



After the Landslide

Learning the lessons of 1906 and 1945

DAVID WILLETTS MP

WITH RICHARD FORSDYKE

THE AUTHORS

David Willetts is Member of Parliament for Havant and Shadow Social Security Secretary. He was Director of Studies at the Centre for Policy Studies from 1987 until his election as MP for Havant in 1992. He returned to the CPS as Deputy Chairman in 1997. He has written widely on economic and social policy and on Conservatism. He is married with two children.

Richard Forsdyke was educated at King's College School, Wimbledon, Robinson College, Cambridge and the LSE where he was Chairman of Conservative Students. He has been a General Election Agent and a local government candidate. He is a commercial solicitor practising in the City of London and a Research Fellow at the Centre for Policy Studies. He is married with one daughter.

The Centre for Policy Studies never expresses a corporate view in any of its publications. Contributions are chosen for their independence of thought and cogency of argument.

ISBN No. 1 897969 99 6

© Centre for Policy Studies, September 1999

Printed by The Chameleon Press, 5 – 25 Burr Road, London SW18

CONTENTS

Acknowledgements

Introduction 1

1906

1	Why we lost	8
2	Organisation	13
3	Ideas	20
4	How the Conservatives got back – eventually	32

1945

5	Why we lost	41
6	Organisation	46
7	Ideas	58
8	How the Party got back	75

1964 & 1974

9	Heath and Thatcher compared	82
---	-----------------------------	----

Conclusions 104

Bibliographic Note

ACKNOWLEDGEMENTS

The Centre for Policy Studies has been of great help throughout this long project and we are most grateful to Tessa Keswick, Tim Knox, and Andrew Haldenby. In particular, the CPS hosted a seminar on this subject in 1998 which was attended by David Dutton, Michael Gove, Harriet Jones, Michael Kandiah, David Lidington MP, Peter Lilley MP, John Ramsden and Robert Shepherd. Stuart Ball also commented on the paper at an early date. We are grateful to them all for their valuable contributions.

Gabriel Rosenberg and Jenny Field have assisted with research materials. We are also grateful to Tara Carman and Verity Reeve for their assistance.

John Ramsden, E. H. H. Green, Daniel Finkelstein and Rick Nye all read an earlier draft of this paper and we are most grateful to them for their helpful comments.

Helga Wright has as always worked tirelessly: we are most grateful to her for her dedication to this project.

INTRODUCTION

ANY PROPERLY CONSERVATIVE PARTY has to address what Disraeli in *Coningsby* called ‘the awkward question’: ‘what will you conserve?’ That question is never more acute than after a landslide defeat. William Hague is now leading the Party to confront that question after our landslide defeat in 1997. This essay focuses on how the Party responded to its two previous landslide defeats this century – in 1906 and 1945 – as well as a substantial defeat in 1966.

The Party which finally regained office on its own in 1922, sixteen years after its defeat in 1906, and then in 1951, six years after its defeat in 1945, had on each occasion changed profoundly from the one which had been defeated. The Conservative Party has never just followed Brecht’s observation, after the East Germans had rebelled against their Communist rulers and say, “The people must be dissolved and we must elect a new people.” Instead the Conservative Party has found itself changing, either reluctantly and clumsily or decisively and skilfully, so as to regain the confidence of the electorate. The only question is whether the Party is forced to change by a series of defeats – as happened after 1906 with two further defeats in 1910 – or whether it moves fast to recover – as happened after 1945. But change is inescapable.

William Hague understands how much has to be done and is rightly and bravely leading the Party to change. But some Tories feel uncomfortable about modernising the Party. They worry it

AFTER THE LANDSLIDE

could mean jettisoning essential Conservative principles. They worry too that it is based on a false analogy with the Blair project of creating New Labour. There is one crucial difference. Old Labour was a comprehensive failure whereas Conservatives are proud of having left the country in 1997 in much better shape than it was in 1979.

These are the understandable worries of the traditionalists. This essay attempts to tackle the traditionalists concerns by an appeal to the historical evidence which shows that after its two previous landslide defeats this century, the Party changed massively before it came back to power with a governing majority. The traditionalists who are opposed to change do not, paradoxically, have history on their side.

Modernising the Party has nothing to do with copying Labour or abandoning fundamental principles: it is just what the Party has always had to do after a defeat on the scale of the one it suffered in 1997. Bonar Law put it very starkly to the Party conference in 1917:

Our Party on the old lines will never have a future in the life of this country.

Quintin Hogg was equally blunt, immediately after the defeat of 1945, describing it as the result of:

...a long pent-up and deep-seated revulsion against the principles, practices, and membership of the Conservative Party.

Conservatives need to be as unflinchingly honest with ourselves this time. We can take comfort from knowing that they have been through this before. It is the Western world's most successful political party precisely because it has been able to respond to such challenges and can do so again.

The Party today can learn much from its history, especially from its previous spells of opposition of which it has little experience. The danger is that one succumbs to a patronising sort of history which revels in the wisdom of hindsight and does not appreciate the real dilemmas facing political actors at the time. Michael Oakeshott worried that:

INTRODUCTION

The past is now more than ever a field in which we exercise our moral and political opinions, like whippets in a meadow on a Sunday afternoon.¹

We have tried to respect the integrity of the past while looking for its relevance for us now. Professional historians are understandably wary of such an exercise. Our work does however draw on the work of the leading historian of the Conservative Party, Professor John Ramsden, and the next generation of younger Conservative historians whose work is not as well-known as it ought to be – E. H. Green, Michael Kandiah, Harriet Jones, Ina Zweiniger-Bargielowska, Stuart Ball, and David Jarvis.

Our argument is that after 1906 the Party got its response to the landslide defeat wrong, and that it got it right after 1945. After its defeat in 1906, the Party tried to reform its organisation but made a mess of it by creating a structure which instead marked the deep divide between Central Office and the Party in the country. Its policy renewal centred on creating a new imperial protectionist bloc through tariff reform but this too left the Party deeply divided between protectionists and free-traders. It took two more election defeats in 1910 before the Party had another attempt at reforming its organisation and this time got it right. The Party did make gains in the 1910 elections and was making further progress after 1910 but its political strategy was confused. There is no certainty at all that the Party would have won the election due in 1915 but for the First World War. Conservatives only regained their intellectual and political dominance after World War One led to the strange death of liberal England. The Edwardian period therefore saw an extraordinary Conservative weakness – extraordinary because of the vivid contrast with Conservative political dominance under Salisbury in the late nineteenth century and again under Baldwin in the inter-war years.

The story after 1945 is very different. If anything, the degree of organisational reform has been exaggerated – it was more a

¹ “The Activity of Being a Historian,” *Rationalism in Politics*, 1962.

AFTER THE LANDSLIDE

matter of revitalising the structure Baldwin had created which was in turn based on the 1911 reforms. But the organisational changes were deliberately presented as part of a wider political effort to show how the Party was changing and reaching out to the electorate. The Party moved with extraordinary speed and skill from being seen as the guilty men of pre-war depression and appeasement to being the post-war party of freedom and enterprise. By the election of 1950 the Party had found the political theme – set the people free – which was to ensure its dominance for much of the next fifty years.

Some Conservatives may feel uncomfortable with this argument. The niggling doubt at the back of their minds could perhaps be put like this. Was the Conservatism of the period from the 1906 defeat to the outbreak of the First World War at least authentic and true to traditional principles? And did the Party after 1945 sell its soul for the sake of office? There is a long-standing Conservative urge to be in office simply to stop left-wing parties doing too much damage. This traditional desire of Conservatives to be occupying the crease, batting not bowling, may well be one of the reasons why it has been so electorally successful. But hunger for office is not enough on its own. Conservatives believe in certain things. It is difficult to imagine a Conservative Party worth the name which would not after 1906 have wanted to fight to preserve the prerogatives of the Second Chamber or the union with Ireland. And were Conservatives after 1945 right to accept that it would not in practice be possible to reverse most of the Labour Government's nationalisation proposals or the extension of the welfare state?

It is hard, however, to see the turmoil in the Conservative Party after 1906 as any sort of model for Conservatives. The Party's public agonising about tariff reform for twenty years from 1903 to 1923 is a warning second only to the Peelite split of how much damage divisions can do. The Party's attempt to fight an almost wholly reactionary strategy on the House of Lords also divided the Party and proved unsustainable. The defence of the Union came close to inciting the Army to insurrection. The

INTRODUCTION

notorious scene in the House in July 1911 when, in Leo Amery's words: "My most vivid impression is still of Hugh Cecil, in the front corner seat below the gangway, shouting "Traitor!" and gesticulating violently with his long arms" leading Asquith eventually to abandon his speech, brings out the sheer feverishness of Conservatism in this period. Moreover, the Party made a mess of its opposition to Lloyd George's welfare reform when it could have marshalled a coalition of friendly societies and commercial insurers against the burden of the new compulsory National Insurance contributions. This is a Party in danger of encountering the fate which overcame many parties of the Right in Continental Europe in the first half of the century.

The contrast with the Party after 1945 could not be more striking. Some Conservatives may be reluctant to learn from this period out of a guilty feeling that somehow all that we did then was offer the electorate a paler shade of pink. But it is quite simply bad history as well as a disservice to the Party to imagine that we should dismiss the Party's entire political experience from 1945 to 1975 as the triumph of the wets. The Party did, after all, give up some of its precious wartime paper ration in 1945 so that more copies of Hayek's *Road to Serfdom* could be published. The Party's intellectual trajectory during the 1940s was away from Baldwinian corporatism towards much more stress on freedom and free enterprise.

There was a real ideological division between the Labour Party as the party of planning and the producers and the Conservative Party as the party of the free market and the consumers. The post-War Party rediscovered Disraeli's wise observation: "In this country the interest of the consumer is stronger than the interest of the producer". As an added twist the consumers were often female while the organised workers were male. The Party owes much of its electoral success this century to its particular appeal to women – the Party would barely have won any elections since 1945 if women had voted the same way as men. Both its inter-War dominance under Baldwin and its electoral success after 1950 derive from a conscious and skilful effort to win over women voters.

AFTER THE LANDSLIDE

The Party's response to defeat after 1964 and 1966, and after 1974 under Margaret Thatcher, is also a study in contrasts. The selection of Edward Heath as leader did signal a dramatic change in the character of the Party in that a grammar school meritocrat replaced a succession of what were seen as out-of-touch Tory toffs. But the political strategy for entering Europe and intervening to modernise the British economy at home had been formulated in the final years of Macmillan's administration. Instead of a new strategy, there was a lot of very detailed policy work – including a public commitment as early as 1965 to the main measures in the 1971 Industrial Reform Act. Despite the absence of any significant intellectual renewal, the Party went on successfully to reverse in 1970 its landslide defeat of 1966. But perhaps one of the reasons for the failure of the Heath Government was precisely that it did not rest on secure intellectual foundations. The experience after Margaret Thatcher became leader in 1975 is very different. The Party consciously copied the model of its post-1945 intellectual renewal with ambitious statements of Conservative principle in *The Right Approach* and *The Right Approach to the Economy*.

Two basic Conservative principles shine out. First, there is a commitment to our historic community, the institutions, and the tacit understandings which underpin it. Conservatives want to be linked to the past through traditions and institutions that are far bigger than any individual. Conservatives find themselves defending our institutions from the assault of left-wing parties who do not understand or value either our national identity or the unreflective origins of personal identity.

There is a second principle too, one which gives the excitement and the dynamism to modern Conservatism. It is a commitment to freedom. Conservatives believe in a world of freedom of opportunity where people feel that they can make life better for themselves and their families. It is the power of the consumer in a modern free market economy: free, mobile, individualistic. It is society based on contract, not status.

INTRODUCTION

Most of the Conservative debate over the past century has been about different ways of reconciling these two contrasting principles. The reason why Conservatism has survived for so long is that, between them, these two principles give the Party a repertoire of arguments and ideas which see it through very different circumstances. The time has come for a fresh attempt at defining the Conservative balance between freedom and community. It cannot simply be a libertarian party: ideas of individual freedom make little sense if it is not an ordered liberty, underpinned by traditions and institutions. But nor can Conservatism simply offer a tepid defence of the *status quo* on the grounds that it is consecrated by tradition – as one critic said, such Conservatives are as much Utopians as Radicals are, it is just that their Utopia is the present. The best way forward is a “micro-Conservatism” in which we recognise and celebrate the diversity and dynamism of a modern free economy, but at the same time recognise that one of the greatest arguments for this freedom is so that at the micro-level strong groups and institutions can thrive. We can shape each other’s behaviour at the micro-level in a way that would now be unacceptable at the macro-level. This micro-Conservatism could be the basis for the renewal of our Party in the future just as we have renewed ourselves so often in the past.

CHAPTER 1

1906

WHY THE PARTY LOST

IN JANUARY 1906, the Conservatives suffered their worst Election defeat this century. They had dominated British politics since 1886, having been in office for almost eighteen of the past twenty years, interrupted only by the brief, unsuccessful Liberal administration of 1892-95. The Marquess of Salisbury had served as Prime Minister for 14 years between 1885 and 1902, tapping new sources of Conservative support in suburbia and managing in 1900 the almost unprecedented feat of increasing the Conservative majority while fighting as an incumbent. He retired in 1902 to be succeeded by his nephew Arthur Balfour who took the Party to a landslide defeat in January 1906. Conservative representation in the Commons fell from 402 in 1900 to 157 in 1906. The Party was wiped out in Wales. Five of the eight MPs in the Cabinet, including Balfour himself, lost their seats.

Balfour saw the defeat as part of a fundamental shift in political power and social attitudes as democracy and collectivism advanced. He commented:

Campbell-Bannerman is a mere cork, dancing on a torrent which he cannot control and what is going on here is the faint echo of the same movement which has produced massacres in St Petersburg, riots in Vienna and Socialist processions in Berlin ... We are face to face (no doubt in milder form) with the Socialist difficulties which loom so large on the Continent. Unless I am greatly mistaken, the Election in 1906 inaugurates a new era.²

² Quoted in J. Ramsden, *The Age of Balfour and Baldwin, 1902-1940*, 1978.

1906 – WHY THE PARTY LOST

Balfour was right. The election of 1906 did inaugurate a new era. It was an era of extraordinary Conservative weakness, all the more extraordinary because of the contrast with the strength of Conservatism in the late Victorian period and the strength it was again to display under Baldwin in the inter-war years. The Conservative Party went on to lose the elections of January 1910 and December 1910 and many feared that the Party would lose the election due in 1915. It was not electoral victory but the First World War which brought the Party back into Government through serving in the war-time coalition.

There are many reasons for this sudden shift in Conservative fortunes but three stand out as the most obvious explanations for the landslide defeat of 1906: electoral arithmetic, intellectual shifts, and divisions within the Party.

Electoral arithmetic

In the twenty years to 1906, the electorate had increased by two million voters.³ In many constituencies the Conservative candidate in 1906 polled as many votes as in the election victory of 1900, but had been overtaken by huge increases in the Liberal vote. In other parts of the country – Lancashire, for example, and parts of London – there were signs of a significant collapse of working-class support. This shift was exacerbated by the rise of the Labour Party and Lib-Lab tactical voting. The 1903 electoral pact between the Liberal and Labour Parties enabled them to maximise the effectiveness of the non-Conservative vote. Tactical voting between Liberal and the Labour Parties, either explicitly sanctioned or informally understood, left the Conservative Party as the main losers from first-past-the-post politics during the Edwardian period. The Party was getting over 40% of the vote but still doing badly in terms of seats. Austen Chamberlain described the problem frankly to Balfour in January 1910:

³ Population growth and inflation (many voters qualified by paying rent above a certain level) added as many new voters as the Reform Acts of 1867 and 1884 put together.

AFTER THE LANDSLIDE

The combination of the Liberal and Labour Parties is much stronger than the Liberal Party would be if there were no third Party in existence. Many men who would in that case have voted for us voted on this occasion as the Labour Party told them i.e. for the Liberals. The Labour Party has “come to stay” ... the existence of the third Party deprives us of the full benefits of the ‘swing of the pendulum’, introduces a new element into politics and confronts us with a new difficulty.⁴

Lib-Labbery left the Party boxed in.

Intellectual shifts

The Party’s problems went beyond such stark electoral arithmetic. There had also been a significant intellectual shift away from belief in the free market and free trade. It had become fashionable to look to an alternative Continental model which seemed to be at least as effective as the free market conventional wisdom of Victorian England. A spate of books and articles analysed the rise of the German economy behind its protectionist barriers and with its much more ambitious welfare state. The New Liberalism aimed to offer a response to this Continental challenge by adopting some of its key features. Social insurance and higher taxes were to address a worsening crisis in the public finances, enabling the state to meet its defence and imperial responsibilities, as well as financing ambitious new social policies.

Conservatives needed an answer to these challenges and there was one on offer – tariff reform. This took from the German model the one aspect which the free trade Liberals could not stomach – protectionism. Instead of responding to the fiscal crisis of the state by taxing the rich there would instead be protectionist tariffs, a new source of revenue to enable the state to meet its imperial and social obligations. It was a strategy for the modernisation of British industry. It would also strengthen the Empire. The British Empire would be big enough and self-sufficient enough to match the

⁴ Quoted in E. H. H. Green, *The Crisis of Conservatism*, 1995.

1906 – WHY THE PARTY LOST

strength of America and Germany. The most powerful advocate of this strategy was Joseph Chamberlain who had left the Cabinet in 1903 to pursue his tariff reform campaign.⁵ Although he was a Liberal Unionist rather than a Conservative there were many Conservatives who agreed with him and he had powerful support from the popular press.

Divisions

Tariff reformers believed passionately that theirs was the right way forward for the Conservative Party. But some Conservatives were never going to accept protectionism because of its fundamental challenge to free trade. Tariff reform was intellectually and politically the boldest strategy for Conservatives but it suffered the fatal disadvantage of dividing the Party deeply and publicly.

Between 1903 when tariff reform first came to prominence and 1911 when he finally relinquished the leadership, Balfour resorted to ever more ingenious expedients to try to hold together a party deeply divided on the central political issues of the day. He tried to persuade the Party to wait and see, finding it “difficult to understand how any man in his senses can wish ... to decide between two aspects of ... Unionist policy, neither of which has the smallest chance of taking practical shape until the end of this Parliament at the earliest”. He also warned that:

If we become a Party of one idea we shall fail to carry even that idea to a successful issue.⁶

Balfour was eventually driven to offer a national referendum on the issue but with the prospect of prominent members of the Party taking opposite positions in any referendum campaign. Lord Robert Cecil commented that:

For four years Balfour has devoted a vast amount of the highest intellectual effort to discovering a fiscal policy which should be

⁵ Liberal Unionists had split from Gladstone's Liberal Party in 1886 over his proposals for Home Rule for Ireland. They formed an alliance with Conservatives and fully merged with them in 1912.

⁶ Quoted in D. J. Dutton, *His Majesty's Loyal Opposition*, 1992.

AFTER THE LANDSLIDE

acceptable to protectionists and not objectionable to Free Traders. What has been the result? Sometimes both wings have claimed him as an adherent. At others, both have rejected him. Meanwhile the body of electors regard his utterances as either intentionally ambiguous or else marked by culpable levity If anyone could reconcile the irreconcilable it would be he. But it cannot be done. And any attempt to do it merely taints the Party with a suspicion of dishonesty, the most fatal of all accusations in English politics.⁷

Increasingly, Party members became exasperated by Balfour's ever more ingenuous attempts at holding the Party together by tactical devices. St John Brodrick noted:

The truth is that to keep the Party together by minimising difference, however imperative it may be, leaves us without anything for which our side can shout.⁸

Lloyd George was dismissive of all this Conservative manoeuvring as the parties moved towards the 1906 Election: "For years they've lived on tactics, now they'll die by tactics." The dilemma for Balfour was that if he came down clearly on one side of the fence or the other, his decision would be unacceptable to a significant part of the Conservative Party and exacerbate the electorate's perception that the Party was divided.

The Party therefore had to come to terms with its landslide defeat facing a combination of three key problems: electoral weakness in the face of Lib-Lab tactical voting; a shift in intellectual fashion towards Continental economic and social models; and deep divisions in the Party on how to respond to these Continental models which the promise of a referendum could not overcome.

⁷ Viscount Cecil of Charlewood, *All The Way*, 1949.

⁸ St John Brodrick to Lord Selborne, 10 November 1905. Quoted in D. J. Dutton, 'The Unionist Party and Social Policy 1906-14', *Historical Journal*, 1981.

1906 - WHY THE PARTY LOST

CHAPTER 2

1906

ORGANISATION

AFTER ITS DEFEAT IN 1906, the Party's ideological battle over tariff reform spilled over into arguments over radical changes to the Party's organisation.

The Chief Whip, appointed by the leader, was the central figure managing the Party in its heyday under Salisbury. He was not only responsible for Parliamentary business but he was also in charge of Central Office and was responsible for the Party's funds. These funds were disbursed through agents in the country with the aim of registering voters and fighting legal challenges in the Revision Court. This was the most effective way to organise when many constituencies had majorities of under 500. Success lay in large part in successfully objecting to your opponent's registrations and sustaining those of your own party. Agents were usually local solicitors trained in election law rather than political campaigning.

The Party needed to construct a permanent, professionally managed machine able to mount effective propaganda, canvassing, and fund-raising campaigns in a more democratic and less deferential era. This was eventually achieved but not until 1911 after two further election defeats.

A divided structure for a divided Party

The Party botched its first attempt at reform in 1906. The impetus for these first set of changes came from the attempt by the tariff

AFTER THE LANDSLIDE

reformers, led by Joseph Chamberlain, to capture the Party for their political agenda rather than from an attempt genuinely to modernise the Party's organisation. The tariff reformers had seized control of the National Union, the voluntary side of the Party, in 1905. The next target was control of Central Office itself. Tariff reformer and editor of the *National Review*, Leo Maxse, said at the July 1906 Party conference:

All men outside a tiny coterie recognise that the divorce between headquarters and the rank and file has long been the conspicuous weakness of our Party ... Balfour has less knowledge of the man in the street than the man in the moon.

For Balfour, trying to maintain control over a divided Party, it was absolutely essential that the concentration of powers in the hands of the Chief Whip be sustained. (He famously observed he would sooner seek advice of his valet than the annual Conservative Party Conference.) His Chief Whip since 1902 was Sir Alexander Acland-Hood, a close personal friend but more of a traditional country gentleman than a bold moderniser.

The compromise which emerged from the negotiations between Balfour and the National Union over the Spring and Summer of 1906 was the worst of both worlds. Central Office remained under the control of the leader and party funds under the Chief Whip. However, important Central Office functions including the allocation of speakers and literature (i.e. all forms of political communication in 1906) were to be decided by committees composed of an equal number of elected National Union members and leadership appointees. The National Union had failed to take over Central Office but had removed Central Office involvement in National Union activities. Balfour retained control over Central Office but Central Office had lost control of the Party.

The resulting fragmentation, rivalry and jealousy was reflected in the 'Legion of Leagues' which emerged at this time. They covered a diversity of causes – the Union Defence League (which opposed Home Rule), the Budget Protest League (which opposed

1906 – ORGANISATION

the People's Budget), the Middle Class Defence League, the Anti-Socialist Union, the Constitutional Speakers' League, the National Conservative League, the Land Union, the Income Tax League, the Confederates, the Compatriots, and the 1900 Club. Each of these unofficial organisations had a patron in at least one member of the Shadow Cabinet. John Ramsden observes that these disparate organisations were united only by shared distrust of the leadership they were trying to influence. Thus, after 1906 the Party's structures were divided on factional lines matching the Party's divisions over political strategy.

The Conservatives nevertheless gained significant ground in the General Elections of January and December 1910, particularly in their English heartland. By December 1910, they matched the Liberals with 272 seats each. But the Lib-Lab pact ensured the Liberals enjoyed the support of 42 Labour MPs. The solid phalanx of 84 Irish MPs also sustained the Government.

The Reforms of 1911

It was the influx of new Conservative MPs after the General Elections of 1910 which finally led to bold and workable party reform: they would not accept the old regime any longer. Campaigns were launched in the national newspapers. In January 1910 the Conservative Agents' Journal had already called for a committee of businessmen who would sweep away all of the existing organisations and set up 'an efficient unitary organisation'. In October a letter to the *Morning Post* called for an end to the 'Legion of Leagues'. But only after the two defeats of 1910 did Balfour announce on 14 January 1911 the creation of the Unionist Organisation Committee (UOC) to review organisation. The Committee reported speedily to Balfour in April 1911. Its recommendations were accepted in full by Balfour and by the Central Council of the National Union in July 1911.

The new post of Party Chairman, of Cabinet rank, was created to take over Central Office and to manage the Party outside Westminster. A separate Party Treasurer was to have responsibility

AFTER THE LANDSLIDE

for raising money. Both posts were nominated by the Leader. The reforms of 1906 were reversed. Functions previously controlled by the National Union were transferred back to Central Office, including the selection and distribution of literature and speakers. All responsibility for organisation rested with Central Office alone. It became independent of the Whip's Office and gained control over its own staffing. In return for the break-up of the power centralised in the hands of the Chief Whip, the National Union handed back to Central Office many of the functions which it had seized in the democratising movement of 1906. The modern Party structure of a Chairman, a Chief Whip, and Party Treasurer, was established in these reforms. But the links between Central Office and the Whips remained in, for example, the structure of provincial whips matching the regional central office organisation. The ill-fated experiment of 1906 was over.

Balfour stood down after the reforms were passed – an unhappy leadership with three election defeats and no victories. His resignation produced the first ever contested election for the leadership. Though a free vote of MPs and Peers was agreed, eventually it was not required. Bonar Law emerged as the compromise candidate, as the two main candidates, Austen Chamberlain and Walter Long, were both too divisive.

The reforms were followed up by the appointment of Arthur Steel-Maitland to the new post of Party Chairman. He had only joined the House of Commons in 1910 and was very much a new broom. This is how he described what he found at Central Office:

Of management there was absolutely none, save that letters were filed and a note made of promised of election expenses. I was prepared for a lack of system but not what I found. No attempt was made at departmentalising work. There was no control of ordinary office matters ... I fear that the senior men I found at Central Office are all useless.⁹

⁹ Steel-Maitland Papers GD 193/108.3.

1906 – ORGANISATION

The Speakers Department, run by the National Union since 1906, was no better. The new Chairman commented on the officer running it:

His system is wooden and rigid if a constituency will not take the individual speaker he sends, it can go without altogether. His wares are to be taken or left. They ought to be adapted and pushed.¹⁰

The Party also had to modernise its approach to the media. The Liberals were getting more coverage for their speeches by trailing them with the press in advance. Balfour's private secretary reported after a conversation with Northcliffe in 1909:

I realised that from the Press point of view, no doubt, our speakers did not play up to the reporters by handing them their speeches in advance, and by other tricks of the trade to which the Radical orators have recourse.¹¹

Malcolm Fraser who had been editor of the *Standard* and *Daily Express* was appointed to run the new press bureau at what was then the colossal salary of £1,200.

The new Chairman was dismissive of the premises he inherited:

The officials themselves are packed into little dens with no room to spread their papers, with the incessant noise of half a dozen telephones, and with clerks running in and out all the time. All this, though trivial in itself, seriously impairs efficiency. The whole thing wants clearing out and putting into a decent building, well lit, and reasonably spacious, and candidates, deputations, members of parliament, and others should have at least two or three tolerable waiting rooms not inferior to those of the average dentist.¹²

As after 1945, if a genuinely new organisation were to be created it needed to be in new premises, another change which the new Chairman delivered.

¹⁰ Steel-Maitland, quoted in J. Ramsden, op. cit.

¹¹ J.S. Sandars, quoted in J. Ramsden, *ibid.*

¹² Steel-Maitland, quoted in J. Ramsden, *ibid.*

AFTER THE LANDSLIDE

The advances in party organisation were rapid. By November 1912, for example, only 51 (mostly unwinnable) constituencies lacked candidates, better than the position at dissolution for either of the elections of 1910, and in 1906 when 32 Liberal and Labour candidates were elected unopposed. Many of the autonomous leagues were brought into the orbit of the Party proper. The Party was not going to allow their fringe activities to disrupt its key political message any longer. With senior Party officials sitting on their executive committees, Central Office took over the distribution of pamphlets for the Tariff Reform League, the Anti-Socialist Union, and the Primrose League which formally linked itself to the Party in 1914. The criticisms that were commonplace in 1910 were not to be heard by the time of the outbreak of the First World War. This time the reforms were driven by a desire for an effective machine, not by a battle for ideological dominance – in part, because the great battles with the Liberals over Ireland had reunified the Party anyway.

After years of difficult negotiation, the full merger of the Liberal Unionist Party organisation with the Conservative Party was achieved in 1912. There was the awkward matter of the name of the new merged party. As also happened after 1945, some wanted a radical change with a new name for the new merged party. But in the end the party took the cumbersome title of the ‘National Unionist Association of Conservative and Unionist Associations’. Individual associations could call themselves Conservative or Unionist or both, but the ‘Liberal’ bit of Liberal Unionism finally disappeared. In Scotland, where Liberal Unionism had been particularly strong, the Party became the Unionist Party, only including Conservative in the title in 1965.

Would the Party have won in 1915?

There is some debate over whether the Conservatives would have won the General Election which would have been called by 1915. The strength of the Lib-Lab alliance and the situation in Ireland make judgement difficult. Some believe that Bonar Law’s

1906 – ORGANISATION

powerful campaign on the constitution and on Ireland would have taken the Party to a clear victory. But a confidential Central Office note looked at the possibility of a Liberal majority over the Conservatives of about 40 seats in an election in 1915 if plural voting had been abolished.

Despite the uncertainty over whether the Party could have won an election in 1915, there is a consensus that after 1911 the Conservative machine was running well. Although the reforms under Woolton after 1945 have entered Party mythology as the revolution which produced the modern Party, they were in part a revival of Baldwin's powerful electoral machine which dominated the inter-war years and that in turn can be traced back to the reforms of 1911.

The Party had acted on Steel-Maitland's injunctions that "First we must organise, second we must organise, and third, we must organise". The Conservative Party was better organised than any other party, yet it still might have faced a fourth consecutive defeat.

Ideas matter. Ideas not only tell the voters what they are voting for, but tell activists why they are in the Party. The weaknesses of the Party after 1911 cannot be blamed on organisation, but on failures of policy. As Steel-Maitland, the new Chairman said "the Archangel Gabriel would be a failure as Chief Agent unless he had a policy for which to organise".¹³

¹³ Steel-Maitland to Northcliffe, 18 February 1911, quoted in E.H.H. Green, *op. cit.*

CHAPTER 3

1906

IDEAS

THE CONSERVATIVE PARTY HAD DOMINATED late-Victorian politics by sustaining the consensus of free trade, a balanced budget, and the gold standard, underpinned by a sophisticated political strategy developed and pursued by the Marquess of Salisbury. He used the Central Office machine and a network of Party agents to ensure that Conservative voters were registered and turned out. He made limited concessions to the property-less so as to avoid “disintegration”, the fear of which haunted him throughout his political life. And when in Opposition from 1892 to 1895, he used the power of the House of Lords to stop radical plans for Ireland, and to undermine the effectiveness of the Liberal Government.

Salisbury retired in 1902 to be succeeded by his nephew, Arthur Balfour, who proved unable to continue the strategy. As one MP put it: he could not bring himself down from “the Olympian heights of philosophy and golf.”¹⁴ The trouble was, as Leo Maxse put it, “The democracy understands Mr Balfour as little as he understands democracy.”¹⁵ But the Party’s problems were by no means simply attributable to the character of the new Leader. Much deeper forces were at work.

¹⁴ R. Hunt in Parliament, 18 February 1907, quoted in E. H. H. Green, *op. cit.*

¹⁵ Leo Maxse, October 1910, quoted in E. H. H. Green, *op. cit.*

Changing times

The Victorian economic consensus seemed to be coming to an end. The relative decline of British industry compared with American and German industry raised new doubts about traditional free trade doctrine. A rash of books and articles, with titles such as *Made in Germany*, *The Foreigner in the Farmyard*, and *The American Invaders*, warned of the threat to British industry from the strength of German and American business. The future appeared to lie with big powers: the United States of America, and Germany. Britain could only match them by tying together the Empire as an economic political unit behind protectionist tariffs.

Balancing the Budget was getting harder too. The Permanent Secretary at the Treasury complained in 1896 that:

Members of the Cabinet press proposals on the Chancellor from which they derive or hope to derive credit for the expenditure involved thereby and never take into account the discredit which he may get for having to provide the money.¹⁶

Running battles between spending Ministers and the Treasury dominated the final years of the Salisbury administration leading to an extraordinary outburst by Salisbury himself against the Treasury in the Queen's Speech Debate of January 1900:

The Treasury has obtained a position in regard to the rest of the departments of the Government that the House of Commons obtained in the time of the Stuart dynasty. It has the power of the purse, exercising the power of the purse it claims a voice in all divisions of administrative authority and policy. I think that much delay and many doubtful resolutions have been the result of the peculiar position which, through many generations, the Treasury has occupied.¹⁷

It must be the most severe public attack by a sitting Prime Minister on his own leading domestic department.

¹⁶ Edward Hamilton, quoted in E. H. H. Green, op.cit.

¹⁷ Marquess of Salisbury in the House of Lords, 30 January 1900, quoted in H. Roseveare, *The Treasury*, 1969.

AFTER THE LANDSLIDE

Two main expenditure pressures faced the Treasury. First was the burden of defence and imperial responsibility. Secondly, Conservatives were keen to see domestic problems addressed by local rather than central government. But the local tax base was narrow and fell heavily on Conservative supporters. So central government ended up helping to meet the bill through big increases in grants in aid to local authorities. (It was Neville Chamberlain's success in addressing the problem in the 1920s by reforming domestic rates which helped to make his reputation.)

It was not just that Victorian economic doctrines such as free trade and a limited budget were under pressure. At the same time, there was increasing interest in social reform. The concepts of 'unemployment' and 'retirement' emerged in political debate for the first time as a modern industrial labour market developed. Royal Commissions were set up by the Government but no Conservative agenda emerged.

The New Liberalism by contrast appeared to offer a response to these challenges. It escaped the fiscal crisis by tapping new sources of revenues which could also be used to finance an ambitious programme, starting to create the modern welfare state. A non-contributory pension for the over-70s was financed by new taxes on higher incomes and on land. Contributory unemployment benefits were to be financed by a national insurance scheme developed from the Bismarckian model in Germany. Conservatives were uncomfortable with the land taxes introduced by Lloyd George and equally unhappy with compulsory National Insurance contributions. The Conservative majority in the Lords opposed this New Liberal agenda for expanding the tax base way beyond its Victorian limits. The rejection of the 1909 Budget set them on a collision course with the Liberal Government which in turn put Lords reform on the agenda.

Conservative free-marketeers versus interventionists

The Conservative Party needed to develop a coherent answer to this Lib-Lab progressive consensus focusing on welfare and

1906 – IDEAS

constitutional change. If they accepted that the state had imperial and social responsibilities, they had to offer some plausible alternative source of income: tariffs met the bill. They could also be presented as protecting British industry at the same time. The fundamental question was to what extent the Party should remain committed to the free market or should it instead develop a more statist agenda of which tariffs would be the centre-piece. The Marquess of Salisbury had cast a typically beady eye over the Conservative Party's attitude to the free market. His assessment in 1892 was that about half the Conservative Party remained committed to free trade, notably:

1. The representatives of commercial constituencies;
2. The political economists of whom we have a sprinkling; and
3. Those, mainly young men, who are sensitive to the reproach of belonging to the stupid party.¹⁸

Balfour himself had pronounced in a speech to the Conservative Conference of 1892 that "*Laissez-faire* is ... completely discredited."¹⁹

Conservative thinkers began to develop a line of argument that really they had never fallen for Manchester School liberalism. Hugh Cecil's *Conservatism*, published in 1912, is the most sophisticated account of Conservatism written during this period of Opposition. He himself believed in free trade but he draws a distinction between modern Conservatism and what he saw as one of its components, the old High Toryism of Church and State:

It is often assumed that Conservatism and socialism are directly opposed. But this is not completely true. Modern Conservatism inherits the traditions of Toryism which are favourable to the activity and the authority of the state. Indeed, Mr Herbert Spencer attacked socialism as being in fact the revival of Toryism; he called it "The new

¹⁸ Peter Marsh, *The Discipline of Popular Government: Lord Salisbury's Domestic Statecraft 1881-1902*, 1978.

¹⁹ Quoted in E. H. H. Green, *op. cit.*

AFTER THE LANDSLIDE

Toryism". And he was so far right, that Toryism was on the side of authority and that it was rather the Whigs, and still more the Liberals of the second and third quarters of the nineteenth century, who insisted on the dangers of state interference and the importance of the liberty of the individual.²⁰

Conservatives were increasingly willing to argue that they had always been more willing to intervene than old Manchester School Liberals. Indeed Balfour became president of a 'Conservative Labour Party' early in 1909.

The break point between the free marketeers and the interventionists was tariff reform. The advocates of tariff reform, led by Joe Chamberlain, argued that this was a device to raise revenues without attacking property or requiring compulsory insurance contributions. It would enable the Party to protect British industry and strengthen the Empire in the face of German and American competition. And as the Party had never been the party of Manchester liberalism, it was consistent with its traditions.

Not all Conservatives however were happy with this interpretation of Conservatism. They feared the abandonment of free trade would break an essential feature of the Victorian economic consensus with no guarantee whatsoever of success in securing the working-class vote as a result. They feared that the Chamberlainites wanted the Party to "bid for the trade union vote, by giving up principles which are the mainstay of our Party."²¹ Another feared that Chamberlain's followers were "going very far in attempting to beat the Radical Party by outbidding them in a Socialist direction. They [were] pursuing things which by no stretch of the imagination [could] be described as Conservative."²²

Tariff reform was a big enough issue to have split the Party. It went right down to the fundamentals of Conservatism – forcing the Party to decide which came first, the principles of the free

²⁰ Lord Hugh Cecil, *Conservatism*, 1912.

²¹ The Earl of Pembroke quoted in D. J. Dutton, op. cit.

²² Lord Balfour of Burleigh quoted in D. J. Dutton op. cit.

1906 – IDEAS

market that had secured the country's prosperity, or a great national and imperial enterprise which should trump mere economic theory.

Balfour was caught in the middle of this argument. His position was that he was not opposed to reform on principle but on the pragmatic grounds that it was not a policy around which the Party could unite. The Party's fundamental problem was that the only policy which it had developed as an alternative to the New Liberalism, tariff reform, was unacceptable to some Conservatives because of the break with the free market tradition of the nineteenth century. It thus inevitably led to the perception that the Party was divided.

Conservatives and the Constitution

The high tide of tariff reform came in the first Election of 1910. Thereafter the political debate increasingly shifted to constitutional matters. Balfour wanted to repeat Salisbury's strategy between 1892 and 1895 and use the blocking power of the House of Lords to stop radical reform – the logic behind his apparently extraordinary claim at a Party rally in Nottingham on 15 January 1906: "The great [Conservative] Party should still control, whether in power or opposition, the destinies of this great Empire."

To get their fiscal agenda through the Liberals would have to attack the powers of the Lords. The attack succeeded. The King agreed to create enough Liberal peers to pass the Budget. The electorate was not on the side of hereditary peers. Moreover, the leadership in the Commons could not get all the Tory peers in the Lords to back their tough line. Instead the Conservative peers split into Ditchers (who would die in the last ditch to preserve the power of the Lords), Hedgers (who abstained, creating a hedge over which the Liberals had to jump by creating their own majority), and Rats (who voted with the Liberals believing the powers of the Parliament Act would still prove useful to the Lords and who did not want a massive influx of Liberals in the House). The tough policy which appealed to Conservatives in the

AFTER THE LANDSLIDE

Commons was not sustained by the Party in the Lords. Hugh Cecil summarised the dilemma very clearly:

The desire to preserve an old institution with as little alteration as possible makes for leaving the House of Lords as it stands or limiting reform to small changes. The desire on the other hand to have a strong Second Chamber capable of affording an effectual resistance to revolution leads to far-reaching reconstruction of the House of Lords, so as to give it a firm hold on public confidence and respect. Some Conservatives, their minds full of the dangers of possible attacks on property and national security, are impatient of anything that stands in the way of setting up the strongest Second Chamber that can be made.²³

After the Liberal Government succeeded in winning their battle on reform of the House of Lords, attention then switched to Ireland. Again, Conservatives could not but defend the integrity of the Union and in particular the right of the people of the six counties to stay within the United Kingdom if they wished. Nevertheless, their preoccupation with constitutional issues may not have matched the electorate's concerns. A junior Whip commented early in 1914 on the intensity of the Parliamentary battles on Ulster and how they overshadowed and drained the lifeblood from all other political arguments:

In the first place, everything except the Irish question became absolutely dull and all other business, including the Finance Bill, became quite perfunctory. Our leaders would or could think of nothing but Ireland and would not decide on any course of action on other subjects and the rank and file became very restless.²⁴

There was some interest in both the Liberal and Conservative Parties in trying to break the Irish deadlock by wider constitutional reform, perhaps offering 'home rule all round', an option supported for example by Austen Chamberlain. The

²³ Lord Hugh Cecil, *op. cit.*

²⁴ W. C. Bridgeman diary entry, 10 August 1914, quoted in D. J. Dutton, *op. cit.*

1906 – IDEAS

younger Ministers in the Liberal Government came up with even more ambitious schemes. Lloyd George advocated an English Grand Committee of all English MPs to decide English legislation. Winston Churchill wanted devolution all round, dealing with the English question by dividing it into seven English regional assemblies. Asquith dismissed the scheme: “England could not be divided: we could not go back to the Heptarchy”.

One of the Party’s right-wingers, Henry Page-Croft, sensed that the Party’s pre-occupation with the constitution was failing to make electoral headway:

It seems to me that we are making the same great mistakes that we made prior to the 1906 election, we are out of touch with the working classes who are absolutely indifferent to either Home Rule or the Welsh Bill; they are concerned with one question and one question only which is the wage question and unless we grapple with it fearlessly an enormous number of working-class supporters will go over to the Labour Party.²⁵

Another Tory Whip wrote to Lord Lansdowne, the Conservative Leader in the House of Lords:

However strongly we may endeavour to force the electors to vote on the Home Rule issue only, they will not be deterred from supporting a candidate who promises them speedy relief from a position of financial injustice while the other candidate refuses to recognise ... that they have any grievances for which any remedy can be found.²⁶

New thinking on domestic policy

The first attempt at developing fresh Conservative domestic policies was a collection of essays edited by Lord Malmesbury and published in 1908 called *The New Order*, the most significant Conservative text between the 1906 and 1910 elections. But *The New Order* was a compilation of disparate essays on a variety of

²⁵ H. Page-Croft to Bonar Law, 8 November 1913, quoted in D. J. Dutton, op. cit.

²⁶ W. H. Hayes Fisher to Lord Lansdowne, 16 December 1913 quoted in D. J. Dutton, op. cit.

AFTER THE LANDSLIDE

themes. Malmesbury even explained in his introduction that the contributors had not been working together though they were all Tariff reformers. *The New Order* at least tried to show the link between tariff reform and social objectives. But most of the authors addressed what they regarded as the weighty issues of the constitution and foreign policy. While recognising that these might not interest the electors so much, one author concluded that the challenge was “to educate the electorate in such matters”.

After the elections of 1910 the new influx of Conservative MPs would not tolerate the comparative neglect of domestic issues any longer. Just as their arrival was crucial in the organisation changes of 1911, so it was similarly their pressure that led to the establishment of the Unionist Social Reform Committee. F. E. Smith, the hero of the new intake of 1910, was given the role of chairing the Committee – which can be seen as a distant forebear of the Conservative Research Department. It employed staff and had rooms in Central Office. But unlike the exercise after 1945, it had no official status. While Balfour and then Bonar Law encouraged the group, they were careful to distance themselves from any findings that were reached.

The conventional wisdom favoured the model which Bismarck had successfully implemented in Germany and Lloyd George had adapted for Britain (compulsory contributions into a national insurance scheme to cover unemployment and retirement benefits). But it faced several serious problems. Was compulsion acceptable in principle? In particular, was it fair to require contributions from people on modest incomes who could ill-afford them? Would it threaten the existing network of working-class provision through friendly societies as well as extensive and growing private provision? These very pertinent questions offered an opportunity for Conservatives to say something distinctive. When Lloyd George proposed his national insurance scheme in 1911, Bonar Law opposed it on the grounds that it was wrong to compel contributions from relatively low-paid workers. This could have been the basis for a robust Conservative campaign in favour

1906 – IDEAS

of encouraging more voluntary provision rather than compulsory state provision. But they failed to follow it through. After Bonar Law was criticised for his negative approach, the Conservatives withdrew their opposition to national insurance which subsequently became a favoured Conservative policy.

There was an intellectually-coherent and politically-effective alternative staring the Party in the face. The friendly societies, a model of working-class self-help, were the big losers from Lloyd George's programme as they were to be displaced by state activity. Similarly many of the commercial insurers were also now facing direct competition from the state. The man from the Pru knocking on doors collecting people's modest insurance contributions would have been an ideal political ally for the Conservatives. But the Party was strangely reluctant to leap to their defence. Friendly societies were largely working-class organisations - indeed were one of the first functions of trade unions - so the Party's weak links to the organised working-class may have left it strangely blind to their political potential. Not only was an important new political alliance lost but an important opportunity to shape British social policy in a different direction was also lost.

The Unionist Social Reform Committee helped move the Conservative Party embrace compulsory national insurance. It was presented in terms of a wider Conservative philosophy aimed at appealing to the working-class vote. However the USRC was so lacking in home-grown expertise or any clear sense of a distinctive Tory approach to domestic issues, that it ended up asking none other than the Webbs for advice to assist in developing social policies. As the Secretary of one study group of the Unionist Social Reform Committee admitted: "I have always had certain doubts as to the advisability of putting ourselves in a position in which we might have to admit that Sidney Webb had actually written a thousand or two thousand words of the Report."²⁷

²⁷ M. Woods to Lord Astor, June 1914, quoted in J. Ridley, 'The Unionist Social Reform Committee, 1911-1914: Wets before the deluge?', *Historical Journal*, 1987.

AFTER THE LANDSLIDE

Hugh Cecil's concern that old Toryism, with its support for the state, would overwhelm the commitment to the free market was amply confirmed by the approach taken by the USRC. F. E. Smith set out the position boldly in his introduction to their report on 'Industrial Unrest'. He said:

The Conservative Party is the parent of trade unionism, just as it is the author of the Factory Acts. At every stage in the history of the nineteenth century it is to Toryism that trade unionism has looked for help and support against the oppressions of the Manchester School of liberalism, which cared nothing for the interests of the state, and regarded men as brute beasts whose labour could be bought and sold at the cheapest price, irrespective of all other considerations.²⁸

In a separate essay on the 'Future of the Conservative Party,' Smith argued:

We stand for the State and for the unity which, whether in the form of kingdom or empire or class solidarity, the State alone can bring. Above all stands the State and in that phrase lies the essence of Toryism. Our ancestors left it to us, and not the least potent method of preserving it is to link the conception of State Toryism with the practice of Social Reform.²⁹

Smith argued that the Conservatives had a "Third Alternative" between the 'radical socialism' of Lloyd George and the 'Whig individualism' of the traditional Liberal Party.

The USRC's wider strategy of using Tory stateism to appeal to working-class voters was not accepted by the leadership. However, nor could the leadership come up with an alternative. The Conservative Party was therefore left with an uncertain and unclear line on domestic policies despite an increasing recognition within the Party that an electoral breakthrough could only come by developing a coherent Conservative alternative to Lloyd George's policies.

²⁸ F. E. Smith, *Unionist Policy and other essays*, 1913.

²⁹ F. E. Smith. *op. cit.*

1906 – IDEAS

By the outbreak of the First World War, the Conservative Party did have an effective organisation once more but it still lacked an electorally-attractive and persuasive message around which to rally. The Conservative Party was still finding it very difficult to make headway against a Lib-Lab alliance focusing on welfare and the constitution.

CHAPTER 4

1906

HOW THE CONSERVATIVES GOT BACK – EVENTUALLY

THE CONSERVATIVE PARTY FIRST GOT BACK into office through serving in the war-time coalition under Asquith in 1915 and then under Lloyd George after 1916. It was sixteen years from its defeat in 1906 before the Party once more took office under its own leader. There was no easy and automatic swing of the pendulum which ensured the resumption of Conservative rule. Indeed, two disasters – the First World War and the loss of Ireland – were crucial, ironically, in helping the Party back into office. War-time coalition was a crucial step in the Party's political recovery. But service in war-time coalition was not of itself the solution to the Party's problems. It took the political genius of Baldwin, assisted by the domestic policy expertise of Neville Chamberlain, to develop a new style of Conservatism that secured the Party its electoral dominance through the inter-war period.

The Party was to enjoy in the inter-war period the sort of extraordinary political success which it had experienced under Salisbury. For seventeen out of twenty years of the inter-war period Conservatives governed either on their own or as the dominant partner in a coalition. The Conservative Party secured big percentages of the popular vote in successive elections and, even when Labour won more Parliamentary seats in 1929, Conservatives actually had more votes.

1906 – HOW THE CONSERVATIVES GOT BACK

There is little in our earlier analysis of the Party's response to defeat after 1906 which explains how this was achieved. Certainly, the Party had regained a lot of ground in England by 1914. Moreover the Party organisation was much stronger and more effective after the reforms of 1911. But there was little to suggest that it would break out of its core levels of support to the sort of dominance which was achieved under Baldwin. Our account of recovery after 1906 cannot be complete until we have investigated the reasons for this further advance.

This advance is particularly intriguing because it took place against the background of a massive further expansion of the electorate in 1918 and then in 1928. This was exactly what had so worried Balfour and Edwardian Conservatives. Yet it seems to be associated with Conservative recovery. Our explanation will have to show how Conservatives developed a political strategy which positively enabled them to take advantage of this expansion of the electorate. Two particular features of that inter-war Conservatism are a striking contrast to the relatively unsuccessful Edwardian period and a pointer also to the Party's recovery again after 1945.

A change in tone – Baldwin and England

First, the Conservative Party shifted its tone to become deliberately and most emphatically the national party. In the Edwardian period there was a stridency to Conservatism which Baldwin modulated into something much more calm, persuasive and 'inclusive'. Conservatives were the national party representing the interests of all classes. It is a moot point whether the Conservatives could have adopted such a tone earlier. To some extent it depended on Labour's explicit class politics. It is anyway difficult to imagine Balfour the distant aristocrat, or Bonar Law, the tough businessmen, being able to express it even if they saw the need. It was an important part of the Party's strategy of broadening its base during the 1920s.

John Ramsden points out that in the earlier period, with war looming, the national mood was more nationalistic and strident.

AFTER THE LANDSLIDE

After 1919 it was very different, with a sense of the nation vindicated by sacrifice and of owing a debt to the dead. Baldwin was brilliant at invoking these feelings. Without the War there could have been no Baldwinism.

Thus a National Union leaflet of 1924 entitled *Conservative Beliefs* by the future Lord Halifax describes Conservatism in these terms:

The Socialist appears to restrict his expression of comradeship within class limits, while our conception of it knows no such barriers. The Conservative stands for the unity of a nation, and of all interests, classes and creeds within it. The Socialist advocates the class-conscious solidarity of a section, and forgets that class distinction is an artificial creation, which flies before any of the elemental emotions.³⁰

Sometimes Conservative rhetoric could come perilously close to sounding like a sermon from the pulpit. (It is estimated, incidentally, that church-going peaked as late as 1930 which may help to explain the effectiveness of that Baldwinian style.) It was part of Baldwin's political strength that he had this powerful moral appeal as a decent man steering the country through the arrival of mass democracy and both domestic and international turbulence. This appeal was enhanced by his lyrical evocations of England and English social harmony (in which he was helped by his cousin, Rudyard Kipling, and Arthur Bryant as his speech-writer).

Whilst Disraeli had famously spoken of the division between two nations it was Baldwin in a speech in 1924 who first used the expression one nation:

I want to see the spirit of service to the whole nation the birthright of every member of the Unionist Party - unionist in the sense that we stand for the union of those two nations of which Disraeli spoke two generations ago; union among our own people to make one nation of our

³⁰ E. Wood, *Conservative Beliefs*, National Union Leaflet No. 2311, 1924.

1906 – HOW THE CONSERVATIVES GOT BACK

own people at home which, if secured, nothing else matters in the world.³¹

One Nation Conservatism is much more substantially the creation of Baldwin than of Disraeli.

This much more inclusive style of Conservatism had real political bite. By portraying themselves as inclusive, Baldwinian Conservatives were able to incorporate many new electors into the Conservative Party. At the same time it was contrasted with what was presented as the narrow and selfish class politics of their new opponents – the Labour Party. Ross McKibbin argues that this approach tied in with a deflationary economic policy particularly aimed at benefiting ‘the professional and suburban middle classes and the holders of the Government debt’.³² This alliance, McKibbin argues, extended further to the ‘nine to ten million adults, who stood between the middle-classes proper and the manual working class but who felt themselves in both their style and life and in their hostility to the unionised working class to be middle class’. It left Labour as the vehicle for the self-interest of the trade unions. Baldwin offered a vision of England in his speeches in which there was a more co-operative way in which the working classes could be included in the polity without the militancy associated with Labour and the trade unions.

Baldwin’s approach contrasts significantly with the approach of Edwardian Conservatives. For a start, Edwardian Conservatives had specifically wanted to target the organised members of trade unions as an important political group to win over. The trade unions had only recently moved exclusively to supporting Labour and as we have seen, the Party tried to construct an argument to win their support based on the claim that Conservatives had never been the party of *laissez-faire* Manchester liberalism. But they were targeting a particularly resistant group. Baldwin’s appeal reached out instead

³¹ Quoted in Alistair Cooke ed., *The Conservative Party. Seven Historical Studies*, 1997

³² Ross McKibbin, ‘Class and Conventional Wisdom: The Conservative Party and the “Public” in Inter-War Britain’ in *The Ideologies of Class*, 1990.

AFTER THE LANDSLIDE

particularly to non-unionised workers, to clerks, to aspirational members of the lower middle classes. Conservatives could appeal to important groups such as, to quote David Jarvis, ‘working-class savers, shopper-keepers, tax-payers, and property owners’ instead of going for one homogeneous block of trade union votes.³³ This will be a recurrent theme .

The Party also benefited – paradoxically – from some of the defeats which it had suffered in the Edwardian period. Then, the Party’s attack on high levels of taxation could be seen as defending the narrow self-interest of the rich who were the only serious tax-paying group. But over the next twenty years, public expenditure increased massively and the tax base spread out much more widely as a result. This meant that Conservative arguments about the high burden of tax got much more resonance with many more electors.

Women

There is another important contrast between the Conservative Party of the 1920s and 1930s and that of the pre-war period. It is obvious and yet its importance for the character of Conservatism has been understated. The two franchise reforms of 1918 and 1928 took Britain within ten years from a situation in which women did not have the vote at Parliamentary elections to one in which they represented 52% of the electorate. After 1918, there were 8.4 million women voters out of a total electorate of 21.4 million. In 1928, the lower age limit of 30 years was reduced to 21 bringing the so-called flapper vote of young women – much disapproved of by Rothermere’s *Daily Mail* which was hostile to votes for women. Electoral surveys show that women have tended to be 5-10% more Conservative-voting than men. Extending the franchise to women proved to be of enormous advantage to the Conservative Party.

Too often it is assumed that somehow this political benefit was inevitable. Sophisticated political analysts appear to do little more than echo the views of one speaker at the 1917 Party Conference:

³³ D. Jarvis, ‘British Conservatism and Class Politics in the 1920s’, *English Historical Review*, February 1996.

1906 – HOW THE CONSERVATIVES GOT BACK

We know that women – I speak now as a doctor – are conservative by nature.³⁴

But the Party was not bound to be beneficiaries of this extension of the electorate. It worked hard at winning the female vote. It was crucial in the Conservative electoral recovery.

The wider economic and social background is important. This is a vivid example of the close links between economic and social change, domestic policy, and political affiliation. With brilliant intuition the Conservative Party grasped the significance of these changes and modulated its account of Conservatism so as to respond to them.

It has been estimated that working-class wages rose in real terms by between 55% and 70% between 1850 and 1900.³⁵ One of the main effects of this was that wives were under less financial pressure to go out to work. One of the biggest social changes in the late 19th century and early 20th century was the withdrawal of women from the labour market. As one historian of the period summarises it: ‘In 1911, 90% of wives were not engaged in paid employment compared with only one-quarter in 1851.’³⁶

This seems to be associated with the “remoralisation” of late-Victorian society. Marriages were held together by the increasing specialisation of labour, with men becoming the breadwinner and women working in the home. The concept of the ‘housewife’ is not some eternal truth: it emerges in early 20th century Britain partly in response to changes in the labour market.

The political parties had, not surprisingly, a rhetoric that was almost exclusively male. Labour particularly focused on the working man and the male trade unionist. But popular Conservatism in the late 19th century and early 20th century had also appealed to working men. The Tory attack on late 19th century liberalism had increasingly focused on its moral prissiness

³⁴ D. Jarvis, *op. cit.*

³⁵ See Joanna Bourke, ‘Housewifery and Working Class England – 1860-1914’, *Past and Present*, May 1994.

³⁶ *ibid.*

AFTER THE LANDSLIDE

intervening in pleasures and freedoms of the working man. This was the robust Conservatism of the pub, the football match, and the betting slip (some Conservative MPs, for example, were prominent in supporting or even owning local football teams in the newly-formed League). As one historian puts it, 'Populist Tory politicians sought to consolidate their critique of liberalism by identifying themselves with important aspects of urban popular culture such as the pub and sport.'³⁷ Tariff reform can therefore be seen as another attempt by the Party to develop a programme that would appeal to the traditional working man.

The Labour and Conservative Parties were both faced with a significant political challenge in adjusting to the new female electorate. Conservatives achieved this change with extraordinary skill and speed. They may have been helped by the fact that Party organisations such as the Primrose League were already important vehicles for female participation in politics. The Primrose League had become a more female-friendly alternative to the boisterous male style of the Conservative Clubs. Conservatives therefore were already responding to this shift towards celebrating domesticity and were quick to go much further. Without much dissent, for example, it was agreed by the Party in 1918 that one-third of all positions in the Party hierarchy, from constituency associations to the National Union, should be reserved for women. The separate Women's Unionist Organisation was also set up. Women got equal representation on all Party bodies after 1928 and all Party Vice-Chairmen were women.³⁸

The Party had the symbolic advantage of the first sitting female MP – Mary Astor, who was elected in 1919. Conservative rhetoric also shifted. As Jon Lawrence puts it:

³⁷ Jon Lawrence, 'Class and Gender in the Making of Urban Toryism: 1880-1914', *English Historical Review*, July 1993.

³⁸ Martin Pugh, 'Popular Conservatism in Britain: Continuity and Change 1880-1987', *Journal of British Studies*, July 1988.

1906 – HOW THE CONSERVATIVES GOT BACK

The working man's right to live as he pleased it became the working class family's right to be protected from the unwarranted intrusions of an increasingly interventionist state.³⁹

Conservatives went out of their way to show how much importance they attached to the role of the housewife. Housewives were explicitly celebrated as the 'Domestic Chancellor of the Exchequer' and the value of what they did was a much-repeated theme in Conservative speeches during the inter-war period. By contrast Labour seemed to remain much more interested in the working man than in his wife.⁴⁰

Party policies also took account of women's interests. Indeed some of the measures now seen as early feminist advances were driven by Conservatives who saw them as strengthening the family and the woman's role within the family. As Martin Pugh puts it: 'It was not long before the Party began to flourish impressive-looking lists of the women's measures enacted by Conservative Governments or by the coalition of 1918-22, which they dominated: the Sex Discrimination (Removal) Act of 1919, the Jurors (Enrolment of Women) Act of 1920, the Maintenance Orders Act of 1920, the Widows and Orphans Act of 1925, the Guardianship of Infants Act of 1925, the Equal Franchise Act of 1928, and many other items dealing with maternity, health, and adoption.'⁴¹

³⁹ J. Lawrence, op. cit.

⁴⁰ The Party did of course also continue to celebrate vigorous masculine virtues as against namby-pamby left-wingers. The Conservative agent for a seat in Durham described their candidate in the following terms:

Two of his brothers won the VC. One attained the rank of Brigadier-General, and they have two Military Crosses in addition, so that apart from the fact that he is a well-known cricketer and footballer he has much to recommend him to the Electors, a good deal more than a person like Sidney Webb, who has never done a useful day's work in his life and could not fight a cat.

Quoted in David Jarvis, 'The Conservative Party and the Politics of Gender: 1900-1939,' in *The Conservatives and British Society 1880-1990* edited by Martin Francis and Ena Zweiniger-Bargielowska, 1997.

⁴¹ M. Pugh, op. cit.

AFTER THE LANDSLIDE

Conservatives should remember that social changes, unexpected and sometimes little understood, can work in their favour. There is no iron rule of politics that social change or political reform must be to the advantage of the Left. With a skilled leader in Baldwin setting the rhetorical framework within which these changes were understood and the shrewd policy expert in Neville Chamberlain who put the Conservative Party at the forefront of constructive response to them, the Party was able to establish an extraordinary political and electoral dominance.

The Conservative Party of the inter-war period therefore was quite simply by far the most ambitious and successful political party when it came to understanding social change and developing a rhetoric and a set of policies which enabled it to take advantage of those changes. It abandoned the failed Edwardian strategy of trying to win over the traditional unionised working class. Instead Baldwin's created a powerful alliance of people who did not define themselves above all through their membership of organised trade unions but instead saw themselves as owners, patriots, savers, consumers, and above all, as members of families. They all felt they had a place in his vision of England.

CHAPTER 5

1945

WHY THE PARTY LOST

Bedevilled by years of pseudo-Conservatism, shaken in morale by the intellectual superiority which they had allowed the Labour Party to assume, ashamed of many of the things they believed in their hearts, the Conservatives lacked a doctrine. It was fatal that they should have lacked a method too.⁴²

THAT WAS ONE OBSERVER'S account of the Conservative Party's massive defeat in July 1945.

Conservatives had dominated British politics for eighteen years – from 1922 when the Conservatives broke free of coalition with Lloyd George to 1940 when Labour entered the wartime coalition. But now they had gone down to catastrophic defeat – 358 seats in the old Commons had fallen to 189 in the new House (or 213 including Parties allied to the Conservatives). Labour had 397 seats and a majority of 146 over all other parties. The figures for the total votes also showed a substantial Labour lead (11.7 million votes, 49% to Labour as against 9.4 million votes, 41.5% to Conservatives).

The defeat was perhaps an even greater shock for the Party than 1906 because it was so unexpected. Churchill was personally devastated, and having predicted on the eve of the count a Conservative majority of 30 to 50 seats had visions of his own death. Of the cabinet, only R. A. Butler had contemplated defeat and even then not on such scale. The young Nicholas Fairbairn responded more vigorously, fantasising a heroic future as a maquis leader, he took out all the windows of his local Co-op bakery.

⁴² W. L. Burn, 'The General Election in Retrospect', *The 19th Century and After*, 1947.

AFTER THE LANDSLIDE

The whole Baldwinian model of Conservatism had collapsed. Its greatest strength – its conception of a public interest to be defended against the sectional interests of the organised working class – had become a fundamental weakness. That model was not sustainable when the entire population had to be mobilised for total war. Now the conception of the public had to be extended to include the organised working class, symbolised by Ernest Bevin's central role in the wartime coalition and then in the Attlee Government. Indeed the risk was that now Conservatives could find themselves placed uncomfortably on the wrong side of the new dividing line between the national interest and factional threats to it.

During the Election campaign the Party tried to carry on with a Baldwinian strategy, despite Churchill's personal hostility to Baldwin and many of his policies. Thus the Conservative slogan for the 1945 election was 'Vote National' implying that somehow electors would be voting for a continuation of coalition rather than for Conservatives. That famous anecdote of the lady at the Savoy on election night ("*They've* elected a Labour government, but *the Country* will never stand for it.") revealed how many Conservatives saw themselves still as the Party of the national interest. But the trouble was that what had been a potent political message before the War seemed absurd and eccentric after it. It simply confirmed how far out of touch the Party had become.

Three crucial books captured the way in which the world had moved against Conservatives. First, there was the belief that Conservatives were "The Guilty Men", the famous title of the 1940 book co-authored by Michael Foot and others. Conservatives were held responsible for pre-war depression and for appeasement. The most lurid caricature was painted of the Conservatives' record in Government and there was little that they appeared to be able to do to escape from it. Secondly, it was argued that these mistakes were not just accidental – it was because Conservatives only represented the narrow self-interest of the affluent. 'Simon Haxey' (a pseudonym) produced a book in 1939, *Tory MP*, published for the Left Book Club, which remains the most thorough investigation of

1945 – WHY THE PARTY LOST

the outside interests of Conservative MPs. It implied that Baldwinism corporatism and reluctance to confront Hitler were directly related to the conspicuous commercial interests and property-holdings across the Empire of many Tories. Thirdly, there was the Beveridge Report of 1942 setting out an agenda for domestic reconstruction. It was massively popular and had been wholeheartedly endorsed by Labour, but many Conservatives were very wary of it. Indeed Henry Willink, in charge of the Party's work on social services after Beveridge, summarised what many Conservatives believed as follows:

To me it was an article of faith that our fight was *against* Hitler and all his works, not “for” social reforms, however desirable.⁴³

So Conservatives were faced with a critique of their record, an attack on them for sleaze, and a shift in the political agenda to which they had no clear response.

A weakened organisation

Conservatives identified two main reasons for defeat – organisational weakness and a policy vacuum. Organisational weakness appealed to Conservatives as an explanation for their defeat because it tied in with the Conservatives' picture of themselves as the patriotic party. Conservatives had allowed their organisation to decay during the war while Labour had been busy campaigning. Ralph Assheton, the Party's Chairman from 1944-46 made the point very clearly:

The Party could not make up in a few months for its six years of neglect of its organisation and propaganda. We need not be ashamed of that neglect. Our Party went to the war.⁴⁴

There was undoubtedly something in this argument though it can be exaggerated. Winston Churchill made a direct appeal to

⁴³ Quoted in Harriet Jones, 'The Conservative Party and Social Policy 1945-55', doctoral thesis to be published by Oxford University Press.

⁴⁴ Quoted in J. Ramsden, *op. cit.*

AFTER THE LANDSLIDE

the Party to keep local associations going “in the national interest” in 1943 but it did not happen. In that year a special National Union Committee looked at several reforms to broaden the base of candidates, centralise funding, and improve the training of agents, all of which presaged the famous Maxwell-Fyfe Report of 1949. Meanwhile, the trade unions and the Labour Party had organised better. The Left-influenced Army Bureau of Current Affairs had sent many troops returning home, so Conservatives argued, “pansy pink” with their separate ballot boxes turning out 9 to 1 in favour of Labour. And Conservatives were so used to organisational superiority that the very thought that somehow Labour had overtaken them in organisation and propaganda seemed like a shocking reversal of the natural order.

Losing the battle of ideas

The Conservative Party had also lost the battle of ideas. Butler in particular recognised that Labour had won a propaganda victory. Compare the stilted Conservative manifesto entitled *Mr Churchill's declaration of policy to the electors* with Labour's manifesto, *Let us face the future*. The Party had been on the intellectual defensive ever since the publication of the Beveridge Report in November 1942. That was the year in which the Labour Party gained the lead according to by-elections and the opinion surveys of the time.

The Conservative Party had no coherent response to that developing domestic policy agenda. It was unwilling to endorse Beveridge because of worries about its cost and the increased role of the state. But it did not have a convincing alternative. The Conservative Party Conference of 1943 passed a motion ‘That this Conference is of the opinion that the existing friendly societies should remain part of our future social security system’, an important point which was not followed up. And as Assheton wrote to Butler:

One of the chief troubles about the Beveridge Report is that whereas his diagnosis relates to Want, his proposals are very largely devoted to giving money to people who are not in Want. If we do this there will

1945 – WHY THE PARTY LOST

not be enough money to deal with the other giants, such as Ignorance and Squalor on which you – for one – will be wanting to spend a lot of money. It will all boil down eventually to a matter of priorities.⁴⁵

Churchill had recognised that there was a problem and as early as July 1941 set up the Post-War Problems Committee under the chairmanship of Butler and David Maxwell-Fyfe. Churchill steadfastly refused to give his imprimatur as leader to any of the thoughts emerging from the Committee because he wanted to focus simply and exclusively on the war effort. It was thus very much like the Unionist Social Reform Committee after 1910 – experts having interesting ideas but lacking a central political strategy. Furthermore, because of the leadership’s lack of interest, it was deprived of the capacity to push forward a Conservative agenda in an authoritative way.

W. W. Astor described the problem:

...it is clear that whatever propaganda machine we had suffered from the lack of authoritative statements of party policy in the period previous to the [1945] election. I stress the word “authoritative”. Before the election, the Post War Problems Committee’s numerous reports, the “Signpost” booklets, the various pamphlets produced by the Tory Reform Committee, were all good, but they were not authoritative. They did not have the imprimatur of the Prime Minister. There was no evidence that he had read them. They were not the themes of speeches of Cabinet Ministers, and the Election Manifesto, when it came, was swamped in the turmoil of side issues and largely ignored by both sides.⁴⁶

By 1945 the Party was facing a hostile intellectual climate with a weak organisation and a feeble and uncertain policy agenda of its own. Yet between 1945 and 1951 the Conservative Party gained 3.7 million votes and went on to hold office for 13 years. How they achieved that is the subject of the next two chapters.

⁴⁵ Quoted in H. Jones, op. cit.

⁴⁶ W. W. Astor, ‘The Conservative Party in Opposition’, *New English Review*, 1946.

AFTER THE LANDSLIDE

CHAPTER 6

1945

ORGANISATION

REVIVAL OF THE CONSERVATIVE PARTY organisation after the War is associated above all with Lord Woolton who became Party Chairman in the Summer of 1946. He described the situation a year after the Party's defeat as follows:

We had our backs to the wall: we had been heavily defeated: we had very little money: the Party was depressed. The political Press of the country was largely staffed, on its reporting sides, by members of the Labour Party, and everywhere there was a slant towards Socialism and a disbelief that in the new post-war world this old Conservative Party could ever govern the country again.⁴⁷

Woolton himself was an unusual figure to appoint as Party Chairman. He had served in the war-time coalition as Minister of Food but not as a Party politician. Indeed he had only joined the Conservative Party on the day after its defeat. His background was in retailing. He had made his reputation as a young executive with Lewis's where he had coined the slogan: "Lewis's brings prices down". One constituency association commented on his appointment: "We are so grateful we have someone who has qualifications other than that he is a well-informed gentleman of outstanding respectability".

⁴⁷ *The Memoirs of the Rt Hon The Earl of Woolton*, 1959.

1945 – ORGANISATION

When Woolton arrived at his desk in Central Office in September 1946 he found a wise note left by Stephen Pierseené, himself newly-appointed as Principal Agent, reminding him that the Conservative Party was:

... not a chain of multiple stores, but an association of voluntary and independent bodies with an intense dislike of domination from the centre. The strength of this structure is derived not from systems or methods, nor from any driving force from above, but from personal relationships built on “goodwill”.⁴⁸

Given Woolton’s background, he was tempted to go for a radical change in the structure of the Party. He commissioned a report which criticised the divisions between the “trichotomy” of professionals in Central Office, the voluntary Party, and the Parliamentary Party. Woolton describes this fragmentation:

The organisation of the Conservative Party was most the most Topsy-like arrangement that I had ever come across ... It consisted of a headquarters staff called the “Central Office” under the control of the Chairman of the Party. The headquarters staff had no control over the constituency associations which were organised as an independent national body called the National Union of Conservative and Unionist Associations. This independent body had no funds and the offices, which were all honorary, were served by the Central Office staff.⁴⁹

One option was to bring all of these different parts of the organisation under one governing body with democratic input from the members.

Woolton was tempted to go for radical structural change but he hesitated:

There was the strongest possible temptation to come to a sound business conclusion and to tell the Party that the best thing to do with machinery of this nature was to scrap it and start again. That indeed was what I would have liked to have done.

⁴⁸ Pierseené Notes.

⁴⁹ Woolton, op. cit.

AFTER THE LANDSLIDE

Before taking any steps I decided to wait until the Party conference at Blackpool, when I would see all the representatives of the constituencies together and see how the organisation worked in practice. The truth was that while it seemed, on paper, almost ridiculous to call this an organisation, what mattered was not machinery, but people, and ... this organisation at the Central Office had in fact grown up around a lot of very hard-working and faithful members of the Party, and, by its decentralisation, was fulfilling the primary function of any good political organisation by its work in the constituencies...

At Blackpool I was convinced that while I might be able to create a political machine that looked better, that would be streamlined and less wasteful of human effort, I might, in practice, lose the interest and the drive that comes from the feeling that success or failure depends on the individual efforts of large numbers of devoted supporters.⁵⁰

Instead, Woolton looked to a different sort of renewal:

I soon found that the primary need of the Conservative Party, but in particular of the Central Office, was that it should believe in itself, and in its capacity to convert the electorate to Conservatism.⁵¹

The best way to deliver this renewal was through reviving Party membership and Party funding.

Membership

The Conservative Party did not change its formal structure but it did massively expand its membership. It is this which transformed its image and its impact on British life. Most of the recruits came from the middle classes, particularly women. Party membership had fallen below one million when Woolton launched his first membership drive in the Autumn of 1946. It was not very well organised but it still managed to put on about 250,000 new members. It was the second membership drive, launched at the

⁵⁰ Woolton, *op. cit.*

⁵¹ Woolton, *op. cit.*

1945 – ORGANISATION

Party Conference of 1947 more than two years after election defeat, which really saw membership starting to increase significantly. By April 1948, Party membership had increased by one million. It was to rise further to a peak of 2.8 million by 1952.

Woolton also tried to bring younger people in to the Party. Leo Amery had noted uncomfortably in his diary on election day in 1945:

Most of the [Conservative] committee rooms were ‘manned’ by dear old ladies of 80 or thereabouts and I don’t think I saw a man anywhere except at the three main ones.⁵²

Woolton gave a high priority to bringing younger people into the Party and the Young Conservatives were created. The YCs, with over one thousand branches by 1946 (and with 40 YCs standing as candidates in 1950) became an important part of British social life at the time. In Tony Hancock’s famous blood donor sketch, the reason that he gives for giving blood is that he wants to do something for his country but would not join the YCs as he did not yet want to get married and could not play tennis.

The expansion of the membership played a key part in the party’s electoral revival. With 150 paid Missioners dispatched to the 200 target seats to conduct detailed research on specific target groups and to recruit members to the party, a large proportion of the Conservative vote came from its members. In the Home Counties the party had 437,000 members – one third of the vote in the three counties. In the Welsh marginal, Barry, there were 11,000 ordinary members (mostly women) and 6,000 members of Conservative clubs (all men) out of a Conservative vote of 24,715. Woolton’s insight was to realise that a mass membership could counteract the influence of the Trades Unions on the factory floor. In his memoirs he commented that there was no better polling day machine for Labour than a shop steward coming out

⁵² M. Kandiah, ‘The Conservative Party and the 1945 General Election,’ *Contemporary Record*, Summer 1995.

AFTER THE LANDSLIDE

onto the factory floor and commanding “Come on lads, vote the ticket”. Woolton’s response was for the Conservative Party to mobilise the middle classes.

The elections of 1950 and 1951 were the most class-partisan elections in British electoral history. Conservatives’ real gains were not amongst working class men but amongst returning middle class voters and women. The working class male vote, although the Conservative share never fell below about a third, remained stubbornly Labour in 1950 and 1951.

Funding

At the same time as boosting membership, Woolton also needed to boost the Party’s finances. The position which he inherited was dire. But he did not significantly cut spending. He lived dangerously and reckoned that political activity by the Party, even if very expensive, would eventually generate funds from the membership. In April 1947, expenditure was running at four times income but gradually income began to expand. In October 1947, he launched his £1 million fighting fund. A new central Board of Finance had also been created in 1946 ‘to supervise the work of the Treasurer’s Department, but mainly to help raise money.’⁵³

Woolton understood that he could use money-raising as a positive device to help change the image of the Party: Labour and their supporters had attacked Tory sleaze, particularly identifying the commercial interests of many Tory MPs. Woolton realised that by asking for money from as broad a range of people as possible, he would solve two problems at once by not just bringing the funds in but also by helping to change the image of the Party. So when he launched his financial appeal at the 1947 Party Conference he said:

I want the support of every section of society – a broad democratic response from people who are prepared, according to their means, to pay for their political beliefs... Everyone thinks of us as a rich party, and

⁵³ J. Ramsden, *op. cit.*

1945 – ORGANISATION

our opponents always try to make out that we are a rich man's party. Neither is true... In the past the Party has been shy of asking for money, and it has collected for its central fund from a few hundred people. Well it is not so easy to do that now – and I do not want to do it.⁵⁴

Maxwell-Fyfe

In October 1947, the Party Conference passed three resolutions on organisation. First, there were to be limits on the financial contributions to constituencies by candidates. Secondly, there was to be financial support to Central Office from constituencies. Thirdly, there was to be an investigation of the case for agents being employed and paid centrally. Three committees were set up to investigate these proposals: their reports were prepared by May 1948. In June 1948 David Maxwell-Fyfe was invited to consider the reports from the committees. He produced an interim report in October 1948 and a final report in March 1949 which was approved at the Central Council. Central employment of agents proved controversial and unworkable and so was dropped. However, the Party did endorse significant changes in its method of funding and the selection of candidates.

The two issues of financing the Party and the selection of candidates were closely linked. For many associations what Quintin Hogg described as “the virtual sale of safe seats” had become a method of financing themselves as well as selecting candidates. Hogg went on in an article in *The Spectator* to describe the system as:

...a festering sore in the Conservative Party for years. At conference after conference the system has been pilloried and condemned, but, although the bottom has dropped out of the market since the war, no radical reform has been attempted.⁵⁵

All that changed after the Maxwell-Fyfe Report.

⁵⁴ Quoted from an unpublished thesis by Michael Kandiah, *Lord Woolton's Chairmanship of the Conservative Party 1946-51*, 1992

⁵⁵ Quoted in J. Ramsden, op. cit.

AFTER THE LANDSLIDE

Constituencies were to end selecting their candidates on the basis of their capacity to meet their election expenses and make extra donations to the local party. This ended the virtual sale of safe seats and forced local associations instead to seek mass subscriptions. Woolton noted in his memoirs that ‘the organisation of the Party was weakest in those places where a wealthy candidate made it unnecessary for the members to trouble to collect small contributions’. Most associations had already adopted similar rules by 1949, so the proposals involved making best practice mandatory and making a virtue of it. In areas where expenditure continued to be financed from grandees, like Liverpool, the Party was to collapse in the 1960s. Instead of grandees financing parties, local parties were to finance themselves out of their membership. Local associations then funded Central Office by voluntary quotas at levels proportionate to the Conservative vote. This removed the stigma of Tory Central Office being funded by vested interests. The Party got a broader financial base and a new breed of candidates chosen by more meritocratic procedures.

Woolton described the end of the sale of safe seats as “revolutionary” and added that it “did more than any single factor to save the Conservative Party.” The Party lost no opportunity to present the Maxwell-Fyfe reforms as changing both its financial base and its methods for selecting candidates. It recognised that changing the image of the Party meant more than simply changing its policies. Its composition and character must also change.

The financing changes were seen as a fundamental rejection of the old arrangements. If anything the spin was ahead of the substance. The introduction of the quota system, putting a new financial responsibility on associations, was to be accompanied by a *quid pro quo*. There was to be much greater openness about the Party’s financial position. The interim Maxwell-Fyfe report proposed the publication of annual accounts. The final report proposed creating a consultative committee on Party finance. However, Central Office did not meet its side of the bargain. The annual accounts were not published and in John Ramsden’s words:

1945 – ORGANISATION

“the Consultative Committee never played a serious role.” Constituencies were paying quotas as envisaged by Maxwell-Fyfe but not until William Hague’s reforms did Central Office provide for them in return the financial information which Maxwell-Fyfe envisaged.

The impact of Maxwell-Fyfe on the selection of candidates can also be exaggerated. The 1945 election had already seen a significant shift in the Conservative Parliamentary Party. One MP who lost his seat, Walter Elliott, said that “The century of domination by the industrial north is over. We have now to reckon with the rule of the Home Counties”. The Party’s final abandonment of protectionism and shift to greater stress on the free market than at any point in the previous fifty years partly reflected the change of its composition to being a party of South East commerce as against Northern industry.

There was concern over what was seen as the relatively poor calibre of the 1945 intake (only Derick Heathcoat-Amory and Selwyn Lloyd went on to serve as Cabinet Ministers). The Maxwell-Fyfe rules on the selection of candidates are credited with producing the more distinguished new class of Conservative MPs in 1950. But many of those, like Reginald Maudling and Iain Macleod, had stood, unsuccessfully, as candidates in 1945. Indeed many had been selected for winnable seats before the Maxwell-Fyfe reforms were introduced. It has been calculated that only 42 of 517 seats without a sitting MP were without a candidate when the Maxwell-Fyfe rules on candidate selection were introduced. Bexley had already dropped its candidate and begun searching for ‘a good speaker, ex-service, professional or businessman under 40’ and found Edward Heath. However, some associations did re-open their selection in the light of Maxwell-Fyfe’s strictures. In Wolverhampton West the existing candidate, the association president’s son-in-law was dropped, and Enoch Powell was selected instead. High profile selections like the electrical trades union member, Ray Mawby in Totnes, reinforced Conservative claims to

AFTER THE LANDSLIDE

be the party of the national interest. It took only a few such examples to send out a far wider message to the electorate.

Macleod had no doubt of the significance of the Maxwell-Fyfe changes in terms of the composition of the Parliamentary Party:

I have always thought that this had a profound effect on the changed image of the Conservative Party, ... Maxwell-Fyfe ranked with Woolton and Butler as the architects of the post-war change.⁵⁶

This can be seen as the first shift towards a more professional class of politician, a class which will tend to have a more ideological view of politics and which will be more difficult for the Whips to manage. One senior Party figure observed of the Party's ructions during Suez that it was "not so easy to deal with a Party of backroom boys as a Party of backwoods boys (not so 'naice')."⁵⁷

Maxwell-Fyfe was disappointed with the 1955 intake, which can be seen as the first full product of his changes. He regretted the almost total freedom of local associations in the selection of candidates. He strikes a surprisingly rueful note in his memoirs as he describes the change which are supposed to be his greatest single contribution to Party reform:

Looking back, with all the advantage of hindsight, I am not sure that the last recommendation [on selection of candidates] has had a wholly beneficial effect on the party's fortunes. At the time, we considered – and rightly – that the party would not have accepted, any other proposal, but the effect has been for the party to virtually abrogate its control over the selection of parliamentary candidates.

In 1945-51 the inherent dangers of this position were not apparent; the constituency organisations had many excellent candidates to choose from, the 'Central Office label' was not regarded as a positive disadvantage for a would-be candidate. Subsequently, however, the local associations began to use their freedom in a frequently disconcerting manner when it came to the choice of candidates,

⁵⁶ Quoted in J. Ramsden, *op. cit.*

⁵⁷ Quoted in J. Ramsden, *op. cit.*

1945 – ORGANISATION

particularly in safer seats. One of the great weaknesses of the Labour Party has been its fondness for local members, with the result that a great number of somewhat tedious local worthies or party hacks have been given safe seats while far abler younger men and women have been ignored, to the great detriment of the Parliamentary Labour Party and the House of Commons as a whole. To my dismay, I have seen the Conservative Party commit the same error. Very few of the new Members who entered the Commons in 1955 and 1959 had achieved a reputation outside Westminster in any field, and far too many of them were obscure local citizens with obscure local interests, incapable and indeed downright reluctant – to think on a national or international scale. Perhaps we were spoilt by the quality of the new members in 1950-51, but I think we had reason to hope that the general standard would not have declined as abruptly as it did.⁵⁸

A new name for a united front against Socialism?

The first two years after the 1945 defeat were tough. There was even a widespread discussion about the possibility of changing the Party's name – perhaps an indication of how serious the Party felt its problems to be. Ideas were canvassed in *The Times* and *The Telegraph* in the Autumn of 1945 with suggestions such as 'Conservative Democrats', 'Progressive Conservative', or 'National Democrats'. In July 1946 a group of Young Conservatives passed a resolution calling 'upon leaders of the Party to abandon the outworn title of Conservative and suggest that on the bridge of unionism the conflicting armies of liberty may join forces'. Churchill went on to urge Woolton to look at the idea of the Union Party. Harold Macmillan wanted it to be called the New Democratic Party. Assheton, the outgoing Chairman, wanted it to become simply the 'Unionist Party'. Woolton is frank about this in his own memoirs, discussing the various options for a new name for the Party:

Large numbers of Conservatives were trying to find a new name for the Party because 'conserving' seemed to be out of joint with this new world

⁵⁸

Woolton, op. cit.

AFTER THE LANDSLIDE

that was demanding adventure and expansion and a rejection of the economic restraints of the pre-war life of this country under a Conservative administration. The word 'Conservative' was certainly not a political asset when compared with the Socialist word 'Labour' ... I would have liked to call the Conservative Party the 'Union Party'.⁵⁹

The idea of changing the Party's name now seems absurd. The obvious interpretation of this idea is defeatism. But changing the name was to be part of a wider strategy, of which both Beveridge and Churchill were leading exponents, of creating a new 'united front against socialism'. They thought that the advantage of the unionist name was that it both suggested this union between different groups as well as harking back to the old Tory belief in Unionism. Four particular groups were Conservative targets.

First were the industrialists, threatened by nationalisation or heavy-handed interference from Whitehall. Conservatives developed strong links with the sugar, cement, insurance, and iron and steel industries in particular, all of which feared that they would be next on the list for nationalisation. Conservatives enjoyed a particularly good working relationship with the road hauliers who were also under threat from the Labour Government. And new groups of businessmen were established such as British United Industrialists who financed anti-socialist causes.

Second, Labour's centralising tendencies were a threat to local government. The local election results of November 1945 had been even worse for Conservatives than the General Election in July. There were still many parts of the country where Conservatives were reluctant to fight under their Party label for local government, seeing it as non-party political and therefore running as independents. To help reverse this Woolton wanted to make the Party to be much more vigorous in its support of local government. As he says in his memoirs:

Mr Jay produced his politically infelicitous remark that "The gentleman in Whitehall knows best", I produced the slogan "Town

⁵⁹ Woolton, *op. cit.*

1945 – ORGANISATION

Hall and not Whitehall” so that Conservatism could be demonstrated as the political creed nearest to the homes of the people.⁶⁰

Third, there were the free trade Liberals with their traditional commitment to free trade and the free market. One crucial source of extra votes which Conservatives tried to tap after 1945 was the remaining members and supporters of the Liberal Party. The aim was to reach out to Liberals. Woolton summarised it very simply in May 1947:

Our object must be to combine with moderate Liberals wherever they are organised and to attract them individually where no organisation exists.⁶¹

He negotiated long and hard and seduced at least the old National Liberals into alliance with the Conservatives in the Woolton-Teviot Agreement of May 1947. They were not successful in linking up with the remaining independent Liberal Party – much to Churchill’s regret. But at least they did in 1951 get most of their voters.

Finally, Woolton was clear about the significance of the women’s vote. The British Housewife’s League, a powerful organisation reflecting the concerns of many housewives about the direction of Labour policies, wanted to ally themselves explicitly with the Conservative Party. Woolton advised them to carry on independently but was careful to ensure the Conservative message appealed to their members.

In trying to win back business support, in showing that they once more understood the significance of the housewife, in protecting the interests of local government, and in trying to win back the Liberals, there was a coherent political strategy of trying to build a united front against socialism. But that strategy could not just be a random rainbow coalition of people disgruntled about the record about the Government. It needed the underlying basis of principle. That was to be provided by the intellectual renewal of the Party.

⁶⁰ Woolton, *op. cit.*

⁶¹ Woolton, *op. cit.*

AFTER THE LANDSLIDE

CHAPTER 7

1945

CHAPTER SEVEN: IDEAS

MANY CONSERVATIVES ARE NOT NOW entirely comfortable with the reconstruction of Conservatism after 1945. They fear that the Party regained office in 1951 by abandoning its principles. The period from electoral defeat in 1945 to Margaret Thatcher's election as leader in 1975 is supposed to comprise thirty wet years of drift and compromise. They may believe that the Party remained more authentically Conservative after 1906, albeit at the cost of more years out of office.

This interpretation is wrong. Worse than that, it stands in the way of the Party learning from a period in its history which was intellectually productive and politically successful. The 'New Conservatism' which emerged is far from the caricature of a Butskellite consensus.

This New Conservatism emerged from ideological dispute not just between Conservatives and Labour but also within the Conservative Party itself. A new generation of historians have rightly criticised what they call the 'myth of consensus' which bedevils much writing about this period. There was much less consensus between Labour and Conservative than is now imagined. Moreover it took years of argument even for some sort of consensus to emerge amongst Conservatives themselves.

The crucial intellectual influence on many Conservatives as they began their re-think after its landslide defeat was Friedrich Hayek. His *Road to Serfdom* was published in 1944. It is a

1945 – IDEAS

passionate warning of the perils of collectivism and traces the links between national socialism and Soviet communism. The book had an immediate impact on many Conservatives. Central Office sacrificed 1.5 tons of their precious paper ration for the 1945 elections so that more copies could be printed. Churchill's notorious speech warning of a British Gestapo if Labour were elected was directly influenced by Hayek. (He wanted to warn of a Soviet NKVD but decided not to because of our alliance with the Soviets.) That speech damaged both him and the Conservative cause, confirming to many voters how out of touch Conservatives were. But the story of the next six years is how Conservatives learned to express their fears about collectivism in a way which chimed in with the voters' experiences and won their support.

There was serious disagreement in the Party about how far to take their anti-collectivist approach. Many of the groups which embody intellectual tensions within Conservatism up to this day can trace their roots back to this period – the Tory Reform Group on the Left and the Progress Trust on the Right were formed around this time. Assheton, Woolton's predecessor as Party Chairman from 1944 to 1946, was on the Right. An entry in Eden's diary records a row with Assheton [A] in front of Churchill [W] about whether Right or Left wing candidates were to have the pick of forthcoming by-elections:

Told A in front of W that if he and his friends continued to regard our Party as a closed corporation for extreme Right it had no future. His treatment was typical. Remained glowering all the evening, thought it necessary.⁶²

Part of the newness of this New Conservatism was the emergence of Right versus Left disputes which are recognisable to this day. But the achievement of the leadership was to fashion from this a synthesis which was credible, endorsed by the vast bulk of the Party, and attractive to the electorate.

⁶² Quoted in John Ramsden, *The Age of Churchill and Eden*, 1995.

AFTER THE LANDSLIDE

The immediate response to defeat

The Party's first steps after the landslide defeat of July 1945 were not promising. The Party was not sure how to respond to Labour especially given Labour's enormous post-election popularity.

The Party's first approach therefore was to claim that Labour was simply carrying on with ideas which had been developed in the Wartime Coalition Government. Churchill argued therefore that the Conservatives could claim a share of paternity in the Government's programme. In his first speech in Opposition he claimed Labour were carrying forward his ideas:

Here and there, there may be differences in emphasis in view, but in the main no Parliament has ever assembled with such a mass of agreed legislation.⁶³

But this line of argument did not work . It left Conservatives with no distinctive voice. Intense Parliamentary conflict over the Government's policies soon replaced it.

The Party also tried to correct what was seen as Labour's unfair caricature of the Conservative record. Shadow Ministers were frustrated that people's picture of the 1930s was of mass unemployment in Jarrow, not of economic expansion in towns such as Coventry and Oxford. Central Office put out publications with titles such as *Labour's lies about the 1930s* aimed at setting the record straight and tackling head-on what they saw as Labour's dangerous mythology. But the political agenda was about constructing a new Britain after wartime destruction. There was no interest in the Conservative Party fighting what were seen as hopeless historical battles. After two years, the Party gave up trying to persuade people of the success of its previous record in office. Instead it shifted to the opposite approach – stressing how much it had changed, even if sometimes the change was deliberately exaggerated.

⁶³ *Hansard*, vol. 413, col. 95.

1945 – IDEAS

The Party's uncomfortable and awkward start to Opposition was exacerbated by deep divisions on the big issue of the day – the introduction of the Bretton Woods system of fixed exchange rates. Many Conservatives feared that Bretton Woods was essentially a device for replacing sterling with the dollar. The official position of the Party was to abstain but in the debate in December 1945, eight Conservatives backed the Government and 71 voted against Bretton Woods altogether. Robert Boothby spoke for many of the rebels when he said that the Government had agreed 'to sell the British Empire for a packet of cigarettes'.⁶⁴

To have a policy or not?

There were serious disagreements in the Shadow Cabinet about how to approach the task of renewing the Party's policies. Butler recalls in his memoirs how he disagreed with Churchill about this:

He lectured me "When an Opposition spells out its policy in detail the Government becomes the Opposition and attacks the Opposition which becomes the Government. So having failed to win the sweets of office, it fails equally to enjoy the benefits of being out of office" ... There is rather more truth and tactic in this than I was always happy to allow at the time.⁶⁵

Lord Woolton records his view in his memoirs:

It is always dangerous in politics to be committed to detail in any programme. But I concluded that it was at least as dangerous to be so vague that the nation could think that the Conservatism that we were expounding would be no difference from the Conservatism of the 1930s. We therefore decided to take the risk of defining in terms the policies we would encourage the nation to undertake.⁶⁶

Macmillan made some useful distinctions in a speech in 1946:

⁶⁴ J. Ramsden, op. cit.

⁶⁵ R. A. Butler *The Art of the Possible*, 1971.

⁶⁶ Woolton, op. cit.

AFTER THE LANDSLIDE

Do we mean a philosophy, do we mean a policy, or do we mean a programme? We are not immediately embarked on a new election. We do not know the conditions when it comes. We do not even know what will be the political international situation during the next few years. Therefore, the point now is, what philosophy and broad policy we are to preach. I should be less happy about a detailed programme.⁶⁷

As a first step, a new structure was set in place for the Party to conduct its large-scale policy review. Four institutions were crucial. The Post-war Problems Committee, which had operated in the war-time coalition, was succeeded by the Advisory Committee on Policy and Political Education (ACPPE) chaired by Butler. The Conservative Research Department was revived, again headed by Butler. A new Parliamentary Secretariat was created, specifically aimed at helping front-benchers and servicing Parliamentary groups and committees. And a new Conservative Political Centre was established, again headed by Butler, to deal with political education and consultation on policy with the Party membership. This structure gained coherence and consistency through Butler's role in chairing all three of the crucial bodies working on the policy review.

There were direct links to all parts of the Party so that the work of the policy review would be widely accepted and legitimate. The ACPPE was formally constituted by the National Union and brought together Central Office, the voluntary membership, and the Parliamentary Party. Its role was not so much to lay down policy but to provide material on which long-term policy work could be based. Similarly the CPC could be used to communicate with the membership and the Two-Way Movement of ideas gave members a feeling that they were directly involved in the policy review as it progressed.

Butler describes in his memoirs how he was consciously trying to learn from Labour's propaganda success in the run-up to 1945. He recognised that:

⁶⁷ Quoted in H. Jones, *op. cit.*

1945 – IDEAS

Socialism provided [the electors] with a vision and a doctrine to which we had no authoritative answer or articulated alternative. Herbert Morrison knew this and had taken advantage of his position on the home front to roll out pamphlets and speeches which gave a very firm impression of leading to the Left. He [i.e. Morrison] recorded in his autobiography that I carefully examined what he had done for the Labour Party prior to and during the 1945 election and told my staff that I wanted to do the same for the Conservative Party. This information was correct. Surveying the wreckage in the Summer of 1945, which I had been almost alone in predicting, I resolved to do whatever lay within my power to ensure that we did not go into another election with the propagandist victory already lost.⁶⁸

Woolton was an ally in this, realising that now parties had to win political battles before an election campaign, not during it. In his memoirs Woolton makes Butler's point more pithily. His objective was 'to convert the electorate to Conservatism'.⁶⁹

Creating the Industrial Charter

The Party Conference met in October 1946 for the first time since the Party's electoral defeat. The Party activists were frustrated and unhappy. Although Churchill had agreed to the new structure for the policy review, he was still opposed to any fresh statements of Conservative philosophy or principle let alone any policies or programme. It was pressure from the activists at the Party Conference which forced him to act. Contrary to the plans of the Party managers, the following resolution was debated and passed:

That this Conference is of the opinion that the Conservative Party, in order to counter the misleading and insidious propaganda of the socialist party, should, without further delay, prepare and issue a statement, in a concise form easily understood by the electorate, setting forth the policy for which the Conservative Party stands and

⁶⁸ R. A. Butler, *op. cit.*

⁶⁹ Woolton, *op. cit.*

AFTER THE LANDSLIDE

simultaneously a statement giving in fuller detail the principles and programme of the Party.

It was not clear exactly what these principles should be. Viscount Hinchingsbrooke believed that:

1945 was by far the worst philosophical disaster that has ever overtaken the Conservative Party. I do not know of any occasion in history when a landslide of votes has been accompanied by the seizing from the disposed party of its political aegis, leaving it a vacant, wondering, and wandering collection of earnest, public-spirited souls in search of a new philosophy and faith.⁷⁰

Indeed one Party official described the mood of the Conference in the following terms. 'Much facile revolt and much aimless candour, a cry that the Party should march somewhere, though few could suggest where'. Churchill now had to bow to pressure to do something. He set up an Industrial Policy Committee to draft what became known as the Industrial Charter. Again, Butler was to chair this body. It was his personal role which ensured consistency and compatibility with the range of the Party's activities.

The Industrial Policy Committee was chaired by Butler with members from the front-bench (Macmillan, Maxwell-Fyfe, Stanley, Lytton), from the back-benches (Heathcoat-Amory, Eccles, Bennett, Hutchinson) and David Clarke, Director of the Research Department as secretary, assisted by Reginald Maudling (of the Parliamentary Secretariat) and Michael Fraser (from the Research Department). Although drawing on earlier work by the Research Department, the IPC was an authoritative review body set up specifically on the instructions of the Leader.

Butler intended that the IPC would produce a generalised document, a new Tamworth Manifesto, to show that the Party was aware of how much politics had moved on since 1939. It was to be a statement of political principles rather than a detailed policy document. The Charter begins:

⁷⁰ Quoted in H. Jones, 'A Bloodless Counter-Revolution: the Conservative Party and the defence of inequality 1945-51' in *The Myth of Consensus: New Views of British History 1945-64*, eds. H. Jones and M. Kandiah, 1966.

1945 – IDEAS

We are not a 'Working Party' whose terms of reference require us to lay down a detailed policy for each particular industry, nor were we asked to draw up a final party programme. Our task is to set out our general policy towards industry as a whole.⁷¹

The IPC met regularly over the winter of 1946-1947 in Butler's Research Department office. Evidence was taken directly from industrialists and experts. The IPC was then broken down into smaller roadshow groups of three or four members for meetings in industrial centres where businessmen and trade unionists were asked for their views. This consultation led to a greater emphasis on free enterprise in the rhetoric of the Charter. The Charter could then be promoted as representing the consensus of business opinion. The newly-created CPC was very active, producing over 200 reports in response to specific questions as the Charter was drafted. The 1922 committee was also canvassed for its views. The penultimate draft was approved by the Shadow Cabinet under Eden. Churchill then informally approved the Charter in meetings with Eden and Butler.

The Charter was published in May 1947 at a press conference chaired by Butler (having been deliberately leaked to the *Observer* and *Sunday Express* the previous day). Although Churchill remained silent on the document, it was promoted in speeches by Eden, Butler, and Macmillan as well as in Research Department and Central Office pamphlets.

At the October 1947 conference the Charter was accepted (with only three dissenters) after opposition had been marginalised to a position of extremism. The Charter had been managed to create a consensus at the highest levels of the party and amongst the rank and file. According to Maudling's memoirs, Churchill read the proffered draft of the section of his conference speech endorsing the Industrial Charter 'with care and then said, "But I do not agree with a word of this." "Well, Sir" [Maudling] said, "this is what the conference has adopted." "Oh well" he said, "leave it in". Churchill

⁷¹ Quoted in J. D. Hoffman, *The Conservative Party in Opposition 1945-51*, 1964.

AFTER THE LANDSLIDE

then included in his speech at the end of the conference the paragraph, carefully drafted for him by Maudling, endorsing it. With the endorsement, at the end of the process, from the Leader, the Industrial Charter was thereafter indisputably an authoritative statement of official Conservative Party policy and served as a basis for all Butler and his staff did later.

Understanding the Industrial Charter

Although the Charter is specifically about the problems of industry it includes early on the bold assertion that 'Man cannot live by economics alone.' Butler explained in an interview many years later how he thought the Industrial Charter had changed the image of the Conservative Party:

Yes, I think – to put it shortly – the Industrial Charter was not in itself a great intellectual document but I think it did give the image of the Conservative Party in a way we would find invaluable to give now, that is an image that once showed we believed in individual freedom but individual freedom without selfishness for the personal proprietor or selfishness for the boss.

In that interview in 1965 Butler also recognised Churchill's influence in keeping the charters relatively broad brush:

Well, I think that on this matter Churchill had an influence. He was always advising us that detailed policy was a matter for the Government and not for the Opposition because he advised us always to keep our policy statements general. That is why we kept the Charters general and I think that this is a lesson that the Opposition could learn today because I think it is very unwise for an Opposition to come out with too much detail. I think that it does make them vulnerable to attack and after all, if their object is to attack the other side it is rather a pity to have too much on their side.⁷²

The Industrial Charter is structured in three parts. First, it analyses what it calls the present crisis in industry. Here it focuses

⁷² Conservative Research Department File, 2/53/1, Bodleian Library.

1945 – IDEAS

on how measures might be taken to increase the productivity and output of the economy. It takes a broadly monetarist explanation of the problem of inflation talking of the need to “keep the supply of cash and credit to the size which will match the supply of goods.” Its proposal is a delectable piece of political fudge: “We should not reverse the cheap money policy but we should pursue it with restraint.”

The second section of the Industrial Charter is entitled ‘The Place of Government in a Free Society’. There is a clear emphasis on personal freedom and deregulation, “The tendency to rely on controls – like the habit of forming a queue – has already gone too far and is sapping dangerously the independent character of the people”. Not only are controls too onerous but taxes are too high as well:

The plain fact is that there is a very definite limit to the proportion of his personal income that the citizen is prepared to allow the Government to spend for him in normal times of peace. We believe that Government expenditure at current levels, which the Socialist Government appear to contemplate with equanimity, already exceeds this limit.

There is also an explicit recognition of the obligation of Government also to maintain employment (though with some caveats):

But perhaps its greatest duty is to ensure that such main priorities as the maintenance of employment and our well-developed social services are fulfilled before subsidiary objectives are sought and that the tasks set are not beyond the capacity of the resources available.

This acceptance of an obligation to maintain employment is a significant endorsement of something like Keynesian responsibility for macro-economic policy. Today we understand the perils of the Keynesian approach. But as Robert Skidelsky has shown, that Keynesian recognition of the role of macro-economic policy was at the time the free market alternative to the traditional

AFTER THE LANDSLIDE

Fabian model of trying to deliver objectives such as high employment and price controls through direct micro-economic intervention. The battle lines between Conservative and Labour over the next generation were to be on precisely these micro-economic areas where the Industrial Charter is unambiguously in favour of deregulation, denationalisation, lower public spending, and lower taxes. In all these respects it reads like a contemporary Conservative document.

The third section of the Charter explicitly makes it clear that Conservatives do not accept nationalised industries in principle but there were practical constraints on what could be denationalised:

We are opposed to nationalisation as a principle upon which all industries should be organised. If all industries were nationalised Britain would become a totalitarian country. If only a few industries are nationalised, they become islands of monopoly and privilege in a diminishing sea of free enterprise. It is wrong to concentrate all political and economic power in the hands of Ministers. Moreover, we consider that the bureaucratic method is highly inefficient when applied to business matters.

There is a much pithier summary of their policy on nationalised industries at the end:

We are opposed to nationalisation in principle.

The criticism which began in the smoking rooms of the House of Commons as soon as the document was published and which has carried on ever since are that it is, in the words of one of its first Backbench critics, 'Pansy-pink'. It goes too far in accepting the Attlee post-war consensus. Butler tackled this head-on in his memoirs when he defended the Charter as follows:

Our need was to convince a broad spectrum of the electorate, whose minds were scarred by inter-war memories and myths, that we had an alternative policy to Socialism which was viable, efficient and humane, which would release and reward enterprise and initiative but without

1945 – IDEAS

abandoning social justice or reverting to mass unemployment. Until the progressive features of our thought had been fully exposed to public view, no-one (to adapt Charles II's epigrammatic cynicism) was going to kill Attlee in order to make Churchill king.⁷³

The Industrial Charter had two objectives. The first was to destroy what Butler saw as a dangerous myth about Conservatism which had formed in the electorate's minds because of their experience of pre-War recession and unemployment:

Our first purpose was to counter the charge and the fear that we were the party of industrial go-as-you-please and devil-take-the-hindmost, that full employment and the Welfare State were not safe in our hands.⁷⁴

But this was not the whole story. There then had to be something to distinguish Conservatism from Socialism:

Our second purpose was to present a recognisable alternative to the reigning orthodoxies of Socialism – not to put the clock back, but to reclaim a prominent role for individual initiative and private enterprise in the mixed and managed economy.

Expounding Conservative philosophy

The Industrial Charter marks the definitive point at which the Conservative Party became the party of freedom and the free market. This was also the central message in three powerful and thoughtful books of Conservative philosophy which appeared during this period.

Quintin Hogg's brilliant book, *The Case for Conservatism*, published in 1947, explained the intellectual shift which the Party had undergone:

In fighting Socialism in the twentieth as they fought Liberalism in the nineteenth century, Conservatives will be found to have changed their

⁷³ Butler, op. cit.

⁷⁴ Butler, op. cit.

AFTER THE LANDSLIDE

front to meet a new danger, but not the ground they are defending.⁷⁵

The Conservative Party may always have been *a* party of freedom but it had now become *the* party of freedom.

Quentin Hogg's book was then subject to a harsh review from Michael Oakeshott who attacked him for moving too far towards individualism and away from traditional Toryism.

We do not begin by being free; the structure of our freedom is the rights and duties which, by long and painful human effort, have been established in our society. Individuality is not natural; it is a great human achievement. The conditions of individuality are not limitations... The bug of rationalist politics has bitten the Conservative.⁷⁶

1947 also saw the publication of an essay by David Clarke, the Director of the Research Department, entitled *The Conservative Faith in a Modern Age*. This shows how the Conservative belief in the individual also recognises that the individual has to be placed in society and in a community. It is very much the same thought as Hayek's essay, *Individualism True and False* which appeared a few years later. But perhaps most striking are Clarke's views on social policy. He ties in the Tory belief in local institutions as the most powerful device for transmitting values and shaping character, with a critique of the way in which Labour was extending the welfare state. He contrasts Butler's Education Act with Bevan's NHS:

Under the Education Act, the schools controlled by voluntary organisations, and especially the churches, are given an opportunity to bring themselves up to the new standard. But they retain their identity and their character. Under the Health Act, on the other hand, the voluntary hospitals which have been the centre of so much philanthropy and so much providence among all sections of the

⁷⁵ Quentin Hogg, *The Case for Conservatism*, 1947.

⁷⁶ Michael Oakeshott, 'Contemporary British Politics,' *Cambridge Journal*, vol. 1, 1947-9. Quoted in Michael Bentley, 'Liberal Toryism the Twentieth Century', *Transactions of the Royal Historical Society*, 1994.

1945 – IDEAS

community, pass into the ownership and control of the state with their endowments.⁷⁷

This was to become the central Conservative critique of Labour's approach to the welfare state. Instead of allowing a rich diversity of civic institutions Labour were instead nationalising and imposing uniformity of provision which could best thrive and develop through diversity. There was no reason why free access to these services also required that they should be owned and directed so uniformly by the state.

The third essay in this distinguished group is by Bonar Law's son, Richard Law, entitled *Return from Utopia* and published in 1950. This is the most libertarian text of the three but again its power comes from its critique of centralised socialist planning. Richard Law believed that trying to use the power of the state to create any sort of Utopia in this life is not just hopeless but positively evil because one of the first principles to be sacrificed is the principle of human freedom and personal choice:

To turn our backs on Utopia, to see it for the sham and the delusion that it is, is the beginning of hope. It is to hold out once again the prospect of a society in which man is free to be good because he is free to choose. Freedom is the first condition of human virtue and Utopia is incompatible with freedom. Come back from Utopia and hope is born again.⁷⁸

The Party's intellectual revival after 1945 centred above all on a concept of economic freedom and personal freedom but these freedoms only made sense within an ordered liberty.

Women

⁷⁷ David Clarke, *The Conservative Faith in a Modern Age*, 1947.

⁷⁸ Richard Law, *Return from Utopia*, 1950.

AFTER THE LANDSLIDE

These bold intellectual arguments gained their political purchase however because they spoke to particular groups who were directly experiencing the consequences of socialist planning. The theory came to life through personal experience and political action. It was the strength above all of the Industrial Charter that it provided a general framework within which the Party could set particular policies aimed at particular groups.

This was the point at which Butler's intellectual structure combined with Woolton's United Front against Socialism all leavened with the hostility to Whitehall and interfering Government to be found in the Ealing comedies of the time. The Industrial Charter was the intellectual underpinning for the united front against socialism. Now specific groups threatened by the Labour Government could be identified and specific issues addressed. There were appeals to specific groups of industrialists who were threatened by nationalisation. There were charters on Scotland, on Imperial policy, and on agriculture, for example. But there was one group of far greater significance than all the others put together.

We are all familiar with Douglas Jay's remark made when he was a Minister in the Attlee Government that the gentleman in Whitehall knows best. But less familiar is the previous sentence which helped to give the remark so much of its political charge at the time. What he said was as follows:

Housewives as a whole cannot be trusted to buy the right things ...
The gentleman in Whitehall really does know better what is good for the people than the people themselves.⁷⁹

Douglas Jay was contrasting the socially- eminent man in Whitehall with the ignorant woman doing the shopping. And it was women above all who were on the receiving end of the most intrusive and irritating of Labour's controls, notably the rationing of food and clothes. Labour's slogan during the 1945 election

⁷⁹ M. Kandiah, *op. cit.*

1945 – IDEAS

campaign had been to ‘ask your dad’ and now Conservatives responded that Labour had forgotten to ‘ask their mums’.

Research by Ina Zweiniger-Bargielowska at the University of Wales has shown the stringent conditions within which housewives had to operate. The calorie intake of the middle classes fell from approximately 3,275 kcals per day in 1932-35 to a low point of 2,307 in 1947. For the working classes the figures also fell but from 2,859 in 1932-35 to 2,308 in 1947. They had achieved unparalleled equality but at a very low level. Dr Zweiniger-Bargielowska quotes *Social Survey* data from April 1948 that 55% of respondents felt they were not getting enough food to keep in good health and 59% thought they would be able to work harder on a better and more varied diet. In March 1949, 75% still considered their present diet worse than it had been before the war. In November 1947, a Gallup Poll showed that 62% preferred life before the war to the present (which also must have blunted Labour’s attack on the Conservative record in the Thirties). It was indeed the age of austerity.⁸⁰

The increasingly arduous task of running a household fell mainly on women. This was the reason for the militancy of the British Housewives’ League. Conservative rhetoric on rationing and control was deliberately targeted on winning the support of female voters. They were seen as the most obvious victims of Labour’s policies. They would gain most from Conservative policies to get rid of socialist controls. As austerity carried on through the late 1940s and even intensified, so the arguments in the Industrial Charter about the evil of controls came to seem ever more telling: and the Conservative message was most directly experienced by women.

The Soviet threat

⁸⁰ Ina Zweiniger-Bargielowska, ‘Rationing, Austerity, and the Conservative Party Recovery after 1945’, *Historical Journal*, March 1994.

AFTER THE LANDSLIDE

Conservative arguments against socialism also got new life from increasing international tension. At first many Conservative front-benchers had been exasperated with Churchill's long absences abroad. Some were even embarrassed by his speech at Fulton, Missouri claiming that an Iron Curtain was falling across Europe. Labour depicted Churchill as a war-monger. But increasingly his warnings looked prescient. There was an ideological battle being fought between West and Communists. The Conservative stress on individual freedom was now enhanced by Churchill's position as the first international leader to warn of the threat.

Despite all this activity, in 1949 the Party was depressed by its failure to win as expected the Hammersmith South by-election. This led to more soul-searching as the Party tried to work out what more it could do to win back office. The intellectual structure was in place, the argument was clear, but it had not yet come to life. It needed a rebellion by the Party Conference to develop a policy to do just that.

CHAPTER 9

1945

HOW THE PARTY GOT BACK

THE FIRST TWO YEARS after the landslide defeat in 1945 saw the Party perplexed, confused, and uncertain. The two years after that, from 1947-49, saw three people above all – Butler, Woolton, and Maxwell-Fyfe – put in place a strategy for Conservative recovery. Conservative philosophy and principles were expounded in a sophisticated and attractive way. The Party machine was thoroughly overhauled. Membership and finances were growing. And the changes in the nature of the Party's candidates and membership were linked to the fresh statements of Conservative principles from its leading thinkers. It looked as if things were going the Conservatives' way. Both Butler and Woolton were spoken of as future leaders of the Party.

By-elections

There was however one crucial gap in this record of achievement. The Party had not gained a single seat at a by-election since 1945. That was one of the reasons why the by-election in Hammersmith South, caused by the death of the sitting Labour MP in February 1949, mattered so much. The Conservatives had a new model candidate in Anthony Fell and as Woolton observed to his minder:

AFTER THE LANDSLIDE

It is most important that we should win this by-election, not only to sustain the morale of our own supporters, but also to demonstrate to our opponents the progress which Conservatism is making in the country.⁸¹

But Labour fought back vigorously. There were scares that Conservatives would reduce old-age pensions, would abolish food subsidies, or would cut back social services. And Labour held on to Hammersmith South though with a slightly reduced majority. The *Daily Telegraph* leader the following morning criticised the Party as follows:

When we consider [the defeat] in conjunction with the almost unbroken failure to win back a seat in three-and-a-half years we are forced back on some explanation of a general character and this is not far to seek. The Party has not succeeded in translating its policy and intentions into terms which are acceptable or even intelligible to large numbers of the electorate.⁸²

There was then a search for a culprit. Woolton blamed Butler for failing to come up with more policy proposals. Butler blamed Woolton for focusing Central Office on merely ‘socialist bashing’ rather than publicising the policy ideas which the Research Department had already developed. The Party leadership concluded that they needed to offer more to the electors. The statements of principles were not enough, they needed to be able to offer a fuller programme. The result was *The Right Road for Britain* published in July 1949.

The *Right Road for Britain* and the 1950 General Election

This document was a significant shift to the Right when it came to economics and industry. There was more stress on free enterprise and the market economy as the Conservative contrast with Labour’s centralised planning. But there was also a robust defence of the welfare state to counter-balance scares that Conservatives

⁸¹ Quoted from M. Kandiah, unpublished thesis.

⁸² *Daily Telegraph*, 26 February 1949.

1964 & 1974 – HEATH & THATCHER COMPARED

would dismantle it. This was the distinctive Conservative post-War mixture of free enterprise with a more explicit commitment to the welfare state. The Party had moved right on the economy but slightly to the left on social services.

There was also a call for an all-party conference on the reform of the House of Lords with a statement that the Conservatives would put the following proposals before the Conference that:

- (a) the present right to attend and vote based solely on heredity should not by itself constitute a qualification to a reformed House;
- (b) a reformed House of Lords should have powers appropriate to its constitution but not exceeding those conferred by the Act of 1911.

The Right Road for Britain was to be the basis for the General Election manifesto, *This is the Road*, published in January 1950 as a prelude to the election in February 1950. It is interesting to have an assessment of that manifesto from the youngest Conservative candidate who fought in that election:

Very heavy public spending had kept the standard rate of income tax almost at wartime levels – nine shillings in the pound. Far from being dismantled, wartime controls had, if anything, been extended – for example rationing was extended to bread in 1946 and even potatoes a year later. It was therefore possible to fight the 1950 election campaign on precisely the kind of issues which are most dangerous for a sitting Government – and ones with which I personally felt most at ease – that is, a combination of high ideological themes with more down-to-earth “bread and butter” matters.

The 1950 Conservative manifesto was a cleverly crafted document which combined a devastating indictment of socialism in theory and in practice with a prudent list of specific pledges to reverse it.⁸³

That was Margaret Thatcher’s assessment. Lord Woolton expected the Party to win in 1950 but the Party just missed.

⁸³ Margaret Thatcher, *The Path to Power*, 1995.

AFTER THE LANDSLIDE

Labour had an absolute majority of six in the House of Commons with 315 seats. Conservatives had 298, the Liberals 9 and Irish Republicans had 2. The expectation was that there would have to be another election in the near future. The Labour Government was becoming exhausted. Conservative Parliamentary opposition was now very effective indeed. But the Party still needed a vivid, populist policy to catch the public imagination. And it was to come from a colleague still to be seen in the tea room of the House of Commons, who delivered the biggest defeat for the leadership at a Party conference in the history of the Conservative Party.

Housing

The issue was housing. We have already seen how the rationing and austerity of the Labour period hit the housewife and had reduced living conditions to a much lower standard than before the War. But housing was also suffering. Slum clearance programmes were going slowly, bomb damage was not being dealt with, the rate of new-build was paltry. Harmar Nicolls, who had just been elected as a Member of Parliament in the 1950 election, was worried that inadequate housing was putting families under too much pressure. The biggest barrier to constructing new housing were the heavy-handed controls imposed by the Labour Government together with the requirement that many of them be built not just for the public sector but by public sector direct labour organisations. He approached the Research Department with a proposal for the Party to commit itself to build 300,000 houses a year. The Research Department rejected it as impractical. He then appealed to Winston Churchill who asked his son-in-law, Duncan Sandys, to investigate and again the conclusion was that it could not be done. So when the Conference came to debate housing Harmar Nicolls saw his final chance and spoke in favour of 300,000 as the target for housing. He placed supporters at crucial places around the conference hall and they led the cheering when he set the figure. Other speakers picked up the figure amongst what was described as 'mounting enthusiasm'.

1964 & 1974 – HEATH & THATCHER COMPARED

The Party leadership retreated under pressure. Finally Lord Woolton had to accept, on behalf of the Party leaders, the goal of 300,000 houses per year.

This measure successfully brought together several Conservative themes. It was a measure to help families, not through socialism but by unleashing free enterprise from Labour control. And, although no-one had the tactlessness to mention the point, it harked back to Baldwin's housing boom which had helped put Britain out of depression in the Thirties. The pledge to 300,000 homes formed a crucial part of the 1951 manifesto. Harold Macmillan was given the task of delivering it as Minister for Housing and his success paved his way to the premiership.

The leadership however took a different message from the event. Planning for the 1951 conference, which preceded the election, Butler called for:

A general statement ... would help guide the Party Conference which meets in the first week of October at Scarborough. You will remember that last year we published nothing and the conference made its own policy by acclamation. Though the latter method is hallowed by having been used in the Greek city states, I think it would tend to lead to irresponsibility if proceeded with for a second year in succession.⁸⁴

The 1951 Election

The document that was being prepared for the October 1951 conference became the Party manifesto when the election was called in September. Again there is a distinct shift to the Right with more emphasis on the role of free enterprise. There is a defence of social services. The defeat for the leadership on housing in 1950 is shown in a clear pledge on housing in the document. And one other significant change had occurred. Because of the outbreak of hostilities in Korea, the sense of a wider ideological clash between Left and Right on an international scale pervades the document. The critique of Labour was not just

⁸⁴ Ramsden, *op. cit.*

AFTER THE LANDSLIDE

a critique of domestic policies but also of the international situation.

Far from a new consensus emerging, the ideological debate with Labour was intensifying. The Soviet threat helped to make this vivid and comprehensible but there was equally serious disagreement about the way forward in domestic policy. Some commentators wrongly assume that when Harold Wilson became the President of the Board of Trade, Labour jumped on the Conservative bandwagon and began their own bonfire of controls. But Wilson's initiative was deliberately restricted to a small range of consumer goods: his underlying approach remained deep-rooted in wartime planning. In June 1950 Wilson submitted a joint Cabinet Committee paper entitled *The Long-Term Arrangements for Control of Prices*, in which, according to Neil Rollings who has studied it carefully, it was argued that price control was required permanently and should have a wider coverage than that suggested by officials. The 1950 King's Speech included a commitment to legislate so as to put onto a permanent basis the Wartime economic controls which had been temporarily extended in 1945. Gaitskill and Jay had drafted a paper for the Economic Policy Committee in January 1950 asserting: 'It is the use by the Government of direct controls ... which has been the distinguishing feature of British socialist policy.'

As late as February 1951 the Labour Government had drafted a Full Employment Bill which included powers allowing the Government to place orders on a continuing basis for products of all types produced by industry, to undertake the manufacture of any goods itself, and to sell any of the products it obtained. They were still, in other words, in a pre-Keynesian world in which full employment was to be achieved by direct government micro-economic intervention. Rollings summarises the evidence:

Labour Ministers had not by 1951 shifted away from the use of direct controls, especially price controls, as is conventionally stated, even if this went against the advice of officials. Direct controls were still seen

1964 & 1974 – HEATH & THATCHER COMPARED

to play an important role in economic policy and this belief still existed in 1955.⁸⁵

This time the Conservatives won. Labour recognised why they had lost, the women's organisation reporting to their Party Conference in 1952 that "the last election was lost mainly in the queue at the butcher's or the grocer's."⁸⁶ In 1951 there was a large swing towards the Conservatives amongst women while male support for Labour actually increased. If women had voted the same way as men. the Labour Party would have won every election from 1945 until 1970.

The Conservative Government after 1951 delivered on the agenda set out in the principles and charters published in Opposition. The Party in 1955 could go back to the electorate under the slogan 'Conservative Freedom Works'.

⁸⁵ Neil Rollings, 'Poor Mr Butskill. a short life, wrecked by schizophrenia?', *Twentieth Century British History*, vol. 5, no. 2, 1994.

⁸⁶ Quoted in James Hinton 'Militant Housewives: the British Housewife's League and the Attlee Government,' *History Workshop Journal*, issue 38, 1994.

CHAPTER 9

1964 & 1974

HEATH & THATCHER COMPARED

Why we lost in 1964

Although the post-war period is often thought to have been characterised by consensus politics, it actually saw a series of closely-fought, deeply partisan elections in which a higher proportion of the electorate were members of, and voted for, the two main opposing parties than at any other time in British political history. Class mattered more than at any other time as well. Labour secured perhaps two-thirds of the working-class vote. Conservatives had most of the middle-class vote and in addition that crucial third of the working-class vote which just gave them a majority. Although in 1959 the Conservatives achieved the then unprecedented feat of increasing their seats in a third election victory in a row, Labour were always hard on their heels. Harold Macmillan's suave Edwardian style disguising considerable personal anxiety in many ways matched the mood of his party. With hindsight, the Conservatives appear dominant but it never quite felt like that. Few Conservatives were confident of winning the 1955 or 1959 elections two years beforehand.

Three reasons in particular stand out for the Conservatives' defeat in 1964. First, the Vassal and Profumo scandals and their uncertain handling by the Government left Conservatives looking sleazy and incompetent.

Secondly, there was a sense that the country needed to modernise and that Harold Wilson was the man to do it.

1964 & 1974 – HEATH & THATCHER COMPARED

Conservatives had responded to this mood by developing what they saw as their own modernising agenda in the early 1960s with the creation of the National Economic Development Council, Enoch Powell's plans for expansion of the National Health Service, and controversial enquiries into the future of the railways and road transport. But Harold Macmillan's increasingly self-parodying style as an Edwardian gentleman, and his replacement in October 1963 by the aristocratic Alec Douglas-Home meant that Conservatives did not look like modernisers. Alec Douglas-Home could say that he was for "the modernisation of Britain" and was "busy designing a programme of policies for that purpose"⁸⁷ but the message was undermined by the messenger.

Thirdly, middle-class support was leeching away towards the Liberals. Back in the early 1950s Winston Churchill had nearly secured a full merger with the remaining Liberals who were at their historic low point. He hoped they would become part of an anti-socialist coalition. But he failed and the gradual resurgence of the Liberals as a vehicle for middle-class protest when Conservatives were performing badly was to have a major impact on electoral politics in the 1960s and 1970s. Harold Macmillan was aware of this problem of middle-class disenchantment and early in his premiership sent the following note to the head of the Conservative Research Department:

I am always hearing about the Middle Classes. What is it they really want? Can you put it on a sheet of notepaper and then I will see whether we can give it to them?⁸⁸

Unfortunately, that was not enough to solve the problem.

⁸⁷ Quoted in John Ramsden, *An Appetite for Power: The History of the Conservative Party*, 1998.

⁸⁸ Macmillan to Fraser, 17 February 1957, quoted in E. H. H. Green, 'The Conservative Party, the state and the electorate 1945-64,' in *Party, State, and Society: Electoral Behaviour in Britain since 1870*, ed. Lawrence & Taylor, 1997.

AFTER THE LANDSLIDE

The Ideological Background

Important disagreements of principle between Labour and Conservatives about the role of the state help to explain the Conservative recovery in the elections of 1950 and 1951. There was no wet Butskellite consensus after 1945.

Yet there was an ideological shift in the Conservative Party leftwards: it took place not in the 1940s but in the late 1950s. In particular, the period 1957-58 marks a crucial change of political direction. The most obvious change was that Macmillan became leader in succession to Eden in January 1957. His political philosophy expounded in *The Middle Way*, published back in 1938, deployed Tory paternalism to justify ambitious intervention in industry. The flow of free market reforms under Conservative Governments culminated in the deregulatory Rent Act of 1957 and then dried up. Peter Thorneycroft, the Chancellor of the Exchequer, and two of his Treasury Ministers resigned in 1958 after they failed to get the Prime Minister's backing for tough expenditure control. After falling steadily as a percentage of GDP from 1951, public expenditure moved back onto an upward trend at that point.

The early 1960s saw the Conservative Government facing the classic problems which arise from a Keynesian macro-economic policy. If unions know that the Government will print money to avoid recession then they go for ever more ambitious pay demands (and the sight of aggressive unions winning big pay increases for their members was one of the reasons for that middle-class frustration that was to cost Conservatives the election in 1964). Price rises started to become a significant political issue. At the same time another classic sign of excess demand – a balance of payments deficit – became the economic statistic charged with greatest political significance. By the early 1960s, the economic debate – about trade union power, inflation, and the balance of payments – had taken the form which was to dominate the political landscape for twenty years. The response of the Macmillan Government to these pressures was to reverse the free

1964 & 1974 – HEATH & THATCHER COMPARED

market approach of the Conservatives of the late 1940s and early 1950s and instead to impose much more detailed economic controls. It was in the early 1960s that the National Economic Development Council was created as the forum for corporatist negotiation between unions, employers, and the government. Reginald Maudling as Chancellor then introduced the first of a series of attempts at a prices and incomes policy which litter British politics until 1979.

This was not presented as mere ‘ad hocery’. Macmillan, his Chancellor Reginald Maudling, and his chief European negotiator Edward Heath, had a plausible political story to explain what they were doing. The new Conservative agenda was to modernise the British economy so that we could join the European Economic Community. Churchill had set out the foreign policy strategy which the Party had followed since the War – Britain was at the centre of three interlocking circles of the Commonwealth, Europe, and the special relationship with America. Macmillan believed that this rested on an illusion about Britain’s status as an independent great power and concluded that the right way forward was to apply to join the European Economic Community. The first attempt was made in 1962.

Modernisation, it was thought, was necessary so that we could be strong when we joined the European Economic Community. And modernisation involved learning from Continental models – from French indicative planning through to the structure of Value Added Tax that would be necessary as part of the EEC. As Michael Fraser, the head of the Conservative Research Department, told David Butler in 1964:

Europe was to be our *deus ex machina*: it was to create a new contemporary political argument with insular socialism; ditch the Liberals by stealing their clothes; give us something new after twelve to thirteen years; act as a catalyst of modernisation; give us a new place in the international sun.⁸⁹

⁸⁹ Quoted in J. Ramsden, *The Winds of Change: Macmillan to Heath 1957-75*, 1996.

AFTER THE LANDSLIDE

Whatever its objective merits, this was at least a recognisable and coherent political strategy. But it brought with it ideological tensions within the Party which have rumbled on ever since.

Many Conservatives were unhappy at this economic interventionism. As Harold Macmillan commented in September 1961 after a Cabinet discussion on economic policy:

There was a rather interesting and quite deep divergence of view between Ministers, really corresponding to whether they had old Whig, Liberal, *laissez-faire* traditions, or Tory opinions, paternalistic and not afraid of a little *dirigisme*.⁹⁰

Equally there were Conservatives who could never reconcile themselves to the constraints on the traditional prerogatives of the nation-state which would come from joining the European Community. A powerful and charismatic politician brought together both these lines of argument in a critique of Macmillan and his successors – Enoch Powell.

The Policy Review 1964-66

The policy review set up after the Conservative defeat of October 1964 could have been the opportunity for the Party to confront the big issues of principle which lay behind the strategy developed during the last years of government but which had not been properly resolved and understood within the Party. Indeed, one of the reasons for Enoch Powell's increasingly high public profile was that he was one of the few Conservative politicians who did explicitly address these big questions. But the post-1964 policy review failed to do this.

Some of the reasons are to be found in the unusual circumstances in which it was conducted. Because Wilson had a tiny majority, everybody knew that another election was due very soon and so there was not the luxury of a long debate about important questions of principle. The Party needed to have something new to

⁹⁰ Quoted in E. H. H. Green, *op. cit.*

1964 & 1974 – HEATH & THATCHER COMPARED

put in the shop window, and fast. Moreover, the policy review interacted with the contest for the leadership to succeed Douglas-Home. While he remained as leader, Douglas-Home appointed Heath to succeed Butler as Chairman of the Conservative Research Department and Chairman of the Advisory Committee on Policy, and therefore the person in charge of the policy review. This gave him as a future leadership candidate enormous powers of patronage to appoint people to policy review committees and there were suggestions that he used the post deliberately in order to build up his position – refusing for example to allow any papers from the groups to be circulated to his rival for the leadership, Maudling, who was Deputy Leader of the Party.

John Campbell, Edward Heath's biographer, describes the structure of the policy review as:

...a lot of small groups to study specific problems and policy areas and make recommendations. By early 1965 there were over thirty such groups at work on subjects ranging from agriculture to immigration, overseas aid to law reform. The usual pattern was that each group was chaired by a member of the Shadow Cabinet or Front Bench spokesman and comprised four or five MPs with perhaps a Peer or two and an equal number of outside experts ... The essential feature of this procedure was that every piece of paper the study groups produced went first to Heath in his capacity as Chairman of the ACP.⁹¹

There were considerable anxieties within the Conservative Research Department itself about this way of proceeding. The Deputy Director, James Douglas, warned Sir Michael Fraser in March 1965 that 'Too many people are doing too many things too superficially'.⁹² Conducting the policy review at the same time as rival candidates were limbering up for a leadership contest created an unusually feverish atmosphere. More than 100 Tory MPs were serving on the policy groups but no-one was supposed

⁹¹ John Campbell, *Edward Heath: a biography*, 1992.

⁹² J. Campbell, *op. cit.*

AFTER THE LANDSLIDE

to know who was serving on which groups. At a meeting of the 1922 Committee, supporters of Maudling raised concerns about the 'secret cabals' that these committees had become, meeting furtively with no-one apart from Heath himself knowing which group was doing what.

In August 1965, Heath became leader and kept the control over the policy exercise which he had gained before becoming leader. If anything the scope was increased still further and the scale was massive. By the time of the 1966 election the groups had a combined membership of 181 MPs and Peers and 181 outside experts.⁹³ After Heath became leader other factors reinforced the way of working which had already been established for the policy review. Heath's own personal style was to focus very much on specific practical matters rather than, as he saw it, waste his time on ambitious theoretical debates. He also saw this as a contrast with Wilson's empty rhetoric.

One of the crucial policy groups covered industrial relations. Heath was coming increasingly to the view, shared by many outside commentators, that Britain's trade unions had become one of the main obstacles to modernising the economy. Their restrictive practices stood in the way of industries becoming more competitive and their aggressive wage demands, so the conventional wisdom said, pushed up prices. The bulk of the members of the policy group on industrial relations were lawyers and inevitably they focused on legal solutions to the problem of trade union behaviour. The legal immunities which trade unions had enjoyed since 1906 were an obvious anomaly crying out to be addressed. The group recommended several significant changes to trade union law so as to inhibit breaches of collective agreements by unofficial strikes, redefine the rights of individual members with respect to their unions, and extend the right of legal protection over existing contracts to employers.⁹⁴ Some members of the group were cautious

⁹³ Lewis Johnman, 'The Conservative Party in Opposition 1964-70,' in *Mr Wilson's Governments 1964-70*, ed. Cooper, Fielding and Tiratsoo, 1993.

⁹⁴ L. Johnman, *op. cit.*

1964 & 1974 – HEATH & THATCHER COMPARED

for fear of involving a future Conservative Government in conflict with organised labour. But the lawyers and several of the politicians, notably Keith Joseph and Enoch Powell who both served on the group, thought that legislation on industrial relations was essential.

The group reported in May 1965 with the recommendation that an industrial relations court should be established and trade unions should be registered. Edward Heath accepted its proposals and they were published in Autumn 1965. Thus the essential points on which the Heath Government was subsequently to come into such profound conflict with the trade unions had been decided within one policy group of the Party and then agreed by the leader within a year of the Party's defeat in 1964.

Heath had set a six-month deadline for the different groups to report. These reports were due in the Summer of 1965 and were brought together in the document published in time for the Party Conference that Autumn – *Putting Britain Right Ahead*. John Ramsden brings out clearly the contrast between this document and Butler's Industrial Charter nearly twenty years previously:

Whereas the Industrial Charter had been called a 'statement of Conservative policy' (which is what the Party had demanded in 1946/47) but was actually a statement of principle, the 1965 document, conversely, claimed to be an 'approach document' and a 'statement of aims' but was actually a statement of policy ... The document listed a large number of policy proposals but highlighted five priorities: tax reform to award initiative and merit; the fostering of more competition in industry, reforms of management and new systems of agricultural support; a definition of the trade unions' responsibilities and elimination of restrictive labour practices; selectivity in social services to give better support to the needy; entry to the EEC. The first three of these were all justified by the fifth, the need to make Britain fit to take the European plunge without drowning.⁹⁵

It was Colin Welch in the *Daily Telegraph* who put his finger on the risks of this approach:

⁹⁵ J. Ramsden, op. cit.

AFTER THE LANDSLIDE

“What men and women want, quite rightly, is not theories but results in terms of more dependable service and better performance.” Thus, Mr Heath, in the new statement of Conservative aims ... This sounds blunt, businesslike, British stuff. Yet even in this fog-enveloped island there must be grey pedants who suspect that theories and results are closely connected, that wrong theories will produce wrong results and right, right?⁹⁶

This focus on practical policies carried forward into the manifesto for the election of March 1966 entitled *Action Not Words*. Iain Macleod pointed out subsequently the problems with this approach:

At the last election the Conservative Party manifesto contained 131 distinct specific promises. This was far too much to put across to the electorate, and the net result was that everybody thought we had no policy.⁹⁷

Even Douglas-Home asked tentatively of the manifesto’s title if ‘ideas ought not to be brought into it.’⁹⁸

Whatever their defects, Heath and the manifesto could hardly be blamed for the Party’s heavy defeat in 1966. After eighteen months Harold Wilson could reasonably argue that he needed time and a decent majority to do the job. It was a heavy defeat with the Tory vote down to 42% (and the smallest in absolute terms since 1945) compared with Labour’s 48%.

The Conservative manifesto and the way Heath fought the election defined important themes of long-lasting significance. Two in particular stood out. Sixty per cent of Tory candidates mentioned trade union policy in their election addresses compared to only 24% in 1964. And half of Tory candidates mentioned entry into Europe as against only one tenth in 1964.

⁹⁶ Quoted in J. Ramsden, *op. cit.*

⁹⁷ Quoted in J. Ramsden, *op. cit.*

⁹⁸ Quoted in J. Campbell, *op. cit.*

1964 & 1974 – HEATH & THATCHER COMPARED

Without much serious discussion the themes of the eventual Heath Government were already being laid out.

Carrying on the Policy Review after 1966

The Conservative landslide defeat in 1966 meant that at least the Party could plan on the basis of Labour having a full term in office. It was the Party's opportunity to step back and work its out strategy. In particular it needed to tackle the big issues of economic policy on which there were still deep divisions. Heath's way of working made this very difficult however. His style was a contrast with the Churchill-Eden style of 1945-51. Heath wanted each member of the Shadow Cabinet to focus specifically on their own policy responsibilities. Policy statements had to be cleared through Shadow Cabinet and no one was to speak on broader matters or on matters that might affect a colleague. Edward Boyle, a close friend and ally of Heath's, regretted being 'expected to remain on parade as though one were nothing but the alternative Government.'⁹⁹ There was an attempt by both Macmillan and Macleod to persuade Heath to go for a more open approach. In an article in *The Spectator* in August 1966 Macleod argued that the Party did not need lots more detailed policy work: 'For the moment, what is needed is opposition, just that.'¹⁰⁰ But Heath's view was set out in his speech to the 1966 Party Conference when he proudly proclaimed within months of the landslide defeat that 'Never in our Party's history have we been so well-equipped with constructive policies.' Enoch Powell tried to raise the question of the Party's commitments on trade unions and was told by an angry Heath that he was 'not just going to, at this stage, have it picked to pieces and examined and fought over.'¹⁰¹

This meant that the Party spent the four years after its landslide defeat in 1966 developing further the specific policies

⁹⁹ Quoted in J. Ramsden, op. cit.

¹⁰⁰ Quoted in J. Ramsden, op. cit.

¹⁰¹ Quoted in J. Campbell, op. cit.

AFTER THE LANDSLIDE

which had been prepared during the six months of the post-1964 policy review at the tail end of Alec Douglas-Home's leadership. Most of the key policies which Heath was to try to implement after 1970 had been first formulated in the Autumn of 1965.

The Party's policy on industrial relations was a good example of this way of working. The group reconvened under the chairmanship of Keith Joseph who tried to shift policy towards a greater responsibility for employers to invoke the law against trade unions. He was then succeeded by Robert Carr who did not want to re-open decisions taken for the 1966 manifesto. The policy group did however add the proposal for a compulsory cooling-off period and a secret ballot before a strike could go ahead. This new policy was then rushed out in April 1968 as a policy statement 'Fair Deal at Work' so as to pre-empt the proposals of the Donovan Commission, commissioned by the Government. While the Party benefited from the advice of some shrewd legal minds, it suffered from limited and private communication with trade unions and the absence of any serious industrial relations experts on the policy group. John Campbell comments that:

The experience of 1971-72 suggests that policies determined inflexibly in Opposition, in defiance of official advice, [the Ministry of Labour's evidence to Donovan in 1965 warned of some of the problems in the Conservative approach] may lack realism when they come to be implemented in office.¹⁰²

Campbell is also critical of the way in which Heath denounced so comprehensively and passionately Wilson's devaluation of sterling, the ending of Britain's military role east of Suez, and indeed Labour's own attempted industrial relations legislation. Campbell argues that Heath would have done better to have supported these measures because it was precisely the passion of his attack on Labour which helped contribute to the impression of

¹⁰² J. Campbell, *op. cit.*

1964 & 1974 – HEATH & THATCHER COMPARED

a U-turn later on. His attack on devaluation was so savage that it was described by *The Times* as a ‘posthumous defence of the old parity’ and made Heath’s decision to float in 1972 all the more awkward to explain. Similarly his attack on Wilson for withdrawing from our military commitments east of Suez led to a promise to restore them which proved unsustainable. He might have caused the Government more embarrassment on industrial relations if he had supported some of their proposals.

Campbell has identified the dangers of adopting firm positions in Opposition which only lead to U-turns in office. But equally Heath can be forgiven for wanting to oppose vigorously when the Wilson Government was in difficulties. But as with Bonar Law and national insurance in 1911-12, he needed to be more careful about making policy commitments as a consequence of such opposition.

The irony was that, despite all the detail, the Party’s position on the central issues of economic policy was still unclear. In November 1969 Iain Macleod as Shadow Chancellor was still writing privately to the Conservative Research Department that ‘One of the great problems is what we say about our economic policy.’ Party officials were worried that all that they had to fight the next election was a set of detailed commitments without the big decisions on the strategic matters so they hatched, in the words of one, ‘a sinister notion which is to incarcerate the Shadow Cabinet for a weekend where they can really concentrate free from distraction on their policy and strategy for the next election.’¹⁰³

That was the origin of the Selsdon Park Conference of January 1970. It has entered political mythology because of Wilson’s attack on “Selsdon Man” which he described as “Not just a lurch to the right. It is an atavistic desire to reverse the course of 25 years of social revolution. What they are planning is a wanton, calculated and deliberate return to greater inequality. The new Conservative slogan is: back to the free-for-all.”¹⁰⁴ Wilson’s attack had the

¹⁰³ Quoted in L. Johnman, op. cit.

¹⁰⁴ Quoted in J. Campbell, op. cit.

AFTER THE LANDSLIDE

beneficial effect for Conservatives of giving an appearance of intellectual coherence to an event which once more failed to address the big questions of economic strategy.

It was now becoming desperately important that the Party establish its attitude to wages policy. Maudling was now Deputy Leader of the Party and had as Chancellor of the Exchequer introduced the first incomes policy. He still believed it could help deliver lower prices. The free marketeers were deeply hostile. Heath was ambivalent. It was Macleod who formulated an approach which the Shadow Cabinet could accept displaying what might be seen either as political nerve or as the deepest cynicism. Peter Walker records the episode in his memoirs, Macleod:

... said that I and others were quite right in one respect. We might have to have an incomes policy, but to explain in a manifesto that you might have to do it in certain circumstances was grey. Manifestos had to be black or white. Either we said we were going to have an incomes policy and it would be superb or we that we would not have one at all. We should say that we were not going to have one and if a few years on we changed our minds we would have to explain there were special circumstances. As far as the manifesto was concerned, it should not be blurred. No 'ifs' or 'buts'. Everybody said it was right and so it got into the manifesto.¹⁰⁵

Thus the Conservative manifesto for the 1970 election, *A Better Tomorrow*, stated explicitly 'We utterly reject the philosophy of compulsory wage control'.

This manoeuvre created problems down the road when the Heath Government did its notorious U-turn and introduced an incomes policy. But it also created a more immediate political problem. The Party's private polling was showing that price increases were by far the biggest concern of the electorate as they entered the 1970 General Election. During the campaign itself, Central Office released a document claiming to show how the rise

¹⁰⁵ Peter Walker, *Staying Power*, 1991.

1964 & 1974 – HEATH & THATCHER COMPARED

in prices could be slowed ‘at a stroke’. But the trouble was the Party did not have any coherent account as to how it was going to hold down prices. It had explicitly ruled out the interventionist approach of prices and incomes policies. The monetarist counter-revolution against Keynesianism was still in its infancy and even the free marketeers in the Party were more concerned with reversing micro-economic intervention in the economy and had not yet expounded an alternative macro-economic policy for holding down inflation. Brendal Sewell, the Director of the Research Department, commented years later that:

We went into the 1970 election totally unprepared on what was going to be the crucial issue ... I was very unhappy ... with the enormous advertising campaign about the shopping basket and how the Party was going to bring down the cost of living without any clue how we were actually going to do it. In fact most of our policies were designed to put it up.¹⁰⁶

The only policy the Party had which could remotely be presented as dealing with the problem of price increases was its long-standing commitment on industrial relations and trade union reform. The argument was that more competitive industry, free of restrictive labour practices, would be more efficient. Moreover, the militant shop stewards would be brought under control and would not be able to press for the wage increases which fuelled the wage/price spiral. Thus the Party found itself retro-fitting a policy which it had adopted more than five years previously to deliver a further objective – holding down prices – in the absence of any other policy for doing this. An awful lot now depended on the Party’s industrial relations policy.

The substantive policies in the 1970 manifesto were not very different from those in the manifesto for the 1966 election. Yet in 1970 the Party won what was in statistical terms one of its great victories. There was a net swing to the Conservatives of 4.8%, one

¹⁰⁶ Quoted in J. Ramsden, *op. cit.*

AFTER THE LANDSLIDE

of the largest between the parties at any post-war General Election. It was, as John Ramsden points out, the first occasion since 1945 when a safe majority for one party was replaced at one go by a safe majority for the other. This extraordinary shift in electoral support had been won with a set of detailed policies which were virtually unchanged from those which had led the Party to one of its great defeats only four years earlier.

When Edward Heath came to office in 1970 his agenda was in many ways unchanged from that which had been adopted towards the end of the Macmillan Government. The themes were that Britain had to modernise and Europe was both one of the reasons why it had to modernise and was itself a guide as to how it should be done. But Heath had not been willing to engage in an open debate during the years of Opposition about what modernisation meant and whether governments delivered it by intervention or the free market delivered it by the pressures of competition. It was increasingly obvious to observers that this was the big divide in the Party – the divide on which Macmillan had commented a few years earlier. Arthur Seldon wrote an article in 1968 in which he identified the Tory interventionists and then added a fascinating list of their free market opponents:

The outsider has some difficulty in reconciling their views with those of Powell, Joseph, Margaret Thatcher, Maude, Macmillan (the younger), Howe, Biffen, Braine, Jenkin, and others who offer a distinctive philosophy and distinctive principles. Conservatives speak with two voices.¹⁰⁷

The ideological battle-lines were clear long before the Heath Government took office and after its collapse the free marketeers identified by Seldon were to take the Party in a very different direction.

Margaret Thatcher in Opposition: 1975-79

¹⁰⁷ Quoted in J. Ramsden, *op. cit.*

1964 & 1974 – HEATH & THATCHER COMPARED

After she had won the leadership election of February 1975, Margaret Thatcher led the Party in a very different way from Edward Heath's – the difference lying not just in the substance of their views but in the way in which they thought opposition should be conducted.

The starting point was of course Margaret Thatcher's belief that something had gone deeply wrong with Conservatism as practised by its leaders. As so often, it was Keith Joseph who set out the proposition with almost painful clarity:

It was only in April 1974 that I was converted to Conservatism. I had thought I was a Conservative but I now see that I was not one at all.¹⁰⁸

This was precisely what the Heathites found most shocking about the Thatcherites. Michael Woolf, one of Edward Heath's closest advisers at Central Office, said to Patrick Cosgrave:

These people want to wipe out the past. It can't be done, and it shouldn't be done.¹⁰⁹

The profound ideological and personal differences between the Thatcherites and the Heathites meant that there could be little doubt in anyone's mind that the Party was taking a significant change in direction. Sometimes it was claimed that the rot had set in 1945 (though our historical evidence suggests that the real shift took place after 1957). Perhaps one of the reasons why Thatcherites looked back to 1945 was that that was the last time the Party had so clearly and publicly signalled a change in its political philosophy. If this time round the shift was back towards the free market, it just seemed obvious that the shift in 1945 must have been away from it. The irony is that while after 1945 the Party in some ways was endorsing the post-war settlement, in other respects – the focus on the consumer, deregulation, and less intervention in industry – it was very similar to Thatcherism. Perhaps it was no accident as that was the time when Margaret

¹⁰⁸ Quoted in P. Riddell, *op. cit.*

¹⁰⁹ Patrick Cosgrave, *Thatcher: the First Term*, 1985.

AFTER THE LANDSLIDE

Thatcher entered politics. But whatever the finer points of the historical interpretation, the Party ended up in 1975 signalling a change of direction with a drama and boldness only matched by the reconstruction after 1945. The deliberate distancing from the Party's record was both genuine and politically prudent.

The shift was clear because Margaret Thatcher and the people around her had been, as we saw above, clearly identified as the critics of the direction in which Heath had been taking the Party. There was great symbolic significance to the way in which Margaret Thatcher brought back into the front line of politics people who had suffered under the previous regime. Peter Thorneycroft became Chairman of the Party having resigned as Chancellor in 1958. He was one of the most successful Chairmen since Woolton on whom he appears in many ways to have modelled himself. Angus Maude was put in charge of political communication having been sacked by Edward Heath specifically for attacking his preoccupation with policy detail in Opposition. The sheer political drama of the counter-coup by the free marketeers helped to give a sense of purpose and intellectual direction to the Conservative Party in Opposition.

This was reinforced by a genuine shift in the tide of ideas. Patrick Cosgrave, who was close to Margaret Thatcher at the time observed:

The greatest source of strength for her in the years of opposition [was that] there had grown up in Britain a whole school of right-wing thought. This school is usually referred to as the New Right ...¹¹⁰

Keith Joseph was mocked when he arrived as Secretary of State for Trade and Industry in May 1979 and issued a recommended reading list of free market texts to his civil servants. But the real point was that he was able to offer such a list in the first place. There was a foundation of sophisticated intellectual argument on which he could ask the department to base its work. The sheer

¹¹⁰ Cosgrave, *op. cit.*

1964 & 1974 – HEATH & THATCHER COMPARED

intellectual excitement in those days of reading Hayek or Friedman in publications of the Centre for Policy Studies, the Institute of Economic Affairs and elsewhere benefited the Party.

The New Right was not all new. The micro-economic arguments in favour of the free market and the critique of nationalisation were long-standing Conservative themes. Nicholas Ridley subsequently liked quoting a statement from *The Right Approach to the Economy*, the policy document of 1977, as foretelling Thatcherite policies of privatisation:

The long-term aim must be to reduce the preponderance of state ownership and to widen the basis of ownership in our community. Ownership by the state is not the same as ownership by the people.¹¹¹

But that remark from one of the path-breaking Thatcherite documents of opposition could equally have appeared in just about any statement of Conservative principles during the post-war period. What was novel was the vigour with which these ideas were pursued in Government.

There was however genuine intellectual novelty at the macro-economic level, particularly in the monetarist critique of Keynesian demand management. Monetarism had re-entered economic policy debate after Milton Friedman's address to the American Economic Association of 1968. But it was still seen as an eccentric economic dogma. The Changing Gear group of Conservative MPs warned in September 1981 that:

We have come close to abandoning our traditional approach to politics in favour of the belief that our job is to impose a certain type of economic analysis on the nation – to become a pressure group for a particular economic theory. Nothing should be further from the minds of Conservative leaders than such a task.¹¹²

This is the Gilmour argument that the Conservative Party was captured by an alien dogma.

¹¹¹ *The Right Approach to the Economy*, 1977.

¹¹² Quoted in Peter Riddell, *The Thatcher Government*, 1983.

AFTER THE LANDSLIDE

Setting aside the intellectual validity of monetarism, the critics had completely failed to spot the political implications of monetarism. The polling evidence facing Mrs Thatcher was exactly the same as the polling evidence facing Edward Heath when he was in opposition – price rises and the cost of living were the top political issue and were of particular concern amongst the skilled working-class and women, crucial groups that the Conservatives needed to win back. The Conservative Party needed to be able to show that it had a policy to deal with price increases. Heath had failed because he had raised expectation of being able to cut prices at a stroke without having prepared the policies to achieve it. That is why his Government had ended up returning to a prices and incomes policy. This had proved politically suicidal because it meant that the Party was conceding that the only way to deal with prices was by direct controls and doing deals on wage restraint with the trade unions.

This had played into Labour's hands. They were the party of economic intervention. They would always be able to claim to be able to negotiate better with trade unions than Conservatives. The case for monetarism was therefore not just an intellectual one, but a political one – it enabled Conservatives to say that they were serious about holding down prices without getting into an argument with the Labour Party about who was better able to do deals with the trade unions. Moreover, if corporatist negotiation with trade unions over prices and incomes policy were unnecessary, then the reform of trade union law could follow. The intellectual shift in Conservatism which took place under Margaret Thatcher was much more politically skilful than critics recognised.

One of the themes of this essay has been the importance of the women's vote for Conservatives and the way in which successive generations of Conservative politicians cast their arguments so as to appeal to housewives by praising their role as the domestic chancellor of the exchequer. Margaret Thatcher took this approach a stage further by, in effect, reversing the simile. She argued that national economic management was just domestic housekeeping

1964 & 1974 – HEATH & THATCHER COMPARED

writ large. In a speech at the Lord Mayor's banquet in November 1982 she tackled head-on the charge that she talked:

... about the principles of financial management of a nation as if they were like those of a family budget. Some say I preach merely the homilies of housekeeping or the parables of the parlour. But I do not repent. Those parables would have saved many a financier from failure and many a country from crisis.¹¹³

Margaret Thatcher's style was in many ways the apotheosis of the Conservative's deliberate wooing of the female vote ever since women got the franchise in 1918. It was to be one of the ironies of Thatcherism however that the gender gap in the Conservative's favour began to erode under the Party's first woman leader.

The mechanism for the conduct of opposition had also changed under Margaret Thatcher. True, plenty of detailed policy work continued to be undertaken: at one point no less than 60 policy groups were hard at work, on some occasions getting into almost Heathite detail of policy preparation. This looks very similar to the Heath policy review during the previous spell in opposition. But there were three crucial differences.

First, Margaret Thatcher herself was much more detached from the policy review process. Keith Joseph had taken on the old Butler post of Chairman of the Advisory Committee on policy. Geoffrey Howe as Shadow Chancellor chaired the most important policy group on economic reconstruction. She had Angus Maude and Peter Thorneycroft at Central Office as well. She trusted these lieutenants to do the detailed policy work and was much less personally involved than Heath. In particular, policy reports came through at a much later stage after having been discussed at Keith Joseph's policy steering group. She was free to talk about the big picture while her lieutenants focused on the detail of policy.

Secondly, a lot of the policy work was deliberately kept secret. It was not intended to appear as a detailed list of undertakings before

¹¹³ Quoted in P. Riddell, *op. cit.*

AFTER THE LANDSLIDE

the election. In contrast, Heath had wanted to appear to be preparing for Government by releasing large amounts of public policy positions in advance and then found himself ill-prepared for the big issues of economic management which were to break his Government. Margaret Thatcher's approach was different. She thought the best way to prepare for Government was to get the basic philosophy right and that releasing any detail in public would simply detract from the Party's core messages. Some of the detailed policy work therefore was meant to guide future ministers in office but was not intended for public consumption – unpalatable options on public expenditure were a classic example of this.

Thirdly, the tone of the Party's policy statements was different. During the period of opposition the Party produced two significant statements of its philosophies and policies – *The Right Approach: a statement of Conservative aims* which appeared in time for the October 1976 Party conference, and then the following year, *The Right Approach to the Economy*. These were authoritative statements of Conservative principles together with some policy details as well. What is striking about these documents compared with the equivalent texts of the 1960s is how much more cautious the tone is. They seem more concerned with lowering the expectations of the electorate than raising them. The opening paragraphs of *The Right Approach* explain that:

It contains neither popular promises designed to win elections nor a host of detailed proposals which rapidly changing circumstances might soon render irrelevant. A party which seeks to deserve to govern must set out frankly and realistically what it believes it is actually capable of achieving in Government. The British people have rightly become sceptical of short-term instant solutions, and more aware of the importance of pursuing with caution and consistency the right long-term aims.¹¹⁴

The document is suffused with a sense of ambitious long-term strategic objectives combined with considerable political caution

¹¹⁴ *The Right Approach: a Statement of Conservative Aims*, 1976.

1964 & 1974 – HEATH & THATCHER COMPARED

about the specific steps necessary to deliver them. In many ways that combination of strategic vision and tactical caution was to be the hallmark of Margaret Thatcher's glory days as Prime Minister. It can be seen very clearly in the very first documents produced when she was leader of the Opposition.

One of the few academics to have explicitly studied and contrasted the approaches of Edward Heath and Margaret Thatcher as leaders of the Opposition distinguishes between two styles of opposition leadership: acting as an alternative government or acting as a critic of the actual government. He concludes his assessment as follows:

In general, compared with Heath, Thatcher's approach to Opposition leadership places less emphasis on the alternative government concept. In her attitude to policy-making, her concern to avoid precise commitments and her desire to develop the broad outline of Conservative purpose, she ... has more in common with type of leadership developed in the 1945/51 period ... [She regards] Opposition as an opportunity to consider and re-examine the fundamentals of party belief. This is a major contrast with Heath and his concern to avoid deep ideological debates.¹¹⁵

In their approach to Opposition, Margaret Thatcher and Keith Joseph were returning to the Churchill-Butler model of 1945-51. Indeed Chris Patten, who was then Director of the Conservative Research Department, observed:

The Right Approach, for example, owes much of its style and sweep to the Charters.¹¹⁶

The Party had learnt from its previous most successful stint of Opposition and from the mistakes it had made in the 1960s.

¹¹⁵ Martin Burch, 'Approaches to Leadership in Opposition: Edward Heath and Margaret Thatcher,' in *Conservative Party Politics*, ed. Zig Layton-Henry, 1980.

¹¹⁶ Chris Patten, 'Policy Making in Opposition,' *ibid*.

AFTER THE LANDSLIDE

CHAPTER 10

CONCLUSIONS

HERE ARE TEN LESSONS which one might draw from this study of the Conservative Party's differing response to previous landslide defeats.

Firstly, ideas matter. A party which concentrates too much on the disciplined respectability of being the alternative government will not be able to go through the necessary intellectual renewal after a landslide defeat. Churchill who ran his Shadow Cabinet with quite a loose rein put it as well as anyone when he said in 1951:

It is not so much a programme we require as a theme. We are concerned with a lighthouse not a shop window.¹¹⁷

If the Party is to offer a big picture around which it can unify, it has to be accepted as legitimate after relatively free and open discussion. Heath's approach of focusing on lots of detailed policy work without debating the strategy is the counter-example because the Party did win in 1970. However, it probably also helps to explain the failure of the Heath Government in practice.

Second, the intellectual debate has to be sufficiently wide and legitimate to enable the Party to unite behind it. The Party cannot afford to parade its divisions before the electorate. The Party's unelectability after 1906 was above all due to the clear evidence of

¹¹⁷ Quoted in John Barnes and Richard Cockett. 'The Making of Party Policy' in *The Conservative Century*, Seldon and Ball (eds), 1994.

CONCLUSIONS

deep divisions on the fundamental questions of economic policy – whether the Party was protectionist or free-trading. In 1945 and 1975 the Party worked hard at hammering out statements of principles – the Charters and then the Right Approach documents – around which the Party could then unite. After 1966, Edward Heath was effective at sweeping divisions under the carpet but the price which he paid was the extraordinary position which Enoch Powell occupied outside the official Front Bench offering an alternative vision of the direction of Conservatism.

Third, the Conservative Party cannot simply get by with playing high politics disconnected from social changes – it has to re-fashion its message in the light of changes in the society it serves. But nor is the Party simply passive in the face of economic and social change. The really important challenge is to link its political principles with changing economic and social realities. That is why economic and social policy matters more than, say, constitutional issues. A political party such as the Conservatives can shape its own destiny by moulding these social forces. This is not a matter of trying to assemble any old rainbow coalition. It simply was not credible when the Party after 1906 tried to claim a much closer connection to the organised working-class than the Liberal Government. It did not ring true. So building a new election-winning majority has to tie in with the identity and principles of the Party.

This leads to the fourth conclusion. The most conspicuous example throughout this century of Conservatives identifying a group of the electorate and consistently tailoring their rhetoric and policies so as to win them over is the Party's success with women. The Party had the advantage of its experience through the Primrose League of including women in political activity even before they got the vote in 1918. It went further however and developed political messages and policies specifically aimed at women. The Party has been single-minded in ensuring that it to appealed to women voters. Thus, for example, right back in 1918 when women first got the vote, it was immediately decided that

AFTER THE LANDSLIDE

one-third of all places at all levels of the National Union should be reserved for women. Free market economics is very important here as well. Planners focus on (male) producers. Free marketeers focus on (female) consumers.

Fifth, the Party in turn used changes in its membership and its personnel to signal to the electorate as a whole that it was changing. The Party felt and looked different when Bonar Law and Baldwin took over from the Hotel Cecil of Salisbury and his nephew Arthur Balfour. The new men who became Tory MPs in 1950 and after again enabled the Party to signal how radically it was changing. Although Heath did not significantly rethink the Party's strategy, his grammar school meritocracy was such a contrast to Macmillan and Douglas-Home that he himself embodied the message of change and modernisation. The membership of the Party both reflects these changes and helps makes further change possible.

Sixth, there is no point, after a landslide defeat, fighting on a record of past achievements. If anything, the Party needs to exaggerate the extent to which it has changed since it was defeated. The experience after the 1945 defeat and after 1974 are the two most conspicuous successful examples of this strategy. On both occasions the Party tried to set aside much of its previous history and claim it was starting again. It may in practice have been restoring the principles of a previous historic period but the message was quite simple – rebirth not re-fighting old battles.

Seventh, do not try to copy the Government. It confuses your friends and does not win over your enemies.

The eighth point is that the biggest single jolt to the Party is the aftershock – the election after the landslide defeat. The Party really started to respond to its 1906 defeat when, in 1910, new MPs flooded in who were simply not prepared to put up with Balfour's old guard. Similarly the real change in the character of the Parliamentary Conservative Party took place when the new MPs came through in 1950 and 1951. It is the new entrants who come in after the election after a landslide defeat who shape the

CONCLUSIONS

character of the Party in the future. Roger Freeman, running the Party's candidates list, is second in importance only to William Hague as the person shaping the future of the Conservative Party.

Ninth, the Party should not be afraid to offer people what they want. From Baldwin's extraordinary skill with radio in the inter-war years through to Gordon Reece's re-shaping of Margaret Thatcher's image in the 1970s, the Party has never been afraid of communicating as effectively as possible with a mass electorate. The problem after 1906 was partly that the Party was so pre-occupied with its essentially internal debates on protectionism and then on the role of the House of Lords that it just did not look outwards enough to the sort of bread-and-butter issues which Lloyd George exploited so skilfully. After 1945 it was above all the Party membership that picked up the populist theme of more housing which proved to be so successful in edging the Party forward between the 1950 and 1951 elections. In the run-up to the 1970 election, the Party used the most sophisticated opinion research then employed by any British political party and picked up on prices as a crucial issue and focused on this in the election campaign – despite the fact that it had not gone through the necessary work of preparing a strategy which would enable it to deliver lower prices. Margaret Thatcher's greatness as a premier was precisely because she had such an uncanny instinct for the populist messages that would sway the electorate. One of the wrong conclusions which the Party drew from the Thatcher years was that we did so many things that were right but also unpopular that unless something was unpopular it could not be right. This fallacy is particularly dangerous in opposition. The best populism is for an Opposition party to identify itself as “us” against “them”, the arrogant, out-of-touch government.

The tenth lesson is – keep your nerve. We have been through this before.

BIBLIOGRAPHIC NOTE

WE ARE GRATEFUL FOR PERMISSION to have access to the Conservative Party Archive at the Bodleian. We have greatly benefited from access to papers, particularly covering the work of the Unionist Organisation Committee in 1911 and also the much more voluminous papers for the Party's period in Opposition from 1945 to 1951.

There has been a burgeoning of historical interest in the Conservative Party and both the period after 1906 and after 1945 are now better studied than even ten years ago. The best overviews are John Ramsden's three volumes in the Longman History of the Conservative Party: *The Age of Balfour and Baldwin 1902-1940* (Longman 1978), *The Age of Churchill and Eden 1940-1957*, (Longman 1995) and *The Winds of Change. Macmillan to Heath 1957-75*, (Longman 1996). His latest book, *An Appetite for Power* published in 1998 is the most authoritative one-volume history of the Conservative Party. Anthony Seldon and Stuart Ball have edited a very useful volume entitled *The Conservative Century: The Conservative Party Since 1900* published by the Oxford University Press in 1994. The essays assembled in *The Conservatives and British Society 1880-1990* (edited by Martin Frances and Ina Zweiniger-Bargielowska (University of Wales Press 1996) are a particularly stimulating example of new Conservative historiography.

For the organisation and structure of the Conservative Party there is still much to be said for the section on the Conservative

BIBLIOGRAPHY

Party in the late Robert Mackenzie's book *British Political Parties*, originally published in 1955 by Heinmann Education. John Ramsden, *The Making of Conservative Party Policy: the Conservative Research Department since 1929* published by Longman in 1980 is the authoritative account of party policy-making. Chris Patten has produced an interesting paper 'Policy-making in Opposition' which appears in a selection of essays *Conservative Party Politics*, edited by Zig Layton-Henry, (Macmillan 1980.)

1906

The Edwardian period saw few interesting contemporary books on Conservatism. The collection of essays edited by Lord Malmesbury entitled *The New Order* was published in 1908. By far the most sophisticated explanation of Conservative ideas from the period is *Conservatism* by Lord Hugh Cecil published by the Home University Library in 1912. Thirdly, there is a rather eccentric *Political Dialogue* on Toryism by Keith Feiling published in 1913 by G Bell & Sons. F. E. Smith set out his ideas on Tory democracy in a variety of essays which he then brought together in a book, *Unionist Policy* published in February 1913 – part of his entirely successful strategy of making a mark after his arrival in the Commons in 1906.

There is a good selection of books specifically on the Conservative Party in the period after 1906. We have been particularly influenced by E. H. H. Green's thought-provoking book, *The Crisis of Conservatism: The Politics, Economics, and Ideology of the British Conservative Party 1880-1914* published by Routledge in 1995, and are grateful to Dr Green for finding the time to meet with David Willetts and offer useful comments on an earlier draft. His book is to some extent a riposte to another stimulating historical monograph, Matthew Fforde: *Conservatism and Collectivism 1886-1914* published by Edinburgh University Press in 1990.

A different approach which focuses particularly on property values and property taxation is Avner Offer: *Property and Politics 1870-1914: Land Ownership, Law, Ideology, and Urban Development in England*, (Cambridge University Press 1981). David Dutton, *His*

BIBLIOGRAPHY

Majesty's Loyal Opposition: Unionist Party in Opposition 1905-1915, published by Liverpool University Press in 1992, is another useful guide to the period. His paper 'The Unionist Party and Social Policy 1906-1914' in *The Historical Journal* volume 24 (1981) is a very helpful guide to the development of social policy over this period, as is Jane Ridley's paper: 'The Unionist Social Reform Committee, 1911-1914: Wets before the deluge?', *Historical Journal* volume 30 (1987). A very valuable paper on the social roots of Conservatism in this period is Jon Lawrence, 'Class and Gender in the making of Urban Toryism, 1880-1914,' *English Historical Review*, July 1993.

Inter-War Conservatism

Interesting exchanges on the nature of Baldwin's Conservatism, trying to explain the Party's dominance in the Inter-War period, include Ross McKibbin's essay, 'Class and Conventional Wisdom: The Conservative Party and the "Public" in Inter-War Britain' (in *The Ideologies of Class*, Clarendon Press 1990); Philip Williamson, 'The Doctrinal Politics of Stanley Baldwin' in *Public and Private Doctrine. Essays in British History, presented to Maurice Cowling*, ed. M Bentley (Cambridge 1993); and David Jarvis, 'British Conservatism and Class Politics in the 1920s' in *English Historical Review*, (February 1996).

1945

The period from 1945 to 1951 is illuminated by two of the best expositions of Conservative thinking. Quintin Hogg's book, *The Case for Conservatism* was originally published in 1947 and a completely revised edition, *The Conservative Case* in 1959. It is rivalled by David Clarke's essay, *The Conservative Faith in the Modern Age* published by Conservative Central Office. The period also saw one of the best statements from the libertarian wing of the Conservative Party: *The Return from Utopia* by Richard Law, Bonar Law's son.

Several politicians at the time have published their memoirs, notably R A Butler's *Art of the Possible*, published by Hamish Hamilton in 1971; *Lord Woolton's Memoirs* published by Cassel in

BIBLIOGRAPHY

1959; and David Maxwell-Fife's memoirs, *Political Adventure: the memoirs of the Earl of Kilmuir* published by Weidenfeld and Nicholson in 1964. Anthony Howard's biography of R. A. Butler is a useful interpretation of Butler's activities in this period as well.

An exceptional early contribution to the study of this period is J. D. Hoffman's book, *The Conservative Party in Opposition 1945-51* published by Macgibbon and Kee in 1964. For a long time that held the field with very little competition. There is now a younger generation of historians of the Conservative Party whose work is not as well known as it should be. We are most grateful to Michael Kandiah, at the Institute of Contemporary British History in London for permission to study his unpublished DPhil thesis entitled *Lord Woolton's Chairmanship of the Conservative Party 1946-51* submitted to the University of Exeter in October 1992. We are also grateful to Dr Harriet Jones, for permission to see her unpublished thesis on *The Conservative Party and Social Policy 1945-55* and look forward to her forthcoming book on the subject to be published by Oxford University Press. Ina Zweiniger-Borgielowska's paper, 'Rationing, Austerity, and the Conservative Party Recovery after 1945' (*Historical Journal*, March 1994) is of enormous importance in understanding the Conservative recovery.

Heath and Thatcher compared

For Edward Heath's conduct of the policy review and leadership in Opposition we have drawn heavily on John Campbell's biography, *Edward Heath* (Jonathan Cape 1993). There is also a useful paper by Lewis Johnman on 'The Conservative Party in Opposition, 1964-70', in *Mr Wilson's Governments 1964-70*, ed. Cooper, Fielding, and Tiratsoo (1993). For Margaret Thatcher's time as leader of the Opposition we have drawn on the opening section of Patrick Cosgrave, *Thatcher: The First Term* (Bodley Head, 1985) and Peter Riddell, *The Thatcher Government*, Blackwell, 1983. A valuable essay by Martin Burch, Approaches to Leadership in Opposition: Edward Heath and Margaret Thatcher, in Zig Layton-Henry (ed.) *Conservative Party Politics* (Macmillan 1980) directly compares the Heath and Thatcher approach to Opposition.

BIBLIOGRAPHY

A SELECTION OF RECENT PUBLICATIONS

A SELECTION OF RECENT PUBLICATIONS

THE KEITH JOSEPH MEMORIAL LECTURE <i>Liberty and Limited Government</i> The Rt Hon The Baroness Thatcher LG OM FRS	£5.00
PUBLIC SPENDING <i>A Twenty Year Plan for Reform</i> Patrick Minford and Paul Ashton	£3.95
PENSIONS IN THE 21 ST CENTURY <i>Why we must change the regulatory regime</i> The Rt Hon John MacGregor MP	£5.95
PRIVATISATION: DOES IT WORK? <i>Volume I: The Question of Safety</i> An independent study by NERA	£20.00
BLAIR'S GURUS <i>An examination of Labour's rhetoric</i> David Willetts MP	£7.50

A SUBSCRIPTION TO THE CENTRE FOR POLICY STUDIES

The Centre for Policy Studies runs an Associate Membership Scheme which is available at £55.00 per year (or £50.00 if paid by bankers' order). Associates receive all publications and (whenever possible) reduced fees for conferences held by the Centre.

For more details please write or telephone to:

The Secretary

Centre for Policy Studies

52 Rochester Row, London SW1P 1JU

Tel: 0171 828 1176 Fax: 0171 828 7748 e-mail 101626,2223

For more details, please write or telephone to:

The Secretary

Centre for Policy Studies

57 Tufton Street, London SW1P 3QL

Tel: 0171 222 4488

Fax: 0171 222 4388

e-mail: mail@cps.org.uk

Website: www.cps.org.uk