

MODERN CONSERVATISM 2.0

SPEECH BY THE RT HON DAVID WILLETTS MP TO BRIGHT BLUE CONFERENCE

SATURDAY 28th JULY 2012

It is evidence of true political dedication to be gathering on a weekend in July to discuss Conservative modernisation. You might be wondering whether the exercise is worthwhile when you could be watching the Olympic cycling road race or the swimming heats. But let me assure you that it matters: we only have a Conservative party today because of previous generations of modernisers. I tried to show this in a pamphlet, *After the Landslide*. It was written after our landslide defeat in 1997 to show how we could learn from our successful recovery after 1945 and should avoid the terrible mistakes after the heavy defeat of 1906. I was using historical evidence to make a contemporary point – just as in Soviet Russia if you wanted to say something about Stalin you wrote about Ivan the Terrible. My main argument was that to regain power after a landslide defeat our Party ended up having to change far more radically than it was at first willing to accept. We had done this before and could do it again. One of the strengths of the Conservative tradition is that ultimately we understand we are rooted in the British people as they are, not as some theory says they should be. There is a strand of Conservative utopianism which is uncomfortable with this – though for us as Conservatives our utopia tends to be in the past. But there never was a golden age to which we can return. The Party may have started its years in opposition with a strong element of bring-backery, but that had to be abandoned as instead the party engages with the country as it is not as it imagines it to be.

Bold thinking about what the party stood for was also crucial to recovery during the years of Opposition. But then after we get back the business of Government and the sheer busyness of being in government can make it hard to reflect on the underlying beliefs which should make sense of what you are doing. You end up with laundry lists of achievements or accounts of Conservative beliefs which are banal and unreflective. This conference today is an excellent opportunity to avoid these perils. Instead we can deliver mid flight refuelling and go to the really big issue of what modern Conservatism is. This is particularly important now we are in Coalition and need to remind ourselves what Conservatism is all about.

So let me jump straight in. For me there are two principles at the heart of Conservatism.

First is personal freedom and responsibility. Nothing beats the sheer excitement of freedom, mobility, enterprise. Our party above all has a robust belief in personal initiative and personal responsibility. This is if you like the classical liberal tradition – and one reason why we should not be uncomfortable about being in Coalition with the heirs to the old Liberal Party who still have John Stuart Mill and William Gladstone as their heroes.

But that principle on its own is not the whole story. Secondly there is the need to belong, to be rooted in a community and to see oneself as part of a tradition, a contract between the generations of which we are just one small part. That second principle is harder to pin down in one word: you could call it belonging or perhaps more obviously, responsibility. Conservatives denounce fiscal imprudence or

constitutional vandalism as one-generation thinking that did not value the future nor respect the past. Conservatives understand the meaning that comes from commitments to things greater than oneself. It is why the Conservative party never settled for pure classical liberalism which was described as “very nearly true”. We are not libertarian loners. There is more to life than the pursuit of personal freedom and independence. At the Olympics we are going to see some extraordinary personal achievements but we will also be celebrating team sports too. And then skill in passing to a team-mate can matter as much as pure personal prowess.

If the first principle is about wings the second is about roots. A lot of my writing about Conservatism over the years has been wrestling with the tension between these two principles. Many smart critics on the left have denounced the free market as a threat to community. There is sometimes an undercurrent of anti-Americanism here. Our native communitarian traditions are seen as the innocent red squirrels with nasty rapacious grey squirrels driving them out to distant rural fastnesses. Another rather different line of criticism is that with these two principles Conservatism can justify just about anything. But I believe that these two principles can be held in a creative tension, neither in fundamental conflict nor just bland and empty. One reason why I have come to believe these two principles are at the heart of Conservatism is that they do indeed explain our party’s extraordinary flexibility and longevity – we can change our stance to match the needs of the age.

The creative tension between these two principles is one of our great strengths. It gives Conservatism its humanity because it is a real tension in ourselves. Each of us in our own lives has to decide whether to change job or move house or perhaps in some cases even split with a partner when new opportunities conflict with old commitments. And we can change the balance as we go through life. Perhaps when you are young and rootless, coming to a new town to get your first job, it is individualism and personal freedom which matter above all. You barely use public services but feel the cost of the taxes you pay. For you it is the libertarian strand that is most exciting. Indeed it is what brings many of us to Modern Conservatism when we are young. I was tearing the envelopes off the latest IEA pamphlets, boldly applying the free market to corporatist monstrosities which had been protected from market analysis and market forces for decades. For younger people in particular it is the Party’s appeal to openness and opportunity which resonates. Then as you get older you put down roots and are perhaps not so attracted by the strenuous disruptive power of the market. You can be more keen on keeping what you have got – the balance shifts from the excitement of the market to the solid rights of property. This indeed is one of the pressures we face within the party – the balance between the claims and approaches of different generations. It is the balance between opportunity and possession. In my book, *The Pinch*, I argue that this conflict of claims between the generations is being played out throughout our society: it applies within our own party too.

There are other ways in which these two great principles are connected, not just through the pattern of the life cycle. One of the most distinctive features of British Conservatism is a respect for institutions – from our great national institutions which are a great source of national pride to our local ones and of course the family too. They matter for many reasons. But in particular they connect the two strands of Conservatism – these institutions protect our freedoms but also give a sense of

belonging. They emerge and flourish in a free society but they offer a meaning to our lives which free markets on their own cannot deliver. Indeed they provide the moral capital of trust cooperation and honesty on which a market economy depends. It becomes hard to distinguish between the individual and the social. As well as individual sporting excellence and team events there are also individual sporting achievements, such as Bradley Wiggins winning the Tour de France, which depend on a team effort. We love our country for its institutions: it is not blood and soil nationalism. So our two Conservative principles emerge from our own national experience. They are distilled from our own country's history. David Cameron's powerful statement that we believe in society but it is not the same as the state puts him at the heart of this tradition.

Modernising the Conservative Party in the 1970s meant opening it up to the sheer dynamism of the free market revolution that was being sparked in the think tanks and their lively and productive research programme. By the 1990s modernisation meant rediscovering the value of the civic institutions that were not just part of a market but shaped it and had a far greater personal significance for us than market transactions. I set out these arguments in *Civic Conservatism* in 1994, tackling the critique of Conservatives that we did not understand life beyond laissez-faire. It was a deliberate corrective to a picture of bare-earth Conservatism in which there was supposed to be "no such thing as society" – a completely misleading picture of Margaret Thatcher's own beliefs by the way. It is easy to talk about community and society but what is distinctive about Conservatives and makes our account more valuable is we recognise the role of real functioning institutions in giving communities shape. Our task in Government is to strengthen these institutions. With my ministerial responsibilities I am fortunate to be able to work with universities and research institutes which are respected across the world and my job is not just to challenge them but to serve them too.

When the political environment is above all shaped by public spending cuts it is as important as ever to remind people of these Conservative beliefs which go beyond pure economics. So this agenda still matters. And I believe the intellectual foundations for Civic Conservatism are far stronger now than twenty years ago because of two particularly exciting developments. We can do more to incorporate these latest intellectual and technological advances into our Conservatism – it really is Conservative Modernisation 2.0.

First is the extraordinarily exciting convergence of evolutionary biology, game theory and neuro-science. Some Conservatives have been suspicious of such intellectual disciplines but often these researches confirm Conservative insights. Most weeks now there is a new book applying ideas from these disciplines to explain how societies function and how co-operative behaviour emerges and is sustained. We understand far more about reciprocity, trust and cooperation. I drew on this literature in Chapter V of *The Pinch* to try to offer a Conservative account of the Social Contract. Elinor Ostrom who sadly died last month was a crucial figure who got the Nobel Prize in economics for her work on understanding how co-operative institutions could emerge. She did not just bemoan the so-called tragedy of the commons in which collective action breaks down when personal incentives are too strong. Instead she showed how legitimate personal incentives could be harnessed to create co-operative behaviour through local institutions which sustained agreements on for example how many of your domestic animals would graze on common land. With insights like hers we

understand the forces sustaining civic institutions much better now than we did twenty years ago. The most important lesson from this rich and burgeoning literature is that institutions matter. They provide environments in which we inter-act repeatedly and so generate reciprocal altruism which becomes cooperation.

There has been a second development over the past twenty years too: technological advance has transformed social connections. A smart mathematician improving the Facebook algorithms to enable you to find contacts closer to you might do more for social cohesion than many Government White Papers. I pay tribute to Steve Hilton and Rohan Silva for understanding very early on the significance of the rise of the social media for a truly modern Conservatism. They saw sooner than most of us the optimistic possibility of new forms of community harnessed by social media. That powerful image of hundreds of volunteers, their brooms held aloft, coming together the day after the riots to clear things up, shows how the social media can be a force for good.

Margaret Thatcher understood these two principles of freedom and responsibility. All too often the views I hear attributed to her today by her enemies and sometimes even her followers are a caricature of the person I worked for in No 10 during the mid-1980s. Two conversations with her make the point. I remember talking with her about whether the BBC could be financed by advertising. She was against it for a very practical reason – the advertisements would interrupt the flow of the programmes. I remember another conversation with her Margaret Thatcher when I said to her how I believed in *laissez-faire*. She corrected me and said, “No. It is ordered liberty.” I think she was making an important philosophical point though perhaps she was just objecting to my using French.

“Ordered liberty” is an expression from the Scottish Enlightenment of the eighteenth century. Adam Smith, David Hume and Adam Ferguson were the first great thinkers about the modern market economy and what kind of society it would be. Their only rivals, another great school of political economy, is the twentieth century Austrian school who understood that order could be spontaneous: it need not be planned any more than the rain forests of Brazil or the distribution of native American tribes was planned. One of their texts which most influenced me as a young student was Hayek’s great essay, *The use of knowledge in Society*. It is about dispersed knowledge. That essay emerged from the debate about whether a centrally planned economy was possible – the so-called socialist calculation debate. The Austrian argument was that it was impossible for all the information dispersed around a market economy to be brought into one single computer however powerful because some of the information was tacit and only captured in a real market transaction.

Such arguments are still very topical today as they reminds us, like Nicholas Taleb, of the sheer complexity and uncertainty of the real world. Dispersed systems are more responsive and resilient. Hence we need not centralisation but decentralisation – a principle this Coalition is applying. We are the true decentralisers; there may be a small and distinguished group on the Left like Maurice Glasman who believe in that rare thing, socialism in one county, but they are very much a minority. And for this decentralisation of power to be real it has to be decentralisation and transparency of information.

We can see the importance of this if we look at the biggest single transformation in economic structures in the history of the world – The Industrial Revolution. Understanding that great event, and why it happened in Great Britain helps us to understand sources of growth today. The Industrial Revolution used to be explained by the historians in very materialistic terms – we had the iron ore close to the coal. But nowadays we look at it much more deeply as depending on economic and social structures. Joel Mokyr's account of the Industrial Revolution, *The Gifts of Athena*, focuses on the vigour of Britain's network of publications and learned societies which enabled efficient information exchange so technical advances could spread and different ones brought together in new ways. Recognising the importance of this free flow of information has helped shape our approach to open access to publicly funded research today.

Now let me turn to three biggest challenges facing Coalition. It is easy to forget the terrible circumstances when we came to office. We faced not just an economic challenge but also a social challenge and a political challenge. The Coalition is an extraordinary opportunity to tackle all three.

First must come the tough economic challenges. The whole Coalition recognised that we had to take strong decisive action to get a grip on the deficit. If George Osborne had not acted there would have been a fatal loss of confidence in the ability of the new Government to sort out the fiscal mess we inherited from Labour. But we absolutely understand that our growth strategy has to be more than tough fiscal measures and monetary activism. That is why the Coalition is developing nothing less than a new industrial strategy what is really an enterprise and innovation strategy. We recognise that Government has a positive role here. We have our convening power displayed in the leadership councils which Vince Cable or I chair that bring together publicly funded researchers and business leaders. When they see that we are investing it encourages them to invest alongside. And whilst no one can know for sure what will be the key technologies of the future we can scan the horizon to see what is likely to be coming up. One reason I am a long term optimist is that Britain has a strong presence in many of these technologies – such as software for high performance computing, nanotechnologies like graphene, synthetic biology, innovative space vehicles and the agri-science that will feed the world. We are still a country where much of the world's cutting edge research is conducted. With the strong support of George Osborne, we are determined to keep our leading position. That will generate the prosperity and the jobs of the future.

Sometimes this is denounced as Governments picking winners which can all too easily become losers picking Government programmes. But we can learn from the extraordinary rise of British sport since the humiliation of the Atlanta Olympics when we won just one gold medal and were 36th in the medal table. We had to raise our game and we did. John Major's lottery funding helped as did sustained support from every Government since. This included rigorously targeting our efforts on sports like rowing, sailing and cycling where we were thought to have the best medal hopes. At Beijing we won 19 gold medals and came fourth in the medal table. Who knows what Team GB will accomplish in London. But what has happened already is an illuminating and optimistic story. Ultimately it depends on individual talent and determination. But we cannot just leave sportsmen and women on their own. They have to be trained and they need the right facilities. Our universities have made a big

contribution – not least with the research on techniques and equipment that can make all the difference. Indeed innovation is driven by competitive sport – light weight carbon fibre was first used in sporting equipment for example.

All this tells me that whilst Governments can't do everything we can do something. We can scan the horizon for the future technologies where we have a scientific lead and a business opportunity. We are not going to get it right always but we should not allow fear of mistakes to stop us trying. We can encourage business to invest by showing what we are doing alongside them. I know that when we invest in high performance computing power for our scientists that feeds through into more software skills which attracts more business investment as well. I know that our commitment to medical research in the life sciences strategy has helped keep internationally mobile life sciences firms here in Britain.

I sometimes read right wing critics describing Government as a necessary evil. Burke, Disraeli, Salisbury, Baldwin, Churchill even Margaret Thatcher would have thought it bonkers to assume that Government is evil. We must limit Government and recognise its failings and inadequacies. Sometimes we can best raise the growth rate by getting Government out of the way – we must never relent in our battle against red tape. But Government has an essential role in a modern advanced economy too, not least as a national pool to share risk and then harness it creatively. We are doing everything possible to harness the creative power of Government to get the economy growing.

The social challenge is quite simply that the gaps between the members of our society have been getting wider. We used to think modern societies delivered ever more social mobility almost automatically. The publication in 2005 of evidence that social mobility was going backwards shook this confidence. My book *The Pinch* is about the new generation gap. We used to assume that our kids were bound to have the same opportunities we had, but now people are not so sure. It is why it is so important to offer a fair deal to younger people by spreading opportunity. Conservatives must never be just the party of possession: we have to be a party that believes in spreading opportunity. This is a belief we share with the Lib Dems and I pay tribute to Nick Clegg's personal commitment to this agenda.

University is the first stage of education process where people perform better. That is why it is important to offer true meritocratic access to university without sacrificing standards or imposing quotas. The case for our higher education reforms is quite simply that they will lead universities to focus far more intensively than ever before on the quality of the teaching experience because they will be competing for students who bring their funding with them.

These economic and social challenges were compounded by a political challenge. There had been a catastrophic loss of confidence in politicians after the expenses scandal. The Coalition was an arithmetic necessity given the outcome of the Election but seeing two different political parties working together for the good of the country helps restore people's confidence in politics. And as well as a loss of confidence in politicians there had been a loss of confidence in the capabilities and competence of Government. I certainly believe Government has sometimes in the past tried to do too much and has ended up doing it badly. But that does not mean we should head to the mountains of Montana, denouncing Government as always bound to fail.

The Coalition is working effectively. It means policy has to be evidence-based because you cannot just assume unthinking tribal loyalty amongst your colleagues to back what you are doing. And I have to say that it has displayed the exceptional civility and effectiveness of David Cameron and Nick Clegg working together.

Conservative modernisation is not something peripheral. It is not a job you do once and then stop. It is a continuous process of ensuring that we do not lose touch with the nation we represent. It is mainstream Conservatism. It is at the heart of what we are doing in this Coalition. And when we face the electorate again in 2015 we will be able to look back on our achievements with pride.

David Willetts

28.7.12