



BRIEFING

2022 Conservative Party Leadership Contenders – The Final Two

20 July 2022 [3rd edition]

On 5 July 2022, Sajid Javid and Rishi Sunak resigned from the Government, citing concerns about Boris Johnson’s competence and ability to serve with integrity. After a tidal wave of ministerial exits, the Prime Minister announced his own resignation two days later. Over the past fortnight, FTI Consulting has looked at the runners and riders to succeed Johnson in No 10. In this briefing, we bring you profiles of the final two: Rishi Sunak and Liz Truss.



In 2019, Boris Johnson defeated Jeremy Hunt by 66% to 33% of the Conservative Party membership



180,000+

Conservative Party Members

Purpose of this Briefing

This briefing provides a detailed profile of Rishi Sunak and Liz Truss, who secured their positions in the final two of the Conservative Party’s leadership contest on 20 July. We also take a look at how the campaign has gone so far, the latest polling, and what we predict will happen next in this battle for No 10.

Situation

Across five ballots of Conservative MPs, eight candidates for the leadership of the Conservative Party have been whittled down to two. The question of who succeeds Boris Johnson is now in the hands of the 180,000-strong membership of the Conservative Party. From 21 July, Sunak and Truss will take part in a series of hustings across the country, ahead of ballot papers being sent to all party members ‘as soon as possible’. The Conservative Party’s new leader, and Britain’s new Prime Minister, will be announced on 5 September.

The Campaign to Date

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Despite Sunak's past position as frontrunner, recent polling by YouGov suggests that Truss is the candidate on course for victory. In a head-to-head run off, 54% of Conservative Party members chose her as their preference, with only 35% opting for Sunak. Whilst the election is in many ways only just beginning, this does not bode well for the former Chancellor.

From tomorrow onwards, both candidates will take part in a series of hustings and debates, ahead of ballot papers being sent to party members 'as soon as possible'. The Conservative Party's new leader, and Britain's new Prime Minister, will be announced on 5 September.

Key Issues

Sunak's campaign has focused on three key objectives: restoring trust in politics, rebuilding the economy, and reuniting the country. Whilst there has not been a flood of policy announcements from his campaign, Sunak has made protecting women's rights a key pledge of his candidacy, as well as announcing that his first foreign trip will be to Kyiv, Ukraine. On the economy, Sunak has announced that he will have 'scrapped or reformed' all remaining 'EU law, red tape and bureaucracy' by the time of the next election. Specifically, he has pledged to 'remove the burdens of GDPR, creating in its place the most dynamic data protection regime in the world', to repeal financial services regulations such as Solvency II to 'trigger a Big Bang 2.0', and to introduce a 'streamlined, single approval service for UK clinical trials'.

The chief focus of the Truss campaign is the economy, with a particular emphasis on addressing low growth and the high tax burden. She has pledged to make Britain a 'high-growth economy over the next ten years through bold supply-side reform'. This includes cutting taxes, a temporary moratorium on the Green Energy Levy, new low-tax and low-regulation zones, a review of the taxation of families, and deregulation of farming rules. Truss has said she will pay for this, in part, by spreading 'Covid debt' over a longer period of time as happened in the aftermath of the Second World War.

A particular issue of contention is taxation, which has exposed a deep schism in the Conservative Party between those who want to control inflation and then cut taxes – a school of thought represented by Sunak – and those who

want to see immediate tax cuts – a school of thought represented by Truss. Sunak calls his position 'common-sense Thatcherism' and has accused those who disagree with him of indulging in 'something for nothing politics' more akin to socialism than conservatism. Truss took direct aim at Sunak's record in ITV's recent leadership debate, saying: 'You have raised taxes to the highest level in 70 years. That is not going to drive economic growth ... The fact is raising taxes at this moment will choke off economic growth'. As the campaign grows in pace and intensity, this will be *the* dividing line in what can only be described as a battle for the economic soul of the Conservative Party.

Another issue likely to be at the forefront of the campaign is the Government's controversial *UK-Rwanda Migration and Economic Development Partnership*, which seeks to enable the Home Secretary to send people to Rwanda who would otherwise claim asylum in Britain. A judicial review to consider the lawfulness of the deal is due to be heard in September, after several legal challenges have already successfully blocked deportations. There is growing pressure across the right of the Conservative Party to repeal the Human Rights Act – or withdraw from the European Convention on Human Rights (ECHR) entirely – in order to ensure the policy can be fully implemented. The Government is currently introducing its own 'British Bill of Rights' that seeks to address and overcome the current legal barriers. Whilst Sunak is not expected to advocate withdrawal from the ECHR, he is likely to keep the option on the table to placate his more hard-line MPs. Truss, meanwhile, was reported to have told MPs during a hustings in Parliament that she is 'prepared' to withdraw Britain from the convention if reforms aimed at reducing the influence of judges in Strasbourg are not successful.

The subject of identity politics is also likely to feature more as the campaign progresses, particularly the perceived conflict between women's rights and trans rights. Sunak's position is relatively nuanced. Whilst he has spoken about the 'many areas we need to address to improve the lives of LGBT+ people', he has also positioned himself firmly against so-called cancel culture, stating: 'Achieving progress, bringing people together, maintaining a culture of tolerance – none of this is possible without having open and honest debates in good faith. That means listening to other people's views and trying to understand where they're coming from'. He will likely pledge to protect female-only competitions in sport, safeguard single-sex spaces more generally, and resist calls to ban trans conversion therapy for the foreseeable future. Truss, meanwhile, has faced criticism in recent days for not taking part in the *LGBT+ Conservatives*' Q&A for leadership candidates. She has previously committed to reject the 'zero-sum game of

identity politics’ and the ‘illiberalism of cancel culture’. Whilst defending the Labour MP Rosie Duffield, who frequently faces heavy criticism from those in her own party over her stance on trans rights, Truss stated: ‘You see the absurdity of identity politics last week at the Labour Conference, which is ending up saying “women don’t have cervixes,” or whatever’. She added: ‘[Ms Duffield] is right, that women have cervixes ... But more than that, she’s also right to be able to express her view ... I think when we try and brush things under the carpet and can’t have an open, honest and sensible debate, I think that’s a huge problem for British politics.’ Truss has also rejected calls to de-medicalise the gender recognition process for trans people, stating ‘medical checks are important’. Sunak is expected to take the same position.

FTI Consulting Analysis

Bruised by controversies over his wife’s tax affairs, his residency status, and a fixed penalty notice from the Metropolitan Police, Sunak seemed irreparably damaged just a few weeks ago. Some in Westminster speculated that he might decline to put himself forward as a candidate for leader and could even retire from politics. Today, despite making an impressive comeback many thought impossible, he faces another uphill battle as he prepares to take his message to the Conservative Party’s membership.

The greatest risk for the Sunak campaign – and the greatest asset in the Truss campaign’s arsenal – remains the widespread desire for change among party members, as demonstrated by strong support in various polls for the candidacies of the now-eliminated Penny Mordaunt and Kemi Badenoch. Whilst Sunak offers a sense of competence, credibility and seriousness that many view as welcome, it is not at all clear whether he will be able to satisfy the membership’s appetite for a return to perceived Conservative values, particularly on the economy. Indeed, such a feat will be extremely difficult to achieve after his central role in shaping much of the Government’s current agenda, as well as his insistence that cutting taxes would be irresponsible until inflation is gripped. However, given Conservative Party members will not only be electing their new leader, but also a new Prime Minister for the country, they may well decide to err on the side of pragmatism and place a higher value on Sunak’s perceived electability than Truss’ more populist policy agenda.

In a rare display of introspection during ITV’s leadership debate, Truss turned to the camera and said: ‘I may not be the slickest presenter on this stage, but I think my colleagues

understand in Parliament when I work with them that when I say I’ll do something, I do it’. This steely determination, combined with her long-standing free-market credentials, has surely helped Truss recover from a sluggish start to become not only the bookies favourite, but the leader in the polls. And in contrast to Sunak’s economic platform, the policies Truss has outlined are likely to be met with enthusiasm among the party’s grassroots. Having spent two well-perceived years at the Department for International Trade, she will want to capitalise on this and paint herself as the flag-bearer for the ‘true blue’ Conservatism which Boris Johnson once encapsulated himself. Expect her to continue drawing into sharp focus the difference between her beliefs on taxation, the size of the state, and personal freedom, and those of her opponent.

However, despite the momentum she has garnered, Truss will face her own set of challenges, not least having to explain how she will pay for the many spending commitments she has made so far. But given the yearning for tax cuts in the Conservative Party, fiscal discipline may well be of lower importance to the membership than it once was. That, in itself, would be quite remarkable given that David Cameron won the first Conservative majority in over 20 years on such a platform in 2015. Another question Truss will have to answer is whether she has the profile, experience and charisma to win over swing voters in the general public. Sunak will likely cite poll after poll showing that he is better placed to win a historic fifth term for the Conservative Party. With a General Election just two years away, Truss will have to persuade the membership that now is not the time for caution and that a decisive change in economic policy is the only route to victory.

Looking ahead to the next seven weeks, very little is certain in British politics. Twelve years into Government, the Conservative Party finds itself adrift and sorely lacking in direction. Not only that, but it is faced with the backdrop of an internal civil war, a growing inflationary and cost-of-living crisis, and war in mainland Europe. Whilst Sunak may have been the historically unrivalled favourite, his victory is no longer at all certain. He finds himself twenty points behind in the polls, preparing to face an unrelenting opponent who not only has a policy agenda that chimes with the membership, but who boasts a history of being underestimated. Sunak is undoubtedly a formidable candidate, but in an era defined by volatility and turbulence, Truss may well turn out to be Britain’s next political earthquake.



The Rt Hon Rishi Sunak MP

Backbencher (July 2022 – present)

Constituency: Richmond (Yorks) (Majority: 27,210)

Notable Positions

Chancellor of the Exchequer, HM Treasury
(February 2020 – July 2022)

Chief Secretary to the Treasury, HM Treasury
(July 2019 – February 2020)

Parliamentary Under-Secretary, Department for Housing, Communities and Local Government (January 2018 – July 2019)

Elected to the Commons
2015

Background and Parliamentary Career

Sunak was elected as the Member of Parliament for Richmond (Yorks) at the 2015 General Election, succeeding former-Foreign Secretary and Conservative leader William Hague. After serving on the Environment, Food and Rural Affairs Select Committee, Sunak became a Parliamentary Private Secretary at the Department for Business, Energy and Industrial Strategy. In January 2018, he was appointed as a Parliamentary Under-Secretary at the Department for Housing, Communities and Local Government.

After Boris Johnson became Prime Minister in July 2019, Sunak was appointed as Chief Secretary to the Treasury, serving under then-Chancellor Sajid Javid. During the 2019 General Election, he played a prominent role in Johnson's campaign, representing the Conservative Party in both the BBC's and ITV's leaders' debates. In February 2020, Javid resigned from his position as Chancellor following a power battle with No 10. Sunak was named as Javid's replacement, becoming Chancellor of the Exchequer less than five years after he entered Parliament. He remained in Government until his resignation in July 2022.

Prior to his election, Sunak worked as an analyst for Goldman Sachs after graduating from the University of Oxford with a degree in Philosophy, Politics and Economics. In 2004, he moved to the United States to do an MBA at Stanford University, winning a prestigious Fulbright scholarship. After returning to Britain, he worked for The Children's Investment Fund (TCI) and quickly rose through the ranks to become a partner in 2006. He left when the company split in 2009 and joined the breakaway hedge fund Theleme Partners. He remained there until he left to join his father-in-law's private family investment vehicle, Catamaran Investment, as a director.

Political views and position within the Party

Sunak has typically been viewed as a moderniser who instinctively leans towards the free-market wing of the party. He favours tight public spending and a competitive tax regime, particularly for employee taxation, but has been firm in his opposition to tax cuts during the current period of rising inflation. Far from an ideologue, Sunak presided over the highest tax burden in Britain in 70 years and, in June 2021, hosted a G7 summit where an agreement was reached in principle to establish a global minimum tax on multinationals and online technology. During the current leadership election, Sunak has said his plan to grow the economy includes three pillars: investment, innovation and education.

In 2016, Sunak voted to leave the European Union. He described the decision as the 'toughest' of his career, due to being on opposite sides to his predecessor, William Hague. He cited the wide range of opportunities on offer for Britain around the world, excessive regulation emanating from the EU, and the need for the country to control its own borders as prime reasons for supporting the *Vote Leave* campaign. As a member of the Government, Sunak supported Theresa May's Withdrawal Agreement at every time of asking. During the 'indicative votes' process in March 2019, he voted in favour of leaving the EU without a deal and seeking 'preferential trade arrangements', whilst voting against all options for a softer Brexit. As Chancellor, he was a staunch supporter of post-Brexit free ports, having previously co-authored a report on the topic for the *Centre for Policy Studies*.

Most Recent Position: Chancellor of the Exchequer

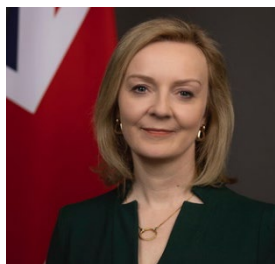
Sunak was regarded as a competent choice for the role of Chancellor, but someone over whom the Prime Minister would be able to exert greater policy control than with his predecessor, Sajid Javid. This was reinforced by the announcement that Sunak would share a team of special advisers with No 10. However, as a result of several factors, including providing £400 billion of financial support during the pandemic, Sunak's personal ratings dramatically increased, with an Ipsos MORI poll revealing him to have the highest satisfaction score of any British Chancellor in over 40 years. This led to a greater sense of autonomy from No 10, as well as a greater reliance across the Government on his communication skills.

More recently, in the context of the growing challenges around the cost of living, Sunak has cut fuel duty, removed VAT on energy-saving equipment, and reduced national insurance payments for small businesses. Whilst he refused to drop his planned rise in national insurance, he committed to aligning the primary threshold with the basic personal income allowance. He also pledged a reduction in income tax in 2024. After mounting pressure to do more to help those struggle, this support package was soon followed by a further announcement of assistance, which – when taken together with previous announcements – totalled £37 billion. The support was, in part, funded by a controversial windfall tax which Sunak originally insisted was not on the table.

The non-domiciled status of Sunak's wife, Akshata Murty, was a subject of controversy in April 2022. Following

intense media attention, Murty announced she would pay British taxes on her global income in future, adding in a statement that she didn't want the issue to be a 'distraction for my husband'. Around the same time, it was reported that Sunak had continued to hold a US green card for 18 months whilst he was Chancellor, something that requires the filing of US tax returns. A subsequent investigation into both his wife's tax affairs and his own residency status found that no rules had been broken. In the same month, Sunak became the first Chancellor in history to be found to have broken the law, after the Metropolitan Police issued him with a fixed penalty notice for a prior breach of Covid-19 regulations.

In July 2022, Sunak abruptly resigned as Chancellor amid a controversy around allegations of sexual harassment against Chris Pincher MP. He also cited a widening divide between himself and the Prime Minister on economic policy, ahead of a much-anticipated joint speech the pair were due to give the following week. Sunak's desire to keep fiscal spending tight and bring inflation under control was in direct conflict with Johnson's growing demands for the Treasury to spend more whilst simultaneously introducing tax cuts. In his resignation letter Sunak said: 'the public rightly expect government to be conducted properly, competently and seriously. I recognise this may be my last ministerial job, but I believe these standards are worth fighting for and that is why I am resigning ... In preparation for our proposed joint speech on the economy next week, it has become clear to me that our approaches are fundamentally too different.'



The Rt Hon Elizabeth Truss MP

Secretary of State for Foreign, Commonwealth and Development Affairs (September 2021 – present); Minister for Women and Equalities (September 2019 – Present)

Constituency: South-West Norfolk (Majority: 26,195)

Notable Positions

Secretary of State and President of the Board of Trade, Department for International Trade (July 2019 – September 2021)

Chief Secretary to the Treasury, HM Treasury (June 2017 – July 2019)

Lord Chancellor and Secretary of State, Ministry of Justice (July 2016 – June 2017)

Secretary of State, Department for Environment, Food and Rural Affairs (July 2014 – July 2016)

Parliamentary Under Secretary, Department for Education (September 2012 – July 2014)

Elected to the Commons

2010

Background and Parliamentary Career

Truss was elected as the Member of Parliament for South-West Norfolk in May 2010, having unsuccessfully contested the seats of Hemsworth in 2001 and Calder Valley in 2005. After serving on the Justice Select Committee, she became a Parliamentary Under-Secretary at the Department for Education in September 2012.

She was promoted to Cabinet in July 2014 as Secretary of State for Environment, Food and Rural Affairs. After Theresa May's appointment as Prime Minister in July 2016, she was moved to the Ministry of Justice as Secretary of State and Lord Chancellor, becoming the first woman to hold both roles. In June 2017, following the General Election in which Theresa May lost her majority, Truss was moved to the position of Chief Secretary to the Treasury, in what was widely seen by those in Westminster as a demotion. This was judged to be a result of a series of controversies and gaffes during her time at the Ministry of Justice.

After supporting Boris Johnson's bid to become leader of the Conservative Party, and advising him on economic policy during the campaign, Truss was tipped by many for a promotion to Chancellor of the Exchequer or Business Secretary. Instead, she was appointed as Secretary of State for International Trade, a role she held until her promotion to Foreign Secretary in September 2021. Alongside other briefs, Truss has also held the position of Minister for Equalities since September 2019.

Prior to her election to Parliament, Truss worked for Shell between 1996-2000 and Cable and Wireless between 2000-2005. She became Deputy Director of *Reform* in January 2008, where her work focused on education policy, serious and organised crime, and the decline of Britain's competitiveness. Truss graduated from the University of Oxford in 1996 with a degree in Philosophy, Politics and Economics. Whilst at Oxford, she served as President of *Oxford University Liberal Democrats*.

Political views and position within the Party

Truss sits firmly on the right of the Conservative Party and is known for her libertarian views on a range of issues from the economy to personal freedoms. In October 2011, she founded the *Free Enterprise Group*, supported by over 40 Conservative MPs. In September 2011, alongside fellow MPs Kwasi Kwarteng, Priti Patel, Dominic Raab and Chris Skidmore, she co-authored *After the Coalition*, arguing for a more free-market, entrepreneurial and meritocratic culture in society. A year later, Truss co-authored *Britannia Unchained* with the same group of MPs, reaffirming their commitment to free markets, advocating widespread deregulation, and criticising British workers as being 'among the worst idlers in the world'.

Instinctively, Truss has been one of the most fiscally conservative members of the Cabinet and became renowned whilst Chief Secretary to the Treasury for always saying no to departmental spending requests. In the Treasury, she frequently spoke about her desire to tackle vested interests in the utilities, transport, and housing and planning sectors, arguing for deregulation across the board. She openly argued for the size of the state to be cut, calling for a state that 'does less, better'. She branded this 'popular free-market conservatism' and said it is governed by three principles: 'First of all, we should focus on people's priorities, not the blob of vested interests. Second, for a free-market economy to succeed, everyone must have a shot. Third, the state should help people on the margins take control of their own lives, not tell capable citizens what to do

During the EU referendum, Truss supported the *Stronger In* campaign, arguing: ‘I don’t want my daughters to grow up in a world where they need a visa or permit to work in Europe, or where they are hampered from growing a business because of extortionate call costs and barriers to trade. Every parent wants their children to grow up in a healthy environment with clean water, fresh air and thriving natural wonders. Being part of the EU helps protect these precious resources and spaces.’ However, after the vote to leave, Truss accepted the result as settled and favoured a harder form of Brexit than many other Remain-voting members of the Cabinet. Her approach was based on a belief that a cleaner break from the EU would allow more scope to realise the benefits of Brexit, particularly deregulation of the economy and liberalisation of international trade.

Since becoming Minister for Equalities, Truss’ stance on cultural issues such as trans rights has won her supporters on the more socially conservative wing of the party who view her as ‘anti-woke’. In December 2020, she claimed that Britain focused too heavily on ‘fashionable’ issues of race, sexuality and gender at the expense of geographical disparities, and she announced the Government and civil service would no longer ask their employees to attend ‘unconscious bias’ training.

Current Position: Secretary of State for Foreign, Commonwealth and Development Affairs

After serving as Secretary of State for International Trade for almost two years – a role in which she negotiated dozens of free-trade agreements – Truss became Britain’s second female Foreign Secretary in September 2021. She is the first female Conservative MP to hold the position.

On foreign policy, Truss holds traditionally conservative views and is an outspoken critic of authoritarian states such as Russia and China. Under her leadership of the Foreign Office, Britain has sanctioned more than 1,000 people and over 100 businesses since the Russian invasion of Ukraine, with Truss arguing that total victory for Ukraine is a ‘strategic imperative’ for the West. This stance has pitted her against other European leaders such as Emmanuel Macron, President of France.

In February 2022, before the invasion occurred, Truss made a high-profile visit to Moscow to meet her Russian counterpart, Sergey Lavrov. He described the discussion as ‘a conversation between a mute and a deaf person’. During the meeting, Lavrov asked Truss if she recognised Russian sovereignty over the Voronezh and Rostov regions (two Russian provinces). She responded by saying that Britain ‘will never recognise Russian sovereignty over these regions,’ after mistaking them for areas of Ukraine. In February 2022, she also suggested she would support Britons who wanted to travel to Ukraine to volunteer in the war, a position the Government quickly dismissed.

After the resignation of Lord Frost, formerly the Government’s chief negotiator with the EU, Truss was given the additional brief of solving the dispute on the Northern Ireland Protocol. At first, the EU responded positively to Truss’ outreach, but to date no joint solution has been agreed. More recently, the Government has introduced the Northern Ireland Protocol Bill to Parliament, which Truss has argued will fix the unnecessary barriers to trade that have been erected. In response, the Irish Foreign Affairs Minister said the protocol is ‘no fix’ and will damage, not fix, the Good Friday peace deal.

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