The Legacy of the Crash

How the Financial Crisis Changed America and Britain

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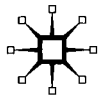

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First published 2011 by
PALGRAVE MACMILLAN

Palgrave Macmillan in the UK is an imprint of Macmillan Publishers Limited, registered in England, company number 785998, of Houndmills, Basingstoke, Hampshire RG21 6XS.

Palgrave Macmillan in the US is a division of St Martin's Press LLC, 175 Fifth Avenue, New York, NY 10010.

Palgrave Macmillan is the global academic imprint of the above companies and has companies and representatives throughout the world.

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ISBN-13: 978-0-230-30458-1 hardback
ISBN-13: 978-0-230-30459-8 paperback

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources. Logging, pulping and manufacturing processes are expected to conform to the environmental regulations of the country of origin.

A catalogue record for this book is available from the British Library.

A catalog record for this book is available from the Library of Congress.

10 9 8 7 6 5 4 3 2 1
20 19 18 17 16 15 14 13 12 11

Printed and bound in Great Britain by
CPI Antony Rowe, Chippenham and Eastbourne

To my wife Allison and our greatest legacies – Maria, Jack, and Oliver

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Divided in Victory? The Conservatives and the Republicans

Tim Bale and Robin Kolodny

Introduction

Although its provenance is uncertain (being variously attributed to Oscar Wilde, George Bernard Shaw and Winston Churchill), the observation that the US and the UK are two nations divided by a common language is often – perhaps too often – repeated. When it comes to politics, however, it is easy to see why. Anyone delving into conservative commentary on the challenges posed (and the opportunities presented) by the current financial and economic crisis finds plenty of transatlantic lessons being drawn. Whether the shining examples and dire warnings to which they direct our attention would recognize themselves as such is another matter. For instance, according to one American conservative (Buchanan, 2010):

> Before the Tea Party philosophy is ever even tested in America, it will have succeeded, or it will have failed, in Great Britain. For in David Cameron the Brits have a prime minister who can fairly be described as a Tea Party Tory. Casting aside the guidance of Lord Keynes – government-induced deficits are the right remedy for recessions – Cameron has bet his own and his party's future on the new austerity. He is making Maggie Thatcher look like Tip O'Neill.

This is not quite how things are seen on the other side of the Atlantic. Indeed, according to one of the shrewdest and best-connected conservative commentators in the UK, it is imperative that Cameron, and those

supporting him, not fall into the temptation that they have anything to learn from (let alone anything to teach) the populists across the pond. Writing at around the same time (D'Ancona, 2010), he reminded his readers that:

> The Tory tradition owes more to chipper decency than to glassy-eyed state-smashing: this is the country of [former Monty Python member turned travel writer] Michael Palin, not Sarah. Yes, the Tea Party is a riveting spectacle, and, one suspects, a gift that will keep on giving. But as a model for political action, fiscal reform or electoral strategy it is about as much use as the proverbial chocolate teapot.

Clearly, the two commentators are at opposite ends of the conservative continuum. Nevertheless, their very different takes on the same situation remind us that we cannot take the supposed affinity between the US Republicans and the UK Conservatives for granted. This chapter sets the electoral performance and the broad policy platforms of the two parties since 1979 in the context of the so-called special relationship between the two nations in which they operate. It then focuses on how and on what the parties campaigned in 2010, as well as on the results of that campaigning, before finishing with a discussion of what their responses to the age of austerity do and don't have in common.

Maybe special but rarely partisan: the US–UK relationship up to 1979

The so-called special relationship between the US and the UK neither is, nor ever has been, inevitable, but it has been significant (Dumbrell, 2006). The quality of that relationship does not seem to have been affected much by which party was in power on either side of the Atlantic. Even after the Cold War confirmed the two states as allies, there were still tensions, but they were rarely if ever complicated by partisan considerations. The Americans (then under a Republican president) refused to back the British (then governed by the Conservatives) during their ill-conceived adventure to snatch back the Suez Canal in 1956. The British (by that time governed by Labour) did the same to the Americans (initially under a Democratic president) when it came to Vietnam. Differences on individual issues, however, proved less important than a shared commitment to a liberal capitalist international order, underpinned, at least until the 1970s, by global institutions – the United Nations (UN), the North Atlantic Treaty Organization (NATO), Bretton Woods,

the International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT) – that US and UK governments of whatever stripe had together helped to create. The Republican Party has seemed to have more in common with the Tories than with Labour, whose links with the trade unions and enthusiasm for welfare spending arguably mean they have more in common with the Democratic Party. However, as President John F. Kennedy and Prime Minister Harold Macmillan demonstrated, a Democrat in the White House could cooperate with a Conservative in Downing Street. Conversely, as Harold Wilson and Lyndon Johnson, and then Edward Heath and Richard Nixon, showed a few years later, there was no guarantee that prime ministers and presidents of supposedly like-minded parties would see eye to eye.

In sync? Thatcher, Reagan and beyond

Wilson's successor, Labour premier Jim Callaghan, seems to have got on particularly well with his Democratic counterpart, Jimmy Carter. But the rapport established between Callaghan's successor as prime minister, Margaret Thatcher, and the man who in 1980 snatched the presidency from Carter, Ronald Reagan, was something else altogether. United in their belief that government was more often the problem than the solution, and convinced that a tougher line needed to be taken against the Soviet Union, Thatcher and Reagan were cast as ideological soul mates. The relationship between the UK and the US, while it could never be one of equals, and while there were bound to be occasional tiffs (the American invasion of Granada perhaps the most embarrassing), became closer than it had been since the Second World War and at least as close as it was later to become during the Blair–Clinton and Blair–Bush eras.

The British, it should be said, had been under no illusion – especially after Suez – about who was boss, but understood, nevertheless, that they brought something to the party in terms of the legitimacy and support they could lend to American foreign policy. Thatcher, however, was much more of a true believer. Regardless of whether Reagan or any of his colleagues were completely convinced there was much more to the deal beyond mutual self-interest, Britain's first female prime minister was genuinely convinced that there was 'a union of mind and purpose between our peoples, which makes our relationship truly a remarkable one' (Thatcher quoted in Jones, 1997, p. 1). The substance of such remarks, if not their style, marked something of a return to the Churchillian tradition (the 'English-speaking peoples' and all that) after years of more authentically Tory pragmatism – pragmatism tinged, it must be said, with

just a touch of condescension and even latent anti-Americanism, be it of the English nationalist variety personified by Enoch Powell or the European-destiny version exemplified by Edward Heath. Thatcher's line also reflected a growing conviction – ironically, one that first became evident among the young advisers who had helped Heath while in opposition in the mid 1960s – that the UK would be better off (both in the literal and the figurative sense) if it were more like the US. As Europe came to be seen by more and more Tory MPs and commentators as a sclerotic, pacifist, corporatist, even semi-socialist dinosaur, the United States – dynamic, flexible, low-tax, low-spend – was increasingly seen as a role model whose economic system, though not its political system, was the one not just to watch but to emulate. The defeat of the Soviet Union only served to confirm this impression, the fact that it had been achieved in part by budget-busting defense spending conveniently forgotten in the rush of mutual self-congratulation. After all, hadn't both the Republicans and the Conservatives managed to win three general elections on the trot?

Headline election results, however, can be misleading. In the UK, substantial parliamentary majorities can be won on a relatively low vote share, particularly if the opposition performs poorly, while in the US, legislative elections often tell a more nuanced story than the results of presidential races (see Table 6.1). Certainly, the early and mid 1990s should perhaps have given any overly-triumphant Republicans and Conservatives pause for thought. When the economic chickens came home to roost, George Herbert Walker Bush lost to Bill Clinton (thanks in part to Ross Perot who won 19 percent of the national vote – mostly at Bush's expense) and the Conservatives, having won a last gasp reprieve in 1992 by dumping Thatcher two years earlier, were soundly beaten by Labour in 1997. But rather than wondering whether the Reagan–Thatcher recipe was really right for a new era, both the Republicans and the Tories took a while to opt for a supposedly more centrist alternative. Before George W. Bush came along, posing as a 'compassionate conservative' in order to deny Al Gore a victory in 2000 that should have been his for the taking, the Republicans shifted more to the right, a strategy that worked for them in their previous legislative triumph in 1994. Before David Cameron came along, the Conservatives made no sustained attempt to do anything different (Bale, 2009). Consequently, they were out of power for 13 years. During those 13 years, however, America continued to be a source of fascination and inspiration for the Tories – this despite the close relationship enjoyed by their nemesis, Tony Blair, not only with Clinton (who was famously unimpressed by stories that the Conservatives had tried to help out the Republicans in 1992 by trying to dig up dirt

on his time in the UK during the 1960s) but also, in the aftermath of 9/11, with Bush.

Table 6.1 Percentage of votes and seats by party, UK House of Commons, 1979–2010

	Conservatives		*Labour*		*Liberals**	
Election	*Votes*	*Seats*	*Votes*	*Seats*	*Votes*	*Seats*
1979	44%	53%	37%	42%	14%	2%
1983	42%	61%	28%	32%	25%	4%
1987	42%	58%	31%	35%	23%	3%
1992	42%	52%	34%	42%	18%	3%
1997	31%	25%	43%	63%	17%	7%
2001	32%	25%	41%	63%	18%	8%
2005	32%	31%	35%	55%	22%	10%
2010	36%	47%	29%	40%	23%	9%

*Liberal/SDP Alliance 1983–87; Liberal Democrats from 1992.

The Conservatives: from Thatcher to Cameron[1]

Instead of seeing their victory (albeit with a small parliamentary majority) at the 1992 election as a lucky escape and a signal that the electorate were looking for 'a kinder, gentler' Conservatism to emerge in the wake of Thatcher's replacement by John Major, the Tories believed they had been given a green light to carry on where she had left off. Plans were unveiled to privatize state-run concerns that even she had considered best left in public hands, most notably coal, rail, and the postal service. Meanwhile, there would be no going back on the introduction of internal quasi-markets in health care and education. Such initiatives would almost certainly have attracted widespread public opposition anyway. In the autumn of 1992 speculative pressure on the pound sterling forced the UK government into a de facto devaluation against other European currencies – but not before it had sacrificed its credibility and billions of dollars trying to avoid the inevitable.[2] But when combined with the evident failure of the Major government to control and protect the value of the national currency, to beat the recession, and to persuade even its own supporters to back its foreign (specifically its European) policy, the loss of confidence in the Conservatives' competence, compassion and credibility was as profound as it was swift. Worse still, Labour had at last managed to light upon a leader – Tony Blair – who was not only capable of projecting all three of these vital qualities, but who had plenty of personal charisma too. By 1997, the economy had begun to recover strongly but only at

the cost of increases in taxation and stringent control of spending on electorally crucial areas like schools and hospitals. In any case, it was, as far as most voters were concerned, too little, too late. The electoral mood had swung away from concern about an overweening state towards the need to shore up and renew vital public services. Labour, promising to combine economic dynamism and social justice, romped home to a landslide victory.

There had, for the best part of a decade, been a mismatch between the centrist instincts of the voters and the neoliberal convictions of the party – a mismatch that had been disguised by Thatcher's ability to synchronize the electoral and the economic cycles and Labour's inability to present itself as a credible alternative. This would have been obvious had the Conservatives conducted a proper post-mortem after their defeat in 1997. Instead, they blamed the latter on their internal divisions over Europe and the fact that they had been forced by economic necessity to stop cutting taxes and selling off state assets (and the fact that there was little left to sell). Convinced that voters would soon see through Blair and New Labour, the Conservatives threw themselves straight into a leadership contest out of which emerged William Hague – a right-winger who believed that all the party had to do was to stop arguing about Europe, distance itself from the financial and sexual scandals that had tainted its last few years in office and return to the Thatcherite true path. A handful of Conservative strategists, and a few colleagues, warned that this might not be enough, but their 'modernizing' and more centrist message fell on deaf ears, in part because those around Hague, fearing for their leader's position, regarded dissent as an ideological and personal betrayal. The modernizers were either sidelined or simply left politics altogether, reduced to watching what amounted to a slow-motion train crash as Hague tried to attract support by taking populist positions on immigration, crime, and Europe.

Another trouncing at the polls in 2001 terminated Hague's tenure, but things got no better under his immediate successors, Iain Duncan Smith, who lasted just over two years, and Michael Howard, who led the party to a third election defeat in 2005. Despite some fumbling nods by Duncan Smith to the 'compassionate conservatism' of George W. Bush – something Hague had briefly toyed with but never really developed (see Ashbee, 2003, pp. 43–4) – neither he nor Howard (both of whom were convinced Thatcherites) were able to convince skeptical voters that the party had moved away from the right-wing nostrums of the 1980s and 1990s. Though Blair's image had taken a battering after the decision to join the US in invading Iraq, and despite concerns that the huge amounts

of cash that he and his Chancellor, Gordon Brown, had poured into health and education had not always provided value for money, voters still refused to take the Conservatives seriously.

Three election defeats finally persuaded the party that it could no longer go on like this. In December 2005 it elected a new leader, David Cameron, who, whatever his private beliefs about the role of government, was determined to signal to voters that the party would be moving back into the center ground where elections in Britain tend to be won or lost. Policies that smacked of contempt for the public sector were abandoned. The party's commitment to the state-funded National Health Service (NHS) was trumpeted. And, as part of this attempt to 'decontaminate the Conservative brand', Cameron, although proclaiming the importance of family values, stressed his commitment not just to the environment and to international aid, but to equal treatment for sexual and ethnic minorities. Old favorites like Europe, immigration and crime did not disappear altogether (they did, after all, resonate with large numbers of floating as well as Conservative voters) but they were spoken about in a new, self-consciously reasonable tone. Cameron encountered some resistance but not much – mainly because, after a temporary blip as Brown replaced Blair as Labour leader and prime minister, the strategy seemed to be paying off, at least insofar as opinion polls were a reliable guide.

The Republicans: from Reagan to the Tea Party Movement

The character of the contemporary American party system is set fundamentally by the different approaches each major party took over the nature of government intervention in the economy after the Great Depression. Franklin Delano Roosevelt and the Democratic Congress passed the New Deal legislative program, creating government jobs to reduce the debilitating unemployment caused by the economic crisis while shoring up the nation's infrastructure. The Democratic Party dominated the national government (with brief exceptions in the 1950s) until 1968. In this time period, Democrats became firmly identified with creating the modern American welfare state – especially social security for the aged, widowed and disabled, and Medicare, nationalized health insurance for the elderly. Democrats became the willing champions of working-class white Americans, and the more reluctant allies of lower-class African-Americans. Paradoxically, the southern region remained solidly Democratic until 1994, mostly out of the lingering anger toward the Republican Party over the Civil War in 1861–65. Republicans, in the

meantime, were resistant to the idea that government could or should mitigate the business cycle, though by the 1960s most of them had embraced the spirit if not the form of social security and Medicare. Both programs could be seen as logical remedies to deficiencies in the marketplace, namely its inability to offer the elderly (and others unable to re-enter the workforce) economic remediation in dire circumstances.

In the middle of the Vietnam War and a crisis of social change, Republicans came down on the side of 'law and order' and won the presidency in 1968 in a close race with a third-party candidate. Republicans controlled the White House from 1968 to 1976 and from 1980 to 1992. If not for Richard Nixon's Watergate scandal in 1974, Republicans would likely have held on to the presidency for the entire 1968–92 time period. Curiously, from 1954 to 1994, and at exactly the same moment they were electing Republican presidents, Americans chose Democrats to control the US House of Representatives. Republicans in Congress had a highly conciliatory attitude toward their Democratic counterparts during much of this period, a stance that likely contributed to their seemingly persistent minority status (Jones, 1970).

This anomaly of divided party control of government makes sense if we consider that social and foreign policy issues were not at the heart of the differences between the two major American parties until Ronald Reagan emerged on the national scene and won the 1980 election. From the New Deal to Reagan, the parties differed on the size and location of government in American society. Democrats favored a larger, universal state (though not on the same scale as the Labour Party) while Republicans favored a small, locally-controlled state. In this era, major progressive issues like the Civil Rights Act of 1964 passed due to the cooperation of liberal Democrats and moderate Republicans and the fact that the president who implemented and enforced affirmative action hiring policies for the benefit of African-Americans was Republican Richard Nixon. While 1968 set the stage for the divergence of the two parties on social issues, Reagan sealed it.

In 1980, Democratic President Jimmy Carter faced a disastrous economy and an angry public watching helplessly as American embassy workers were held hostage for over a year in Iran. These feelings of 'malaise' created an opening for the conservative campaign of Ronald Reagan to take hold. Reagan Republicanism was different because of its open hostility to the state in economic regulation, taxation, and provision of services. It wasn't governmental priorities that were of concern; it was government itself as enemy. On the other hand, government should be used to inject some old-fashioned moral values back into public life such as banning abortion

and reintroducing prayer in schools (Evans and Novak, 1981). Reagan was also ready to ignore Cold War détente and argued for a massive defense buildup aimed at challenging the Soviet Union. Reagan's victory in 1980 and landslide re-election in 1984 fundamentally changed the nature of debate over the role of the state in America. Still, throughout the Reagan revolution and first Bush administration, Americans selected a Democratic House and for half this period, a Democratic Senate as well.

Bill Clinton's plurality win in 1992 was due to the allure of independent candidate, H. Ross Perot, who criticized both major parties for not taking fiscal responsibility for the overgrown, ineffective administrative state. Indeed, Perot's activist supporters are credited with making the Republican takeover of the Congress in 1994 possible (Rappoport and Stone, 2005). However, the geographical and ideological base of the Republican Party in Congress shifted significantly in the 1980s and 1990s, becoming more active in the southern and western regions and less conciliatory in their conservative ideas (Connelly and Pitney, 1994). The Republican-controlled Congress made budget balancing, term limits for national legislators, and opposition to unfunded mandates the cornerstone of their early agenda. Right after, they moved on to welfare reform, reflecting their belief in a Conservative Opportunity Society over a Liberal Welfare State, declaring that cash welfare benefits encouraged individual dependency on the state which was unhealthy.

From 1995 to 2007, Republicans held majorities in both houses of Congress, though the size of these majorities fluctuated as Democratic fortunes increased and Republicans' waned in this period (see Table 6.2). Why the country re-elected Democratic President Bill Clinton in 1996 (after seemingly sending him a 'warning' in the form of a Republican Congress in the 1994 midterm elections) and also another Republican Congress is a moot point. A variety of explanations have been suggested, including incumbency advantage, regional variation in party strength, and the simply strange tendency of Americans to be comfortable with divided government – this being a reversal of the Reagan and Bush years with Republican presidents and Democratic Congresses. In the famously close 2000 election, Republicans won the presidency and retained control of Congress. Republicans controlled national government for the next six years – which may have had more to do with the desire to rally around the president after 9/11 and the ensuing invasion of Iraq than any 'natural' preference for unified government. But in the 2006 midterm congressional elections, with Bush's approval rating at a historic low, Democrats regained control of both Houses of Congress.

Table 6.2 Percentage of votes and seats by party, US House of Representatives, 1980–2010

	Republicans		*Democrats*	
Election	*Votes*	*Seats*	*Votes*	*Seats*
1980	48%	44%	50%	56%
1982	43%	38%	54%	62%
1984	47%	42%	52%	58%
1986	44%	41%	54%	59%
1988	45%	40%	53%	60%
1990	44%	38%	52%	61%
1992	45%	40%	50%	59%
1994	52%	53%	45%	47%
1996	48%	52%	48%	48%
1998	48%	51%	47%	49%
2000	47%	51%	47%	49%
2002	50%	53%	45%	47%
2004	49%	53%	47%	46%
2006	44%	46%	52%	54%
2008	42%	41%	53%	59%
2010	52%	56%	45%	44%

Source: Calculated by authors from Election Information, Office of the Clerk, US House of Representatives at http://clerk.house.gov/member_info/electionInfo/index.aspx.

In 2008, Democrats won both the presidency and the Congress, for the first moment of unified Democratic government since Bill Clinton and his first Congress in 1993–95. During this time, new president Barack Obama tried, and ultimately succeeded, at a domestic policy reform that eluded Clinton – health care reform. While the legislation started out with aspirations to emulate many aspects of the NHS in the UK, significant discontent from Republican leaders – and even independents and moderate Democrats – forced the Obama administration to scale back significantly their ambitions. Instead, the enacted reform bill largely preserves the status quo system while extending affordable private insurance options (potentially government-backed) to those whose employers do not provide it or who are not employed. The new law also regulates the private insurance industry more tightly so that it approximates universal care by forbidding companies from dropping customers with pre-existing or expensive medical conditions. This is a modest reform indeed by European standards of care. The Obama administration also inherited a large deficit from the Bush administration, including a substantial military presence in Iraq and Afghanistan that demanded a consistent financial commitment for the near term. The global financial crisis of

2008, while helping Obama get elected, also meant the income side of the budget equation was weak. Rising unemployment, bank foreclosures on home mortgages, and bank failures presented special challenges for the Democrats. Obama's response was to offer additional government money to states to stimulate immediate job creation (mostly through public works programs already identified as high priority needs), and to continue a government-backed 'bailout' program to save large banks, insurance companies, and the US auto industry from failure. The justification for these actions was to prevent a bad situation from becoming much worse, but the Republicans began to respond that the administration's actions were bankrupting the nation's future. By the end of 2009, several highly publicized 'town hall meetings' on health care reform clearly indicated that Republicans intended to make health care a campaign issue in 2010. Once the bill was passed, it also became clear that the theme of runaway spending for economic stimulation – in the face of a continued recession and economic stagnation – would be a major enticement for business-affiliated candidates to run on and for frustrated voters to respond to.

The 2010 campaigns

Conservative campaigning in 2010

Until the global financial crisis, the British Conservatives had assumed that the solid if not spectacular economic growth the country had experienced under Labour would continue. They therefore talked about 'sharing the proceeds of growth' between tax reductions and improvements to public services. But as the scale of the deficit became clear – a gap between revenues and outlays increased by Gordon Brown's determination not to allow a serious recession to turn into a full blown depression – the Tories shifted gear. Insisting that they would protect the vulnerable, and vital (and electorally crucial) areas like health and education, Cameron and George Osborne, the Shadow Chancellor of the Exchequer, stressed the need to reduce the deficit as soon as possible and even talked about an 'age of austerity'. Promises that 'paying down our debt must not mean pushing down the poor', that a Conservative government would pursue 'fiscal responsibility with a social conscience', that 'we are all in this together' failed to convince large numbers of voters that the party needed to win back, not least because there was a gap between the scale of the its aspiration to eliminate the deficit in the course of one parliament and its reluctance to spell out exactly what and how much it intended to cut back.

Fortunately for the Tories, it was also clear that voters were similarly unimpressed with Labour's plans. Once the election was called at the

beginning of April 2010, the Conservatives did a good job of destroying the government's alternative (taking more time to balance the books and doing it by raising taxes as much as by reducing spending) before it could get off the ground. On the other hand, it quickly became obvious that there was little public enthusiasm for the positive side to the Conservative message – that they would work towards creating a 'Big Society' in which local and voluntary initiatives would take responsibility for services currently provided by a supposedly centralized, top-down and unresponsive state. The policy was seen as 'cover for cuts' and confirmation that the Tories' real agenda was to reduce the role of the state, especially in welfare, so that it more closely resembled the American rather than the European model. Or else voters, pollsters concluded, simply failed to understand what on earth the party was going on about – hardly surprising, the US consultants (Bill Knapp and Anita Dunn – both mainstream Democrats) that it brought on board during the campaign are said to have suggested, when the idea was sprung on the electorate without preparation or pre-testing. Cameron was also criticized on his own side for agreeing to participate in Britain's first televised leaders' debates without ensuring first that there would be no place in them for the leader of the UK's third party, the Liberal Democrats, whose impressive performance knocked the Conservative campaign completely off course.

The debates focused attention not just on the Lib Dems' highly personable leader but also their immigration policy, which seemed to imply an amnesty for many of those who had originally entered the country illegally. This allowed the Conservatives to remind voters that it had by far the toughest position on such issues. Other 'harder-edged' (that is, more right-wing) Tory policies with voter appeal, like crime and a skeptical attitude to European integration, however, barely saw the light of day: it was thought unlikely, given the overwhelming importance of the economy, that they would shift votes and might actually put off some of the middle-class liberal voters Cameron's decontamination strategy had been designed to attract. There was little attempt – unsurprisingly perhaps – on the Conservatives' part to remind those voters about the party's conversion to the environmental cause: earlier exhortations to 'Vote Blue: Go Green' were but a distant memory by May 2010.

Republican campaigning in 2010

The 2010 campaign in the US started with the passage of the Obama health care law, officially the US Affordable Care Act, in February 2010. The law has remained controversial since its passage; however, attention shifted once more onto the stagnant economy, government spending,

and the federal budget deficit. And in the firing line were the politicians who had supposedly gotten the country into such a mess, the latter being a particular focus of the Tea Party movement which, outraged over the government bailout of Wall Street banks and the adoption of health care reform, championed a variety of conservative economic positions already favored by Republicans, only more so.

According to Zachary Courser, 'The Tea Party movement embraces protest over organization, and independence over party politics'(Courser, 2010). It has no central organization, clear leader, or clear political goals besides expressing outrage at incumbent politicians – and not just Democrats. Depending on the particular record of Republicans in their area, Tea Party groups might embrace or reject those Republican office-holders and candidates. For example, incumbent US House member Michele Bachman of Minnesota quickly claimed affinity with the Tea Party movement and declared she would form a caucus of like-minded members in the US House. She was embraced, but Republican establishment candidates in Utah, Kentucky, Alaska and Delaware were denied their party's nomination in favor of Tea Party-sponsored candidates who could plausibly claim to be reflecting real concerns among their fellow Americans. The Gallup Poll found that since July of 2010, at least 64 percent of Americans identified the economy as the most important problem facing their country today. Consequently, campaign themes and advertisements nationwide hammered home the support or opposition candidates showed towards Obama administration programs meant to stimulate an economic recovery ('the bailout'), the size of the deficit, job growth, and whether the candidate was responsible for 'politics as usual'. While some Tea Party-backed candidates were successful, many were not after defeating establishment Republicans whose support among independents and Democrats was underestimated by Tea Party supporters in the general election.[3] This put the Republican Party in the sometimes awkward position of rejecting a candidate they previously embraced (such as Senator Lisa Murkowski of Alaska) because of the elastic nature of party nominations in the US.

The 2010 results – incomplete governing positions

Conservative–Lib Dem Coalition, May 2010

Anyone who ever thought that the British Conservative Party would coast to victory in May 2010 forgot the size of the task confronting it. Its barely perceptible 'recovery' in 2005 had still left it with less than a third of the seats in the House of Commons, while the fact that Labour's

vote was more efficiently concentrated in marginal constituencies meant that an overall Tory majority would require a Conservative lead in vote share at the general election of about ten percentage points. But once the Conservative leadership had taken the strategic decision to appeal to the electorate by stressing the party's determination to cut the deficit at all costs, an outright victory was never on the cards. Election and post-election polling showed clearly that voters were not generally drawn to core Conservative values (individual opportunity over equality, reduction of the state in favor of greater reliance on markets, and so on). They were not decisively convinced by the party's preference for an immediate program of debt reduction through spending cuts and they were not convinced that the party had changed its Thatcherite spots. Still, people were tired with the Labour government and Gordon Brown as premier, felt that the economy generally and the debt crisis in particular required a change at the helm, and figured that the Tory leader, David Cameron, was a competent and a credible candidate for the top job (see Bale and Webb, 2010, for more detail on pre- and post-election polling). Little wonder then, especially with support for the Liberal Democrats holding up (if not ballooning in the way they had hoped), that the election resulted in a 'hung parliament' – a situation in which the Conservatives were the largest party but without the overall majority that British governments habitually enjoy over their competitors.

While there was clearly huge disappointment among Conservatives that they were unable to secure an outright majority, most were determined, come what may, to be back in Number Ten Downing Street after 13 long years out of power. Cameron and his team quickly rejected the idea of a minority government: they would not have been able to claim a mandate, nor muster the votes required, for their deficit reduction plans; nor could they guarantee that a second general election a few months later would have seen them triumphantly re-elected with a bigger majority. After all, Labour had tried that tactic back in 1974 only to find itself back in office but with such a small margin over its opponents that it returned to a minority situation within a year or so. The only sensible option was to make 'a big, open, and comprehensive' offer to the Lib Dems, who – with an alacrity that surprised many of their voters and some of their members – accepted. The coalition agreement, hammered out in just a few days, appeared to give the Tories most of what they wanted, especially on economic policy, and (even more amazingly) left them in control of all the major ministries – not just the Treasury, but Foreign Affairs, the Home Office, Health, and Education. The Lib Dems, who hopelessly underplayed their hand, declared themselves content with the ill-defined

(and traditionally fairly meaningless) post of deputy prime minister, a few minor departments, and a referendum on a reform of the voting system that might ensconce them as the kingmaker between Labour and the Tories in future elections – but only of course if it could be won. In the event, the referendum, which asked voters if they wanted to replace First Past the Post with the Alternative Vote (the system used to elect Australia's lower house) was lost – and heavily. Even more worryingly for the Lib Dems at least, most commentators agreed that the 70–30 margin of victory for the 'No2AV' campaign was in large part down to the fact that they were the main advocates of change, as well as reflecting what became an all-out campaign on the part of their coalition partners, the Conservatives, to kill the proposal.

From May 2010, then, Britain has had a Coalition government but one that, to all intents and purposes, looks, sounds and behaves like a Conservative administration, and this is unlikely to change. The Lib Dems reacted to the crushing of their plans for voting reform and their disastrous results at the local elections held on the same day by promising to be more assertive. However, their plummeting public support, together with a determination on the part of Conservative MPs that they not be given an inch, make it unlikely that Cameron – even though he would prefer it if the Lib Dems fell apart later rather than sooner – will provide them with too many concessions. There is certainly no sense in which Cameron has felt obliged, like Obama, to be bipartisan or to place people outside his party in those portfolios where trust in its good faith or competence was lacking. Indeed, it is possible to argue, given its plans to reduce public spending so far and so fast, that it could be the most radically right-wing government the country has ever seen. True, Prime Minister Cameron seems intent on sticking to his promises to ring-fence health and (parts of) education spending. True, too, that the rhetoric on Europe, crime, and immigration has been turned down. However, while few doubt that the party leadership at least is indeed determined to shed its traditional ambivalence toward ethnic minorities and alternative lifestyles, it also seems determined not to appear soft on Europe, crime, and immigration. The program as a whole then looks very much like an attempt to take up where Thatcher and Major left off rather than the more 'touchy-feely' and centrist 'one-nation' Conservatism that Cameron first stressed when he took over in 2005.

Republican takeover of US House – divided government, 2011–12

The results on election night 2010 were truly stunning. Since discontent about economic conditions was rampant, Republicans were expected to

do very well, but not quite this well. Several political scientists forecast a 52-seat gain for House Republicans (Campbell, 2010; Bafumi et al., 2011) in October of 2010. Nearly every other academic prediction called for significant Democratic losses, but short of loss of control of the chamber. Pundits did no better. A few did predict the Republican takeover of the House, but most also seemed not to believe the Republicans could prevail in so many local contests. In fact, the Republicans gained an unpredicted 63 seats in the US House. While they also gained six seats in the US Senate, it was not enough to give them majority control there. The White House, of course, remained in Democratic hands. Divided party control of government had returned. The reason why so few had foreseen the extent of the change had to do with the belief that committed Democrats would not so easily abandon their new president's agenda in favor of the Republicans. In a sense they were correct. What they did not expect was very strong turnout by Republican voters and indifference, in the form of weak voter turnout, by Democratic voters. In 2008, Barack Obama had done an exemplary job of energizing critical constituencies – especially young voters – to become re-engaged. The lingering effects of Obama's Organizing for America organization (which never actually shut down after 2008) should have kept the newly activated engaged. Instead, turnout levels retreated to pre-Obama levels or worse. Independent and weakly aligned voters who did vote had no problem giving the other side a try at taking on the economic problems; they had given Obama the same chance in 2008 and after two whole years, expressed their disappointment at his inability to turn things around swiftly.

As is customary, the new legislative majorities began to organize themselves immediately after the election in preparation for their swearing in on 3 January 2011. The Republicans selected their minority leader, Representative John Boehner of Ohio, to be the new Speaker of the House in the 112th Congress. Boehner is a seasoned politician with a great deal of leadership experience. While he holds very conservative policy positions, Boehner is known for having an easygoing, pragmatic manner. On the other side of the aisle, former Speaker Nancy Pelosi very unusually chose to assume the role of minority party leader after the Democrats lost their majority. Complicating this process of leadership selection was the 'lame duck' session Congress (so-called because some portion of the members who would vote and conduct business were either just defeated or retiring) which reconvened in late November 2010 still under the control of the Democrats. More than 20 bills were on the agenda ranging from the tax cuts, immigration, environment, unemployment benefits, child nutrition and food safety, to foreign policy. Freed from the worries

of the elections, members acted swiftly and decisively, earning them the label of the 'Do-Something Congress'(Chaddock, 2010). However, the Congress still did not pass a permanent budget for the remainder of the 2011 fiscal year, leaving the country instead with a series of temporary budget provisions known as continuing resolutions. The budget was not fully approved until April of 2011. While this may seem to indicate compromise and reconciliation between the two parties, as of May 2011, the House Republicans are threatening to oppose an increase to the US debt ceiling even though most economic experts fear this would plunge the US into a deeper economic crisis if it must default on some of its debt obligations.

The newly elected Republican House which began its session on 5 January 2011 immediately scheduled a vote to repeal the not-fully-implemented health care reform law referred to by them as 'Obamacare' – a symbolic act given the impossibility of getting the same measure passed in the Democratically-controlled Senate and signed into law by the Democratic president. The Republicans also dangled the possibility of shutting down the government as an inducement to Democrats to cooperate with the Tea Party-inspired deep spending cuts. This partially worked. Since a government shutdown is quite disruptive, all involved desire to avoid it, and since the assent of both chambers of the legislature and separately the executive are required, the House Republicans do have a blackmail power in the divided government scenario. However, with the next election less than two years away, the Republicans proceeded carefully, lest they appear to be the party of 'no' instead of a governing partner.

Conclusion

The American journalist, Michael Goldfarb (2010), writing around the same time as the conservative commentators referred to in our introduction, concluded that the Republicans (whom he described as zealots fighting Obamacare and the culture wars, determined to cut welfare but spending a fortune on defense) and the Conservatives (pragmatists intent on preserving the NHS, content to live and let live, cutting defense spending and putting a stop to Labour's more authoritarian anti-terrorist measures), were 'like Gondwana and Pangaea', inexorably drifting apart. The metaphor is memorable but also misleading. The two parties, like the two nations in which they operate, have rarely walked in lockstep. Conversely, we can overstate the extent to which they are now sailing off in opposite directions.

There are some obvious differences, but even these have to be qualified a little. Goldfarb (who is well acquainted with both countries) is right to point in particular to defense and health care. Although it is too early to tell whether they will survive the convulsions in the Middle East, the deep spending cuts forced on all three armed services by the Cameron government were not made at the behest of the Liberal Democrats in the coalition but done off the Conservatives' own bat. Yet while defense reductions would be anathema to most in the Republican Party, it would be more than possible to find some conservatives who would be keen to reduce foreign aid and investment. As for health care, it is clear that as American conservatives continue to consider it their patriotic duty to do all they can to stymie the progress of what they see as socialized medicine, their British counterparts seem determined to preserve it. On the other hand, they have embarked on a radical (and, before the election, unannounced) shake-up of the NHS which will almost certainly introduce more private provision, albeit (at the moment anyway) paid for by the taxpayer rather than the individual. Nor can anyone be absolutely sure that the party's commitment to one of Britain's most popular institutions derives from a genuine belief in its ideals and its manifest efficiency or, instead, from fear of retribution by voters were they to appear to place it at risk. Moreover, there are many Tories (for whom 'going private' is routine in their own lives) who believe that in the end the electorate will not stand for the level of taxation required to keep the NHS going strong and will eventually come round to the idea, at the very least, of an insurance-based system.

On the other differences Goldfarb discerns, it is even easier to find common ground. Republicans may not advocate closing Guantánamo, but one would be hard pressed to find many who would have objected to the Conservatives' decision to abandon Labour's plans for ID cards and its insistence on long periods of detention of UK citizens without charge. Likewise, while it is undeniable that the majority of Republican politicians have to be seen to consider so-called alternative lifestyles and lifestyle choices as illegitimate, even immoral, a significant minority of them and their supporters (perhaps more so in private than in public) share the reluctance of British Conservatives to condemn. And some libertarians in America would probably go even further in their insistence that government has no right whatsoever to tell people what to do in their personal lives. On the other side of the ledger, there are plenty of Conservatives – politicians and voters – who are uneasy about what they think is the excessively liberal stance of their leaders on social issues, up to and (for some of them) including abortion. Certainly, one area in

which the Cameron government has had to tread very carefully for fear of alienating its base is law and order, with suggestions that spending reductions may mean fewer prison places and concomitantly shorter, less punitive sentencing going down like the proverbial lead balloon. The other highly sensitive area is immigration: Cameron needs to be seen to deliver his promise to make major reductions in the numbers coming in, yet he cannot completely ignore the concerns of large and small businesses, and of the economically crucial higher education sector. Republicans are quite certain that hostile positions toward immigration work for them electorally – at least in the short run – but as long as they don't have to implement or enforce the policies they champion. This allows them to mollify their base of nationalistic supporters (the same ones who doubt that Obama is a native-born American despite the repeated release of his valid birth certificate) while still running a guest worker program for immigrants to take seasonal jobs that are not attractive to most American citizens.

More generally, it is clear that the response of the two parties to the budget deficits they face reflects their very similar instincts on public spending and the size of the state. True, there are differences of degree if not kind, but even these can be exaggerated. Cameron may not be a Tea Party Tory, but if his government sticks to its plans then – and this may come as a surprise to many – the British state is on course to consume a lesser proportion of GDP than its American counterpart for the first time that anyone can remember (see Taylor Gooby and Stoker, 2011). Meanwhile, there are obvious parallels between American practice and discourse and Cameron's stated determination to reduce the welfare roll by reducing the incentives to people seemingly content to live on the taxpayer's largesse – and his aspiration to shift some social provision from the state towards local providers and volunteers as part of his so-called 'Big Society'. In promoting the latter, and in attempting to use the crisis to undertake a serious reappraisal of the role and extent of government, Cameron seems to be betting that Britain is (or can be made to be) ultimately more American than European. Americans, on the other hand, consistently demand to bake, box, and eat their cake by choosing divided government. They give the message that the state should be smaller – but not too much, especially for retirees; American foreign policy should be isolationist – unless it is focused on eliminating terrorism or high energy prices; and that market rationality should prevail – unless people are forced out of their homes en masse in which case the government should help them. Indeed, both parties champion views more conservative than

the electorate will generally choose. Therefore, they follow similar paths to reconcile their policy beliefs with their political viability.

Notes

1. This and the sections that follow on the Conservative Party draw on Bale (2011) and Bale and Webb (2010).
2. For details, see Thompson (1996).
3. For example, Christine O'Donnell, a Tea Party-backed candidate in Delaware, won the Republican nomination for the US Senate but lost handily in the general election. In Alaska, Republican incumbent Senator Lisa Murkowski was defeated in her primary by Tea Party-backed Joe Miller. However, Murkowski decided to run in the general election as an independent write-in candidate, defeating both Republican Miller and Democrat Scott McAdams.

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