



Not Quite Right

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A friend warned me I wasn't going to like what's up there: "It's two bad words." The clock had just struck 6.30am on Friday 13th December at the Queen Elizabeth II convention centre in Westminster. Conservative Party activists, campaign workers, and journalists were mulling around in a state of exhausted shock. Nobody had slept. The results flowing in overnight had been too much to miss: the political map was busy realigning before our eyes. Labour had lost 18 seats it had held since 1945. The Tories were on their way to the biggest majority since Thatcher.

Some lined up for tea and coffee, others mulled in whispered conversation. The feeling after four years of heightened political conflict was largely one of relief. Brexit would finally happen. Jeremy Corbyn would not be given the keys to Number 10.

We were ushered upstairs in our zombie-like state. There it was: "People's Government", read huge banners at this campaign-style rally.

This would be the Conservative Party's new mantra—echoing the official name of the People's Republic of China's central government. It would unashamedly be unlike what had come before. The end of the Tories as a middle class party. For the first time they would represent broad swathes of the country, including many working class towns in the Midlands and North.

"We did it," Boris Johnson says, after bursting onto stage to resounding applause. He dedicates the victory to the people whose "hand may have quivered over the ballot" before voting Conservative for the first time.

Boris recommits to "Get Brexit Done", but then goes down a different path: "The NHS is this one nation Conservative Government's top priority." Britain's national religion—a mediocre healthcare system— would get more money, but not structural reform. Little would be done to address why patients continue dying at much higher rates of diseases and cancer than in the rest of Europe. He then commits to spending on infrastructure, science and education as well as making the UK carbon neutral by 2050. Nothing about aspiration, lower taxes or smaller government.

Over the coming months, the Conservative Government would bail out failing companies, green light the outrageously over-budget and over-time HS2 rail line, propose a state internet censor, and flag higher taxes in the budget. But this was all ahead of us: first I had to get home for a few hours of sleep before an hour-long appearance looking like a ghost on Sky News Australia via Skype.

The right keeps winning the war, but losing the battles. With few exceptions, traditionally dominant parties of the left have faced devastating loss after devastating loss. The right has received a huge boost at the hands of a left incapable of speaking to an audience outside a narrow set of highly educated, inner-city professional post-materialists.

But at the same time nominally right wing governments are becoming more relaxed with a larger, interventionist state. The ThatcherReagan small government era is over, if it ever existed. The lip service once paid to fiscal responsibility is disappearing. There is little to no effort to undertake supply-side reform. There is a broad acceptance of much of the left's problem definitions (such as inequality) and solutions (redistribution, state spending, industrial policy).



Just before the election Boris Johnson claimed regional inequality swung the vote for Leave. He committed to “get on with a programme of levelling up” with “infrastructure and education and technology”. More state, more spending, more redistribution. It is no coincidence the changing policy direction comes at a time of political realignment. Parties of the right think they can reach a new working class demographic by promising an even larger state. This may be better for their short-term electoral purposes, but we know it will be worse for longer-term policy outcomes. The right is attempting to win working class votes by becoming more like the left—but making people poorer in the long run isn’t a good thing for parties that pride themselves on delivering prosperity.

How did we end up here?

American political scientist Seymour Martin Lipset wrote in 1960:

For most of the 20th century, working class voters in developed countries generally supported left-oriented parties, while middle and upper class voters supported right-oriented parties.

The defining class divide—what political scientists call an electoral ‘cleavage’—has substantially declined in importance over recent decades. We now have a new cleavage, closely linked to education, age and values.

On the one side, there is a younger, professional cohort with higher educational attainment who have socially liberal views. They embrace change, internationalism, and are weary of nationalistic symbols they associate with racism. This group are small in number but dominate the upper echelons of society, from the public service and media to universities. I have called these ‘Inners’—physically located close to city centres, and metaphorically close to the centre of political power. On the other end are those more focused on family, community and nation, who feel marginalised in today’s graduatedominated knowledge economy. They want harsh penalties for criminal behaviour, controlled borders and traditional social mores. I have called these ‘Outers’—located in the suburbs and regional areas, and feeling and often being distant from power.

Importantly, the left-right economic divide overlaps this new cultural or values divide—complicating matters for major parties. The left is struggling the most. They have come to be internally dominated by a narrow set of graduates. Labour Party member Michael Thompson wrote a book describing this as a “hijacking”.

Arthur Calwell—Gough Whitlam’s predecessor as Labor leader—complained in 1972 about “aggressive, assertive, philosophical, way-out people” who want to create an “agnostic, hedonistic society based on Freudian philosophy”. Reaching out to graduates—while keeping hold of the old working class—is how these parties came back to power in the 1980s/90s in Australia (Hawke/Keating), the United States (Clinton) and Britain (Blair). But it is now proving too much of a burden to represent the two groups simultaneously, particularly as the left becomes dominated by identity politics.



The higher educated have little in common with the old working class. The working class feel betrayed by the political left. They are called “Deplorables” by Hillary Clinton and racist, sexist and homophobic on Twitter. They are sick of the class of people who think they are better, who think they have greater moral authority provided by their education to tell people how to live their lives; Inners who are condescending, overconfident, and technocratic.



Two twists on the UK election: The Daily Mirror fears the worst, while the Daily Express rejoices.

This dynamic has resulted in weak electoral showings for previously prevailing centre-left parties. The Australian Labor Party received 33 per cent of the primary vote last election. UK Labour fared slightly worse at 32 per cent, while in Spain the PSOE (Spanish Socialist Workers' Party) got 28 per cent last year. The SPD (Social Democratic Party) in Germany received just 21 per cent of the vote in their last national election in 2017, and the centre-left Socialist Party in France received just 20 per cent in 2017.

These parties have been squeezed by the loss of the working class to parties of the right and the rise of alternative parties for the young intelligentsia focused on green issues or further-left economics.

The political right has fared well, at least so far. They have managed to unite sections of the upper working class with their traditional higher income voters. The UK's first-past-the-post system enabled the Conservatives to hold onto many Remain-leaning constituencies by splitting the vote between Labour and the Liberal Democrats. Some of the majorities are now wafer thin, creating substantial risks in a post-Brexit election. Foreign Secretary Dominic Raab's majority shrank from



23,000 to just 2,300 in Esher & Walton—which voted 59 per cent for Remain in 2016. In Australia, Scott Morrison’s two-seat majority reflects a preferential voting system that reduces the impact of the split votes on the left. He faces thin majorities in many inner-city Liberal seats such as Higgins and Wentworth.

On the other side of the calculus, parties on the right have appealed to conservative ‘populist’ voters among the working class who are alienated by the left’s focus on graduates. In Australia, this comes to the fore on issues such as climate change, coal and asylum seekers. This explains Scott Morrison’s success in rural Queensland. In the UK, Boris won traditional Labour seats from Workington and Redcar to Scunthorpe and Wrexham. He was catapulted to power by Labour’s refusal to abide by the largest democratic mandate in the nation’s history to leave the European Union.

UK pollster Lord Ashcroft found in focus groups with former Labour voters after the 2019 election a strong sentiment of class betrayal. “It wasn’t so much Brexit, it was democracy. It was that they wouldn’t honour the referendum,” one voter said. Another voter linked it back further to former Labour Prime Minister Gordon Brown complaining about a woman who discussed immigration in an infamous hot mic moment from the 2010 election. “It goes back to Gordon Brown calling that woman a bigot. He tarred her with the bigot brush rather than listening to what she had to say. It’s the same with Brexit,” the voter said.

This new constituency has electorally strengthened parties of the right. But while they have become strong in body, the same cannot be said for their brains.

“You may loathe populism, but I’ll tell you a funny thing; it’s becoming very popular,” Brexit Party leader Nigel Farage declared in his final speech to the European Parliament. He spent 21 years in that chamber galvanising opposition to the European Union. Populism builds in response to a perceived—but often quite real—disconnect between political elites and the people they are supposed to serve. This is epitomised by the EU: a technocratic project that thrusts a centrally designed regulatory state onto hundreds of millions of people from diverse and distinct national backgrounds who have little say in its creation.

Populists—politicians who appeal to the authority of ‘the people’ against the ‘elite’—are in a thin political movement. It can lead down a dark path towards Chávez or Orbansstyle totalitarianism. But it can also be a necessary corrective measure against cosy consensus formed by disconnected elites. Political scientists have spent much time in recent years trying to understand the rise of populism. A key debate is whether populism should be understood as an economic or cultural phenomenon. The political left typically blames populism on inequality, erosion of organised labour, shrinking welfare safety nets, and “neo-liberal austerity policies”. This narrative allows them to put forward their usual solution: a bigger state. Parts of the political right, incapable of articulating its own response, have accepted this diagnosis—perhaps with a bit of added opposition to immigration.

The financial position of populist voters is a weak explanation for what we observe. The evidence those ‘left behind’ by globalisation are the primary backers of Trump, Brexit or One Nation—as so often claimed—is weak. Pippa Norris and Ronald Inglehart, leading professors of global opinion, ~~argue that rising prosperity created a new post-materialist cohort (the ones I call ‘Inners’)~~

concerned with social liberalism, environmentalism, and identity. This has led to a conservative, populist backlash by people who want security, conformity and tradition ('Outers').

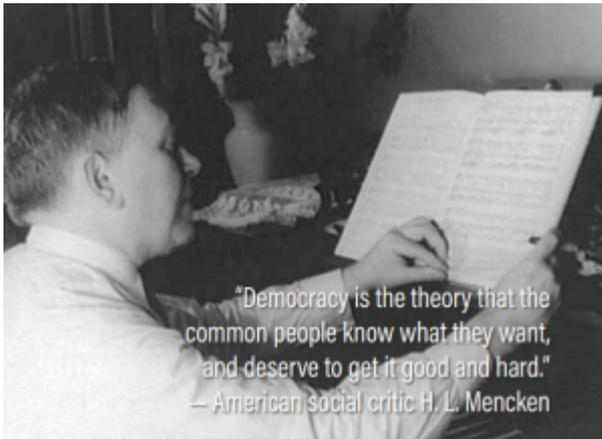
While short-term economic conditions can accelerate the backlash, voting for right wing populist parties and Brexit is substantially more closely linked to cultural values. "Overall, cultural values (authoritarian values, political mistrust, and left-right self-placement) are more closely linked to voting support for more authoritarian [right wing populist] parties than economic indicators," Norris and Inglehart conclude in their book *Cultural Backlash: Trump, Brexit, and Authoritarian Populism* (Cambridge University Press, February 2019)—hence *Cultural*, not *Economic Backlash*.

This should not surprise. If economic 'left behinds' were core to populism then leftwing socialist parties that promise radical reshaping of the economy would benefit the most. In the UK's recent general election there were features of populism on display on both sides: Boris opposed a cultural elite, epitomised by a Remain-backing Parliament that refused to deliver Brexit. An elite that has disdain for those whose identity is based on their British-ness, not their Europeanness. Corbyn opposed an economic elite, epitomised by billionaires who must be defeated to deliver 'equality'. One approach delivered a huge majority, the other a crushing defeat.

But a fundamental misunderstanding of populism is wreaking havoc on the economic positioning of centre-right parties.



"Mum and Dad were always Labour voters; I've grown up with the impression that Labour was the party for the working man," first-time Tory voter David from Bolton, who works in highway maintenance, said in a Conservative TV broadcast released in February. "I want to be able to have my own business, be able to work hard, and get rewarded for that." Boris Johnson then appears from behind a curtain, revealing he was watching the entire time. But for a man who wants to work hard and be rewarded, Boris' response is to focus on regional inequality, the need to 'level up' the North with London and the South East. Spreading opportunity is unobjectionable, but framing politics in terms of inequality leans into interventionist economic policies.



American social critic H. L. Mencken wrote in 1915 that “Democracy is the theory that the common people know what they want, and deserve to get it good and hard.” Perhaps he could have gone one step further and said it’s about politicians and commentators who think they know what people want. And they’ll give it to them: good and hard.

The Conservatives think the ‘working class’ want higher taxes and more intervention. During last year’s election campaign, the Tories promised £100 billion in new spending and borrowing over the next five years, spending on healthcare and education, and a higher minimum wage. Planned corporate tax cuts were cancelled and an earlier commitment to cut income taxes for higher income earners was withdrawn. Dominic Cummings—the mythologised ‘evil genius’ behind Vote Leave and now advisor to the Prime Minister— has written an appeal for ‘weirdos and misfits’, including brilliant mathematicians, physicists, and computer scientists. This gives the impression he thinks government can be perfected, leaning into technocracy. But, as economist Ryan Bourne at the Cato Institute has explained, wanting to hire good people to improve decision making tells us nothing of what the government wants to achieve—or what it should be doing in the first place.

In Australia, Scott Morrison has shown immense campaigning skills. He has declared he would “burn for the Australian people every single day”. But similarly, what burning for the Australian people means in practice is unclear. Just like Boris, ScoMo was thrust into power in unusual circumstances and without a stint in opposition to define his agenda. The bushfires ended the post-election honeymoon and he now needs a clear plan. Without it he risks being pulled in all sorts of directions, most recently sucked into the left’s big-spending projects such as the National Disability Insurance Scheme (NDIS), infrastructure, and renewables.

The news on the centre-right is not all bad. In the US, President Trump cut red tape and reduced taxes—albeit without the corresponding willingness to cut spending thus leading to piling up debt (something congressional Republicans used to care deeply about). In Australia, the government has proceeded with income tax cuts and not promised big spending. In the UK, the Conservatives will deliver Brexit, have committed to regulatory divergence from the EU and free trade. Boris also has a lesser appetite for nanny statist interventions and openness to planning reform.

They should remember working class voters who are now voting for centre-right parties do not want an ever-bigger government. Those who want more spending continue to vote for parties of the left. Blue Collar Conservatives, as they are called in the UK, are aspirational. They want to

step up, not a handout.

A poll by the Taxpayers Alliance found six in 10 C2DE voters—skilled manual and semi-skilled and unskilled workers—favour cutting the basic rate of income tax to 15 per cent, down from 20 per cent. This working class demographic are also more likely than higher income voters to support cutting corporate tax and back abolishing the BBC licence fee. The same is true in Australia. Selfidentifying working class voters who backed the Coalition at the last election were far more in favour of lower taxes (51%) than more spending on social services (19%), according to the Australian Election Study.

The Coalition's working class supporters also considered economic management (76%) and taxation (47%) to be extremely important issues when voting, while fewer considered climate change (27%). Like most, a majority support more spending on services such as police, health and education—but not on unemployment benefits, business and industry, child care, or the NDIS. Even if what the right's new working class voters wanted was a bigger state—which the evidence for is weak—there is little reason to think statist economic policies that have failed every other time they have been tried will now succeed. To maintain working class voters, parties of the right need to ensure people feel their lives are improving. We know from history a big, interventionist state will not achieve that goal. Across Western countries economic growth and wages have been largely stagnant in recent years. If we are to get out of this rut, the right must go back to basics: industrial relations reform, and cutting red tape and historically high taxes.

“THE BRITISH LION ROARS FOR BORIS AND BREXIT!,” the ever-sympathetic *Daily Express* front page read the day after the UK's election. “NIGHTMARE BEFORE XMAS,” the less supportive *Daily Mirror* proclaimed. In the words of Tony Blair after the 1997 election: a new dawn had broken. Beyond my rusty state that day, there was something deeper. A political earthquake had not only realigned the political map, but was changing the soul of centre-right parties.

An interventionist state is back in fashion, even on the right. In the pragmatic quest to find a new electoral base, to win at the ballot box, the right appears to be losing its soul.

The case now must be made and the ideas developed for when the current moment comes crumbling down. There is a need to re-explain the fundamentals of human prosperity: “peace, easy taxes, and a tolerable administration of justice”, in the immortal words of Adam Smith. We must point out that an ever-bigger state will only help the best connected, who can take advantage of its largesse. We must continue pointing out that economic freedom is intrinsically linked to human flourishing—particularly for those at the bottom of society, who can be lifted by a sense of dignity and meaning in a job.

Outside of the political realm there is an awesome future powered by human ingenuity. We must ensure the future is not quashed by zealous moral panics.

But first... I needed a good night's sleep.