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Fixing Broken Britain

RICHARD HAYTON

Introduction

The contention that British society was broken and in need of repair was a leitmotif of David Cameron's tenure as leader of the opposition. In his victory speech accepting the party leadership, he identified the need for 'social action to ensure social justice, and a stronger society' and declared that the Conservatives could 'mend our broken society'. Cameron identified a number of key indicators of social breakdown which he would return to over the next five years: 'drug abuse, family breakdown, poor public space, chaotic home environments [and] high crime' (Cameron, 2005). He also alluded to the essential element of the broken society critique, that these problems could not be addressed by the state, but required community action through charities, voluntary organisations and social enterprises.

The focus on social problems such as these was part of a deliberate strategy aimed at convincing the electorate that the Conservative Party was changing, and was serious about addressing contemporary social issues. As such it was a key element in Cameron's modernisation agenda to transform his party's image, by concentrating attention on issues not traditionally associated with the Conservatives. Other issues which were also central to this brand decontamination strategy were the environment and climate change (Carter, 2009) and the politics of the family, where Cameron sought to strike a more liberal and inclusive tone than his predecessors (Hayton, 2010). However, while the focus on 'broken Britain' marked an important shift of emphasis and rhetoric by the Conservatives, this chapter argues that it drew in substantial part on the Thatcherite ideological legacy. In this sense it did not mark a radical overhaul of Conservative thinking, but a more coherent effort to reformulate it as a critique of New Labour's record in office.

In its first 12 months in power the Conservative-Liberal Democrat coalition government embarked upon an ambitious programme of social policy reform. This chapter analyses the social policy objectives the coalition identified, and progress towards implementation of them in its first year in office. It also considers the reality of this process against rhetoric emanating from government ministers, and weighs up the likelihood of success of the programme as a whole and elements within it. The chapter argues that the coalition's social policy is being driven by three main pressures. Firstly, the overriding imperative identified by the politicians involved to reduce the deficit in the public finances,

and meet their self-imposed target of eliminating the structural deficit within the lifetime of the current parliament. This perceived need derives from both the neo-liberal framework which prevails in economic discourse in the United Kingdom in general and the Conservative Party in particular, and the constraints of the integrated global economy. Secondly, an ideological commitment to fundamentally rebalance the relationship between the state, economy and society, to reduce the scope and scale of the state's role. In this respect, the deficit has provided an opportunity for the coalition to present a picture of a crisis in the public finances, and pursue this ideological objective on seemingly pragmatic grounds. Thirdly, the form and nature of specific policy proposals within the broad field of social policy is being shaped by the dynamics of coalition, namely the need to negotiate positions acceptable to both parties. A related aspect of this is a desire held by both Nick Clegg and David Cameron that the government be able to present its reforms as 'progressive'.

The chapter focuses particularly on welfare policy. Under the direction of the Secretary of State for Work and Pensions, Iain Duncan Smith, the coalition stated that it planned to undertake the most radical reform of the welfare state since the implementation of the Beveridge Report after World War II. The changes proposed included restrictions on entitlement to the previously universal child benefit; cuts to housing benefit; reform to disability benefits; and the phasing-in of a system of 'universal credit' to replace all current means-tested benefits for job seekers. The genesis of this reform programme will be traced through an examination of the policy work undertaken in opposition, notably that by Duncan Smith's Centre for Social Justice and the related policy group which he chaired.

In exploring these issues, the chapter first identifies traditional Thatcherite positioning on social policy. It then turns to the Conservatives' policy agenda in opposition, identifying the main elements of the 'broken society' critique. The extent to which this has been carried forward into government is then assessed, and the impact of the coalition considered. Finally, the prospects for this agenda are reflected upon.

Thatcherite Conservative positioning on social policy

The rise of the New Right in the 1970s and the election of the first Thatcher government in 1979 marked a pivotal moment in British social, economic and political life. The ideological legacy of Thatcherism continues to have an enduring significance in Conservative Party politics, both as a reference point against which contemporary debates over policy, electoral strategy and modernisation are often framed, and for neo-liberal Conservatives, as a roadmap which still offers the most compelling set of directions for the party to follow. The implications of Thatcherism for Conservative positioning on social policy were far-reaching, although they took time to unfold in practice. In fact, it was not until Thatcher herself had left office that many of the more radical aspects of Thatcherite social policy were realised (Hickson, 2010).

The New Right was a reaction against the post-war consensus that dominated British politics between 1945 and 1970, and which had as one of its central features an acceptance of comprehensive welfare provision by the state. One Nation Conservatism enjoyed its greatest influence as part of this consensus, and during a lengthy period of government (1951-64) the Conservatives did not seek to unpick the general principles of the welfare settlement established by Clement Attlee's administration. This did not, however, indicate 'any new and significant commitment to social justice and tackling

poverty' on the part of Conservatives (Bochel, 2010: 123). Rather, the key concern of One Nation Conservatives was the preservation of order and social harmony, meaning that a pragmatic case for limiting inequality could be made (Hickson, 2009). Advocates of the New Right offered a critique of One Nation Conservatism which argued that the acceptance of Keynesian welfarism had damaged both the economy and British society. The moment of 'crisis' was reached in the Winter of Discontent of 1978-9, which was successfully narrated by the New Right as demonstrating that the state had become overextended to breaking point and was in need of a dose of neo-liberal retrenchment (Hay, 2009).

The central concern of Thatcherism was the reversal of relative national decline. For Thatcher and her followers this was about more than the economy and Britain's role in international affairs, but also required a moral rejuvenation of the nation based on a revival of individualistic 'vigorous virtues' (Letwin, 1992) reminiscent of the Victorian era. The welfare state attracted particular enmity as it was blamed for creating a culture of dependency and idleness which eviscerated the moral fibre of the nation (Hickson, 2010: 138). However, as Hickson has noted, tackling the welfare state was not an immediate priority for Thatcher on entering office in 1979, who concentrated her efforts on a neo-liberal economic policy of monetary control, fiscal conservatism and assailing the trade unions. The resultant doubling of unemployment increased the cost of welfare dependency and obstructed the government's desire to reduce overall state expenditure (Hickson, 2010: 139-40). The Thatcher administrations took some measures to try and restrict the growth in welfare spending, notably de-linking state pension increases from the rate of average earnings (a policy reversed by the coalition government in 2010) and cutting the value of the State Earnings Related Pension Scheme (SERPS). As well as being driven by a desire to save money, these policies were also informed by a wish to encourage self-reliance and private provision, and people were encouraged to opt out of SERPS in favour of individual or company pension schemes.

More radical measures to reform social security on Thatcherite lines were taken by John Major's government between 1990 and 1997, again motivated by both ideology and cost. Between 1980 and 1989 the number of lone parents in receipt of income support had more than doubled from 330,000 to 770,000 (Nutt, 2006). In an effort to address this government created the Child Support Agency (CSA), which was charged with pursuing absent fathers and enforcing the payment of child maintenance. The CSA was beset with operational problems and became symbolic of the Major government's disastrous 'Back to Basics' initiative, which was launched at the 1993 party conference (Hickson, 2010: 142). This blighted campaign was an attempt to revive the Conservatives' fortunes by seizing the initiative on social policy following the calamitous events of Black Wednesday in September 1992, which had destroyed the party's reputation for economic management. This moral posturing quickly came to haunt the Conservatives however, as allegations of sleaze against various Tory MPs appeared in the newspapers and the party attracted the charge of hypocrisy (Hayton, 2010: 492). A moralistic tone also accompanied other key social policy changes under Major, notably the replacement of unemployment benefit with Job Seeker's Allowance in 1996. Thatcherite social policy reforms consequently took a significant amount of time to develop between 1979 and 1997, but 'were ultimately decisive and enduring' (Hay and Farrall, 2011: 8). Elements of this agenda would be carried forward by New Labour in office, particularly in terms of the focus on welfare to work (Driver, 2008).

The Thatcherite legacy: Conservative policy positioning in opposition

After losing the 1997 general election, the intraparty debate about how the Conservatives should seek to modernise in order to revive their electoral appeal was often characterised as a battle between socially liberal ‘mods’ and traditionalist ‘rockers’ who favoured an authoritarian approach more in tune with the Victorian values admired by Thatcher. Modernisers such as Michael Portillo saw the next logical step for Conservatives as to build on the economic liberalism they had advocated in the 1980s with a similarly radical agenda of social liberalism. This would have entailed a repudiation of a key element of Thatcherite ideology, something the party was not ready to countenance in 1997. Having lost his seat at the general election, Portillo was not in a position to stand for the party leadership, and the mantle passed from John Major to William Hague. Hague’s pitch for the leadership was that the party needed a ‘fresh start’ and that he was the man to deliver it, and he was successful in attracting the support of modernisers such as Alan Duncan, who managed his campaign (Driver, 2009: 85). However, this message was tempered by the endorsement of his candidature by Margaret Thatcher, which helped him secure the support of voters on the right of the party, but also reinforced the caricature of Hague as a Tory Boy unable to step out of her shadow.

After an initial dalliance with social liberalism under Hague’s leadership the Conservatives soon retreated to a core-vote electoral strategy located firmly within Thatcherite ideological parameters (Hayton, 2010: 493-5). Following the 2001 general election defeat, the selection of Iain Duncan Smith as Hague’s successor appeared to signal the strengthening hold of the traditionalist right on the party. Despite securing the backing of most of the Shadow Cabinet, Portillo was unable to convince even a third of his parliamentary colleagues of the merit of his agenda for modernisation in the leadership election, and following his third place finish withdrew to the backbenches. Although he firmly rejected the notion of modernisation (which he associated with Portillo’s social liberalism) Duncan Smith surprised many with his efforts as Conservative leader to re-orientate the party’s electoral strategy and renew its policy agenda. Although the language used was different, ‘the approach he adopted until early-2003 presaged much of the Cameron modernisation agenda’ (Hayton & Heppell, 2010: 436).

Duncan Smith sought to downplay the core vote issues of Europe, immigration and taxation and attempted to demonstrate that the Conservatives were engaged in developing policies to improve the public services and to address broader social problems. This was a two part strategy: firstly to identify the Conservatives with the electorate’s priorities, and secondly to challenge negative preconceptions about the party by focusing attention on the poorest sections of society (Hayton & Heppell, 2010: 430). In a series of speeches Duncan Smith pledged to ‘champion the vulnerable’ and argued that Labour did not have ‘a monopoly on compassion’ (Duncan Smith, 2002; 2003). The party held a conference on compassionate conservatism, and Duncan Smith even wrote the introduction to a book on the subject entitled *There is such a thing as society* (Streeter, 2003). In a wilful attempt to dissociate from the Thatcher era the Conservatives began to talk about social justice (a concept that Thatcher’s favourite guru, Friedrich von Hayek, had labelled a mirage).

The compassionate conservatism agenda did not, however, mark a return to a form of one nation conservatism of the kind seen in Britain during the post-war consensus. Nor did it mark a move towards a socially liberal stance as advocated by the modernisers. Rather it took its inspiration from the US Republican Party, where compassionate conservatism had been championed particularly by George

Bush in the 2000 presidential election campaign. This view sought to combat the idea that conservatism was not concerned about the poor, but also argued that tackling poverty required more than government action and advocated 'a more holistic approach in which voluntary organisations and faith groups would be accorded the lead role' (Page, 2010: 148). In other words, obligation is placed on the shoulders of individuals, families and communities, not on the state. As such compassionate conservatism is compatible with the Thatcherite desires for both a smaller state and a strong sense of collective social morality. The difficulty for British Conservatives was that while US Republicans might hope that the glue of religious morality would help bind society together, in the increasingly secular UK other civic institutions between the state and the market would have to be nurtured (Willett, 2005). In arguing for a 'civic conservatism' David Willett attempted to address this issue, and it also informed Oliver Letwin's vision of a 'Neighbourly Society' which he articulated as Shadow Home Secretary under Duncan Smith. Letwin argued that empowering local communities was essential for solving social problems such as crime anti-social behaviour (Letwin, 2003). These ideas can also be found in much of the localism agenda (e.g. Direct Democracy, 2005) and ultimately informed Cameron's 'Big Society' narrative.

Duncan Smith's leadership failed because of his own shortcomings in terms of party management, political communication, and an inability to establish his authority as leader (Hayton, 2012b). His successor Michael Howard was stronger in these respects, but did little to push forward the social policy agenda Duncan Smith had tried to develop, and which he continued to pursue at the Centre for Social Justice (a think-tank he established in 2004). Although a self ascribed moderniser, as Conservative leader David Cameron adopted and built on Duncan Smith's legacy in this policy area. One of his first acts on becoming leader was to announce the establishment of six policy review groups, and Duncan Smith took on the social justice brief. The work carried out by the Social Justice Poverty Group underpinned and developed the assertion that British society was broken, which was a key theme of Cameron's tenure as leader of the opposition. The capacity of the 'broken Britain' narrative to appeal to a wide spectrum of Conservative opinion is illustrated by the fact that the phrase was first used in the 2005 leadership election by Liam Fox, who told the 2005 conference:

And under this Labour government, we can all see what I call a broken society. I'm sure you know what I mean: more marriages breaking down, rising levels of violent crime, record truancy rates from schools, more domestic violence, increasing numbers of suicides, too many young people, especially young men with no role models, running wild in our communities. (Fox, 2005).

While Cameron's modernizing stance was associated with the socially liberal left of the party, Fox appealed firmly to the traditionalist Thatcherite right (Heppell & Hill, 2009). Nonetheless, the issues highlighted by Fox proved to be broadly in line with those that would be stressed by Cameron and by the Social Justice Policy Group (SJPG) he established. Fox realized that this social and moral agenda would play to his core constituency on the right of the party, something which might also partly explain Cameron's interest in it, as he sought to build a cross-party appeal (he also emphasized his Euro-scepticism during the leadership campaign). However, Cameron's commitment to developing policy in this area also reflected a broader concern amongst Conservatives that they had allowed themselves to be caricatured as having little to say on social issues and as only being interested in the economy and

money. It also signalled a growing confidence that they could effectively challenge Labour on this territory, as the intractability of problems such as anti-social behaviour suggested to some Conservatives that the government was failing and that more radical solutions needed to be devised. Cameron thus argued that his brand of 'modern conservatism' offered the opportunity to 'combine the preservation of the Conservative economic inheritance with the resolution of the social problems which were left unresolved at the end of our time in government, and which remain unresolved after a thousand short-term bureaucratic initiatives' (Cameron, 2006). On this reading Blair had identified the post-Thatcher zeitgeist, but New Labour had struggled to address it effectively in office.

At the launch of the Centre for Social Justice in December 2004 Duncan Smith presented a paper entitled *Britain's conservative majority*. Drawing inspiration from the recent electoral success of George Bush in the USA and John Howard in Australia, Duncan Smith argued that 'moderate social conservatism' could strike a chord with mainstream public opinion in the UK. He claimed that the 'small c conservative majority' was committed to social justice issues, but also looked for 'moral purpose' in policy platforms (Duncan Smith, 2004: 4-5). While the parallels with Fox's account of the broken society are clear, this belief in the need for a greater sense of moral direction also informed the policy work carried out by the SJPG for Cameron. Two substantial reports were produced: *Breakdown Britain* (SJPG, 2006) and *Breakthrough Britain* (SJPG, 2007). Together these critiqued the growth of the welfare state and 'the weakening of the welfare society' (SJPG, 2006: 14) and argued that the state had not only failed to recognise the importance of the third sector organisations which help make up the latter, but had actually caused substantial damage to them. *Breakthrough Britain* claimed to offer a middle way to fight poverty, rejecting both laissez-faire and state-centred approaches. Instead:

Our approach is based on the belief that people must take responsibility for their own choices but that government has a responsibility to help people make the right choices. Government must therefore value and support positive life choices. At the heart of this approach is support for the role of marriage and initiatives to help people to live free of debt and addiction. (SJPG, 2007: 7).

This emphasis on responsibility and marriage contained echoes of John Major's failed 'back to basics' campaign (Driver, 2009: 88), and ran through the policy recommendations made by the SJPG. However, a key difference was the weight of evidence the SJPG presented in an effort to substantiate its recommendations, which gave it the confidence to claim it was 'not about preaching to people about how they should live their lives. It is about what works' (SJPG, 2007: 10). Similarly in his repeated affirmation as leader of the opposition of the importance of marriage and family values, Cameron was 'careful to base this support on evidence rather than morality' (Kirby, 2009: 246). Combined with a more liberal tone than his predecessors on social issues such as gay rights, this helped Cameron accommodate the politics of the family within his modernisation strategy (Hayton, 2010).

The *Breakdown Britain* report identified five pathways to poverty (family breakdown, worklessness and economic dependency, addiction, debt and educational failure) and *Breakthrough Britain* made 190 recommendations based on these (Page, 2010: 150). Amongst the most striking was the suggestion of transferable tax allowances for married couples, a policy that had previously featured in the 2001 manifesto. The report also argued for tax credit reforms to remove the 'couple penalty' it

identified in the current system (*ibid.*). It also suggested that there is ‘overwhelming evidence that the cycle of disadvantage starts very early’ (SJPG, 2007: 8) and suggested a number of measures such as better childcare provision and improved nursery education aimed at enhancing early years support. In terms of welfare to work, *Breakthrough Britain* noted the poverty trap for those on benefit seeking to move into work (or from part-time to full-time work), as the withdrawal of benefit left some facing a marginal tax rate of 90 percent. This was investigated in greater detail in a further report published in 2009, and the SJPG proposed the creation of a Universal Credit scheme to replace a range of means-tested benefits, to be withdrawn at a rate of 55 percent as claimants move into work (Page, 2010: 151).

Although the 2010 Conservative Party manifesto did not commit to a Universal Credit system, it did draw substantially on the work carried out by the SJPG. It promised to reduce welfare dependency through a new work programme which would involve private providers and oblige the unemployed to participate and accept job offers, with the sanction of a loss of benefit for up to three years if they refused (Conservative Party, 2010: 15-6). Family policy also occupied a prominent place in the document, as the Conservatives pledged to make Britain ‘the most family-friendly country in Europe’ (2010: 41) through enhanced rights to flexible working; tax credit reform; and through a recognition of marriage and civil partnerships in the tax system (although the mechanism was not specified). The emphasis placed on early intervention by the SJPG also appeared in the manifesto with a promise to focus Sure Start on the ‘neediest families’ (2010: 43).

The key narrative of the manifesto was the promise to build ‘the Big Society’. Although this remained poorly defined it was presented as the alternative to ‘big government’ (2010: 36) and as the answer to the social problems identified by the broken society critique:

The size, scope and role of government in the UK has reached a point where it is now inhibiting, not advancing, the progressive aims of reducing poverty, fighting inequality, and increasing general well-being. We can’t go on pretending that government has all the answers. Our alternative to big government is the Big Society: a society with much higher levels of personal, professional, civic and corporate responsibility; a society where people come together to solve problems and improve life for themselves and their communities; a society where the leading force for progress is social responsibility, not state control. (2010: 37).

The nebulous nature of the Big Society facilitated its use as a theme to link policy proposals across a range of areas including local government, health and education, as well as the welfare state. It was also an attempt to offer a message of hope, as although British society was said to be broken, the Conservatives promised that ‘together we can mend it: we can build the Big Society.’ (2010: 35). At the core of the idea is a belief in community involvement and a more active citizenry, encapsulated in Cameron’s suggestion of a National Citizen Service (Mycock and Tonge, 2010). As Kisby (2010) has argued however, it also implies the hollowing out and retreat of the state from the provision of core public services, in the hope or expectation that communities, voluntary groups and families will fill the void. As such it suggests that a Thatcherite desire to reduce the size and scope of the state remained firmly embedded in Conservative thinking at the time of the 2010 election, and that the party was keen to pursue these ideas in relation to social reform as well as the economy.

Coalition social policy in practice

Analysing Conservative social policy development in 2009, Stephen Driver predicted that in office Cameron's administration 'would be a government largely of mods not rockers' and characterised Conservative social policy as 'post-Thatcherite' (2009: 95). However, research by Bochel and Defty (2010) suggested that Conservative MPs retained firmly Thatcherite views on the appropriate role of the state in welfare provision, with 36 percent agreeing it should be a 'safety-net only for those most in need' and a further 18 percent seeing its function as to support the extension of private provision (no Liberal Democrats were placed in either of these categories). By contrast 50 percent of Liberal Democrat MPs believed in a 'high national minimum level of services/universal provision' and a further 7 percent saw the function as to redistribute wealth. No Conservatives appeared in either of these categories and although there was some movement on both sides towards a centre ground, the results clearly aligned Liberal Democrat and Labour parliamentarians on the left of the political spectrum and Conservatives on the right (Bochel and Defty, 2010: 80). This implied that social policy could be a divisive issue for the coalition. In practice however, welfare reform did not prove to be a contentious area in the 2010 coalition negotiations. This can be explained by the fact that it had not been a prominent issue in the election campaign, with the three major parties sharing 'a broad policy consensus around work-orientated welfare reform' (Driver, 2011: 106). This view is supported by research that suggests that the New Labour era saw the emergence of a cross-party consensus on welfare reform in the UK (Taylor-Gooby, 2001).

The coalition agreement between the Conservatives and Liberal Democrats in May 2010 certainly indicated some important areas of continuity with the policies of the previous Labour administration, notably retention of the national minimum wage and the goal of ending child poverty by 2020. Although the document promised to replace the existing welfare to work schemes with one new programme the principle was essentially the same, and the proposed reassessment of incapacity benefit claimants was something that had previously been suggested by Labour's James Purnell during his time as Secretary of State for Work and Pensions. The coalition agreement also made two mentions of the 'Big Society'. It promised to 'use funds from dormant bank accounts to establish a 'Big Society Bank', which will provide new finance for neighbourhood groups, charities, social enterprises and other non-governmental bodies' (HM Government, 2010: 29-30). It also attempted to use the notion of a Big Society as a unifying theme for the two parties in coalition, claiming: 'when you take Conservative plans to strengthen families and encourage social responsibility, and add to them the Liberal Democrat passion for protecting our civil liberties and stopping the relentless incursion of the state into the lives of individuals, you create a Big Society matched by big citizens.' (2010: 8).

After the coalition was formed Cameron appointed Iain Duncan Smith as Secretary of State for Work and Pensions. The priority placed on deficit reduction and the size of the welfare budget meant that Duncan Smith was under immediate pressure to bring forward plans to reduce his departmental spending. In the June 2010 emergency budget, Chancellor of the Exchequer George Osborne noted: 'It is simply not possible to deal with a budget deficit of this size without undertaking lasting reform of welfare' (Osborne, 2010: 23). He announced plans to up-rate benefits in line with the consumer price index rather than the (usually higher) retail price index; cuts to tax credits for families earning over £40,000; abolition of the Health in Pregnancy Grant; and a three year freeze of child benefit. Housing

benefit entitlements would also be restricted to save £1.8 billion per year, and the pension age increased to 66 sooner than originally planned. Osborne also made it clear that Duncan Smith would be asked to look for further savings and that additional reductions in welfare spending would 'greatly relieve the pressure' on other departments, which on average were being asked to make a 25 percent cut (2010: 20).

Deficit reduction had been established as the overriding priority of the new government in the coalition agreement, which argued that it was 'the most urgent issue facing Britain' and promised to 'significantly accelerate the reduction of the structural deficit over the course of a Parliament, with the main burden of deficit reduction borne by reduced spending rather than increased taxes' (HM Government, 2010: 15). This represented a victory for Conservative economic policy over that of their new partners, Vince Cable and Nick Clegg having spent much of the election campaign warning of the risk to growth of cutting too far and too fast. The proposed ratio of spending cuts to tax increases (approximately four to one) also signalled the triumph of fiscally conservative neo-liberal orthodoxy, with severe implications for big spending departments such as Work and Pensions (DWP) which were offered no protection (unlike the Department of Health, which had its budget ring-fenced).

In spite of the pressure to make cost savings, Duncan Smith was also keen to reiterate his determination to push forward with substantive reform (*Guardian*, 26.05.2011). However, he faced the problem that his desired system of universal credit (as proposed by the SJPG) carried significant upfront cost, and was consequently viewed with scepticism by the Treasury. However, Duncan Smith received Prime Ministerial backing for his proposals and a deal was reached: universal credit would be introduced, albeit with a higher rate of withdrawal than favoured by the SJPG plans (65 percent rather than 55 percent). Duncan Smith was consequently able to announce the government's commitment to universal credit at the Conservative Party conference in October 2010, and the details were fleshed out in a White Paper published the following month. The new payment would replace six existing means tested benefits and come with a start up cost to the government of £2.1bn (BBC, 2010). To recoup this cost other benefit cuts were also announced. Most controversially, also at the Conservative conference, George Osborne announced that entitlement to the previously non-means tested Child Benefit would be removed from families where one or more earners paid higher rate tax. This policy was widely attacked as it would create a significant anomaly in the tax and benefit system: a one earner household just over the higher rate tax threshold would lose out substantially, whereas a two earner household with both earners just below the threshold would lose nothing, despite having a considerably higher family income. This apparent attack on families who conformed to the model of parenting generally most favoured by traditionalist Tories (two parents, with one going out to work and the other looking after the children) incurred the wrath of the *Daily Mail* and bloggers on the influential Mumsnet website, and appeared to contradict Cameron's professed desire to support family life. Rattled by the backlash, Cameron felt the need to hold out the prospect of a tax-break for married couples being introduced by 2015 (*Daily Telegraph*, 6.10.2010) – a pledge that had been made by the Conservatives before the election, but downgraded in the coalition agreement due to Liberal Democrat opposition.

October 2010 also saw the announcement of substantial cuts in housing benefit, aimed at saving £2bn per year. The proposals included a cap on claims of £400 per week (lower for smaller properties) which led Conservative Mayor of London Boris Johnson to warn that the policy would result in 'Kosovo-style social cleansing' of the poor from the capital (*Guardian*, 28.10.2010). The government also

proposed a 10 percent cut in payments for claimants who had been out of work for more than one year, although this plan was dropped from the Welfare Reform bill in February 2011 after ‘a last minute intervention by Nick Clegg’ (*Guardian*, 17.02.2011). This episode highlighted growing unease on the Liberal Democrat benches about the impact on the poorest of the welfare cuts, which in time could develop into a noteworthy source of tension between the coalition partners. As Driver noted, in the coalition’s first year ‘while Duncan Smith might have got his universal credit, the Treasury had got its cuts’ (2011: 110), and as the effects of these roll out over the course of the parliament they could prove too much for some Liberal Democrats to stomach.

Conclusion: austerity politics and social reform

In its first year in office, the coalition has embarked upon a radical programme of welfare reform. The most pressing factor behind this programme has been the government’s commitment (derived from its neo-Thatcherite economic policy) to eliminate the structural deficit within the lifetime of the parliament. However, another key influence has been the strategic repositioning and policy work carried out by the Conservatives in opposition, particularly by Iain Duncan Smith. This began during his tenure as party leader but gained credibility and traction through the Centre for Social Justice (and the policy group it hosted) under the auspices of Cameron’s modernising leadership agenda. The coalition in office has consequently taken on the challenge of implementing a far-reaching programme of welfare reform during a period of unprecedented public sector austerity. These circumstances present an opportunity in that they provide a justification for uncompromising reform, but also act as a constraint on any measures which cost money (even if this is merely an up-front cost which could reasonably be expected to be recouped over the medium term). In securing the introduction of a Universal Credit, Duncan Smith has achieved a central part of the package of measures recommended by his policy review group in opposition. However, the long-term effectiveness of this is brought into question by the compromise on the rate of benefit withdrawal which is higher than under previous arrangements for tax credits, which could mean that for some benefit recipients incentives to work (or work more) are actually reduced (Brewer *et al.*, 2010: 67).

In opposition under Cameron, the Conservatives also persistently argued that Britain was afflicted with a ‘broken society’ which they would repair in office. Leaving aside the counter argument that there is cornucopia of evidence available to contradict that claim (see for example *The Economist*, 2010a and 2010b) there remains unanswered the question of whether the coalition’s social policy agenda will alleviate or exacerbate the issues they had identified. A victim of the coalition agreement was the Conservatives’ commitment to prioritising tax-breaks for married couples, and the child benefit cuts noted above (both in terms of the rate freeze and removal from higher rate taxpayers) also directly contradict the rhetorical emphasis on the importance of supporting families to aid social cohesion. The key symptoms of the broken society identified by the SJPG – family breakdown, worklessness and economic dependency, addiction, debt and educational failure – all seem unlikely to be eased by a programme of fiscal austerity and public sector cuts, which is liable to result in higher unemployment and less support being available for the most vulnerable in society. The government has also struggled to put flesh on the bones of its ‘Big Society’ vision. An opinion poll in early-2011 found that 50 percent of people regarded it as ‘a gimmick’ and 41 percent saw it as ‘merely a cover for spending cuts’ (Rentoul,

2011), illustrating the difficulty the coalition has had in defining what, beyond deficit reduction, it actually wants to achieve.

The coalition's social policy agenda is fundamentally an ideological one in two key respects. Firstly, it is part of a broader neo-Thatcherite project defined by the government's economic policy, which exhibits a commitment to the neo-liberal ideals of a smaller state intervening less in the economy, lower taxes, and a highly cautious fiscal policy. The 'Big Society' agenda fits into this schema through its stress on encouraging third sector organisations to take on roles previously carried out by the state. In this respect, the 2010 general election re-exposed a deep divide between the Conservatives and Labour in terms of their views on the appropriate role of the state and its relationship with society (Smith, 2010). Secondly, as discussed in this chapter the coalition's social policy agenda itself draws substantially on the Thatcherite ideological legacy in Conservative politics, notably in the sense of the responsibility placed on individuals and families, rather than the state. Whether this proves problematic in terms of party management within the coalition will depend on whether the Liberal Democrats rediscover their social liberalism and have the capacity to reaffirm it, or whether the occasional policy compromise (such as on housing benefit) will keep them onside while the essentially Conservative social policy programme is implemented.

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