

John Major: The Limits of Power

This is the full text of an address, 'The Limits of Power: Conservative Experience and Opportunity', given by Sir John Major at Churchill College, Cambridge on Friday night.



Churchill: The greatest man in the history of our islands. Photo: AP

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This year is the 50th Anniversary of Churchill College, which was founded as a memorial to arguably the greatest man in the history of our islands.

Sir Winston would be proud of this college. Proud that it focuses on science and technology. Proud that it houses the archives of men and women who have influenced public policy. And proud that his daughter, Lady Soames – my friend, Mary – is not only with us this evening but is an honorary fellow of the college.

I, too, am proud – that Churchill College has offered a permanent home to my political papers.

[John Major: let's keep the Coalition after the next general election](http://www.telegraph.co.uk/web/20101129000810/https://www.telegraph.co.uk/news/newsttopics/politics/8164066/John-Major-lets-keep-the-Coalition-after-the-next-election.html)

(<http://www.telegraph.co.uk/web/20101129000810/https://www.telegraph.co.uk/news/newsttopics/politics/8164066/John-Major-lets-keep-the-Coalition-after-the-next-election.html>)

[Retired Prime Ministers in the last century](http://www.telegraph.co.uk/web/20101129000810/https://www.telegraph.co.uk/news/newsttopics/politics/8164352/Retired-Prime-Ministers-in-the-last-century.html)

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[Stasi spy behind 'shot that changed Germany'](http://www.telegraph.co.uk/web/20101129000810/https://www.telegraph.co.uk/news/worldnews/europe/germany/5399985/Stasi-spy-behind-shot-that-changed-Germany.html)

(<http://www.telegraph.co.uk/web/20101129000810/https://www.telegraph.co.uk/news/worldnews/europe/germany/5399985/Stasi-spy-behind-shot-that-changed-Germany.html>)

[Top dollar for work experience at Odey Asset Management](http://www.telegraph.co.uk/web/20101129000810/https://www.telegraph.co.uk/finance/comment/citydiary/8147842/Top-dollar-for-work-experience-at-Odey-Asset-Management.html)

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[Military records of 1.5 million Chelsea Pensioners go online](http://www.telegraph.co.uk/web/20101129000810/https://www.telegraph.co.uk/news/uknews/law-and-order/8132648/Military-records-of-1.5-million-Chelsea-Pensioners-go-online.html)

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['Bonkers' green energy risks power shortages](http://www.telegraph.co.uk/web/20101129000810/https://www.telegraph.co.uk/news/newsttopics/politics/scotland/8129883/Bonkers-green-energy-risks-power-shortages.html)

(<http://www.telegraph.co.uk/web/20101129000810/https://www.telegraph.co.uk/news/newsttopics/politics/scotland/8129883/Bonkers-green-energy-risks-power-shortages.html>)

[green-energy-risks-power-shortages.html](https://www.telegraph.co.uk/news/newstopics/politics/8163394/John-Major-The-Limits-of-Power.html))

Most are already here, and those that I've held back – personal notes, contemporary thoughts, partial diaries, even poems – will follow in due course. I hope that, taken together, these will add to knowledge, and be of use to historians. Tonight, I want to draw lessons from my own experience, and look to the future.

I speak as a politician. Not an ideologue and not a theorist. I became a Conservative over 50 years ago, when I was barely in my teens and living in a multi-occupied, multi-racial house in Brixton. I have never regretted my choice.

I don't claim that every aspect of Conservatism was – or is – to my taste but, taken as a whole, I believe the philosophy offers more choice, more individual liberty, more opportunity and more hope than any other.

Some have wondered why a boy with no money, no influence and no family background in politics should become a Conservative.

The answer is simple. Socialism told me a benevolent state would help me – eventually. Conservatism offered a way up and out of modest circumstances. It told me there were no boundaries.

Not everything turned out as I hoped: in politics, as in life, it rarely does. I had hoped my background would enable me to make Conservatism the natural choice for future generations from communities like Brixton. But events took over. When I became Prime Minister, the economy was broken and needed mending. And when it was back to full health – and the way clear to tackle the problems of under-privilege – we lost the election.

But, even in failure, there are lessons and I shall try to set them out. Some of what I say may re-write perceived history, but the truth deserves an airing even if it up-ends myth. I shall then turn to the future.

Let me set some context. Over the last 60 years, the world has changed at a pace without precedent in human history. Nothing is as it was, nor will be as it is.

Instant, accessible and cheap electronic communication has changed the very nature of politics. Direct face-to-face contact with electors is diminishing. Public meetings are out of fashion. Mass membership of political parties is over. Door to door canvassing is falling away. More than ever before, the political message is filtered through the media or, increasingly, the internet. Even soap boxes are out of date.

The once hallowed distinction between “news” and “views” has gone. “News” is now part of a sharply competitive entertainment industry: one might call it “infotainment”. Editors select what is “news” and determine its prominence. They can “run” with a story, or close it down. They may – or may not – be dispassionate. None of this is new. But the scale of it is.

Satellite coverage has multiplied the number of channels. Competition has made the media more demanding, more intrusive. Media outlets thrive on drama and sensation and – in its absence – are likely to create it.

There's no point in complaining about this: it's the world in which we live. And politicians cannot simply blame others for public intolerance towards them. To be elected, they set out promises but – all too often – reality intervenes and the promise falls. Initially, the voter is merely annoyed but, where this re-occurs, they assume the promises were at best foolish, or at worst, fake. Sometimes they were. But, more often than not, it is the unforeseen event that turns an honest intention into a broken promise.

Today, every government is at the mercy of the global market. François Mitterrand – always more of an historian than politician – used to express alarm that the volume and velocity of financial flows were beyond the control of any government. He was right. Sterling's exit from the ERM taught us that 17 years ago. Today, the market is even more powerful.

As the global market has grown, the influence of governments has shrunk: even basic policies such as tax must conform to international norms, or investment moves away.

The same internationalism is evident in foreign policy.

More than ever before governments only share in the solution of common problems after negotiation in a plethora of international bodies. This is frustrating: and one reason why successive British Prime Ministers are less pro-European when they leave office, than when they enter it.

The uncomfortable truth is that the limits of power for politicians are narrower than many suppose. The modern head of government may wish to bestride the political stage like a colossus, but events can reduce him (or her) to no more than a cork bobbing on the waves.

But not always. Consider: if Labour hadn't imploded during the "Winter of Discontent", would Margaret Thatcher have been able to enact such wide-ranging reforms in the 1980s? I doubt it. But the trades unions had exhausted public patience. And a lurch to the left made Labour unelectable.

Out of this chaos, came opportunity. Margaret Thatcher saw her chance and seized it.

Even so, she was fortunate. She had a clear cut majority in Parliament. It is far easier to be bold with troops united at your back, than dis-united at your throat. In the 1990s, the number of euro-sceptic MPs exceeded our majority, and made European policy an exhausting daily battle: this battle spilled over beyond matters European.

That is why David Cameron was wise to agree a five-year coalition with the Liberal Democrats. It secures a Parliamentary majority, without which the unpopular policies that are now necessary could too easily be blocked.

But, even with a working majority, Prime Ministers must bend to reality. Again, let me draw from my own experience.

In 1989, Margaret Thatcher and I took sterling into the Exchange Rate Mechanism. We did so to general acclaim.

For 50 years, inflation had bedevilled the UK economy. Two Chancellors, Geoffrey Howe and Nigel Lawson, both believers in the free market, had wished to enter the ERM. Margaret said no. As Chancellor I, too, then advocated entry. Margaret said yes.

She did so with her eyes open. She was persuaded by reality. There was no alternative. Prices and mortgages were soaring and we had to bring them down. We entered the mechanism to do so. This mattered to Margaret. Those for whom she most cared – the strivers and hard workers – were among those most hurt by rising prices. And because of my own life experience, it was crucial to me: I knew what life was like when the week lasted longer than the money. That is the evil of inflation.

The ERM medicine was acutely painful, but it did drive prices down, and set us on a path to economic well-being that lasted over 15 years. Let us not forget that Britain began many years of non-inflationary growth in April 1992 – not in May 1997.

As we returned to growth, I wished to exit the mechanism. It had done its work and I'd never thought of it as a stepping stone to economic and monetary union. It was time to leave. But the dilemma was how to do so without ending up with a lower exchange rate and higher inflation. This dilemma was still unresolved when the market swept sterling out of the ERM: an economic liberation, but a political disaster that grew to dominate the perception of all we did in office.

After our ejection, the myths began. We had entered at the "wrong rate" said free-market critics, forgetting we entered at the market rate. Then, early Tory tea-partiers suggested that Douglas Hurd and I had "bullied" Margaret into submission. If they believed that they must have been drinking more than tea.

It was widely asserted that this episode had "wrecked our reputation for economic competence". At the time, such a sentiment had resonance. But critics should pause. The decision I had taken at Maastricht – to opt sterling out of the euro – has served Britain well. It was an economic decision based – not on sentiment for Sterling – but on the judgement that diverse economies would not converge and a crisis, one day, would follow. There can surely be no doubt now that my decision has proved to be right – politically and economically.

As ever, facts are more potent than the words of critics or supporters. On the day I became Prime Minister, interest rates were 14 per cent, unemployment was soaring, the economy was collapsing, inflation was 9.7 per cent and the tax burden 36.3 per cent. When I left office, interest rates were 6 per cent, unemployment was falling, the economy was growing healthily, inflation was 2.6 per cent and the tax burden 36.6 per cent.

No other Government had passed on such a sound legacy. Yet few acknowledged the turnaround, or credited the Government with it.

We Conservatives are to blame. In Government, we should have explained more and assumed less. In Opposition, after 1997, we shouldn't have let myths take root: but we were demoralised by defeat – and did. This enabled Labour to take credit for the economy we had created, and helped keep us out of office for 13 years. This is a lesson that should not be forgotten.

New Labour offers lessons, too. In 1997, they gained a huge majority from a supportive public. They could have done anything. But, after 18 years out of office, they were determined not to return to Opposition. The public were told what focus groups said they wished to hear. Good news was announced and re-announced. Bad news was buried. And the electorate was bribed with its own money. Emerging problems were ignored and are still with us.

The general effect was a giant Ponzi Scheme, in which everyone was made to feel better whilst being fleeced. In its own way, it was genius. But it was not serious Government – and those emerging problems are now worse.

Yet Labour's neglect of these has left David Cameron an opportunity similar to the one Margaret Thatcher seized: once again, there is a mood of public tolerance to change.

So let me turn to the future. Our national well-being is the work of generations: the Coalition can make progress, but the challenges are so deep they can't be overcome in five years. Governments often over-estimate what they can do in five years, but under-estimate what can be achieved in 20 years. We need to think – and plan – long-term.

This brings me directly to the Coalition Government.

Many Tories and Liberals are hostile – or, at least, agnostic – to the Coalition. I approve of it. In present circumstances, it has many attractions: not least that two parties are more likely to enjoy a tolerant electorate for policies that are painful.

Can a Coalition Government succeed? I think so.

Coalition, per se, is not a problem. The Conservative Party is, itself, a coalition: a broad church that is more a way of life than an ideology. To win elections it must attract support from the centre and, where it can, from the centre-left.

If it falls into schism, it repels electors. Such internecine warfare scarred my own premiership, and the leadership in Opposition of my three immediate successors. When the Conservative Party shrinks into itself, it shrivels into un-electability, as it did for some years after 1997.

Can the Coalition achieve its purpose in five years? It will be hard pounding but its programme is essential to national well-being and so, if uncompleted, I hope some way can be found to prolong co-operation beyond this Parliament. It may be that a temporary alliance will turn into a mini realignment of politics: after all, in a world that is changing so comprehensively, why should politics not change, too?

Neither party will admit that possibility at present, not least because it would upset their core vote but – if events turn out well for the Coalition – I, for one, would not be surprised at that outcome.

I seem to recall the Liberal Party was saved as a Parliamentary force in 1951, by the Conservatives not opposing five of its MPs: progressive co-operation is nothing new. It can be done. I am Conservative to the bone but, if it is in the interests of the country, it may need to be done again.

The Coalition has a daunting agenda. They must repair our national finances. Restore economic efficiency. Reconfigure foreign and European policy. Help an under-class which few wish to admit is there. Recognise that, while much of our education system is excellent, all of it is not. Reform an out-of-date welfare system, and face the myriad problems of an ageing population.

Nor is that all. Climate change, population growth and the alleviation of poverty will demand attention. So will trouble spots in the arc of uncertainty from Syria to Pakistan. Do not be surprised if politics is in a hyperactive phase for years to come.

Some priorities won't wait. National well-being depends on putting the economy right. So does international influence. And the world won't stand still while we recover.

Governments can't create wealth. The private sector can. To help them, the Coalition need, within this Parliament, to offer certainty in the tax and regulatory regime. Revisit employment law to create jobs. Lower taxes, and remove obstacles to growth. Tone of voice matters, too: the Government must promote success, and condemn the sour envy and resentment that so often derides it.

There is one old truth that should not be forgotten.

If the state is too big, the private sector will be too small. A smaller state – focused on what it must do and what only it can do – together with a larger private sector is the best way to national prosperity.

Some may reject this. They like big government. Labour policy is to regard any "cuts" as a plot to shrink the state, thus ignoring the inconvenient truth that, had they won the election, they would have been forced to a similar policy.

A smaller state is not a devil-take-the-hindmost policy of pandering to the successful and ignoring the fragile. It is, in fact, quite the reverse. We are lost if the private sector doesn't create jobs and yield tax revenue. We need tax revenue to fund good public services and pay for welfare. If the Government spends taxpayers' money on what it need not do, it cannot spend money on what does need doing. Anyone who argues against that logic opens up a big gap between themselves and commonsense. Conservatives should not shrink from that debate.

Nor should they shrink from any debate about how to maximise our national self-interest.

In the recent Defence Review it was decided to extend the present life of Trident, but not yet to replace it. Few subjects so exercise Conservatives as national security but I believe this was the right decision. A bigger decision on replacement lies ahead with some unavoidable questions: what is the opportunity cost of Trident in the loss of conventional capability? In what circumstances, and upon whom, is Trident likely to be used? These are uncomfortable questions, but they must be answered before billions are committed.

As our military power is reduced, our "soft" power – that is, diplomacy and the ability to achieve our purpose by persuasion – should be increased. David Cameron and William Hague have seized on this point and it is important they pursue it.

As a middle-ranking nation, we must make the most of our assets. This means promoting diplomacy, and focusing it rigorously on British priorities. David Cameron's policy of increasing trade with future economic giants is very much in our national interest. When we export more to Ireland than to China and India, something is wrong.

Sustaining overseas aid, as the Government is doing, is a legitimate part of this policy. So is boosting education links and improving overseas broadcasting. We are lucky. We have the enviable gift of our language and culture to build on. Soft power must become an indivisible part of long-term policy, not an occasional add-on. This isn't altruism: it is vital to our own long-term interests.

Our diplomacy is a priceless asset. In the United Kingdom, our most important alliance is, and will remain, with the United States. We are – to echo David Cameron's phrase – the junior partner. But our diplomatic skills are certainly no less than America's and – with our historic experience of troubled regions – we should not hesitate to raise our profile.

We have often led policy before. In Europe, the Single Market and enlargement were British-led initiatives. The “safe havens” for the Kurds policy, which saved hundreds of thousands of Kurdish lives after the first Gulf War, was born in London, created in Europe, promoted through the Commonwealth and imposed in partnership with the United States.

We should lead more often. If we do, others may follow. We should not under-estimate our influence. And where we have reservations, we should be less ready to follow unquestioningly the lead of the United States. The good partner is not always the pliant partner: sometimes, candid criticism is the best form of friendship. Such a stance is not only more appropriate for a sovereign and independent nation like Britain, but we delude ourselves if we don't recognise the inevitability of America looking more and more to the Pacific. They are realists and we must be so too. Robust British diplomacy will help and not harm the Alliance.

There is an issue David Cameron and his successors cannot avoid: the character and reputation of Government. Parliament has had some serious setbacks in the last 30 years that have damaged its reputation.

There are many reasons for this. One is political funding. The present system is not sustainable. When wealthy individuals make large donations – as they do to every mainstream Party – the suspicion lingers, even where it is wholly unjustified, that some of them seek undue influence over policy, or recognition in some other form. This is unhealthy for politics, and a constant headache for party leaders. A cap on donations will one day need to be introduced.

Similar reservations apply to funding from special interest groups, notably trades unions and business corporations. Limits must be placed on these contributions and – much though I dislike the thought – if that leaves a funding gap, I would rather parties trimmed their expenditure, or the taxpayer met it, than our political system was perceived, however unfairly, as shady.

Greater scrutiny leads to a public awareness of shortcomings among Parliamentarians that may have gone unnoticed in earlier years.

There have been too many instances of personal frailty in all political parties: the most damaging are those that involve financial mis-behaviour. Cash for questions – which occurred in the 1980s but only emerged to cripple the Government of the 1990s: and cash for peerages – which erupted in the last decade – were both pivotal to public alienation, as were the spicy revelations about the expenses claims of Parliamentarians in the Lords and Commons.

Of course, the publicity in some cases was unfair, but the reality of criminal prosecutions shows that much was wrong. This dovetails into a bigger problem: alienation of the electorate. The growth of the far right, the fall in voting levels, the declining involvement in politics, and public estrangement from it, all add to the widespread feeling that Parliament is “out of touch” and politicians and public are too far apart.

It is easy to see why. People work hard. Pay too much tax. Earn – sometimes a fraction – too much to qualify for social benefits. They fear that if immigration is too high it will cost them their jobs. Better homes seem beyond their means. They worry their children will rack up debt at university.

These people are not selfish. Or racist. They are worried, some even frightened, by their own circumstances. Often they are economically immobile. They feel trapped. They believe no-one understands. Or cares. The Coalition can offer hope by speaking up and acting for them.

It won't be easy. Dis-enchantment is always greatest in difficult policy areas: immigration levels, sink estates, poor schools, taxation, the division of the welfare cake. The Coalition are addressing some of these problems: in all of them, a frankness and candour about the difficulties – and the time required to cure them – would reassure many who feel alienated from the political elite. It is never a mistake to set out long-term objectives if they give hope.

Other objectives should be to tackle the fearsome bureaucracies that bear down on them. The Man in Whitehall or the Town Hall does not know best. They are, too often, arrogant in their treatment of the citizen. We should be wary of the individual liberties they crush.

Tackle these issues, and the Coalition may hit the political mother-lode. Far more important, they will restore faith in Parliament.

In so many areas I welcome the ambitions of the Government. It is fashionable to be pessimistic and to sneer that Britain does not count any more.

I profoundly disagree with such cynicism. It is not only cheap – it is wrong. In the last decade I have travelled the world and seen my own country from afar. I have heard the world's view of it. And – to that wider world – we do matter.

We matter because of our history. Our language. Our law.

And we matter because of what we can do – in commerce and industry, in science, in the City.

And we matter because of what we are. Our quality as a partner. Our reputation as an honest broker. Our generous impulse to crisis. Our culture. Our theatre. Our literature. Our tolerant instincts as a nation.

Sometimes, in politics, it is necessary to stand back and take stock. Now is such a moment. Our world has many complexities, but far more opportunities. If we arrange our affairs to take advantage of them, our future can be so much more promising than even the most optimistic can believe.

For nearly seven years I was Prime Minister of this country. I am proud of much of what we did. There are things I regret we did not do.

But I was always proud of my country. Of Great Britain and Northern Ireland. Its history. Its institutions. Its great figures like Winston Churchill, the founder of this college. I still am: for all its shortcomings, I know of no place in which I would rather have served. And no place I would rather be.

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