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Case 1 – The Thatcher–Major Factional Wars over Europe

In Britain, big election defeats had always been caused by party splits (Pinto-Duschinsky, 1972: 13) and were a big part in the Conservatives’ 1997 loss. This left the Conservatives flat-lining in the polls for a decade until David Cameron, their fourth leader in eight years, ‘decontaminated’ the brand and convinced Conservatives to stop ‘banging on about Europe’. They returned to power in 2010 in a coalition with the Liberal Democrats but, 18 months later, Cameron was again facing a 1990s-style rebellion by Eurosceptic MPs and wielding Britain’s veto to block another European Union (EU) treaty.

Labour’s 13 years in power also degenerated into factionalism but not over Europe. Gordon Brown’s camp of ‘New Labour’ sceptics forced Tony Blair from office in 2007 despite three hugely successful electoral wins. The Conservative Party was once described as ‘pre-eminently a party of tendencies…without the firmness of factional groupings’ whereas Labour had been ‘a party of factions’ (Rose, 1964: 110–1). These labels were swapped in the 1990s. Conservatives used to have ‘its agreements in public and its disagreements in private’ but, under Major, factionalism over Europe became the staple of the daily news agenda, leading to their big defeat in 1997 – their worst popular vote since 1832 (30.7 per cent) and lowest seat share since 1906 (165 MPs), giving Labour a record 419 seats and its largest majority (179 MPs) since 1935.

Labour had discarded its image as an old-fashioned anti-European party beholden to trade unions and the ‘loony left’ under Michael Foot. In 1981, a ‘Gang of Four’ defected to form the Social Democratic Party (SDP) with the rest of Labour split into three factions: the Campaign Group, the Tribune Group and Solidarity. Under the young and trendy Blair, though, Labour became a modern, pro-European...
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party – ‘a campaign apparatus with a single clear goal, electoral victory’ (Rose, 1997: 243)

This chapter’s three sections examine the factional politics of the Conservative Party using game theory to explain the outcomes of conflicts and the impact of disunity on its dominance. Section 4.1 looks at the first Thatcher administration and its division over the abandonment of post-war Keynesianism in favour of neo-liberalism. Section 4.2 focuses on intraparty relations after Michael Heseltine’s cabinet defection in 1986, the catalyst for Thatcher’s downfall in 1990, and Section 4.3 analyses Major’s failure to quell anti-Europe rebellions.

4.1 From conciliation to polarisation: the early Thatcher years (1975–83)

In 1975, Margaret Thatcher won the Conservative leadership through luck rather than backbench support. She entered the race as a ‘stalking horse’ when the expected winner William Whitelaw refused to run against the incumbent Edward Heath in the first round. She built momentum in the second round after Heath withdrew and four new contenders including Whitelaw lowered the winning threshold.4 Heath had lost three out of four elections in nine years and his interventionist policies, economic ‘U-turns’, poor parliamentary relations and unfulfilled manifesto pledges created disquiet within party ranks. In 1973, the neo-liberal Selsdon Group mobilised for a leadership change.

As Opposition Leader in 1975–79, Thatcher adopted a moderate and conciliatory leadership style to prepare Conservatives for a return to power. Her shadow cabinet included Whitelaw (who became her staunchest cabinet ally) and other leadership contenders including several Heath supporters, later known as wets. Heath refused to join her cabinet, preferring to speak from the backbenches on ‘the great issues of the day’.

In the early days, Thatcher played for the centre ground out of necessity even though she viewed consensus politics as ‘an attempt to satisfy people holding no particular views about anything’ (Campbell, 2000). Her Parliamentary Party Secretary Ian Gow guarded against any ideological faux pas by ensuring that Thatcher didn’t alienate moderate Conservative MPs and endanger election prospects. Policy documents such as ‘The Right Approach’ and ‘The Right Approach to the Economy’ (Prior, 1986: 109) were seen as treaties between different intraparty groups (Patten, 1980). Thatcher didn’t fight the rescue of British Leyland or the 1975 referendum on Britain staying in the European Economic