



A fight for the right of the Party: Who will define Conservatism in 2022?



Introduction

Down to the last two leadership candidates, the country will now see a string of nationwide hustings for Conservative Party members before a new PM is installed in No.10 on the 5th of September.

This will inevitably mean an intense (and, at times, uncomfortable) summer-long debate that will determine the immediate future of the Conservative Party. Like it or not, the choice of the 160,000 Tory Party members will define what it means to be Conservative in 2022. As the two candidates, former Chancellor Rishi Sunak and in-post Foreign Secretary Liz Truss, go head-to-head, their respective versions of Conservatism promise to take the Party in two distinctly different directions. Who wins will determine the road ahead up to the general election and beyond.

Sunak is currently favoured by the Parliamentary Party (winning the final ballot 137 to 113) but has seen several important colleagues, namely Defence Secretary Ben Wallace, ex-leadership contender Tom Tughenhat and former Northern Ireland Secretary, all recently declare their support for his opponent. Truss is racing ahead in polls of the wider Party membership, who think she is more in touch with ordinary people, likeable and trustworthy than Sunak, despite the former Chancellor being considered marginally more Prime Ministerial. At this point, most commentators agree that the leadership is Truss' to lose.

This race for the premiership has so far been defined by the fight for the right of the Party, and the two candidates have torn each other apart on their ideological approach to tax and spend. Sunak wants to distance himself from Boris Johnson's high-spend 'Cakeism', while Truss is seeking to woo the traditional heartland with immediate tax cuts. Beyond this, the real meat of the policy debate has been clouded by social media friendly, click-bait sound bites that make it difficult to envisage a wholesale programme for renewal.

Rather than bold policy commitments or visionary long-term plans, this contest will be remembered for its bitter personal clashes - from what it means to be a Tory, to the price of each other's (Claire's) accessories. The challenge for both candidates upon becoming Prime Minister will be to unite a Party that is currently defined by its differences. Sunak has repeatedly tried to reassure those watching that there is far more that unites Conservatives than divides them, but for a Party that includes the European Research Group, Red Wall and One Nation Tories, and everyone in-between, it is hard to see how the disparate visions for a 21st Century Conservative Party can be reconciled. Without addressing this as a priority before the next general election, 'Conservatism' after 2022 could end up being defined by its time on the Opposition benches.

Throughout the contest, many have been left wondering what can really be expected from the next iteration of Conservative Government. By analysing what has been said by the candidates during the current leadership debate, and their stance on policy issues during their time in government, this report aims to unpick what we might expect from Westminster and the new Prime Minister come September 5th.

Tax & Spend

The candidates have clashed bitterly on the issues of tax and spend – and the borrowing to pay for the latter – and their positions over the timing for tax cutting will continue to dominate the policy debate until the end of the contest.

Both Truss and Sunak claim to be heir apparent to Thatcher's legacy, wanting to shrink the state and (eventually) lower taxes, but differ fundamentally on when and how to do this. Sunak has branded Truss' economics 'socialist' for ballooning the national debt and potentially sending interest rates soaring, whilst she has likened him to Gordon Brown, arguing his refusal to cut tax soon would drive Britain into recession. The current Chancellor, Nadhim Zahawi, who has now declared for Truss, has characterised one of the two as the 'booster' and the other as the 'doomster'. Unfairly or otherwise, these labels have an unfortunate way of sticking.

Sunak insists he is a low tax Conservative, and advocates for fiscal responsibility, pressing upon the Party membership the moral imperative to guard the country's children and grandchildren from decades of public debt - very reminiscent of George Osborne's language around 'not maxing out the national credit card'. Yet, Sunak's pledge to cut income tax by 4p by the end of the next Parliament is largely being seen to drive something of a coach and horses through his own earlier arguments about fiscal responsibility.

Truss, on the other hand, has pledged to cut taxes on her first day in office. She has so far promised to reverse the increase to corporation tax and National Insurance, estimated to cost the Treasury over £30 billion in planned income. She would generate fiscal firepower by repaying the £311 billion Covid debts over a longer period, treating them akin to the Second World War loans, which were only finally settled at the end of 2006.

The candidates' views on tax and spend have also shaped their response to cost-of-living pressures and rising bills, arguably the most pressing political issue of 2022. In the BBC head-to-head televised debate between the pair on Monday 25 July, for the first time in this contest, Sunak did not rule out introducing additional support for people struggling to meet rising costs, and in the second debate the following day, he went further and pledged to temporarily scrap VAT on energy bills next year as the energy price cap is now expected to exceed £3,000. This is particularly notable given his time as Chancellor was marked by such a reluctance to open the public sector purse strings. Cost-of-living support was notably light in his Spring Statement in March, and only very reluctantly followed up with the windfall tax on energy companies to help offset pressures on families. This change of tack suggests he realises that refusal to budge on cost-of-living could cost him at the ballot box, and hints at him being a more pragmatic Prime Minister than he was a Chancellor.

“This temporary and targeted tax cut will get people the support they need while also critically bearing down on price pressures”

Sunak on scrapping VAT on energy bills.

The route out of the crisis, he argues, is to help people with energy efficiency via measures to improve insulation and make the UK more energy self-sufficient. To this end, he has proposed a legal target to make Britain energy self-sufficient by 2045 and is looking at launching a new energy efficiency scheme to tackle the cost of living, focusing on cheaper measures such as heating controls and cavity wall insulation.

Truss would seek to take more immediate action, reversing the National Insurance increase and introducing a temporary moratorium on the green levy on energy bills saving families £153 per year on average energy bills. She would, she says, immediately introduce a growth plan and take advantage of post-Brexit growth opportunities to spur the economy and improve the economic outlook. Practically speaking, she would hold an emergency Budget and Spending Review so we can expect to see more root and branch changes to departmental spending and efficiency savings across government from the start of her time in office.

In the political fight of ideology vs fiscal pragmatism (with Truss leaning on the former and Sunak on the latter) it is difficult to see how two political heavyweights with such different interpretations of what it means to be a low tax Conservative would work together in a cabinet of collective responsibility. Whichever path is chosen, the Parliamentary Party must wholeheartedly support it if they are to stand a chance of winning the next election.



Net Zero, Energy & the Environment

Both candidates have pledged their commitment to the UK target of reaching Net-Zero by 2050, though they have yet to outline in detail what their net zero policies are or how they will achieve emissions targets.

While it is likely that the long-term target will remain in place, the short-term route towards this goal may be revised, in no small part due to the cost-of-living crisis which will put the next Prime Minister under enormous pressure to drive down costs wherever they can.

Sunak has pledged to increase renewable production (offshore rather than onshore) and build more electric car charge points, as well as re-establish the Department of Energy and create a new Energy Security Committee. As Chancellor, Sunak largely avoided talking about net zero and some former colleagues have accused him of blocking green policies that had any associated spending implications. Though his instinct is to keep tight control of the country's purse strings, as Prime Minister he will be required to take a more pragmatic approach on issues like net zero and how to get there.

Truss committed to net zero reasonably early in the contest, securing the backing of notable green Tories including Vicky Ford and Simon Clarke, both of whom have cited her support of Cop26 as one of their reasons for endorsing her. So far, Truss has said she is open to the idea of a carbon border adjustment mechanism to tackle carbon leakage, has committed to supporting gas as a transition fuel, and wants to lift the fracking ban. As Foreign Secretary she rarely bought up environmental issues in speeches or with counterparts, but as Environment Secretary she cut subsidies for solar farms calling them 'a blight on the landscape'.

When asked their top three priorities for the environment during the first televised head-to-head between the two, Sunak reiterated his commitments to energy efficiency and recycling, while Truss emphasised the importance of using less and wasting less. Both candidates stressed the importance of innovation in addressing some of the biggest environmental challenges which should be well received by those working in this space. Whether this enthusiasm translates into policies backed by funding commitments is not yet clear.

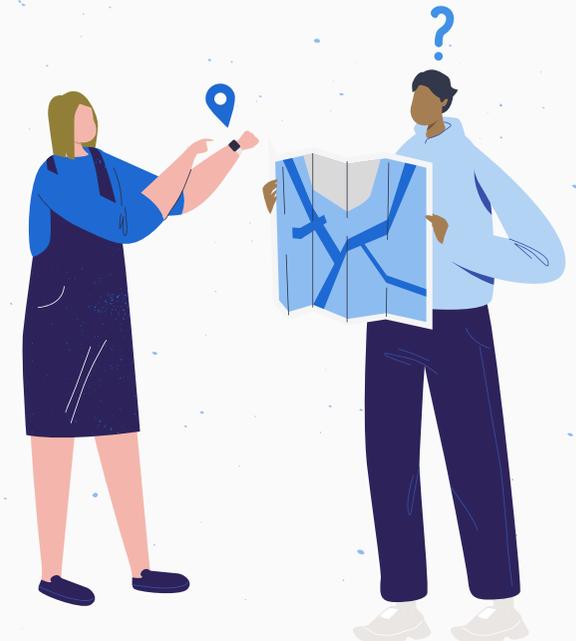
The biggest challenge for both candidates when formulating environmental policy will be that the Party membership is at odds with the wider electorate. A recent poll in The Times puts the environment at the bottom of the top ten concerns of Party members, and a YouGov poll found that only 4% of members believe net zero should be a priority. Contrast that with an April 2022 poll that put broader public support for net zero at 64%. It's true that the race for leadership means candidates must focus on the former, but if they want the Party to be a serious contender in the next general election, the next Prime Minister will have to present the electorate with a detailed plan on how he or she intends to reach net zero.

Levelling Up

Both Sunak and Truss say that they are deeply committed to the levelling up agenda, though neither has appeared particularly enthusiastic about it on the campaign trail. They may be trying to distance themselves from Johnson's flagship policy or it may be an attempt to avoid commitments that would be costly to the public purse. Probably both.

So far, Sunak has committed to retaining a Cabinet position for a Minister for Levelling Up and has promised to ensure that every part of England that wants a devolution deal gets one. He has also pledged to devolve powers on business rates to mayors and look at the devolution of post-16 education. He said he will work closely with local leaders on the future of transport investments, including Northern Powerhouse Rail. Truss, meanwhile, has promised to create 'low tax zones' across Northern England with low business rates and few planning restrictions, making it easier and quicker for developers to build on brownfield land. She has pledged to scrap local authority housing targets and instead focus on deregulation and tax incentives to encourage development. Sunak says he wants to see the regeneration of town centres, restoring a strong economy and sense of pride to local spaces. Truss wants to unleash private sector investment to spur growth. Education and skills, both argue, are the key to levelling up, though neither has expanded on what this means for policy in practical terms.

Both candidates have committed to the Northern Research Group pledge card which includes a commitment to a new minister for the North, more devolution, a levelling-up formula to ensure 'left behind' areas receive Government funding, and two new vocational colleges that will be 'the vocational equivalent of Oxford and Cambridge', dubbed 'Voxbridge'. Whether this is enough to woo Red Wall votes at the next election, only time will tell.



Brexit

Rishi Sunak voted Leave and his voting record has been consistently pro-Brexit. He has said he will create a Brexit Delivery Department tasked with reviewing all 2,400 laws inherited from the EU.

He wants to scrap and replace the General Data Protection Regulation (GDPR), overhaul laws governing the City of London, and speed up clinical trials. It has been suggested that he might move on the Northern Ireland Protocol and seek compromise with Brussels (behind the scenes he was opposed to the Northern Ireland Protocol Bill that passed through the House of Commons just before recess), though giving any suggestion of doing so during the leadership contest would be extremely high risk.

Despite voting to remain in the EU in 2016, Truss is seen, counterintuitively, as the hardline Brexiteer. She wants to reform the European Convention of Human Rights but is prepared to withdraw from it if necessary. As Foreign Secretary, she introduced the aforementioned Northern Ireland Protocol Bill to unilaterally override some post-Brexit trade rules for Northern Ireland. Her supporters claim she plans to drive forward regulatory divergence from the EU, including overhauling business regulation to spur a more dynamic economy.

The controversial Bill is due to return to the House of Lords when Parliament returns in the autumn. This will be a battle, and its passage will be determined by whoever is the incumbent in No.10. Truss spearheaded the Bill; she's its biggest advocate and has accused the EU of overreacting to its proposals. Meanwhile, it has been widely reported that Sunak clashed with Truss, concerned that a hardline approach would spark a damaging trade war. His critics have argued that he cares more about pleasing the EU than the UK's territorial integrity which, despite his team's insistence that he would continue with the Bill 'until and unless the EU says it is willing to come to the table' to renegotiate the Protocol, will be perceived as a weakness by many colleagues and Party members. When former NI Secretary, Brandon Lewis, announced his support for Truss, he cited Sunak's resistance to the Bill as a key reason behind his endorsement.

The candidate that wins the leadership race will be responsible for forging a new relationship with the Continent, and how they do so in the next couple of years is likely to redefine the Party that already has a long and chequered history in this regard.



Health & Social Care

Despite Nigel Lawson's assertion that "the NHS is the closest thing the English people have to a religion", health policy pledges have been slow to appear throughout the leadership campaign and detail on how they will be delivered in practice, limited.

Tax and spending has dominated the debate on the NHS and social care with Sunak staying committed to his decision to introduce the National Insurance rise to relieve funding pressures, and Truss remaining strongly against the Levy. In advance of a general election, and given how much of a priority voters accord health services when casting their votes, neither candidate is likely to make outright pledges to cut NHS funding. Within the context of significant financial pressure and the recent pay commitment for NHS staff, we can instead expect to see discussion on where efficiency savings can be made and an indication of priorities, as some parts of the NHS see cuts in real terms, particularly when inflationary pressures are taken into account. One such example of this is an early commitment to reprioritise funding via efficiency savings to radiology and diagnostic services to support pay increases.

The urgent need to act on the NHS has been recognised in principle by both candidates, and attention has been focused on tackling the NHS backlog. Despite the recent publication of a critical report from the Health and Social Care Committee on the NHS workforce crisis, both candidates have skirted around the need for a long-term plan that addresses workforce shortages across the health and social care system, creating doubt amongst health leaders on how the backlog can be addressed without a clear workforce strategy. Alongside this, despite recognition that addressing the multiple challenges in social care could in part reduce the pressures on the NHS and a commitment from Boris Johnson to 'fix social care' in 2019, the sector is still facing significant workforce shortages and underinvestment and neither candidate has focussed on the issue.

Instead, the candidates have focused on how they would manage the backlog and meet waiting list targets, setting out two very different approaches. Sunak is relying on ambitious targets and the introduction of an independent backlogs task force to cut bureaucracy and reduce waiting times. Truss' approach is 'people and leadership' led - creating fewer layers of management, less central direction and giving greater autonomy to local areas. This focus on local leadership and better integration of local

services is not new, following recent NHS reforms the introduction of Integrated Care Systems. With neither candidate expected to commit to further NHS reform before the next General Election, how these changes will be implemented in practice remains unclear.

"I'm all for a healthcare system that's free at the point of use, but not one that's free at the point of misuse"

Rishi Sunak

Whilst NHS policies have begun to emerge over the course of the contest, the same cannot be said for life sciences and innovation. As the UK continues to lag behind comparator countries on R&D spending and clinical trial access, life sciences and innovation have remained largely absent from the debate, with the only mention from Sunak, who has committed to speeding up the clinical trial approval process. Without a significant focus on life sciences, and no mention of the forthcoming Life Sciences Vision Implementation Plan, the UK lacks a clear roadmap for achieving its ambition of being the leading global hub for life sciences.

Education & Skills

In true Conservative fashion, grammar schools are back on the policy agenda with Truss telling an MP hustings event that she would lift the ban on opening new ones. While Sunak has backed the continuation of existing grammar schools, he has so far declined to say whether he would also reverse the ban.

Truss has pitched herself as the 'education Prime Minister', with a six-point-plan that includes replacing failing academy schools with a new wave of free schools, expanding existing high performing academy schools, improving standards in literacy and maths, widening access to Oxbridge, and extending the range of childcare providers who accept Government childcare entitlements. Details on how these policies remain scant, and it is unclear how they would work in practice.

Both candidates have paid lip service to the importance of skills in levelling up and economic growth, with Sunak proclaiming "our children's education today is our economy tomorrow", though little has been said about what this means from a policy perspective. As Chancellor, Sunak has hinted at reform of the Apprenticeship Levy, but as this was later downplayed by the Treasury, it's hard to know how much momentum it has. He has, however, consistently recognised the importance of skills and training for the economy, citing poor UK rankings on workforce training of employees as a barrier to growth. Indeed, his March 2022 Mais lecture placed improving the technical skills of the workforce as the second most important way of accelerating growth. Many will remember the misjudged advertising campaign that suggested a ballet dancer could retrain to work in the cyber sector, which went down like a lead balloon and was soon canned for being 'crass', so how the new Government communicates its upskilling and retraining priorities will be especially important.

There has been little mention so far of childcare policy, which has been a pinch point in the cost-of-living crisis for many families across the country. The outgoing Government is currently consulting on controversial plans to reduce staffing ratios in early years education settings, something that Truss attempted to push through when she was Children's Minister in the Coalition Government. Given Truss' previous enthusiasm for the policy it is highly likely that she would take this forward.



Equalities

Much of the early campaign was dominated by gender identity politics and the candidates' stances on transgender issues (driven largely by questions over the views of Penny Mordant, who had a sudden surge in popularity).

In the final stage, this has quietened down, though Sunak and Truss may not be able to steer clear of it completely as the topic is typically headline grabbing and divisive, with MPs on all sides being 'tripped up' with questions on their stance around what defines a woman. In the early campaign race, Truss maintained her position that she is against self-identification for transgender people and has been critical of 'identity politics' more widely. She has come under fire from LGBTQ+ advocates for her actions as Minister for Women & Equalities, including ditching long-planned reforms to the Gender Recognition Act. Dubbed the 'Minister for Inequalities', members of the LGBTQ+ advisory board quit under her tenure, with the group later being disbanded entirely.

Sunak's equalities priorities so far have tended to focus on women's equality. He has pledged a 'manifesto for women's rights' which would argue that transgender women should be excluded from women's sporting events. He has also promised a new offence for 'down-blousing' (the act of taking a photo down a woman's top without her consent) and will review sentence guidelines for crimes against women and girls. In this regard, Truss would crackdown on misogyny in public places, saying she will outlaw catcalling and persistent wolf-whistling if she becomes Prime Minister.

Despite these seemingly positive steps for women's equality, both candidates have hesitated in setting out bolder equalities policy commitments. Sunak has called for schools to 'be more careful' in their teaching of issues relating to sex and gender, with an ally reported to have said that "under his leadership, sex education will be sensitive and age appropriate, so we enable children to have a childhood." Truss has also proposed tax reforms that appear to offer tax breaks to families where either parent takes time off work for caring responsibilities. This has been criticised by equality campaigners and has been interpreted by many as incentivising women to stay at home after having children, rather than empowering them to continue their careers by addressing rising childcare costs.



Transport & Infrastructure

Many of Sunak's transport and infrastructure pledges have been made in the context of meeting decarbonisation targets.

For example, he has expressed his support for electric vehicles on the campaign trail and as Chancellor he granted funding to decarbonise transport, including rail and buses, to 'invest in a greener future'. He is said to be considering toll roads, as an increase in electric vehicle ownership means the income collected by the Treasury in road tax will drop. He has also said he will work closely with local leaders on the future of transport investments, including Northern Powerhouse Rail, and he would scrap EU Solvency II rules to encourage investment in infrastructure.

Truss' campaign has been notably light on pledges on transport, instead focusing on investment in, and the delivery of, critical infrastructure. She has focused mainly on announcing new low planning zones with clearer planning rules to 'turbocharge' business investment in infrastructure. Truss has said she would legislate for minimum service levels on critical national infrastructure in the first 30 days of government under her leadership. This pledge would go further than the 2019 policy, which promised a minimum service level during transport strikes. She has also pledged to increase the minimum notice period for strike action from two weeks to four weeks, making it easier for industries to use new powers to employ agency workers to run services.

"We need tough and decisive action to limit trade unions' ability to paralyse our economy. I will do everything in my power to make sure that militant action from trade unions can no longer cripple the vital services that hard-working people rely on"

Liz Truss on critical infrastructure



International Relations, Trade & Defence

So far, Sunak leads the polls on being the most 'Prime Ministerial' candidate and this is important for a leader who will be representing the UK on the world stage. Both Truss and Sunak share a tough stance on Brexit and want to capitalise on the potential freedoms it offers. They have both committed to driving forward regulatory divergence from the EU, including overhauling business regulation, which will define the future of the City of London. Neither candidate has, however, been forthcoming on the detail of what this will actually look like.

As Foreign Secretary Liz Truss has presided over securing free trade agreements and trade deals with other nations, including Japan, New Zealand and Australia. The next Prime Minister will have to take this forward to deliver on the promises of Brexit, and to continue to redefine the UK's position on the world stage. Ongoing negotiations with Switzerland, Mexico, India, Canada and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) seem likely starting points. Negotiations with the United States have clearly stalled, with no agreement expected to materialize in the near future. The Northern Ireland Protocol is clearly causing an issue for the Biden administration, which has repeatedly underlined the President's commitment to defending the Good Friday agreement and the US's role as guarantor. Biden has repeatedly emphasised how integral the Protocol is to maintaining peace and stability in the region's politics. Behind the scenes, Biden is thought to have become more circumspect and sympathetic to the complexities of the situation, with his administration likely to advocate for a reasonable, rather than confrontational, response from the EU.

The issue is critical for American politics too, with Biden, himself one of over 30 million Americans with Irish heritage, seeking to appease the Irish swing vote. If Sunak is prepared to compromise with the EU on this, as rumour suggests he might, he may find himself in a position to make some progress on a trade deal. Following Johnson's resignation, President Biden has insisted that the 'special relationship' between the UK and US remains "strong and enduring" so, providing the future Prime Minister can provide political strength and stability, there is reason to believe that the UK-US relationship can be nurtured.

On the campaign trail, Sunak has pledged to keep spending on defence at current levels, rising to 2.5% of GDP by 2030. He has vowed to prioritise funding for the armed services but has said defence spending should not be determined by arbitrary targets. Truss goes further, committing to raising defence spending to 3% of GDP by 2030. She advocates a tough line against Russia though is not prepared for the UK to become directly involved in the conflict in Ukraine. She has also vowed to look at increasing the size of the UK armed forces.

Law & Order

Sunak has pledged to create a new criminal offence for belonging to, or facilitating, grooming gangs, a new offence for 'down-blousing' and ringfenced funding for police child sexual exploitation teams. He has vowed longer prison time for those not attending sentencing hearings, a Justice Secretary veto over parole board decisions, and to rename the Victims Bill the 'Victims and Sentencing Bill'. He has promised to 'do what it takes' to tackle illegal migration and would maintain the Government's controversial policy to deport asylum seekers to Rwanda.

Police will be told to cut murder, violence and crimes such as burglary by a fifth if Truss becomes Prime Minister. She has vowed that her Government would publish league tables showing how each police force was performing against the national trend on a set of key criminal offences. She has said that she would impose a crackdown on police forces that spend taxpayers' money training officers on 'identity politics'. Thirty forces were among more than 100 public bodies criticised for spending money on training programmes run by Stonewall on making workplaces more transgender-friendly. Unveiling her priorities for fighting crime, Truss said "people across our country want criminals locked up, and crime prevented, so they feel safe on their streets." These plans have been criticised as reheated existing government policies, bearing a resemblance to plans launched by Home Secretary Priti Patel last year, and she is danger of stoking the 'culture war' in True-Blue territory of law and order.

"It's time for the police to get back to basics and spend their time investigating real crimes, not Twitter rows and hurt feelings"

Liz Truss



The missing pieces?

In many ways, this is a leadership contest that can be defined by what hasn't been said as much as what has. Neither candidate has been willing to seriously discuss the Northern Ireland Protocol, despite the repercussions for the UK's future relationship with Europe and the Good Friday Agreement. Combined with the implications it has for the US trade deal, this should be a topic dominating national political conversation.

Similarly, the NHS and social care crisis has received limited airtime and neither candidate has put forward detailed and viable long-term solutions for dealing with the immense and mounting challenges the sectors face. Given the weight of the NHS and the ageing population in the UK's political landscape, this is surprising. And finally, to date, indyref2 has yet to make it seriously into the debate, aside from Truss' branding Nicola Sturgeon an 'attention seeker' to be ignored. With the highest court in the country set to consider the legality of a second independence referendum in Scotland, the breakup of the Union is something both candidates should be preparing a serious case on. No matter what the result is in court, the search for a political solution is likely to continue.

Remarkably, neither candidate has fully acknowledged the fact that only a matter of weeks ago, the country was at the brink of constitutional crisis. In order to convince voters that they are skilled enough politicians to navigate the UK's complex and unwritten political system, they must recognise, and speak candidly about, the pressures it is under. Both candidates tread lightly when asked about their views on the Johnsonian era. Sunak maintains he is proud of the achievements the Government made, but says it got to a point where he acted out of moral principle. Truss, perhaps in a move to appeal to the pro-Johnson Party members who plead

for his name to be included on the ballot, maintains he should not have been ousted and has yet to fully deny that he would have a role in the next iteration of Conservative Government.

The candidates do need to address the elephant in the room: that the leader who won them an 80-seat majority was toppled by Conservative parliamentarians less than three years later for serious and serial questions over his, and his Government's, ethics. Conservatives believe fundamentally in upholding an unwritten constitution and its conventions, but events of the Johnsonian era have undermined one of the central assumptions of our country's democracy: that the Prime Minister acts as the guarantor of ethical government. In order to build a new, resilient Conservatism, they must reassure voters that the transgressions of the type seen under the Johnson administration will never happen again.



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