their ability to deliver. Fifty-three per cent of voters assented to the proposition that "whichever party is in power, it makes little or no difference to what actually happens in the country." Seventy-four per cent agreed that "none of the parties seems to have any really new or attractive policies for tackling problems in the country." A YouGov poll in *The Daily Telegraph* on 28 April 2005 showed that 79 per cent of people believed that most or all politicians habitually lied. An earlier survey by the same company showed that no fewer than 85 per cent of voters believed that politicians would say anything to get elected.

THE NORTH EAST REFERENDUM

The clearest example of the anti-politician mood in modern Britain was the referendum on the establishment of a Regional Assembly in the North East, held on 4 November 2004. We say “the clearest example” because it is the only time that the desirability of politicians as a class has been put to a direct electoral test. The campaign was not, so to speak, cluttered by extraneous questions. It was not concerned with health policy, or tax, or “keeping the other lot out”. It was a vote on having more government, pure and simple.

The scale of the result was extraordinary. The “Yes” campaign had enjoyed every possible advantage. It was supported by the Government, by two of the three main parties, by all manner of quangoes and voluntary bodies, by trade unions and churches, and by every local busybody who fancied himself as an Assemblyman. It had a large budget – estimated at around 30 times that of the “No” campaign – and was enthusiastically backed by the local press and regional BBC. All that the “No” campaign could offer, by contrast, were some cheaply-produced leaflets and an inflatable white elephant.

In the event, it was precisely this contrast between the élites and everyone else that was decisive. The “No” campaign’s slogan said it all: “politicians talk, we pay”. It is worth pondering the effectiveness of this message for a moment. After all, the difference between Left and Right, at its most elemental, has to do with faith in the capacity of the state to do good. Socialists believe that czars and action zones and compliance officers and outreach workers can tangibly improve our lives. Conservatives, on the whole, do not. Yet here, in the most Labour-voting part of England, a region where the Tory party barely exists, no fewer than 78 per cent of voters, on a turnout of 48 per cent, took the view that more government was the problem, not the solution.

A shaken John Prescott appeared at the Despatch Box the following week to announce the cancellation of the referendums scheduled in Yorkshire and the North West. He had, he said, taken heed of the

result. But no one seems to have paid attention to the wider message, namely the resentment by British voters of their entire governing élite.

OUT OF STEP WITH THE RIGHT

There is nothing unusual about anti-politician sentiment. It exists, to a greater or lesser extent, in most advanced democracies. Indeed, it could be argued that Britain has simply caught up with most of Western Europe, where the governing class – what the French call the *pays légal* – has traditionally been viewed with some surliness.

What is peculiar to Britain, however, is the failure of the Right-of-Centre party to capitalise on the anti-politician mood. In most of Europe, the Right has benefited electorally by positioning itself as the defender of local customs against the bureaucracy of the state. Across the Continent, ever since the early Nineteenth Century, it has been the Left which has wanted to centralise, harmonise and reform, leaving the Right to take its stand as the protector of local particularisms and privileges against the meddlers from the capital city – the champion, so to speak, of the small man against the government inspector.

Britain is the glaring exception. Here, unusually, the Right-of-Centre party is seen as more governmental than its rivals. This is partly a matter of history. The Tories spent most of the Twentieth Century in office, and were not especially interested in diffusing the powers of government. Under Salisbury, they opposed the very introduction of elected local councils; and, within recent memory, they were the party of rate-capping, of the abolition of the GLC, of the uniform business rate.

It is also, of course, a matter of image. Conservatives are seen as part of the Establishment: they are the party of public schools and London clubs and black-tie dinners. Thus, despite having been out of government since 1997, the Tories have been unable to benefit from anti-government resentment. Indeed, it is arguable that

disillusionment with Tony Blair has damaged the Opposition every bit as much as it has damaged Labour since, in their current mood, voters are evidently not minded to draw distinctions between the parties, lumping them all together as a ruling caste.

LESSONS FROM AMERICA

This problem is not irremediable. The US Republicans once had an analogous disadvantage. In the middle years of the Twentieth Century, the GOP was seen in many quarters as the political arm of old money and big business. It had the odd populist, of course, such as the foul-mouthed Senator Joe McCarthy. But it seemed to be removed from the aspirations of the majority, in personnel, policy and presentation. It was in almost structural opposition in Congress, and tended to win the White House only when it fielded non-partisan candidates.

In their seminal study, *The Right Nation*, John Micklethwaite and Adrian Wooldridge chronicle the transformation of the Republicans from an East Coast, preppy, country club party that kept losing into a Sun Belt, demotic, anti-Washington party that keeps winning. The Republicans now control both Houses and most gubernatorial mansions, and have won seven out of the past ten presidential elections.

How did they do it? And could the British Conservatives do something similar? Obviously the two countries are not analogous. The Republicans did not win on their own. As Micklethwaite and Wooldridge emphasise, they were part of a wider conservative movement. Around the party was an aureole of friendly organisations: gun clubs, Right-wing radio stations, home-school associations, evangelical churches. These bodies do not have obvious counterparts in Britain, a difference which places the Conservative Party in the awkward position of being expected both to stimulate public demand for its ideas and then to position itself as the beneficiary of that demand. "Why can't the Tories make the case for proper tax cuts?" bawl the columnists. Because, as has already been

discussed, the credibility of politicians is at an all-time low, and anything they say is treated with scepticism. The Tories would plainly be in a happier position if there were a national nexus of taxpayers' associations making that case in a disinterested way. Britain has the odd Tory-friendly pressure group, notably the Countryside Alliance and a well-organised Euro-sceptic movement. But, in general, supposedly neutral lobby institutions, from Liberty to Age Concern, from Oxfam to the Child Poverty Action Group, come from the Left.

It is fair to point out, too, that the labour movement in the US was never as strong as in Britain, which means that there is less of a tribal vote for the Left among American blue-collar workers. This creates an opening for the Right-wing party to appeal to those voters on what psephologists call "values" issues. Nor, in general, are British voters as naturally libertarian as their cousins. You would not see bumper stickers in the United Kingdom proclaiming: "I love my country, I hate my government." And, of course, power is dispersed in the US (which, by the way, partly explains the apparently low turnout rates: one voter may be fiercely interested in the policies of his fire officer, but not those of his state senator; his neighbour may care about the presidency, but not the local sheriff). These are important differences.

None the less, the single most important component in the Republicans' success is something that the British Right could mimic, namely their determination to articulate the electorate's disdain for politicians and functionaries. As we have seen, British voters have become bitterly cynical about their political process – arguably with more reason than the Americans. But they cannot find any channel for that cynicism except abstention or voting for a fringe party.

Tapping into anti-politician feeling is, by definition, not an easy task for politicians. It took the GOP a generation, and it involves far more than making speeches about freedom. The Republicans needed to do two related things. First, they had to stand unequivocally for localism and devolution. It was their espousal of states' rights causes – in the first instance, opposing the bussing of schoolchildren – that began their revival. Part of this struggle, by the way, was and remains the

battle against judicial activism, which they have managed to turn into a populist cause. Second, they had to show that they were not simply interested in grasping the levers of power. A series of anti-politics policies, ranging from term limits for legislators to limitations on budgets, helped establish in the public mind that at least some Republicans were with “us” against “them” – with, that is, the country against its functionariat.

Obviously these things did not do the trick on their own. But they were a necessary condition for the success of the Republicans, as for any conservative party. Once the GOP had established itself as being on the side of the people – or, at least, a good many of the people – it earned itself the right to be listened to on other subjects.

This, above all, is what the British Conservatives need to grasp. In the current climate, hardly anyone is prepared to cast an unjaundiced eye over their policy commitments. The five pledges of the 2005 election were, as we have observed, a faithful reflection of the concerns of the country. But no one wanted to hear them. They were mentally relegated to the white noise of election-time promises: part of the babble that politicians emit every four years or so. Until people are prepared to be convinced that the Tories would keep their word, it does not make much difference what they promise; and until people start listening, they will not be convinced of anything.

WHY NO ONE BELIEVES POLITICIANS

This is an uncomfortable fact for any politician to accept. It is human nature to take seriously your own pronouncements and those of the people around you. When these claims and counter-claims are also discussed in detail in broadsheet newspapers, you can easily start assuming that your neighbours are as interested in them as you are. But, as we have seen, they are not. Voters tend to discount almost every promise they hear from a candidate, secure in the conviction that he is making it wholly for the purpose of getting himself elected.

It is tempting to blame this phenomenon on Mr Blair. After all, the

collapse in turnout, and the rise in the proportion of people who regard politicians as liars, have largely coincided with his time in office. But this would be too facile. A Populus poll in *The Times* a week before polling day showed that, although a large majority of voters regarded Mr Blair as a liar, an even larger majority thought that he was less mendacious than other politicians.

Obviously, the Prime Minister has been caught out in one or two spectacular whoppers: the Ecclestone loan, the WMD programme, the leaking of David Kelly's name, tuition fees, "no plans to raise tax at all", "prisoners kept in until violence given up for good". But these untruths, by and large, have exercised the pundits rather more than the country.

The big, set-piece fibs weigh less with ordinary voters than the grinding, everyday disjuncture between the official version of events and their own experience. Every year, they read of record GCSE results; but teenagers do not seem to be getting any brighter. They are told that record investment has transformed the NHS; but their hospital seems as grimy as ever. They keep hearing that interest rates are at a 40-year low; but they can't help noticing that their mortgages are going up.

Like citizens of the old Soviet Union, people have simply stopped believing official figures. The boasts and promises of the political parties are seen as belonging to a separate world, far removed from people's everyday concerns. From there, of course, it is a short step to taking a "them and us" attitude to all politicians.

Take the example of policing, which we shall explore in greater detail in Chapter Four. Every opinion poll and every focus group shows that people want more officers and increased visibility for police patrols. Yet the issue barely signified during the election campaign. Why? Because all three parties were promising the same thing – and voters had given up believing any of them. The Lib-Dems said that they would pay for an extra 10,000 police by scrapping ID cards. Labour promised to release 12,000 more officers for front-line duties by

hiring more special constables. And the Conservatives offered no fewer than 40,000 more, to be funded out of savings in the asylum budget.

There has not been an election for decades, local or national, when all three parties have not promised to put more police on the street. And all of them are, to some extent, being disingenuous, because they know that the deployment of police personnel is not in the gift of any political party: it is at the discretion of Chief Constables. Is it any wonder that voters, hearing the same promises year after year, but never actually seeing any more police, have switched off? Police numbers are part of that virtual world of politicians' promises. Far from taking the parties seriously on the subject, people barely register what they are saying at all.

What applies to policing applies to virtually every field of public policy. It is often claimed that voters have become apathetic because all the parties are offering the same thing; but this statement needs qualification. Rhetorically, the parties are often some distance apart. To take two examples from the recent campaign, the Conservatives proposed to set an annual quota for the number of immigrants entering Britain and to tackle illegal building by traveller communities. Both these initiatives were highly controversial departures from the existing consensus; both were the subject of genuine public concern; and both received substantial media coverage. But voters remained stubbornly unimpressed. They felt, in their bones, that whatever was promised, nothing much would change. What's more, they were probably right to feel this way. The Tories' plan for an upper limit to the number of refugees would almost certainly have been blocked in the courts, both domestic and European. British judges have long pursued a policy of seeking to block deportation orders, while the European Commission made clear in March 2005 that it considered the Conservative manifesto to be incompatible with EU law. Nor did people believe that the police would enforce evictions from private property. Despite numerous changes in the law to create a specific offence of aggravated trespass – notably in the 1996 Criminal Justice Act – police forces have repeatedly stood by and watched as private land is vandalised.

Public faith in politicians has collapsed as their power to act has diminished. It is not that MPs have become more mendacious. It is simply that, with the best will in the world, there is less and less they *can* do. Parliament has parcelled out its powers in all directions: upwards to Brussels, sideways to the judiciary, downwards to the regional bureaucracies. The reason that people vest little importance in the electoral process is that the electoral process no longer determines the destiny of the nation. Human rights judges lay down school uniform policy; police chiefs decide whether the possession of cannabis should be treated as a criminal offence; customs officers decree how much tobacco we may buy; Eurocrats forbid us to buy and sell in pounds.

Many voters no longer see any connection between where they put their cross and anything that will tangibly affect their lives. The complexion of their local council, or of the House of Commons, has less impact on them than that of the Highways Authority, the Child Support Agency, the Health and Safety Executive and a thousand other quangoes.

Above all these agencies broods the biggest quango of all, the European Commission, churning out – depending on how we measure it – between 50 and 80 per cent of our laws, and indirectly encouraging our judges and civil servants to greater and greater acts of legislative daring. Remote élites taking decisions; local people taking the rap; no one accountable and no one sacked. A depressing picture of Britain in the Twenty-first Century.

CHAPTER THREE: COMMAND POLITICS

WHAT IS WRONG WITH BRITAIN

There are times when it is necessary to go back to first principles; to elaborate a Unifying Theory. Politicians are naturally tempted to start from where they are, to adapt what they know, to refine policies and ideas with which they are already comfortable. When a party is ahead in the polls and assured of government, this strategy may be enough. Now is not such a time.

Nor were the 1970s, an era whose sheer awfulness has for some reason largely faded from our collective memory. A bankrupt Treasury, double-digit inflation, power cuts, industrial collapse, a subversion of the democratic process: these were not problems to be addressed with the familiar tools of politics. Something stronger was needed.

That something was hammered out in Opposition by a number of conservative thinkers – Keith Joseph, Alfred Sherman and others – who insisted on beginning with an integral critique of what was going wrong. Having grasped the nature of the problem, they then set about designing policies to tackle it. Much of what they came up with had never been tried before. Monetarism – the idea that governments can control inflation through tight control of the money supply – had never existed outside the pages of economics textbooks. But they were confident that their diagnosis was correct, and prepared to brush aside all the protests of the “experts”, the academics and, not least, those in their own camp who had failed to grasp the magnitude of Britain’s predicament.

They were right, of course, as even Gordon Brown now accepts. (Although he plainly still has difficulty understanding *why* they were right. His attitude to Margaret Thatcher’s economic legacy resembles that of a savage toward an implement bequeathed by a higher civilisation: respectful, but uncomprehending.)

We are not arguing for reheated Thatcherism, far from it. The doctrine that fed and sustained the Conservative Party after 1979 was a specific reaction to specific conditions. It cannot properly be understood except in the context of the collapse that had preceded it. Once Thatcherism had done its job – that is, tamed the unions, rescued the economy and freed individuals from coercion – it began to seem a somewhat limited creed. Much of the hostility to the Tories in the 1990s and since was fuelled by the notion that the party was interested only in economics, not in people, communities or values. From this, it was a small step to seeing Conservatism as heartless and greedy.

Our point, rather, is that triumph of the Thatcher governments was based on a comprehensive appraisal of what was needed. Those who made these years successful had an ideological compass that prompted them towards the correct response even when they faced challenges that were outside their experience. They had grasped that the problem with Britain was excessive state power, notably in the form of economic and industrial corporatism. They therefore had a predisposition towards sweeping away constraints on the citizen.

A similarly coherent understanding of what is wrong is needed today. Confidence in politics and politicians is, as we have seen, lower even than in 1979. Then, the problem was the command economy. Today it is the command state. Then, unelected trade union barons suborned British democracy; today, unelected apparatchiks do so from within the state machine.

POST-REPRESENTATIVE DEMOCRACY

“Who Governs Britain?” demanded Edward Heath in 1974 – somewhat incautiously, as it turned out. Ask that question 30 years on and the answer is more depressing still. Britain is governed by judges, by quangoes and by Brussels. The ability of elected representatives tangibly to ameliorate their constituents’ lives has never been so restricted. Britain has become a post-representative democracy as power has been agglomerated by a class of well-paid

and occasionally well-meaning administrators who are immune to the electoral process.

It is tempting to blame this process on New Labour. And, as we shall see in this chapter, much of that blame is merited. But the problem runs far deeper than any one administration. During the 1980s, even as they were boasting about “rolling back the state” – and occasionally even doing so – Tory ministers were rate-capping local authorities, imposing the national curriculum on schools, strengthening the control of the Home Office over police authorities and setting NHS targets.

For as long as we, the authors, can remember, Tory politicians have been declaring that they are “instinctive” supporters of smaller government. Perhaps so. But behavioural psychologists teach us to infer instinct from observable action, not the other way around. Voters apply the same technique. Telling them that your “instinct” is to devolve powers, when they see no evidence of your doing so, understandably makes them angry, and causes them to doubt your word in other areas, too.

The sad truth is that a desire for power is hard-wired into human DNA. Politicians, like other members of the species, like being in control. What holds them back is an elaborate political structure based on checks and balances and the dispersal of power. Without such a structure, all governments would be like Zimbabwe’s. Such structures do not evolve on their own, and a relatively tiny number of people, whether historically or geographically, have been lucky enough to live under them.

The natural tendency of all governments, being flawed and human institutions, is toward the agglomeration of power. This may happen from the best of motives. Most of the recent centralising initiatives taken by this administration have been well-intentioned. Precisely because the system has concentrated so much power in the hands of ministers, those ministers are driven to be hyperactive. The trouble is that the impact of their endless directives and initiatives is, in general,

deleterious to good government. This process can be seen at work under all recent governments, giving rise to a wholly understandable scepticism toward politicians.

It is not enough for an Opposition party – in particular one that enjoys little public confidence – to proclaim its hostility towards state power. It must show why it believes that state centralism is wrong, and what it intends to do about it. It must evince a genuinely self-denying attitude to the apparatus of power.

The aggrandisement of remote élites at the expense of individuals and local communities has been driven by three main factors (setting aside the related but slightly different problem of judicial activism, which we shall examine in Chapter Four). They are: targets, audits and conditions imposed from Whitehall; centralised funding of public services with strings attached; the growth of quangoes. Let us consider each in turn.

1. Whitehall control

It is difficult to think of any area of policy, however arcane, that has not been subjected to dozens of “plans”, “strategies”, and “public service agreements”, each imposing a raft of targets. The scope of such targets has been extended to govern process as well as outcomes. Instead of identifying key goals to guide the work of service providers, targets now serve to impose a detailed template directing the day-to-day work of front-line professionals.

Targets have increasingly become a means of enforcing compliance, through applying both rewards and penalties. This introduces a degree of pressure to achieve arbitrary ends, which in turn forces professionals to stray dangerously from prioritising the interests of the citizens they should serve.

The character of inspection and audit has simultaneously undergone a profound change. It has evolved from providing a broad framework to protect against serious malpractice into a prescriptive template dictating how services must be run. Partly this is because

government's imposition of targets logically needs to be accompanied by structures to enforce compliance with those targets. Similarly, central control of funding requires that central government hold service providers and local authorities accountable for their use of these funds.

Yet inspection régimes have acquired a life of their own. Not only do they reinforce the mechanisms of targets and ring-fencing. They add their own layers of prescription, in many areas verging into managerial roles. As with targets, inspection régimes are accompanied by powerful enforcement mechanisms. The results of inspections determine entitlement to funds and freedoms. This creates a damaging compliance culture, where service providers have to waste time acquiring expertise in, as one local government officer put it, "managing inspections". At the same time, Whitehall stipulates the national terms and conditions on which service providers must recruit staff and buy supplies, thus depriving local service providers of any meaningful budgetary autonomy

2. Control of the purse-strings

Centrally allocated funding is perhaps the ultimate means by which Whitehall ensures compliance with its every demand for how services are run. The degree of that control, across the spectrum of public services and local government, is extraordinary both by historical and international standards.

Britain is unique in its virtual state monopoly over the funding of public services. In no other country that we have studied is the funding of education and health care so dominated by public funds. People are discouraged by the tax system from choosing to pay for these services and those who do are told they must have nothing to do with state provision. For those who rely on the state to finance the services they receive, ideological barriers heavily constrain the use of public funds to pay for provision outside the public sector.

3. Quangoes

Unprecedented powers are now wielded by bodies which are part of the state machine, but outside the democratic process. The Qualifications and Standards Authority sets exams. The National Institute for Clinical Excellence determines what drugs doctors might give their patients. Crown Prosecution Service guidelines determine whether a local job might be brought to book. It goes without saying that this is deleterious to democracy. What is less often remarked is that it is bad for civic society. The creation of a ruling caste of state administrators has come at the expense of traditional authority figures. We no longer accord the same respect to the clergyman, the head of a family, or the headmaster, because their places have been filled by licensors and clerks and assessors and regulators and inspectors and mediators. It seems positively impolite to draw attention to the most glaring problem of all, namely that, if someone is not directly accountable, he has little incentive to do his job especially well.

CENTRAL GOVERNMENT IS BAD GOVERNMENT

There are four main objections to the centralised management of public services.

1. It limits the discretion of front-line professionals

Centralisation has robbed front-line professionals of the freedom they need to go about their work. Teachers have been denied autonomy over classroom discipline by, for instance, the introduction of exclusion appeals panels, undermining their authority and prompting some to leave the profession. Doctors have been subjected to growing numbers of national standards frameworks that impinge on their clinical autonomy and deny them scope to respond to the particular needs of their patients. Centralisation thereby destroys the natural laboratory of autonomous professionals and institutions developing better solutions to common problems.

2. It squanders taxpayers' money on wasteful bureaucracy

Micro-managing the work of front-line public service providers from Whitehall is an enormous task. It requires the creation of a costly bureaucratic machine devoted to ensuring that front-line staff comply with Whitehall's every demand.

3. It results in unintended consequences

Central prescriptions for services might be well-intentioned, but they rarely result in the intended outcome. During the General Election it emerged that people were being refused appointments more than 48 hours in advance. Those wishing to see their GP more the 48 later were being told to call back to make another appointment. Why? Because a central government directive had stated that all patients must see their GP within 48 hours – yet it was not the appointment time that got pushed forward, but the time for making such appointments that got pushed back.

4. It undermines a sense of local belonging

Centralism has denied people a sense of ownership over locally-provided public services and eroded the wider sense of belonging in local political communities. The "civic gospel" preached by Joseph Chamberlain and other Birmingham politicians in the Nineteenth Century is the best-known, but by no means the only illustration of the vitality that used to characterise local politics. In the United States, state and even county government today is a hotbed of local energy. Yet in the UK, even counties with populations larger than some US states have little freedom to innovate.

The consequences for people's everyday experiences of these services are plain to see. Doctors have to chase meaningless targets set by the NHS quangoes that run the health service, whilst patients wait months for operations. Teachers have lost authority to take charge in their classrooms, as expert educationalists tell them what and how to teach, while parents face a lottery for school places. Home Office criminologists pour resources into high-profile policing initiatives, but failing communities are denied the extra officers they need on the beat.

The centralisation of power in the hands of remote élites is denying people the public services they have a right to expect. But the damage runs even deeper than that. It is undermining the flourishing communities that people should be entitled to live in. The chain of accountability for local services has been drawn away from local people, and up towards remote bureaucrats and politicians in Whitehall. Local government has become an agent for delivering Whitehall's wishes, rather than an embodiment of local democratic choices. The torrent of central initiatives and red tape is suffocating the civic pride and voluntarism that used to characterise community life.

THE VICIOUS CIRCLE OF STATE CONTROL

The more powers have been centralised, the more the government – especially since 1997 – has had further to centralise power in order to try to improve standards in those public services. In a vicious spiral of authoritarianism, as targets are not met, and voters' expectations are not met, a new set of rules needs to be drawn up to tackle the latest failing of the system: school meals one day, guidelines on classroom discipline the next.

The Government throws more and more taxpayers' money at our public services. Yet people are seeing little evidence of improvements in their everyday experiences of them. There is no paradox here. It is not surprising that, without reforms to bring about decentralisation, pouring extra resources into them brings few benefits. As long as central government maintains its grip on local services, there is little prospect of achieving substantially better outcomes.

The result is that people will carry on suffering the damaging consequences we have documented across the public services. Waiting lists will remain long, standards in many schools will continue to be poor, crime will rise and roads will stay congested. Local government will feel powerless to bring about change in failing communities. In different ways, all these blights on our society are ultimately the price we pay for state centralism.

WOULD LOCALISM LEAD TO UNFAIRNESS?

Some believe that centralisation is needed to secure consistent standards across the country and banish the “postcode lottery” from public services. This attitude is understandable. Nobody would want central government to pursue policies that systematically benefited one part of the country at the expense of another. But the fact is that state centralist government has failed to achieve nationally consistent outcomes. The quality of local schools, hospitals, councils and police forces varies wildly from one area to the next. In the ten best LEAs in the country, 60 per cent of pupils obtain five good GCSE passes, whereas in the worst ten, half as many do. Hospital mortality figures show patients are twice as likely to die in the worst-performing hospital in England as they are in the best.

Uniform services just do not produce fair results. In fact, the major reason *why* outcomes differ so much – but at the same time are so often poor – is that the government insists on imposing the same state centralist approach right across the country.

Central control denies people a fair deal from public services in two main ways. First, it holds back services from catering to local needs. Inner city populations have very different health care and educational needs from those in rural areas. Yet the hospitals and schools that serve them have to pursue exactly the same centrally imposed targets and are hemmed in by exactly the same rigid regulations. Second, it constrains the innovation and excellence at the front line that drives improvements across the board.

A more diverse system produces outcomes more closely suited to every individual. At the same time, it drives up standards for all. So the path to fairness lies in embracing pluralism of provision. Such diversity does not mean in all cases that services are “better” or “worse” from one part of the country to another. The huge diversity of local needs, as well as the variety of ways in which those needs can be provided for, must be reflected in the range of services on offer.

To the extent that there are differences in quality, though, these will be more than counterbalanced by a dynamic process of improvement across

the board. In a decentralised state, the average standard will surpass the very best that exists under state centralism.

A SELF-DENYING ORDINANCE

As during the 1970s, the Conservative Party needs to formulate solutions proportionate to the seriousness of the problem. It cannot simply offer itself to the country promising to make a better fist of administration than the existing government. It should instead offer to relinquish and devolve key powers. Its ministers should be judged, not by how many initiatives they have to their names, but by how much freedom they have given to citizens.

Across many of the public services, this will mean giving people their financial entitlement and then standing back. In other areas, including large aspects of social security, it will mean transferring powers to the cities and counties. Even in areas where national policies would continue to apply, such as foreign affairs and immigration, there would be a move towards democratic control, a shift from ministers and civil servants toward Parliament.

Such a message would bring to the Conservative Party the theme that their recent election campaigns have most palpably lacked: optimism. The Tories would be able to present the country with a plausible programme for the betterment of everyday life.

Imagine, they could say, a system of public services in which there is genuine choice and better quality for everyone. In which there is freedom for practitioners and professionals to get on with their jobs. In which front-line innovation is encouraged and rewarded, not held back by bureaucracy.

Imagine communities in which there is flourishing local democracy and a powerful sense of civic pride. Where people feel they have a real stake in improving local services. In which voluntary activity is supported rather than suffocated by the hand of state.

Let us now examine in detail how this vision might translate into hard policy.

CHAPTER FOUR: DIRECT DEMOCRACY

UNBUNDLING THE STATE

Enough of the diagnosis. What about the cure? How can we place power back in people's hands? How can we make elections count again? Can we, in doing these things, rescue the standing of our political institutions? Are we committing the offence which voters most hold against politicians: that of promising too much?

No. Several other countries operate political systems based on localism and direct democracy. Two outstanding examples – one much smaller than the United Kingdom and one many times larger – are Switzerland and the United States. In their different ways, both states respect the principles of the dispersal of power, the direct election of public officials and the use of the referendum as a legislative tool.

Our proposals for the devolution of power directly to the citizen – notably in the fields of education and health care – have also been successfully trialled abroad, often in unlikely places. No less corporatist a state than Sweden has introduced a form of school voucher, while almost every state in Europe, at least since the fall of the Berlin Wall, now provides for an element of health insurance.

In many ways, Britain is the odd man out. Few states in the world are so centralised. For example, local councils in the UK are responsible for raising only 25 per cent of their revenue, compared to an EU average of 65 per cent. This fiscal debilitation is matched by legislative feebleness. To take a couple of current examples, it would be bewildering to most Europeans – and ought to be outrageous to most Britons – that cities are required to petition Westminster for national statutes to permit them to ban smoking or the chewing of gum in public places.

Britain, which developed the concept of representative government, and carried it to new lands, has turned its back on its own creation.

Many of what we regard as the distinctive features of American localism – county sheriffs, town hall meetings and so on – are of British origin. They have survived in the New World while they withered in the Old, like the varieties of grape that thrived in California while the phylloxera blight was devastating their ancestral stock in Europe.

In this chapter, we shall see how the doctrines of devolution and direct democracy might apply across four areas of state activity: local government, crime, education and health. We shall examine what effect the implementation of these precepts would have on our constitutional arrangements at Westminster, in the devolved assemblies and *vis-à-vis* the European Union. And we shall see how their application internally might affect the procedures of the Conservative Party.

Throughout, we are guided by three principles:

- **Decisions should be taken as closely as possible to the people they affect**
- **Law-makers should be directly accountable**
- **The citizen should enjoy maximum freedom from state control**

I – Local government

SUMMARY

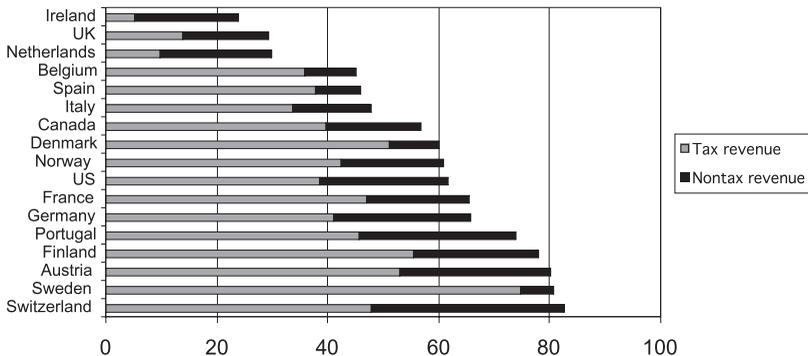
Local councils should be made self-financing. This would chiefly be achieved by replacing VAT with a Local Sales Tax to be levied by county or metropolitan councils.

With fiscal autonomy should come legislative autonomy on all matters except those whose scale demands action at national level. This will discourage profligacy, improve accountability and attract a higher calibre of politician. Pluralism would also allow other councils – and, indeed, Westminster – to observe and copy what worked. Most of the reforms pursued by the current US administration, from workfare to “three strikes and you’re out”, began life at state level. And let us never forget that the single most popular reform of the Thatcher Government, the sale of council houses, was piloted by Tory councillors.

SELF-FINANCING COUNCILS

A revival of genuine civic democracy is the prerequisite for restoring honour and trust to our political system. Grant it and much will follow; deny it and little will change. In the first instance, this is a question of money.

Figure ten: Who pays the piper
Proportion of Local Revenue Raised Locally



As Figure Ten shows, town halls in Britain are uniquely dependent on subsidies from central government. Of all the countries in Europe, only Ireland, with a population barely more than four per cent of that of the UK, has a more centralised form of local government finance. Ninety per cent of all revenue collected in Britain goes to the Chancellor in Whitehall. Seventy-five per cent of the money spent locally comes from the Treasury. There is virtually no link between taxation, representation and expenditure at local level. This has several malign consequences.

1. It rewards inefficiency

The Treasury's allocation of grants to local government is made on the basis of assessing councils' spending needs against the actual level of local services. Perversely, a local authority that is good at turning revenue into local services does not qualify for as large a grant as an inefficient one. This is one of the reasons that the massive increases in council tax in recent years have not been matched by any corresponding increase in the provision of local services.

2. It erodes accountability

Voters are in no position to reward or punish the behaviour of their local council. It is far from clear who is responsible for what, and who pays. Local elections become an unedifying slanging match as the parties try to blame tax rises on the national government or on each other.

3. It reduces choice

Political parties are not able to offer radically different manifestoes, since they have only limited control over the council's budget. To the extent that they *do* have the opportunity to promise things, the cost of those things is grossly distorted by the fact that three-quarters of the budget comes from Whitehall. Thus, a 10 per cent increase in council spending means a 40 per cent rise in council tax.

4. It alienates voters

Opinion polls show that over 90 per cent of people are dissatisfied with the services provided by their local authority, and that almost 60

per cent believe that their council fails to provide value for money. Voters, in other words, are angry rather than apathetic. Yet turnout at local elections in England and Wales over the past decade has ranged between 27 and 35 per cent. Why? Because people correctly perceive that there is little connection between how they vote and the level of services they receive, or how much they pay for those services. International comparisons support this analysis: in France, where local authorities raise 65 per cent of their own revenue, turnout is normally just over 60 per cent. In Switzerland, where it is 80 per cent, turnout is around 75 per cent.

5. It deters good candidates

There is less of an incentive for people to enter local politics knowing that they will wield little meaningful power. Someone standing for local government must be willing to be nannied and micro-managed by a distant bureaucracy. Indeed, one reservation that some commentators have about devolving power over public services is that local politicians are not always of the highest calibre. Could a man dressed up as a monkey be elected to run local services in Hartlepool? Might he be put in charge of the police, of social services, or planning decisions? Yes. But if he did not deliver, he would swiftly be removed from office by his electorate.

6. It boosts the Left

Whitehall imposes minimum standards of local service provision, without setting ceilings on the maximum level of service provision. This favours local politicians standing on the basis that the town halls should do more, not less. Whitehall's assessment of local authority needs means that those who do not spend "up to cap" may be penalised with a reduced grant. High-spending politicians have the ready-made excuse that Whitehall is to blame if local services do not seem adequate. Above all, inept Labour councils are never held to account. The more misery and destitution they cause through their mismanagement, the more Whitehall money they attract, and the more people become dependent on such grants, making them likelier to vote Labour.

Making councils self-financing – albeit allowing for a national top-up for deprived areas – would make them more efficient, more accountable and more attractive to candidates of real quality. But new taxes are never popular. The losers from any reform are unforgiving, while the winners take their gain for granted. This is especially true in the field of local government finance since, for many people, it is the only tax that they have to pay themselves, rather than having it deducted at source through VAT, PAYE or National Insurance. Hence the explosiveness of the issue, as Margaret Thatcher found when she introduced the Poll Tax, and as Tony Blair has found more recently during the pensioners' protests.

If local government is to raise its own revenue, the method used must be transparent, fair and efficient. Any new tax should visibly replace an existing one rather than simply being an additional impost. And, not least, it should apply evenly to the electorate. The problem with most mooted forms of local government tax is that each one would leave a goodly proportion of local residents unaffected. Council tax falls disproportionately on those who own houses, but have no income, particularly pensioners; a local income tax would have the opposite flaw, penalising those in work while leaving a large minority wholly exempt; the community tax weighed especially heavily on the working poor. Under any of these systems, a chunk of the electorate would be encouraged to vote for higher spending, knowing that they would be unaffected by the consequential tax rises.

Only one form of tax would meet all these criteria, being neither discriminatory, opaque nor conducive of profligacy: a Local Sales Tax (LST).

LOCAL SALES TAX

The centrepiece of our reforms to local government is the proposal to scrap VAT and replace it with an LST, to be applied at a county-wide level. Serendipitously, the Treasury happens to raise almost the same amount through VAT (£64 billion) as it hands over to local councils in grants (£66 billion). So devolving the power to tax goods and services

to town halls would not be an additional levy; rather it would replace an existing and highly unpopular tax.

Unlike VAT, which is complicated and expensive to administer, the LST would be charged just once, at the point of retail. It would be set at the level of a county or metropolitan authority, to avoid the distortions that arise from having concentrations of shops in small localities. Local councils would be free to vary the rate according to their spending needs.

A similar scheme in the United States has given rise to something almost unknown in Britain – tax competition, leading to a downward pressure on rates. State governments are conscious that, if they impose swingeing levies on their retailers, shoppers will cross the state line, followed by whole businesses, thus leading to state bankruptcy and the eviction of the state government by the voters. Opponents of the scheme might object that US states are larger than British counties, and therefore more viable units. In terms of population, this is by no means the case: several British counties have more residents than several US states: Kent, for example, would be the 33rd most populous state in the Union. To the extent that it is true geographically, the size disparity is an added advantage, giving the British consumer more choice than the American.

Such a reform promises substantial benefits.

1. Democratic accountability

Without any Standard Spending Assessment or ring-fenced grants, many of the levers of central control would simply no longer exist. Councillors would have to stand on the basis of their records, and voters would be free to judge them accordingly. A different kind of candidate would soon emerge. In countries where there is a healthy measure of local democracy, it is not uncommon to see local administration in the hands of talented people in their twenties and thirties, running budgets and taking executive decisions as a prelude to careers in national politics.

2. Fairness

Unlike other systems of taxation, the LST would affect everyone, to the extent that we all buy things. It correlates closely to disposable wealth, since richer people tend to spend more. But there would be few freeloaders voting for higher spending. The electorate, in other words, would closely match the tax base.

3. Visibility

At present, local residents do not really know who is responsible for determining local tax bills. Town halls blame Whitehall, Whitehall blames local authorities, and amid all the confusion, local taxes keep rising. With a local sales tax, consumers and voters would see how much they were being charged.

4. Fiscal probity

City and county halls would be in direct competition with their neighbours. Set the rate too high and retail sales might slump. Set the rate too low and the boost to retail sales might not be enough to avoid a fall in revenues. Far from being a disadvantage, this competition would be enormously beneficial, for it would force local government to accept the logic of the "Laffer Curve": that is, that setting lower tax rates might net them greater revenues. Moreover, business and trade might well be attracted to low-tax areas, broadening the tax base and reinforcing that outcome.

5. Lower taxes

As a starting point, we would expect local authorities to set local sales tax rates at an average of roughly 17.5 per cent, the current level of VAT. However, the rate could vary considerably. Some authorities might choose to set a higher rate in the hope of raising more money for better local services; others may tolerate service cuts in order to keep the rate down. Either way, there would be a strong element of competition between different tax jurisdictions. The relentless growth of government might finally be checked.

In keeping with the principles of pluralism and local autonomy, councils should be allowed to raise the remainder of their budgets by

whatever means their electorates approve. The existence of the LST as the main source of local income would ensure that they would be held to account by the electorate as a whole, and could not impose arbitrary or punitive duties on a minority. Among the available options for additional top-up revenue would be fees and charges for services, a local income tax, a property-based levy, a local business rate or – for the most frugal – nothing at all.

LOCAL DECISION-MAKING

Fiscal autonomy is only a beginning. Local councils should also be given genuine power over issues of essentially local concern. To start with, almost all of the functions currently exercised by the Office of the Deputy Prime Minister could and should be devolved.

Of immense concern to most voters, albeit understandably ignored by national media, are what one might call local quality-of-life issues: the siting of mobile phone masts, the building of incinerators, the crowding-together of new houses. Being necessarily local issues, they tend to be missed by commentators during general election campaigns. Yet they leave people feeling outraged, not only because of the immediate impact on their communities, but because of their sense of powerlessness. It is bad enough that someone should want to build a tower block at the end of your road, but it is maddening to be told that his authority has come from John Prescott, on the advice of a local Regional Authority, and that, however you vote, you cannot influence the outcome. Planning decisions – except in the case of projects of strategic national importance, such as major airports – should be transferred to local authorities.

The benefit of such localisation would soon be seen in voters' attitudes as well as in public administration. Making elected representatives responsible for the consequences of their actions will tend also to make their voters more responsible in their approach.

Consider the question of social security. At the moment, we have an incongruous system whereby county councils are obliged to

implement welfare policies in the drafting of which they have no say. They are responsible for the delivery of services, but have no discretion over the level of benefits, or entitlement to them. If they were given that discretion, however, the impact would soon be felt in policy terms. The sheer size and universality of the welfare system leads to unintended consequences, high administrative costs and insensitivity to particular circumstances. Localising the provision of services would encourage flexibility: in particular, it would enable the authorities to discriminate between deserving and undeserving cases.

Equally, though, it would quickly have an impact on voters' attitudes. We would take a very different view of, for example, a neighbour whom we knew to be claiming disability allowance while working on the black market if we could see a direct connection between his behaviour and our local tax bill.

This is not the place to make a definitive a list of the powers that ought to devolve from Westminster to town halls. As a rough guide, however, all the fields of policy currently within the purview of the Holyrood Parliament should be transferred to the English counties. Whether or not there was a parallel process of devolution from Edinburgh to Scottish local authorities – or, indeed, to revived Scottish counties – would be a matter for Scottish voters.

Localism, however, does not necessarily mean empowering local councils. In some cases, the aim of direct democracy and local accountability would be better served by having a single directly elected local official. Foremost of these is policing, to which we now turn.

II – Crime

SUMMARY

Crime is the public's number one concern. Yet despite Michael Howard's impressive record as Home Secretary, the Conservatives' crime campaign failed to impress the electorate. People are inured to politicians' promises of "more police". The challenge is to explain *how* a party will reduce crime.

The public itself desires greater local accountability in policing. Appointed and impotent Police Authorities should be replaced with directly elected Sheriffs, with real powers to direct the local police force's priorities. Sheriffs should also have responsibility for supervising prosecutions and punishments.

THE POLITICS OF CRIME

Traditionally, law and order was a Conservative strong suit. During the late 1980s and early 1990s crime rose vertiginously, but Labour was still seen to be "soft on crime" and "on the side of the criminal". When Michael Howard was Home Secretary between 1993 and 1997, recorded crime fell by 18 per cent. At the same time, however, first as Shadow Home Secretary and then as Labour leader, Tony Blair successfully repositioned his party to meet the public's demand for a tough response to crime. Since 1997 a series of Home Secretaries – Jack Straw, David Blunkett and Charles Clarke – have been anxious to appear no less authoritarian than Michael Howard. The result is that today the two parties have roughly equal ratings in public opinion on the issue of law and order.

In 2005 the Conservatives attempted to recover their traditional lead on this issue with a series of hard-hitting campaigns. From the commitment to give householders the right to beat up burglars to a poster campaign asking "How would you feel if some bloke on early release attacked your daughter?", the party sought to present itself as uniquely robust in its approach to crime and criminals.

Michael Howard, naturally enough, made much of his success as Home Secretary, and even accompanied the police (and a TV crew) on a dawn raid on a drug dealer's house in Middlesbrough.

None of it worked. The party's campaign on law and order began in the summer of 2004. Between then and the election in May 2005, the polls showed no discernable improvement in the Conservatives' position on this issue. Why?

The main reason is that the Tories' response to voters' concern about crime was merely an echo of that concern delivered through a loud-hailer. Policies were devised and published, it seemed, purely in order to send a signal that the party also hated crime. The effect was gimmicky and populist rather than substantial and reasoned. The proposal to change the law on householder defence, in particular, was purely cosmetic: the Conservatives pledged to alter the wording of the law from "reasonable force" to "force which is not grossly disproportionate". The policy immediately became bogged down in legal semantics, and was quietly shelved for the election campaign.

The problem lay in a failure to provide compelling detail on how to reduce crime. The householder defence policy attracted a lot of press attention, and the polls showed the public strongly agreed with the principle of the policy: but ultimately people were not impressed that the Conservatives had a real strategy to reduce crime in general.

Michael Howard, in reminding voters of his success in cutting crime as Home Secretary, said in his introduction to the election manifesto: "I know how to get a job done . . . you focus relentlessly on the detail." Yet no real detail was offered.

This is particularly true of the party's main policy proposal: "more police" – specifically, 40,000 additional officers over eight years. This might have appeared to contrast positively with the Liberal Democrats' offering of 10,000 additional officers and Labour's 12,000. In fact the three parties' "more police" messages merely cancelled each other out, and the fact that the Tories had the

biggest commitment seems to have had little effect.

The problem is that the “more police” message lacks plausibility. The public is intelligent enough to realise that it is not the overall number of officers which matters, but the manner in which they are managed and deployed. The universal complaint is that the existing officers spend most of their time inside their police stations, filling in forms and drinking tea.

In policing no less than in other policy areas, a public which is increasingly inured to politicians’ promises is not satisfied with being told *what* the party wants to do: they want to know *how* we will do it. It is not enough merely to echo the public’s concerns – to say that we’re thinking what they’re thinking. What they really want to hear is what the politicians are going to do about what we’re all thinking about.

This applies especially to another soundbite frequently heard from Conservative spokesmen in the recent campaign: “zero tolerance policing”, a tougher version of the “neighbourhood policing” outlined by Oliver Letwin as Shadow Home Secretary earlier in the Parliament. Based on the policing model of New York, neighbourhood policing would put a dedicated officer on duty in every neighbourhood in the country; he or she would become familiar with the area and well known to residents, acting as a visible deterrent to criminals and a reassuring presence to the community. There would “zero tolerance” of the petty incivility that mars the quality of life and creates the disorder in which more serious crime can flourish.

The problem with “zero tolerance” and “neighbourhood policing” is that they would be impossible to implement under current arrangements. Only root-and-branch reform of policing structures, accountability, and terms and conditions will allow such a policy to come into effect. And here the Conservative campaign failed.

With some difficulty, the party leadership had been prevailed upon to adopt a policy which was so radical, so eminently sensible, so rich in

potential for media discussion and public excitement – that it was hardly mentioned in the campaign. This was the proposal to replace appointed Police Authorities with directly elected individual Police Commissioners, who would assume direct responsibility for the performance of the local force. In London, the elected Mayor would assume this responsibility.

As we shall explain, this proposal has the potential to revolutionise crime-fighting in Britain. In the 2005 campaign, however, next to no attention was given to it by the Conservative Party, with the result that it was not reported on in the media or attacked by the other parties. In London, it is unlikely that more than one voter in ten knew that the Tories proposed to put Ken Livingstone in charge of the Met. As a result, their tough rhetoric about crime entirely failed to “cut through”.

WHY THE POLICE FAIL

The political discussion about crime is often a numbingly boring argument about statistics. Overall crime recorded by the police seems to have risen (so the Conservatives rely on this statistic) while crime reported by the public seems to have fallen (so Labour rely on that). As far as we can tell, certain classes of crime have fallen, notably burglary and car crime, while others have risen, notably violence and antisocial behaviour.

The truth is that “overall crime” (rather like GDP) is an irrelevance. What matters to real people is local crime (or their own wealth). And here, the national trends are worrying. For while everyone must welcome the fall in acquisitive crime against homes and cars (a fall, by the way, which has been achieved more because of private investment in alarm technology rather than because of better policing), it is violence and antisocial behaviour which bothers people most.

Conventional policing – based on evidence and detection – is unable to address the problem of antisocial behaviour. This sort of crime is

not, like acquisitive crime, a rational, if immoral, professional endeavour, which can be reduced by rational professional action by the authorities to alter the balance of risk and reward. The prevalence of low-level disorder and random violence is an inchoate, angry, irrational expression of social collapse.

This collapse is happening both “internally” and “externally”. The “internal” collapse is the decline of healthy families and communities, the informal social networks which sustain decent behaviour among individuals. The “external” collapse is the decline in the effective enforcement of the law by the agency responsible for it: the police. The two are linked, of course: families and communities suffer when the police don’t do their job, and the police’s job is made harder when families and communities are not strong.

This essential link was once the founding principle of the police force. “Police, at all times, should maintain a relationship with the public that gives reality to the historic tradition that the police are the public and the public are the police,” said Sir Robert Peel in his statement of principles with which he established the Metropolitan Police Force in 1829.

Today, there is increasing lip-service paid to this principle – and decreasing actual implementation of it. “Working together for a safer London,” proclaims the Met’s new, expensively redesigned logo at Scotland Yard. Yet behind the building’s blank facade sit thousands of police officers doing precisely the opposite of “working together” with the community. They are busy devising new processes to “connect” with the public, but which in fact alienate them further.

There is no more illustrative example of the modern culture of British policing than the proposal in the Macpherson report – since implemented by this government – that officers should fill in a form every time they stop a member of the public in the street. The pointless bureaucracy involved in this requirement is outrageous enough: it takes up seven minutes of an officer’s time per person stopped, and thereby discourages him or her from engaging with the

public or stopping suspicious individuals. More fundamental, though, is the assumption behind the requirement. This is that the police's relations with the community need to be monitored from above: that every contact between a police officer and a citizen must be mediated by an official process, so that the police's relations with society can be assessed on the basis of statistical returns. The form already contains a question on the individual's racial group, and it has recently been suggested that the individual's religion might be noted down too. Thus does an initiative intended to improve the police's relations with the London public – particularly ethnic minorities – end up in an intrusive and deeply illiberal attempt by the state to monitor the behaviour of its agents and peer into the personal circumstances of British citizens. The police and the public have never been more remote from each other.

The attempt to ensure the police and the public “work together” has been enacted from precisely the wrong direction: from above. Local Strategic Partnerships, Crime and Disorder Reduction Partnerships and Community Safety Plans are just a few of the initiatives designed in Whitehall, implemented locally, to “connect” the police with other “stakeholders” in the community. In recent years the Home Secretary has assumed more and more powers over local forces, including the power to appoint and dismiss Chief Constables on a whim – as we saw when David Blunkett, responding to the public furore following the Soham murders, demanded the resignation of the Chief Constable of Humberside, despite the local Police Authority supporting him.

Police Authorities are supposed to represent the community in the supervision of the police. They are one of the three pillars in the ‘tripartite’ structure implemented in 1964, the others being the Home Secretary and the Chief Constable. Over the years, and especially since 1997, the Police Authority has become by far the weakest of the pillars. Chief Constables are accountable in practice not to the representatives of the community but to the Home Office in Whitehall, which works to ensure – through targets, central funding streams, and bureaucratic audit and inspections – that local forces

implement national policies designed to bring down national crime figures. The Home Office has imposed *de facto* national control of police forces.

If one reason for the impotence of Police Authorities is the encroaching power of the Home Office, another is their own lack of moral authority. Police Authorities are appointed bodies, comprising local councillors (on a party proportional basis), Home Office-appointed "independent" members, and local magistrates. They are anonymous quangoes made up of local worthies who, albeit with the best of intentions, generally see it as their job to support "their" Chief Constable against attacks on his or her performance. It is widely understood that one of the key roles of a Chief Constable is to "manage" the local Police Authority; that is, to ensure that no complaint or trouble comes from that quarter.

The 1964 tripartite system has failed to create effective local accountability. Chief Constables obey the Home Office, not the community. Few people know Police Authorities exist – even fewer know who sits on them; they are no longer effective (if they ever were) in establishing local policing priorities. People rightly feel alienated from their local police forces.

A brief look at the other aspects of the criminal justice system reveals the problem of remote accountability and poor performance. There is clear evidence that the Crown Prosecution Service is proving ineffective. Seven per cent of cases each year are abandoned "in error". By 2000, the CPS was bringing 65 per cent fewer prosecutions against offenders aged 14 to 18 than had been prosecuted in 1984, the year before the CPS was established, despite a significant increase in juvenile crime in the intervening years. Whereas the CPS was established to prevent the dishonesty with evidence which sometimes occurred when the police were the prosecutors, today the opposite problem is occurring. There is a failure of communication, and a culture of blame-passing, between the police and prosecutors, with the result that too many criminals fall between the cracks and victims are denied justice.

As for sentencing, judges and magistrates have responded in recent years to the clear public demand for stiffer sentences by sending criminals to prison earlier in their criminal career and for longer stretches. This is welcome, for it has significantly reduced potential crime through the incapacitation of criminals. And yet if prison works at this most fundamental purpose, it is failing in its secondary, but vital, role of rehabilitation. Over half of all prisoners are reconvicted within two years of their release, including 75 per cent of young offenders under 21 and nearly 90 per cent of those under 18. Prisons are managed by the new National Offender Management Service (NOMS), comprising the former Prison and Probation Services, under a chief executive accountable to the Home Secretary. This new system has yet to be tested. However, it is again an upwardly-accountable system. It is likely that NOMS will be a top-heavy, top-down structure which will further estrange local communities from the public servants supposed to be protecting them against crime.

PUBLIC ATTITUDES

It is worth briefly noting public attitudes to crime and punishment. In 2004 the Conservative Party conducted a series of focus groups on this subject. It was clear that, in the words of the report, "Crime is the overriding priority . . . In response to the question 'if there is one thing you could change, what would it be?', the instant and overwhelming response in all groups was 'crime'. [There was a] total consensus that crime has got worse, noticeably deteriorated in the last 5 years." What worried people most, naturally enough, was antisocial behaviour, the "yob culture", the sense of feeling "intimidated by gangs of kids with no respect and no discipline".

The groups thought that "the police are useless – but they try their best ... they can't do anything about crime." Asked to choose three words to describe the police, replies included "unreliable", "a joke", "inept", "ineffective", "not in control". Ninety-five per cent agreed that "the police are doing their best but for one reason or another are failing." They wondered "why do the police have so much paperwork? Why is there so much political correctness stopping the

police from doing their job?" The groups' proposed remedy for the problem was simple: local accountability. There was "strong support for 'have your say about how your area is policed' – but only at a very local level".

ENTER THE SHERIFF

Britain could certainly do with "more police". New York's celebrated fall in crime in the 1990s – down 60 per cent in ten years – was achieved by a considerably increased police force. Yet the real key to success in New York was not police numbers. It was change to the structures and systems of policing to get the police on the streets and proactively working to reduce crime.

Police Authorities should be scrapped. Instead a simple, effective and transparent system of local accountability should be introduced: directly elected individual Sheriffs. Initially, there would be one for each of the 43 police forces in England and Wales; in time, however, it would make sense to bring these forces in line with local government boundaries, thus giving voters a clearer idea of where responsibility lay. Chief Constables would retain operational independence but they would answer to the Sheriff for their performance – and the Sheriff would answer to the public.

Where there was a directly elected Mayor whose jurisdiction was congruent with a police force area (currently only London) the Mayor would exercise the functions of the Sheriff.

Sheriffs would appoint and dismiss Chief Constables. They would set their own targets for the force, make their own Policing Plans, and, crucially, control their own budgets. Each Sheriff would be allocated his or her funding as a block allocation, rather than as a series of micro-managed grants for specific purposes, and would be accountable to local voters for how effectively he or she spent the money in the fight against crime.

Restoring public confidence in the criminal justice system is not simply

a question of making those responsible for pursuing criminals through the streets (i.e. the police) more democratically accountable. It is also about making those responsible for pursuing suspects through the courts answerable for their effectiveness in securing convictions, and making those responsible for supervising punishment accountable for their success in protecting the public by reducing reoffending.

We should reconstitute the CPS as a set of local Crown Prosecution Offices, answerable to the local Sheriff for their success in securing convictions. As in the United States, the Sheriff should not be entitled to order a prosecution, but may order one to be dropped. In order to avoid miscarriages of justice the police and the public prosecution authority should remain distinct and separate entities. However, making them accountable to the same authority would ensure there is greater scope for co-ordination between the two institutions at the sharp end in the fight against crime.

The Sheriff should also be responsible for supervising sentenced criminals. The government's new National Offender Management Service (NOMS) is welcome insofar as it unites the two arms of the penal system. However, the accountability to the Home Secretary and the regional structure (there will be ten Regional Offender Management Services or 'ROMS') should be scrapped.

Rather than amalgamating upwards, we should amalgamate downwards, and abolish the regional structure of the new system. Rather than ROMS, there should be LOMS: Local Offender Management Services accountable to the elected Sheriffs. There should be a local purchaser-provider split. Each LOMS – acting on the instructions of the Sheriff – should have responsibility for purchasing space in prisons and other 'disposals' (probation and community punishment capacity), with regard to local wishes. Criminals shall serve their sentences – whether in prison or not – under the authority (i.e. as the "guest") of the Sheriff in the area they committed their crime.

Finally, the Sheriff should have the power to set local sentencing guidelines. While granting an elected official the right to intervene in individual cases would plainly be at odds with the separation of powers, there is no reason why local voters should not have some say over which *categories* of crime to prioritise. This may well lead to disparities: shoplifting might lead to incarceration in Kent, but not in Surrey. So be it, if that is what the electorates of those counties decide. The Sheriff's discretionary power over prosecutions will lead to similar incongruities. Different parts of the country might end up with different guidelines on how far a homeowner could go in attacking intruders. It should be noted, however, that discrepancies already exist today: some Chief Constables, for example, decline to treat the possession of cannabis as an offence. The difference is that Chief Constables are not answerable to anybody, whereas Sheriffs would depend on the electorate for the maintenance of their office.

III – Education

SUMMARY

Britain's education system is failing: the value of exam grades is falling and bad pupil behaviour is now endemic in many classrooms. Yet no party has succeeded in convincing voters that things will improve.

The Conservative Party should adopt a policy of radical localisation. Schools should become independent, free-standing institutions with full control over their staffing and pupil rolls. New providers should be allowed to enter the market and compete for pupils. Parents should have the automatic right to request and receive the funding for their child's education from the local council, and take this money to the school of their choice.

THE POLITICS OF EDUCATION

We are all wearily familiar with the failings of our education system. Most British children are educated adequately at best. The government trumpets improvements in exam grades, but employers and university admissions tutors report generally declining standards of attainment among school-leavers. It is evident that exam grades are suffering inflation, for the same reason currencies do: the government is too loose in its control of the supply. Too many children do too many exams, all designed to get too many of them into university, where there are too many degrees on offer to too many students.

Two minorities are not caught up in this dismal inflationary cycle. One group simply escapes, by means of money, either into the private sector or into a good state school whose catchment area makes house prices an effective method of excluding the poor.

The other minority does not enter the debate about grades because it doesn't achieve any. Ten per cent of 16-year-olds leave school without a single qualification – a figure which has remained

stubbornly unchanged for decades. They are the children left behind by the current system.

The other familiar element in discussions about education, far more familiar now than even five years ago, is pupil behaviour. The public is waking up to what teachers have been complaining about with increasing desperation: that adults are losing control of the classrooms. As with crime in the streets, this has “internal” and “external” explanations: the decline in the “internal” restraint on a child’s behaviour which derives from the values and attitudes imparted to him or her by family and neighbourhood; and the demise of the “external” controls exercised by the authorities, in this case the teachers. As families have unravelled, teachers have lost the power to exert discipline in the classroom.

The political parties’ response to these problems in the general election campaign was sketchy, to say the least. Little or no discussion was held on the issue of grade inflation and the need to develop effective vocational education to counter the inexorable rise in worthless university degrees. Instead, the parties – and particularly the Conservatives – concentrated on the simpler and more emotive subject of pupil behaviour. The words which fronted the Tory education campaign were “school discipline”.

As with the slogan for health care (“cleaner hospitals”) this was an outcome, not a process: it referred to *what* the Conservatives (and everyone else) wanted, not *how* they proposed to achieve it. The “how” was, in fact, admirable: discipline would be restored by liberating head teachers from the bureaucratic and politically-correct stipulations of New Labour. Yet the slogan gave the impression of a party that merely shared the public’s concern – not of one which had an answer to it other than further central government intervention. The subliminal impression of Michael Howard wielding a cane in your child’s classroom did not inspire confidence.

WHY SCHOOLS FAIL

The fundamental problem with our education system can be explained in economic terms. For even though we have tried, over many generations, to exclude economics from education – on the assumption that the free market is inappropriate to public services – economic reality nonetheless applies. There is a supply side and a demand side to this, as to every other service, and the way they approximate to each other is what governs standards of academic attainment and pupil behaviour.

In education (as in health care) both supply and demand are currently constrained by government near-monopoly. Only the lucky few are able to access alternative provision; only the clever few are able to manipulate the state monopoly to get the best for themselves. The great majority of the population are forced to take what they are given and expected to be grateful.

It is, of course, only a minority of families who are sufficiently unhappy with their neighbourhood school to complain about having to use it. But this minority is too large, and indicative of a greater number who are unhappy but do not complain. Each year around one in ten parents appeals against a local authority decision to send a child to a particular school, though only a quarter of these appeals is upheld. The problem is more acute in the inner cities, where nearly 20 per cent of admission decisions are appealed against, but less than a fifth of appeals are successful.

Over-subscription requires popular schools to introduce admissions criteria to enable them to choose between applicants. There is a variety of non-academic methods which schools may use to select their pupils, including informal methods such as an interview or, in the case of a church school, an assessment of a family's religious commitment. This latter method is entirely understandable given church schools' desire to retain their religious character. It is nevertheless open to widespread abuse and causes the sometimes absurd, though common, phenomenon of parents pretending to a

religious faith which they do not have, and attending church for months or even years to prove it.

The most common form of selection for the majority of popular schools is a simple and objective one: the "proximity rule", or catchment area. The proximity rule has the obvious benefit of creating a neighbourhood school, with a mix of pupils which is as comprehensive and diverse as the community around it. This is particularly true of schools in rural areas. However, in towns and cities, catchment areas often help make the community less comprehensive and diverse. At their worst, catchment areas mean that the localities of good schools become the exclusive enclaves of the rich, while areas around bad schools become the neglected ghettos of the poor. One example of the former is Lauriston Primary in Hackney, where the catchment area extends 110 yards from the school gates: as a result houses close to the school sell for over £100,000 more than others down the road.

The widespread use of catchment areas is the clearest symptom of the mismatch between good school places and parents' wishes – between supply and demand. Scarcity, with education as with any other commodity, creates an unfair and harmful polarisation of the market.

One response is to co-ordinate admissions through a centralised rationing system, as is currently being tried in London. However, this does not address the causes, only the symptoms, of the problem. What are the causes? Why are there not enough good school places in the areas where families need them?

The basic answer, in economic terms, is stagnation of the supply side. The provision of education in our most needy and most populous communities has become a fixed and immobile sum. The five worst-performing local education authorities in the country have a total of 491 primary and secondary schools. According to a telephone survey by the Conservative Research Department, in the last five years only four new state schools have opened in these areas.

Moreover, new state schools are usually only established at the instigation of (and at huge expense to) central government – such as the new generation of City Technology Colleges called City Academies. These, supposedly “independent” state schools do not sprout from the neighbourhood, as the natural supply-side response to local demand: they are planted in a community by the Department of Education.

Faced with pressure from parents, many popular schools would like to increase their pupil numbers. However, current policy prevents schools expanding while there are unfilled places at other local schools. This restriction, the so-called Surplus Places Rule, was designed to enable the transfer of resources from unpopular to popular schools. It is often applied by local councils, however, with the opposite purpose in mind: to stop struggling schools from losing pupils to new schools or to successful schools which grow bigger. The result is that children are forced into schools their parents do not want to use, and good schools are prevented from expanding in response to local demand.

As with health care, the presence of an enormous government near-monopoly means the private market is highly inefficient. Private schools are niche providers of expensive education to a privileged few, protected by the weight of demand from having to innovate (and still less to cut their prices) to attract new custom. More than 50 per cent of parents would use private education if they could afford it – but most cannot, for costs keep on rising. Private school fees rose almost ten per cent between 2002 and 2003, yet the total number of pupils at those schools rose only 0.1 per cent.

INDEPENDENT SCHOOLS FOR ALL

There is a better way to manage education. We need to break down the artificial barrier between public and private, which is sometimes compared to apartheid.

The first thing to do is to make existing state schools genuinely independent of the state. The assets of council-owned schools should be transferred to independent foundations, chosen by the governing body with the support of parents. The foundation might be a charity, a church, a parent or teacher co-operative – or even a commercial business which agrees to “pay” for the school by making a financial investment in it. The transfer would include a restrictive covenant requiring that the school’s assets – or the proceeds from their sale – be perpetually devoted to the provision of education in that area. This will ensure that existing education capacity is not lost, as currently, to alternative uses (far too many school sites are sold to developers, further restricting the supply of education). A derogation from Parliament should be required to alter the terms of the covenant in any individual case.

For a start, this will allow successful schools to grow – rather than be prevented from doing so, as currently, by the Surplus Places Rule. Of course, many schools do not wish to grow – and many schools are unable to, at least on their existing sites. However, it is noteworthy that the number of children attending Britain’s grammar schools grew by over a third between 1993 and 2003. This is equivalent to 46 new grammar schools – but on the existing sites, for no new grammar schools have been created in that period. This shows what can be done in response to local pressure on the best schools in an area.

Liberating state schools would also allow the all-important freedom to fail. Schools which do not attract enough parents will not, as at present, be propped up by the government and allowed to persist in mediocrity, to the permanent damage of those children (often from the most marginalised families) who still attend. Failure would see the school transferred to alternative management, or sold and the proceeds applied to other local schools.

Translating state schools into the independent sector will open them up to competition from new entrants. Here other countries show the way. In the United States, independently-run, non-profit, non-religious Charter Schools may be established at the behest of local

parents, their charters being awarded by local government, the local university or dedicated charter boards. Sweden operates a similar system, although here profit-making and religious schools are allowed, and both are common. In the Netherlands, the country's constitution allows any non-profit school run by parents, a charity or church to receive funding (including capital costs) on the same basis as state schools: in consequence, nearly 70 per cent of Dutch schools are independent.

Britain should follow these examples. Indeed, it would be following its own history: public education in this country arose as the private initiative of religious and charitable foundations. Many state-funded schools today, even if they are subject to direction from central and local government, are nominally owned and run by independent institutions, including churches, charities and private businesses. They need to be liberated once again – and subjected to the healthy competition of new entrants.

Because of the effect of the government near-monopoly, private initiative in education has been dormant for decades – but it can be awakened again. In the 12 years since a similar system was introduced in Sweden, the number of independent schools has more than quadrupled. And in Britain there is considerable commercial and philanthropic appetite for setting up new schools.

In line with international experience we can expect a large proportion of new entrants to be charitable concerns, whether religious foundations or otherwise. Evidence from America, in particular – where Charter Schools are forbidden from distributing profits, which shows that it is not the profit motive which has driven progress – suggests that there is a largely untapped reservoir of money, energy and talent in Britain ready to be committed to education for education's sake. However, there can be no objection to the profit principle in education. Financiers looking for a return on investments are the natural source of the capital needed for the establishment of new schools, which would otherwise have to come from the taxpayer; and shareholders are the most effective guarantee of high

standards and good management. In Sweden (often held up as the social democratic nirvana) chains of profit-making schools, educating tax-funded pupils, are a particular feature of the system.

In order to ensure that innovation is encouraged, we must lift from schools the suffocating weight of government prescription. The National Curriculum – designed to stop wacky Left-wing teachers filling children’s heads with nonsense – has been captured by the very people it was supposed to frustrate. It is now a principal method by which the Left-wing educational establishment imposes its orthodoxies on schools. It is so large that there is insufficient time in the school day for alternative lessons or subjects, and teachers complain that their professional discretion is thwarted by its instructions. The National Curriculum should be abolished.

Instead, exams should be the method by which schools’ curricula are kept up to the mark and in line with each other. Private prep schools have no National Curriculum, but they know that their reputation rests on their pupils’ success in the Common Entrance exams. Standards and commonality will be better preserved in a liberal system than a closed one.

In order to arrest grade inflation, “criterion referencing” – the system introduced in the 1980s, by which grades are awarded according to a defined achievement – should be replaced with the old system whereby a fixed proportion of children receive an A, a B and so on. This will stop grade inflation at a stroke, and clearly identify a child’s achievement in comparison with that of his or her peers.

So much for the supply side. To improve education, it will not be enough to set schools free of government control. We must also set parents free.

Currently parents may apply to state schools in their area in a process which is mediated by the local education authority, which is also the funding agency for local schools. Many parents may be happy with this arrangement. However, there is no reason they should be forced to be part of it against their will.

The simple key, which will unlock the rusty, closed door leading to excellent education for the millions of parents who cannot afford to buy it in the private sector, is the voucher. Not, however, the national voucher proposed by the Conservative Party in the last Parliament. The voucher should be local. A single-line Act of Parliament should be passed, giving all parents the right to request and receive from the Local Education Authority the money currently spent on their child's school place, and to take it to the school of their choice.

The effect of this policy will be instantaneous and benign. Good schools will not suffer in the least, as parents decide to leave responsibility for funding them in the hands of the LEA. But failing schools will find themselves losing pupils and losing funding – and will raise their game or go out of business.

Finally, the policy will kill the government's "inclusion policy" stone dead. This is the policy of closing schools for children with Special Educational Needs and forcing the pupils into mainstream schools. It is deeply unpopular both with parents of children with SEN and those whose children are at mainstream schools. If parents were entitled to the full value of their child's education, because special schools cost considerably more than those at mainstream places, it would be up to parents to decide whether their children should be "included" or not.

IV – Health

SUMMARY

In five years' time Britain will have one of the most expensive health services in the world, but one which still fails to meet public expectations. The problem with the NHS is not one of resources. Rather, it is that the system remains a centrally run, state monopoly, designed over half a century ago.

Transferring control from national to local politicians would not address the NHS' structural flaws. The only way to guarantee equity and universal access, and remove politicians from controlling the minutiae of care, is to give power directly to patients.

We should fund patients, either through the tax system or by way of universal insurance, to purchase health care from the provider of their choice. Those without means would have their contributions supplemented or paid for by the state.

We can hold to the ideals of the NHS – guaranteeing care for all, irrespective of their ability to pay – while showing that a 1940s structure is no longer relevant in the Twenty-first Century. The Conservative Party should lead the demand for change and demonstrate that we have a compelling vision of better health care reform for all.

AILING NHS

In five years' time Britain will have one of the most expensive health services in the world, second only to the USA. At 11 per cent of GDP, health spending will be well above the European average and more than 50 per cent higher than the GDP shares of Scandinavia and New Zealand. On a worldwide basis the public sector share of spending is likely to be the highest of any system.

Yet there is little sign that we will have the health services to match.

A recent independent study of national health care systems placed the UK's 18th out of 19 developed countries. Only Portugal's was worse. Waiting lists, almost unheard of in our peer group countries, remain a fact of life in the NHS. Eight hundred and fifty thousand people are still waiting for treatment in England. The Government's target is that by 2008 no one will wait for longer than four and a half months. After nearly a decade of effort, this limit will still only be on the borderline of standards considered internationally acceptable.

The latest EURO CARE study showed that British patients have a significantly lower chance of surviving cancer after diagnosis than patients in other developed countries. While the mortality rates from cancer and heart disease have fallen steadily since 1999, the Office for National Statistics has shown that the falling trend began in 1980. It has been sustained by improvements in lifestyle, in particular reductions in the level of smoking, over decades rather than extra funding over the last five years.

In its 2004 survey on the UK, the OECD judged that the extra spending has made no difference to the trend:

"In the health sector there are few indicators showing unambiguous improvements in outcomes over and above trend improvements that were already apparent before the surge in spending. Reductions in mortality from cancer and heart disease are cases in point: while a comprehensive set of initiatives targeted at these major killers in the late 1990s may have contributed to the continued decline, it is difficult to see any break so far in the trend already established."

Medicine is a sector where harnessing technological progress makes a real difference to people's lives, allowing them to live longer and more healthily. The NHS, however, lags behind other countries. The uptake of new drugs in the NHS, for example, has been at best half than in Germany and a third of that in France.

THE PROBLEM IS THE SYSTEM

Rather than a lack of resources, the reason for the NHS's poor performance lies in its structure. The NHS was designed over half a century ago, at a time of rationing and deep poverty. It was, and remains, a child of its time, conceived on the principle that the beneficent state should be a monopoly provider. But we know today that monopolies rarely act in the best interests of consumers. Because government both funds *and* provides health care, medical professionals are beset with political targets and central direction, distorting clinical priorities and preventing innovation. Patients have little choice, and resources are deployed poorly.

The Office for National Statistics has shown that productivity in the NHS is falling. A massive 42 per cent real terms increase in spending between 1999–00 and 2004–05 has simply not been matched by improvements on the same scale, giving poor value for money for taxpayers.

The number of NHS managers is increasing three times as fast as the number of doctors and nurses. Long-term cost commitments are being stored up as wages have risen. Meanwhile, the cost of treatments continues to rise. According to recent research, the combination of new treatments and rising patient expectations for cancer care will be too great for the NHS tax-financed model within a decade.

The NHS was designed to allow everyone equal access to high quality provision. But as the Prime Minister himself has said, it has produced a "deeply unequal" system where rich opt out while the poor receive the worst health care.

For example, the Commission for Health Improvement and the Audit Commission have shown that, for England and Wales, of 43 different types of cancer analysed, in 38 there is a gap in survival to the advantage of the most affluent.

The Department of Health policy document “Tackling Health Inequalities, a programme for Action” set out the scale of inequality:

“Overall, health and life expectancy are still linked to social circumstances and childhood poverty. Despite improvements, the gap in health outcomes between those at the top and bottom ends of the social scale remains large and in some areas continues to widen. Some parts of the country have the same life expectancy as the national average for the 1950s. These inequalities mean poorer health, reduced quality of life and early death for many people.”

Professor Julian Le Grand, Policy Adviser to the Prime Minister and Professor of Social Policy at the London School of Economics, has consistently emphasised the existing inequalities in the current health system. In an academic lecture in 2004 he said, “Unemployed people and individuals with low income and poor educational qualifications use health services less relative to need than the employed, the rich and the better educated.”

CHANGING THE ROLE OF GOVERNMENT

The aim of government should be to guarantee access, irrespective of people’s ability to pay, to essential services. There is no reason why government production should be essential to that mission, an end in itself. By taking on the multiple role of funder, producer and regulator of services, government is intervening in areas where its competence is limited.

The role of government needs fundamental change, so that it is no longer a monopoly *producer* but instead acts as the *funder* and *regulator* to guarantee access to services. For years, politicians have told us that the choice is between the status quo of state monopoly, or the absence of government support. This is a false choice: real reform is not about withdrawing the state; it is about changing the nature of the state’s intervention to match its abilities.

We should not follow the traditional remedies of the Right, encouraging a minority to opt out of public provision, which leaves the remaining public sector in its current form. Our ambition should be to break down the barriers between private and public provision, in effect denationalising the provision of health care in Britain, so extending to all the choices currently available only to the minority who opt for private provision.

PATIENT POWER

The model for reform that we advocate for the police service would not be enough to improve health care in Britain. While “localising” the NHS might fragment a government monopoly geographically, and thus make it more manageable, it would not make it more efficient. Localism applied to the NHS could merely redistribute the problem of political management from national to local politicians. Instead, we should seek to devolve power directly to the citizen.

Many European countries, such as France, Germany and Switzerland, operate insurance-based systems which cover all members of society. Under such systems, contributions towards health care are paid to third-party insurers who (unlike governments) are under an obligation to serve customers. All patients, including the most disadvantaged, enjoy immediate access to high quality care.

In such countries there are also a diverse range of providers. In Germany, for example, half of all hospitals are run by the private and voluntary sector. This enables choice for patients and encourages innovation.

In Britain the way to guarantee equity, universal access and remove politicians from controlling the minutiae of care is to give power directly to the patients. We should fund patients, either through the tax system or by way of universal insurance, to purchase health care from the provider of their choice. The poor and unemployed would have their contributions supplemented or paid for by the state.

BENEFITS OF REFORM

A reformed system of health care for Britain would guarantee access to health care for all – actually meeting a fundamental aim of the NHS but not one on which it has delivered. Patient power would offer choice. It would allow resources to be directed to those units providing quality and capacity. Competition would drive up standards. It would produce better outcomes, with faster adoption and diffusion of new medical techniques and drugs. It would result in better working conditions for staff, who would have employers competing to employ them, knowing that success would be dependent on satisfying the patient and not meeting government targets. And it would provide better value for money, since health care costs would be driven by the most efficient providers.

Experience both internationally and in the UK shows that health reform based on changing incentives can improve services significantly. Waiting times in Spain and Denmark have fallen sharply since new financial incentives were introduced. In the UK, reforms such as financial penalties for prolonged hospital admissions and pilot schemes of patient choice offered by way of independent providers have been successful in driving down waiting lists.

Improvements in optical services following the deregulation of the sector during the 1980s also demonstrate the power of liberalising reform. This has seen a flourishing of investment by new providers who have become familiar names on the high street (Vision Express, Specsavers) and co-payment by consumers. Private spending on optical services has risen, yet services for the vulnerable have been safeguarded.

THE PUBLIC IS READY FOR CHANGE

ICM research for the think-tank Reform in 2004 revealed a remarkable public appetite for health care reform. Sixty-nine per cent of all voters agreed that “The NHS was the right idea when it was introduced in the 1940s, but Britain has changed and we need a

different health care system now.” Only 29 per cent disagreed.

Significantly, support for the NHS was lowest amongst younger voters. In today’s increasingly consumerist society, health care will not be immune from the public’s rising expectation of speed, quality and choice in services. Taxpayers will – rightly – expect value for money from the increasing funds which they are committing to health care. Spending on the NHS per household has now reached over £3,000 per year, the price of many private family health insurance products. Patient power is an idea whose time has come.

There are few more important issues to the public than the NHS and the health of themselves and their families. Vacating the vital political terrain of health cannot be an option for a modern political party. Timorously promising cleaner hospitals, or falling back on the idea that simply improving NHS management is the answer, will convince no one. We can hold to the ideals of the NHS – guaranteeing care for all, irrespective of their ability to pay – while showing that a 1940s monopolistic structure is no longer relevant in the Twenty-first Century. The Conservative Party should articulate the country’s desire for a proper overhaul of the system. Instead of tinkering with a fundamentally broken machine, it should offer to update the model, setting out, in warm and optimistic tones, its vision of a healthier Britain.

V – Constitutional reform

FIXING WHAT IS BROKEN

Throughout this book, we have tried to stick to our three guiding principles: that decisions should be taken as closely as possible to the people that they affect; that policy-makers should be directly accountable; and that citizens should be as free as possible from state coercion. In the field of constitutional reform, we might usefully add a fourth principle: that any change should be designed to remedy a specific failing. There are doubtless all sorts of ways in which Britain's political institutions might be modernised. Pursuing such schemes for their own sake has been this government's constant failing. New Labour has repeatedly embarked on constitutional projects – a Supreme Court, Lords reform, the Human Rights Act, English regionalism – without any very clear objective. Our aim, by contrast, is to propose specific solutions to identified problems.

Our starting point must be Parliament. In recent years, the standing of MPs has plummeted. A YouGov published in *The Daily Telegraph* on 29 November 2004 made shocking reading. Fifty-nine per cent of voters thought that “most MPs make a lot of money by using public office improperly”; 78 per cent agreed that “to win elections, most parliamentary candidates make promises they have no intention of keeping”; 85 per cent believed that “most MPs will tell lies if they feel the truth would hurt them politically”. How are we to explain these figures? To find an answer, we should consider the change in the role and function of our MPs.

In one sense, Parliament is too weak; in another, too strong. MPs have allowed their powers to pass to a series of unelected agencies. In consequence, general elections have become increasingly hollow and perfunctory affairs and, as we saw in Chapter Two, the voters know it. At the same time, though, ministers are micro-managing a number of matters that, in most countries, would be left to local communities. School admissions policies, hospital cleanliness, speed bumps, council workers' wages: these things would be settled in the

United States at a town meeting, or by a directly elected precinct official. But in Britain, they are decided by the minister in Whitehall, and then imposed uniformly across the country.

Parliament's relative strength and relative weakness have combined to alienate the electorate. On the one hand, people feel that decisions are being thrust on them regardless of their wishes. On the other, they find that many of the things they care about are wholly untouched by the electoral process.

There is, for example, barely a constituency in the southern half of England where there is not widespread opposition to the proposed house-building targets. Local MPs and councillors, in general, faithfully articulate those concerns. But it makes no difference, since the matter is decided by Office of the Deputy Prime Minister, in conjunction with the regional quangoes.

The problem is illustrated in microcosm by the case of Kidderminster Hospital. A local campaign against the closure of facilities took the unusual form of an independent political movement. It has won a majority of council seats and twice secured the local parliamentary constituency of Wyre Forest. Yet for all the noise made by campaigners, for all the force of their arguments, for all the weight of their mandates, the decision remains wholly in the hands of the Secretary of State.

This concentration of power does not strengthen central government; rather, it serves to undermine its legitimacy. We set out at the beginning of this chapter a programme for the empowerment of local councils. But the decentralisation of power in the United Kingdom will do more than revive local democracy; it will also, perhaps paradoxically, boost Westminster. No longer will MPs be judged on their record as social workers; no longer will they have to take the blame for policies over which they have no control.

MPs, then, should recover some powers and relinquish others. They should pass a number of decisions downwards to local authorities;

and, at the same time, they should enlarge their own jurisdiction at the expense of unelected functionaries.

BAREBONES PARLIAMENT

Parliament's authority has seeped out in four main directions: to ministers, to quangoes, to judges and to the EU. Each leakage has drained away some of the popular consent necessary in a democratic system. For when we use the phrase "the sovereignty of Parliament" we mean it as shorthand for the sovereignty of the people. Restoring the legitimacy of our political institutions must entail placing powers in the hands of elected representatives who are vulnerable to public opinion.

The readiness of MPs to divest themselves of power is both a cause and a consequence of the anti-politician mood in the country. Almost every depreciation of parliamentary sovereignty has been justified on grounds of "letting the experts get on with things". This excuse is habitually trotted out when MPs wish to shirk a difficult question. What rights should an embryo have? Let's ask the HFEA. Are 'A'-levels getting easier? Hmm: why don't we set up an independent qualifications inspectorate. What should bar a company director? Over to you, FSA. Should Orangemen march through Drumcree? One for the Parades Commission.

The worst of it is that, in the abstract at least, voters seem to like the idea of putting experts in charge. It is depressingly easy to get a cheer out of the audience on BBC *Question Time* by saying, about virtually any subject, "this is too important to be used as a political football". The concept of the impartial professional is understandably alluring. But alas, no such person exists. We all have our assumptions and prejudices – the "experts" more than most, if by expert we mean someone who has spent many years within a particular institution. Placing specialists in control is not so much undemocratic as anti-democratic: the idea that administration should be in the hands of disinterested officials rather than clamorous politicians has been a characteristic of every dictatorial régime from Bonaparte's onward.

Although people may go along in theory with the idea of entrusting power to “the professionals”, they dislike its practical consequences. When they find that their local school refuses to apply the teaching methods that they would like, or that scoundrels get away with insultingly lenient sentences, or that the police think that community relations are more important than protecting property, they feel frustrated, and direct their anger at the entire political class.

Addressing this sense of disempowerment is, in the first instance, a question of righting what is wrong with Parliament. And that in turn must begin by correcting the imbalance between the legislative, executive and judicial branches of government.

HUMBLING THE JUDICIARY

The readiness of judges to take political decisions – that is, to rule on the basis of what they think the law ought to say rather than what it actually says – is not peculiar to Britain. In almost every democracy, the judiciary has sought to expand its powers beyond what the legislature has laid down. Usually, this process has been accompanied by a geographical centralisation of power. A study by Professor Roland Vaubel of Mannheim University looked at 48 federal states, from Australia to Zimbabwe. With only one exception, it found that supreme courts had tended to facilitate the shift of power from provincial or state authorities to the federal level. During the lifetime of West Germany, for example, there were 27 transfers of power from the *Länder* to Bonn, but not one in the opposite direction. The one exception, significantly, was Canada which, until the mid-1980s, had no supreme court of its own, instead accepting the supremacy of Britain’s Privy Council. It alone, therefore, was free of the tendency of judges to seek to expand their own powers.

The problem with judicial activism is that there is, by definition, no legislative prophylactic against it. MPs can insert whatever safeguards they want but, if a court dislikes a statute, it will simply ignore those safeguards. Consider, for example, the Fayed nationality case of

1996. Mr Fayed had been refused British citizenship, and wanted to know why. He took his case to court, where Lord Woolf found in his favour. The judge then tacked on an extraordinary observation to his ruling: "this judgment," he said, "does not imply any criticism of the Home Secretary or his department. *Until this court decided otherwise*, it was perfectly reasonable to take a different view [emphasis added]". Never mind the blatancy of this statement; consider instead its breathtaking disregard for the law. British nationality is a privilege, to be bestowed in especially meritorious cases: it would be strange indeed to impose on the Home Secretary of the day a duty to give his reasons for *not* granting it. More to the point, this was made explicit in the 1981 Nationality Act, which was consciously designed to prevent such rulings: "The Home Secretary's decision," it said, "shall not be subject to review in or challenge by any court whatever." Yet, when the case came before him, Lord Woolf (who, incidentally, has argued extra-judicially that judges have not only a right but a duty to strike down bad statutes) simply ignored this provision.

The Fayed case is exceptional only because of Lord Woolf's flagrancy. Again and again, the clearly stated view of Parliament has been disregarded by judges who see their own consciences as a higher authority than any statute. The law, of course, is a human institution, and subject to human interpretation. But it is striking that, when members of the judiciary have taken arms against Parliament, they have almost always done so from the same direction. For example, judges have vituperatively attacked the idea that MPs should impose minimum tariffs for certain crimes; but they have never challenged the right of Parliament to set maximum tariffs. They howled with protest when Jack Straw ruled that some murderers ought never to be released; but they were strangely silent when, under the terms of the Belfast Agreement, a number of convicted murderers were released with equal disregard for judicial process. They repeatedly block the repatriation of illegal immigrants; but one never hears of them stepping in to order the deportation of someone who had been allowed to remain in Britain. (Contrast this to Switzerland, one of the more striking exemplars of direct democracy, where cantons may hold referendums to adjudicate individual naturalisation applications,

the would-be immigrants being invited to submit two hundred words on why they should be allowed to stay.)

What, then, can be done? It is evidently no use writing guarantees against judicial activism into legislation, since those guarantees will simply be tossed aside by the judges themselves. There is no entirely satisfactory solution to the problem, but we propose three ways of ameliorating it.

First, as we have already argued, the judicial process should be subject to the same principles of decentralisation and democracy that have guided us throughout. This means, specifically, that the powers currently controlled by the CPS would be placed at the disposal of a local Sheriff who would, furthermore, have the right to set sentencing guidelines (although not to interfere in individual cases). This alone would go a long way towards restoring public confidence in courts.

Second, there should be a degree of democratic control over judicial appointments. Since the political nature of the judiciary is now a fact of life, there is an argument for electing judges directly. On balance, however, we feel that such a change would be a disproportionate reaction to the problem. A process of transparent parliamentary hearings would be far more in accord with Britain's traditions – and would unquestionably be an improvement on having senior judges nominated either by the Lord Chancellor or, as is now proposed, by a government appointments panel.

Finally, the authority of Parliament should be stated explicitly in a Reserve Powers Act, which would delineate a number of areas where MPs' decisions were supreme. This would be a defence not so much against domestic judicial activism as against the encroachment of foreign jurisdictions. The European Court of Justice has a hunger for power that surpasses even the most activist British judge, and has repeatedly pushed its authority beyond what is written in the treaties. Equally, Britain's adherence to international accords is often taken by our own bench as a higher authority than the will of Parliament – the

1951 UN Convention on Refugees being a prime example. A clear statement of the superiority of Parliament's will over such treaties would reduce the scope for creative interpretation.

CONSTRAINING THE EXECUTIVE

As the powers of the legislature have dwindled, those of the executive have waxed. This process is amply chronicled and explained in standard political textbooks. The party system gives the Prime Minister automatic control over what Parliament does save in exceptional circumstances. The growth of the payroll vote and, to be frank, the increasing determination of MPs to be part of it have served to weaken Parliament as a whole.

Yet it is surely worth standing back for a moment and asking whether it is right in principle for the Prime Minister of the day to exercise the immense powers of patronage at his disposal. Might it not close the democratic deficit somewhat if the powers currently exercised under Crown prerogative – the appointment of heads of executive agencies and commissions and also, perhaps, diplomatic postings – were transferred to Parliament and carried out through open hearings? In the case of titles and honours, where the intrusion of party politics might be deemed inappropriate, it would surely be more logical to empower the Crown in practice rather than just in theory: in other words, to allow the Queen, rather than her necessarily partisan First Minister, to decorate or ennoble whom she pleased. This might be true also of ecclesiastical appointments, at least for as long as England retained an established church.

In the same spirit, the Treaty-making powers of the Prime Minister, also exercised under Crown prerogative, should be transferred to Parliament. If it were impractical to insist on this procedure for every single accord, it should at the very least apply where a foreign treaty imposes domestic obligations on Britain: Nato, Kyoto, the European Convention on Human Rights, CITES and so on. Each such treaty should come up for renewal by MPs on an annual basis.

BOLSTERING THE LEGISLATURE

Finally, there are a number of reforms that the House of Commons could implement to strengthen its legitimacy *vis-à-vis* its electorate. The list of ideas that follows is indicative, not comprehensive. The proposals are, however, linked by a common thread: all are designed to bring decision-making back under popular control and, in doing so, to narrow the divide between the political class and everyone else.

Sunset clauses

Various governments around the world have toyed with time-limited legislation: that is, laws that automatically lapse after a certain period unless explicitly reaffirmed. Britain, too, has occasionally made use of the device, the Prevention of Terrorism Act, annually renewed throughout the 1970s and 1980s, being the supreme example. But the practice has never become widespread, which is a pity. This government, in particular, is addicted to passing new laws rather than making use of the legislation it already has at its disposal, with the result that we are heaping the statute book higher and higher to no good end. (Contemplate, for example, the legislative hyperactivity that followed 9/11, when ministers preferred to award themselves huge new powers than to apply existing laws on incitement, conspiracy and nationality rights.) Even more important, a modified form of sunset clause should apply to the creation and maintenance of statutory bodies. The heads of the Health and Safety Executive, the Equal Opportunities Commission and every other quango in the land should be required to justify their continued existence before the relevant parliamentary committee each year, and apply for funding on an annual basis. The same principle, as we have already stated, should extend to treaties with other states or with international bodies.

Popular initiative

At the beginning of each parliamentary session, having read out her government's proposed legislation, the Queen should then turn to her People's Bills: legislative proposals which had attracted a certain

number of petition signatures, and so earned themselves the right to be debated and voted on. There would be no obligation on MPs to pass these proposals; but they would have to take sides, and then justify their position to their constituents. This, on its own, would do much to alleviate the sense that government has become decoupled from public concerns.

No more politicians

It is vitally important to challenge the public perception that politicians are “in it for themselves”: a perception that elides an inchoate suspicion of corruption with a very fixed impression that governments do not listen to voters. This means pursuing some “anti-politician” policies. Parties proposing term limits in other countries tend to reap an electoral reward and, although it might be difficult to apply that concept to British MPs (as well as hard to reconcile it with the idea of pure democracy), term limits might usefully apply to some offices. They do seem to work, in the sense that they concentrate the mind of the office-holder while ensuring that he or she is not in office long enough to “go native”. Similarly, we should look seriously at a statutory limitation on the number of days that Parliament sits: few things are as deleterious to the public weal as under-employed legislators. In the same vein, we should substantially reduce the number of MPs. The US House of Representatives administers a population nearly six times that of the United Kingdom with only 435 members. Finally, we should set an upper limit to the number of ministers. A swollen payroll vote does not only enlarge the Executive at the expense of Parliament; it also leads to unnecessary legislation, as each new appointment creates a new portfolio, and each new minister seeks to justify his salary.

Fair votes

The clamour for a change in the voting system, which has now spread to parts of the Conservative Party, demands a brief consideration of the case for proportional representation. It is not our intention to rehearse all the arguments familiar to any sixth-form debater: the

“unfairness” of disproportionate majorities versus the “unfairness” of granting excessive power to small parties and so on. Rather, we should consider the question in the light of the principles we have followed throughout this book. By these criteria, the case for PR fails comprehensively. If it is our objective to close the gap between government and governed, to diffuse jurisdiction and to empower the citizen, we cannot in conscience advocate a system that strengthens party whips at the expense of voters. The key feature of a first-past-the-post system is the ability to turn a party out of office. Under PR, by contrast, most parties are in power most of the time, fostering a sense of comfortable insulation in the political class. Instead of passing their constituents’ views upwards, MPs see it as their role to pass their party’s views downwards. Far from making every vote count, proportionality reduces votes to so many bargaining chips in the game of backroom negotiations among party functionaries. The fact that proportional representation would have worked to the Conservative Party’s benefit at the last election clinches the case against endorsing it. At a time when all politicians are regarded as wanting power for its own sake, acting in so palpably self-interested a manner would be disastrous.

The Upper House

The composition of the House of Lords is impossible to reconcile with the principle of direct democracy. Indeed, a largely appointed chamber is the worst of all imaginable options. The current chamber, whatever the individual qualities of its members, embodies everything that is wrong with the administration of Britain. It is made up of people who can pass laws without having to justify themselves to those who must obey their laws. The appointments system tends to throw up atypical candidates – if not ex-politicians, then often people who have spent their careers in the corporate or representative branch of their professions, rather than the professions themselves. Someone who has worked his way up through the CBI, the TUC, the BMA or the NFU, is likelier to end up on the red benches than a practising businessman, manual worker, doctor or farmer. This widens the gap between the *pays légal* and the *pays réel*. At the same

time, a directly elected chamber – although plainly an improvement on the status quo – would bring yet more under-employed lawmakers into play. An ideal Upper House would reflect the temper of the country as a whole without establishing a new tier of politicians. How to constitute such a chamber merits a longer study than this one but, as an example of what might work, we suggest bringing together a geographically and politically representative selection of existing elected figures. For instance, we could constitute a Senate of seconded county and borough councillors in proportion to their parties' representation in each shire or city, which would meet for three or four days each month. As well as correcting the metropolitan bias of the current chamber, this reform would confine the Upper House to a blocking and amending role, giving it little time for flashy legislative initiative. The bestowal of life peerages – or, indeed, hereditary titles – could then devolve to the monarch, ensuring that they became wholly a mark of service, devoid of political significance.

Scotland and Wales

A happy consequence of what has been proposed in this book is the solution of the West Lothian Question. For thirty years, constitutional observers have wrestled with this problem. The only two logically consistent solutions so far proposed – an independent Scotland or a separate English parliament – have understandably failed to win widespread public support. But our own formula – localism – would do the trick. Under the scheme that we have set out in this book, the powers that are currently exercised by the Scottish Parliament and the Welsh Assembly would, in England, be devolved to a much more local level or else removed altogether from the orbit of the state. MPs from throughout the United Kingdom would therefore find themselves on an equal footing, concerned with such matters as border security, foreign policy and national taxation rather than with "schools'n'hospitals": currently the mainstay of general election campaigns. It would, of course, be a matter for the Welsh and Scottish electorates whether to replicate English localism: that is, whether to have directly elected Scottish Procurator Fiscals, whether to revive the old local government divisions of Flintshire, Peeblesshire

and so on. Implementing such changes would imply the transfer of all the Welsh Assembly's powers to a more local level, and the consequent abolition of that body. The Scottish Parliament would still be left with some residual functions – notably judicial appointments within a separate legal system – but could easily discharge them sitting for only a few weeks in each year. Alternatively, the Welsh and Scottish electorates may prefer to decide the bulk of their affairs at Cardiff and Edinburgh. Asymmetries are, after all, a function of any truly pluralist system.

Northern Ireland

Much of the above applies with advantage to Northern Ireland. Local government is even feebler in Ulster than in the rest of the UK, which is a shame, since it tends to offer a far happier example of non-sectarian collaboration than the Stormont assembly. Indeed, the institutions created under the Belfast Agreement have done more to drive Northern Ireland's voters to the political extremes than did 30 years of civil conflict. The case for the repeal of that settlement is now overwhelming – not on Orange or Green grounds, but on democratic grounds. Virtually every principle that we have set out in this book is violated by the Good Friday settlement. The system is based on the idea that most of the parties should be in power most of the time: in other words, that there should be no opposition. In consequence, the "them and us" division between politicians and everyone else has become especially pronounced – hence the recent flight from the established parties. At the same time, much of the Province's government is carried out without any democracy at all: the civil servants and quangocrats who administer Ulster don't even have to *pretend* to be interested in the public. Elsewhere, cantonalism has served to bring different peoples into a *modus vivendi*, allowing each community control over its own education, policing and so on. If there is one part of the United Kingdom crying out for localism and direct democracy, it is Northern Ireland.

The European Union

Our approach to European integration flows naturally from our domestic agenda. If we want decisions to be taken as closely as possible to the people they affect, they plainly should not be made in Brussels. If we are suspicious of governmental *grands projets*, we must by the same token repudiate the Utopian scheme to merge Europe's nations. If we prefer direct democracy to unelected quangoes, we can hardly subject ourselves to the biggest quango of the lot, namely the European Commission.

The failure of the Conservative Party to score well on European issues is one of the more intriguing mysteries of contemporary politics. Tories are habitually decried as extreme, obsessive and (currently the vogue word) "ranting" on the subject. Yet every poll shows that, measured objectively, voters would like a more Euro-sceptical platform than recent Conservative manifestoes have offered. How are we to explain this seeming paradox? It has to do mainly with impressions. Most British people dislike EU interference for decent and democratic reasons. But, at the same time, they think of themselves as modern internationalists. When they see a politician laying into Brussels, even though they may agree with the substance of what he is saying, they cannot wholly suppress the feeling that he is being mean-spirited.

That is why it is so vital to contextualise European policy. If we believe in personal liberty, democratic accountability and clean government, we cannot be part of what the EU is becoming. Many of the policies we have set out in this book – replacing VAT with a local sales tax, preserving parliamentary supremacy through a Reserve Powers Act, letting MPs decide how many settlers to admit into Britain – are incompatible with EU law. Having taken our stand on the importance of politicians being able to deliver, we can hardly drop all these ideas simply because the European Commission dislikes them.

European integration was a malign, if largely unnoticed, presence during the 2005 election. There it sat like Banquo's ghost, invisible to

most voters, but shaking its gory locks at the party leaders, who knew that they had to draw up their manifestoes within the parameters allowed by Brussels. The most striking example of this was the European Commission's announcement that the Conservative proposal to set an upper limit to the number of immigrants entering Britain was incompatible with the EU's "Area of Freedom, Security and Justice". By the same token, no party could offer to revive Britain's countryside (because of the CAP), or treat its fishing grounds as the renewable resource they ought to be (because of the CFP) or recognise the sanctity of free contract (because of the Social Chapter). All of this has served to undermine confidence in the electoral process.

People have had enough of politicians who cannot deliver. Restoring faith in the integrity of our democracy means, in the first instance, giving elected representatives the legal power to stand by their manifesto pledges.

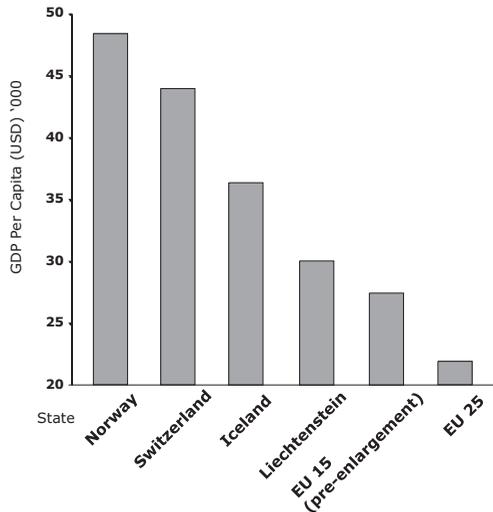
If Britain is to be a democratic country, it cannot accept the supremacy of regulations passed by unaccountable functionaries. Just as we should apply that precept at home, so we should extend it to Brussels. The Reserve Powers Act discussed above should specify that policies stemming from foreign treaty obligations would come into force only following their specific implementation by Parliament; and Sections Two and Three of the European Communities Act should be repealed to the same end. This would ensure that EU laws came into effect in Britain only following a specific implementing decision by Parliament.

It is worth noting that, in many countries, opposition to European integration is chiefly inspired by a desire for localism and direct democracy. Switzerland, for example, has evolved a highly diffused form of confederation, in which individual cantons set their own VAT rates and laws come through popular referendums. These are the two main reasons given by Swiss voters for opposing a closer relationship with Brussels. Other voters, both within the EU and outside it, express similar concerns.

The age of the big state – in both senses – is over. The wealthiest and most successful countries today tend to be tiny: Monaco, Brunei, the Channel Islands and so on. The big exception is the United States, which has pulled off the trick of governing itself like a confederation of tiny statelets. That is the course which Britain, too, should be taking. But the EU is going in the opposite direction, constantly centralising powers, and heaping ever higher the *acquis communautaire*, the accumulated pile of Brussels legislation. It is this, ultimately, that militates against our participation.

We must consistently make clear that the repatriation of power from Brussels is not an end in itself. Rather, it is a means to an end – the end being a freer and more accountable Britain.

Figure eleven: Small is beautiful
Income per capita in EFTA and the EU



Source: OECD 2003

VI – New Model Party

If the Conservative Party wants to be believed, it must visibly apply to itself the same principles by which it purports to want to govern. It is hard to exaggerate the extent of public anger against what is seen as politicians' hypocrisy. When, to take a recent example, MPs secured their own pension entitlements having recently imposed swingeing taxes on everyone else's, they confirmed the impression that politicians are "in it for themselves".

There is only a limited number of things that a party can do to address this problem while in Opposition. None the less, it is vital that the structure of a party should reflect its stated philosophy.

Consider, as an illustration, the question of candidate selection. It is often said that the Conservative Party must look more like the country it aspires to govern. This is surely true, and has implications that go well beyond head-counts of women and ethnic minority candidates. A truly representative party would also more closely resemble the electorate in terms of age, professional background, accent, geography and – above all – outlook.

Here we come to the crunch. Having decided in principle to increase the diversity of candidates, is it right to do pursue this end by allowing a tiny number of party officials to decide what qualifies as diversity? It would surely be strange for a party committed to decentralisation and local democracy to micro-manage its own affairs from the centre. Surely the best way to make the party more representative would be to widen, rather than narrow, the selection procedure.

During the last parliament, a handful of constituencies experimented with forms of open selection. So far, this model has not been applied to safe seats, and there are plainly several different models of primaries and caucuses available. But overseas experience suggests that inviting voters to approve the choice of candidate makes them more likely to cast their vote for that candidate when the time comes.

An early opportunity to trial the scheme is the next London mayoral election. Instead of restricting its choice of candidate to a relatively small number of activists at a selection meeting, the Conservative Party should invite all Londoners to choose from a shortlist. Doing so would not only give their candidate a head start in terms of publicity; it would favour the candidate with the widest appeal to the electorate as a whole. Extending this idea is likelier to produce a truly diverse and representative stable of Tory candidates than the imposition by a small number of party bosses of their own definition of pluralism.

Equally important, it would be an early token of the party's good faith. By being prepared, in Opposition, to pass its powers outwards to the wider electorate, the Conservative Party would signal its intention to do so in Government. This would go some way towards addressing the perception that Tories are in politics for themselves, and uninterested in ordinary people.

The Conservative Party has many factors stacked against it. In an apolitical, or anti-political age, no one is much impressed by promises of better behaviour from politicians. And the Tories are trapped in the maddeningly unfair position of being dragged down by the government's misdemeanours, as the standing of politicians generally declines.

The only way to break out of this miserable situation is to change the rules of the contest. Redefine the nature of politics. Instead of promising to do what Labour does, but slightly better, the Tories should offer to disencumber themselves of many of government's powers. Instead of pledging to deliver better services, they should offer local communities the opportunity to improve their own affairs. Instead of offering a more competent set of politicians than the current ones, they should offer fewer politicians. These things are a precondition for capturing the country's ear – which, at the moment, is not primed to appreciate the cadences of the Conservative message.

Some will say that we are overreacting: that there is no need to go in for all this self-denial and self-criticism at a time when voters are falling

out of love with Labour. We urge such critics to take a closer look at the figures we present in Chapter One.

Others will assert that there is nothing voters like less than ideology. These ideas may look fine on paper, they will say, but you chaps risk coming across as a bunch of eggheads, when what people really want is competent administrators. With respect, this is precisely the thinking that has landed the Tories where they are. Pragmatism and a sense of service can all too easily come across to voters as a desire for office for its own sake. That perception is the albatross that has been pulling the Conservative Party deckwards since 1992. Until voters believe that the Tories are disinterestedly committed to the betterment of Britain, they will not listen to them sympathetically on any subject.

Still others will complain that we are turning our backs on our own record. Why are you not proud of what we did in the 1980s, they will ask. Have you forgotten how many people used to vote for us in those days? We have not. But public opinion has moved on, and parties must move with it. Those who feel that our twin guiding stars – localism and direct democracy – are at odds with Conservative traditions might prefer to think of them as a return to the country Toryism of the Eighteenth Century, rooted in the defence of county interests and local freedoms against the power-hunger of an unpatriotic élite. It was this stout, sceptical creed that sustained Hogarth, Johnson and Swift. It will do well enough for us.

This book has been an attempt to apply what ought to be solid conservative doctrines to the circumstances of modern Britain. We take our stand on the defence of the individual against the state, of Parliament against the Executive, of the elected representative against the bureaucrat, of the local councillor against the quango. Fifty-four years ago, the Conservative Party bounced back from a disastrous election by articulating voters' frustration with the bureaucracy that oppressed them. An electorate sick of ID cards, ration books and nationalisation responded gratefully to the slogan "Set the People Free". The Conservatives governed for the next 13 years. Ours is the same pledge. Set the people free.

A Note on the Authors

Douglas Carswell was elected MP for Harwich in 2005 and was formerly a policy adviser to the Conservative Party and an investment manager.

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Robert Goodwill was elected MP for Scarborough in 2005 and is a farmer and former MEP.

Michael Gove was elected MP for Surrey Heath in 2005 and is a columnist for *The Times*.

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Daniel Hannan has been an MEP for South East England since 1999 and is a leader writer for *The Daily Telegraph* and a columnist on *The Sunday Telegraph* and *Die Welt*.

Nick Herbert was elected MP for Arundel and South Downs in 2005, is a founder member of the Countryside Alliance and was formerly Director of the think-tank Reform and Chief Executive of Business for Sterling.

Chris Heaton-Harris has been an MEP for the East Midlands since 1999 and is a fruit and vegetable wholesaler.

Adam Holloway was elected MP for Gravesham in 2005 and is a former soldier and television journalist.

Jeremy Hunt was elected MP for South West Surrey in 2005 and is the founder of a publishing business.

Ed Howker is a freelance journalist and was formerly Director of Communications at the Centre for Policy Studies.

Scott Kelly is a managing director and Conservative policy adviser.

Danny Kruger is a leader writer for *The Daily Telegraph* and was formerly a policy adviser to the Conservative Party and Director of Studies at the Centre for Policy Studies.

Kwasi Kwarteng is a financier, former Conservative candidate for Brent East and a Harvard Kennedy scholar.

Brian Monteith has been a Member of the Scottish Parliament since 1999 and was formerly a researcher at the Centre for Policy Studies and a public relations consultant.

Brooks Newmark was elected MP for Braintree in 2005 and was formerly a venture capitalist.

Jesse Norman is a research fellow in philosophy at University College London and was formerly a director of Barclays de Zoete Wedd and a policy adviser to the Conservative Party.

John Penrose was elected MP for Weston-Super-Mare in 2005 and was formerly a publisher.

Mark Reckless was twice Conservative candidate for Medway and was formerly a policy adviser to the Conservative Party and an economist.

Henry Smith is Leader of West Sussex County Council and former Conservative candidate for Crawley.