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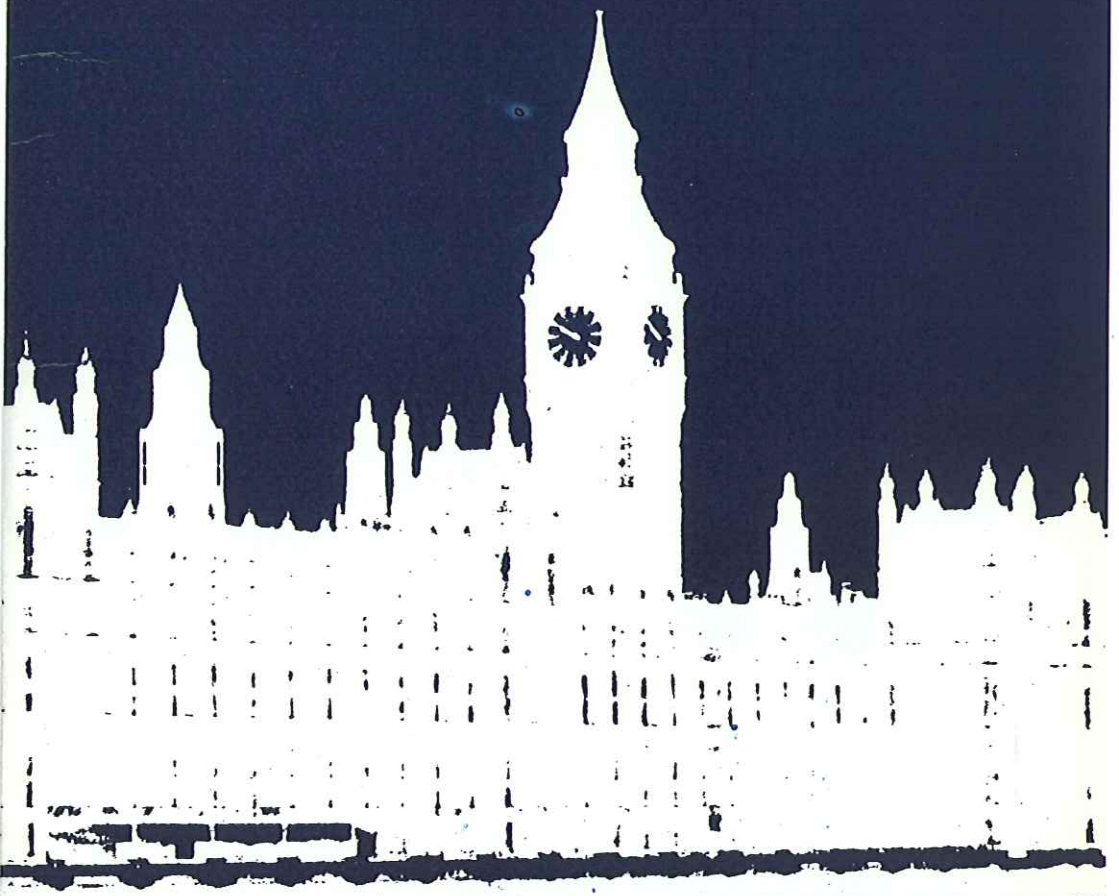
Annual Review 1990

Uses of the Centre



CENTRE FOR POLICY STUDIES

Annual Review 1990

Uses of the Centre

CENTRE FOR POLICY STUDIES

8 Wilfred Street, London SW1E 6PL
1990

This brief account of the Centre's activities over the last year, together with an indication of the principal tasks which we mean to undertake during the coming months, is published for private circulation among the Directors, Donors and Associates of the Centre, on the occasion of the Annual Meeting held at the Royal Society of Arts on Thursday 15 March 1990.

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The counter-revolutions and recent cataclysms in Eastern Europe must not be thought to have banished, once for all, the optimistic creed of socialism. This creed was an invention of the nineteenth century. Those who respond to it still hark back to absolutism, to a 'statism' more German than English, or to a deference to governmental wisdom which is far indeed from the individualism and the irrepressible vitality of old England. Memory of this last should inspire our continuing efforts for national recovery. Why do so many not see the essential connection?

The question is worth asking because statism as well as socialist collectivism – not yet overcome here – have led to so much that is still unproductive: to undervaluing the creation of wealth; to acceptance of dependency on the State; to allowing remote institutions of government the most important decisions about our own health and the education of our children; to a stunted growth – at least in comparison with the last century – of voluntary institutions; to a belief that laws are in some ways subordinate to rights; and to the indolent habit of leaving too many of the decisions of our lives to others.

Ten years of this Government have seen many of these assumptions challenged. But how deep have the contrary values taken root? For example, how many of those who are ill still see the State as their first refuge, not their last? How many still rely only on the State for their pensions, and attend little to providing for their old age? How many farmers still hide behind the monopoly provisions of the Milk Marketing Board? How many parents willingly and unquestioningly hand the responsibility for their children's education to the State?

Finally, how many own equity in the wealth which they are themselves helping to create, or understand the nature of entrepreneurial risks and rewards? More, certainly, than ten years ago. But still nowhere near enough to proclaim the final despatch of socialism, or the happy victory of democratic capitalism.

The Centre, then, will address itself to refuting not so much

the discredited practices of socialism as to the underlying attitudes which gave it birth; and which may spring up, shrieking like the legendary mandrake from the political earth in any number of variants (take, for example, the Green Party). Our best role is to strengthen our advocacy of the creation and wide diffusion of wealth; of genuine choice in education and health; of an end to the monopoly powers of both nationalised and privatised institutions, and so on.

The past year has seen another increase in the Centre's activities. We have held some fourteen conferences and seminars, published over twenty papers, and held a large variety of informal consultations with ministers and their policy advisers. This latter activity has been especially true in respect of health, education and social services – though we have also been concerned in matters of law and order.

I have always enjoyed using this annual review as a means of thanking those who have contributed to the work of the Centre beyond the call of duty. So I shall thank, first of all, those who have contributed to the deliberations of the Study Groups which meet every few months at Wilfred Street; for the first time we publish here a list of their names, both as a record and in gratitude for their time and their thought. Next, we continue to benefit from the unstinting endeavours of David Willetts, our Director of Studies (whose recent adoption by the Conservative association of Havant as their prospective Member should, within a few years, add lustre to the Conservative benches in the House of Commons); and from the industry, professional skill, patience and humour of Oliver Knox, our Director of Publications, whose imagination is as far reaching as his experience is varied. The work and influence of Sheila Lawlor, our Deputy Director of Studies, does a wonderful amount to correct, encourage and assess the future of our policies in the field of education (and of law and order).

I am also, naturally, grateful to our Board of Directors whose members interest themselves so deeply in our many activities. Jenny Nicholson, our Secretary, and her assistants have provided continuous, reliable and professional support throughout the year: we cannot thank them all enough.

Finally, no words of mine can praise too highly the contribution made by our honorary Treasurer, Sir Ronald Halstead, on whose sterling virtues of prudence, enthusiasm and wise counsel we so greatly rely, in this as in all the past years.

2
Foreign endeavours

During the year 1989-1990 those in Britain who had previously looked on foreign affairs as something safely to be left to others, have found themselves reflecting on the collapse of Communism in Eastern Europe and the Soviet Union.

This is the greatest 'Triumph of the West' since the defeat of the Turks outside Vienna in 1683. 1945 brought only an illusion because Stalin's grab for European power flawed the victory. So, for different reasons, did 1919. Waterloo was undoubtedly a victory for England, but in terms of European history it marked little more than a stage in a time of troubles set loose by the French Revolution.

The oddity of the West's victory in the last year lies in the minor part which warfare and traditional diplomacy have played. The victory has really been the achievement of Western domestic policies, and Western liberal and economic ideas, in Britain under Margaret Thatcher, in the United States under President Reagan, in Mexico under Presidents de la Madrid and Salinas, even in several nominally socialist governments in France and Spain. In all these nations there has been a revival of the principles of capitalism, of the philosophy of free enterprise and personal responsibility, as opposed to the ideas of ever more collectivism and state power. The heroes of these changes have been Hayek, Friedman, Keith Joseph, Ralph Harris, Jean-Francis Revel, rather than foreign ministries. We have witnessed a triumph of intellect not of arms; neither 'war-war' nor 'jaw-jaw' (in Churchill's famous phrase) have played much part.

Some – one may glance at the Foreign Ministries of all the Western European countries including that in Whitehall – would demur at this argument. The defeat of Communism, they would perhaps say, was made possible by Western support after December 1979 for the Afghans (whose astonishing capacity for resistance made them the heroes of the 1980s); by the Western decision, also in late 1979, to go ahead with the modernisation of intermediate nuclear weapons; by President Reagan's backing for SDI; and perhaps, too, by the psychological effect of the remarkable achievement of British troops in the Falklands war.

All this and much else did indeed play a part. And no doubt students of history in the twenty-second century will weigh their significance. But the key to it all is the collapse of faith in the cobweb of ideas which derived from Marxism-Leninism.

Professional diplomats rarely took those ideas seriously and were accustomed to say that the main threat from the Soviet Union derived from the accumulation of weapons, conventional, nuclear, chemical; also from its remarkable capacity for espionage. Only very few British Foreign Secretaries (Lord Home, and, I have to admit, Ernest Bevin and the present Lord Stewart of Fulham), and very few United States' Secretaries of State (Kissinger, Dulles), ever developed a deep understanding of the political philosophy of Stalin and Lenin: or came to terms with such concepts as 'democratic centralism', the theory of the 'vanguard', the 'dictatorship of the proletariat' and other mouthfuls – which provided the cement for the Soviet Empire. It was this philosophy which not only kept that Empire together but which justified the vast defence expenditures, both the external and domestic activities of the KGB, the isolation of Russia from the world economic system, and the pursuit of what Professor Leszek Kolakowski has called 'totalitarian imperialism'.

Some of us always deplored the neglect of this root of the Soviet threat, maintaining like 'Chip' Bohlen (a great Ambassador of the United States to the Soviet Union) that we could not hope to manage Russia until we had seen it become 'a country not a cause'. But it may be that this neglect mattered less than we feared. The West seems to have won the cold war, as Britain did the Empire, 'in a fit of absence of mind'.

The events are astonishing, and will occupy most of us greatly in the course of 1990. Already people whose imagination stopped short at the white cliffs of Dover have learned to spell Azerbaijan or Nagorno-Karabash, and will soon perhaps be heard pronouncing confidently, as if they were characters in Harold Nicolson's *Some People*, on the essence of the Ruthenian question. But the consequences of what is happening in the Soviet Union and Eastern Europe will be important for our own domestic politics. We have lived since 1949 (when Stalin tested his atom bomb) in a world where there was ever present a possibility of nuclear war with a powerful nation. That threat

seems to have been removed from the arena of immediate probabilities.

Moscow and Russia was a new Jerusalem looked to for inspiration, training, organisation and money by communist parties and their protégés all over the world. Thus, we have lived since 1917 in a world in which that same great nation saw its main aim as the subversion of the West by all means short of outright war. That too seems no longer to be the case. The worst nightmares of the past generation are fading.

Unpredictable events in Russia are likely and we must naturally avoid euphoria while at one level the Soviet Government still controls colossal armaments, large armies and other forces and a powerful agency for espionage and, at another level, entraps a prison house of nationalities.

All the same, it is obvious that we are living in a new world. How can an institute such as ours – an institute of ideas – play a part in the unfolding drama? Certainly not by attempting to prophesy. No one can predict the outcome of events in the Soviet Union any more than anyone in 1789 predicted what was to happen to France after the fall of Bourbon absolutism. Nor can we foretell which new nightmares will succeed the old: chemical bombs in the hands of terrorists; nuclear weapons in the hands of irresponsible small states; gangster mini-states; ecological disasters. A right-wing Russia could in certain circumstances be a threat to us. But last year has discredited futurism almost as thoroughly as it has discredited communism. No sooner had a previously unknown United States' academic written an undeservedly applauded article entitled 'The End of History' than History began again.

Better to follow up, in practical ways, the victory which has fallen to us. Here we have so many opportunities in Europe – whether in devising creatively the shape of our co-operation with the rest of the Community or in helping to translate, for those in East Europe and the Soviet Union, the message of Britain's achievements in domestic policy over the last ten years.

It is with this in mind that, during the last few months, we have been engaged in a 'European Debate': a series of pamphlets followed by a conference in which those who favour steady moves towards the democratisation of European institutions and close confederation argued with those who believe that the wiser

path is to attempt to open up a pan-European free trade area – with the minimum political superstructure. The principal publications were Hugh Thomas' *A Europe of Diversity*, Christopher Culp and Harold James' *Joining the EMS: for and against*, Michael Heseltine's *Democratic Deficit* and Oliver Letwin's *Drift to Union*.

All those engaged in the study of international relations at the Centre for Policy Studies were pleased that the Conservative Party, in its last election, felt able to say that in power our party had taken Britain 'from the sidelines to the mainstream' of European issues. We are now working to ensure that the mainstream flows powerfully, does not meander, and is free of political pollutants. As the river broadens out towards a sea of great opportunities, it is essential that we do not become enmired in a stagnant delta of unaccountable bureaucracy.

With these thoughts we are seeking to mount a seminar in Eastern Europe this autumn, when we shall take a small task force to give presentations on the themes which have chiefly concerned us. No doubt *we* shall learn much.

3
Future of schools and universities

There have indeed been many conspicuous collapses of socialism during the last few months; but education in our country cannot count among them. Even as governments tumbled in Eastern Europe, the scaffolding of socialism – statism and egalitarianism – has remained firmly in place to shape the Education Reform Act.

Educationalists, HM Inspectorate, officials in LEAs and the DES have set out to distort the Conservative reforms – either unnoticed or unchecked by the politicians. For, whereas the Act itself foreshadowed the dissolution of bureaucracies with the transfer of budgets and control to schools, and an end to the rule by theorists in the classroom, in practice things look very different. The LEAs, for example, have found for their officials a new role – 'implementing reform'; and the DES has increased the number of officials and multiplied the rules and regulations for schools, particularly for those opting out.

And egalitarianism, the twin of statism, flourishes. The Conservative proposals for a national curriculum were designed to ensure that all pupils were taught the fundamentals to a simple, clear, minimum standard, on which teachers would then build. This has been turned on its head. Now it seems that pupils, irrespective of aptitude or ability, will be obliged to follow, for a very large part of their school lives, the same time-consuming curriculum: one which does not require the teaching of fundamentals, but rests on a hotchpotch of the discredited theories of the 1960s and 1970s. What the Labour Government started, when it set out to impose egalitarianism through a comprehensive system of schools, the Conservatives now, unwittingly, look set to complete – by imposing a comprehensive and uniform syllabus.

Such is the thinking which lies behind the Centre's challenge to the way things are going in schools and universities: expressed in pamphlets, conferences, and debate on radio, television and the press.

Professor Deepak Lal proposed a scheme to 'denationalise' the universities. Instead of funding the institutions and setting

out policy, the role of government would be limited to financing *students* through a mixture of grants, loans and means-tested scholarships. In his polemical *Science Fiction*, Dr Terence Kealey demonstrated that it has always been industrial success which fostered science – *not the other way round*. Consequently, he proposed measures to tighten and target public funding of science.

David Regan, in his *City Technology Colleges: perils and potentialities*, explored the ways that CTCs are funded, located, organised and linked to industry; a conference on 12 March, under the chairmanship of Sir Cyril Taylor, took these themes further.

In schools we continue to work for opting out, and to urge that LEA control should not be replaced by DES control (equally stultifying, if not worse). Indeed, we mean to suggest that the role of LEAs be diminished more and more – and eventually dissolve – so that they no longer undermine good teaching by a second tier of bureaucracy, draining away resources and vitality from the schools themselves.

The link between statism and egalitarianism has been especially pernicious in the DES attempts to prohibit the taking of examinations other than the GCSE at 16+. Here we follow the efforts of one of our founders, Lord Joseph, to see that pupils and schools have a choice of examination. The Centre has also challenged the inflated markings of GCSE, calling for an enquiry into the *real* standards which such marks represent.

But it is against the recent corruption of the original Conservative proposals for the National Curriculum that the Centre's most sustained attack has been directed. We have published criticisms of the proposals for English and History which, so far, neither include the specific teaching of clear correct English nor require that children should be tested on historical content. We are sure that the people of this country do believe, strongly, that children should be taught to write clear, correct English. Nor are we alone in believing that school history should address itself to the teaching of historical *fact*, on which children should be tested. Finally, the shortcomings of the proposals for maths were the subject of Professor G. Howson's *Maths problem*.

Our hope is that the new Secretary of State for Education will cry halt to the way in which 'educationalists', and his own

department, have begun to undermine Conservative reform; that he will put a stop to statism and egalitarianism, so that schools are free to teach and children encouraged to learn.

* * * * * *

THE CENTRE'S EDUCATION STUDY GROUP celebrated in January the start of its 11th year of activity with a fruitful meeting with Alan Howarth MP, Under-Secretary of State for Education (who had himself been a member of the Group for many years until he became a member of the Government).

It is good that the effectiveness of the Group's work is now so widely acknowledged. For example, John Rae in his recent publication *Too Little, Too Late?* writes (in relation to James Callaghan's Ruskin speech and the subsequent 'great debate'):

> The Centre for Policy Studies was asking more fundamental questions: How do you make schools more accountable to parents? How do you give parents and effective choice of schools? It was this emphasis on the role of parents that distinguished the Centre's radical approach . . . that 10 years later would become the basis of the most important Education Act since 1944.

And the value of its recommendations has recently been acknowledged by David Hart, General Secretary of the National Association of Head Teachers, in *The Times* (15 January 1990):

> Parents will have much more power, whether as parents choosing schools or as governors taking ultimate responsibility for the direction of schools. Schools will have to come to terms with the implications of 'parent power' and understand that it might force them to re-think patterns of organisation in way considered impossible only a short while ago.

The Group meets regularly to discuss difficult issues with Ministers and Members of Parliament. Recently it has compiled a report on top-up loans for students. And this year it will continue to monitor the way in which the Education Reform Act is being implemented.

4
Law and order

It would be hard to regret the demise of any government which was arbitrary in its laws. A major service which the Centre hopes to perform is the inculcation, whether by means of pamphlets or of specially funded conferences in Eastern Europe, of notions and practices of law in countries which have had the ill fortune to endure so many years of government lawlessness.

This country has, by contrast, long enjoyed liberty under a just law. Whatever the differences amongst Conservatives about the role of government, all would agree on its paramount function – to uphold the law. But more recently increasing pressures and demands on the criminal justice system have become apparent: from the arrest of suspects; through the period awaiting trial; to the sentencing of the convicted. There is a danger that the administration of justice has become ineffective and uncertain, threatening to make the law arbitrary in effect, and to undermine respect for it. Has the criminal justice system – at each stage – maintained confidence that it is fair and effective and that the law is not a lottery?

The Centre has set out to address this problem with pamphlets and conferences. Our first pamphlet by Professor Andrew Ashworth considered the punishment of offenders, the greater use of non-custodial sentences, and the mechanisms which might encourage the courts to use alternative sentences. Underlying much of the discussion at the conference to mark *Custody Reconsidered* was the theme that for such sentences to carry confidence, they must be clear, consistent and condign; and must on no account either be or be seen to be soft alternatives to custody. Indeed they must be as severe as prison. They must above all punish the offender.

Future plans include papers on specific alternative sentences; on the case for a pre-trial adjudication system; and on compensation for victims.

We also hope to contribute to the debate on legal reform as the Bill passes through Parliament – with a paper highlighting specific deficiencies in the Bill. In particular the authors will argue the possibility of introducing a measure of competition

between the different courts; and of setting up a Contingency Legal Aid Fund which would be self-financing within a year.

In May we look forward to holding a joint conference with the Manhattan Institute for Policy Research – on crime, social behaviour and the underclass.

5
Encouraging wider ownership

The continuing political commitment to measures which encourage the spread of ownership is most welcome. The consequent dispersal of power is not only justifiable in terms of political philosophy and economic advance, but also carries with it the evident bonus of popular support among the electors.

Although wider ownership of *all* personal savings is of equal importance, interest is mostly concentrated on the ownership of listed equities. Here, we are both encouraged and disappointed.

On the first score, we are delighted by the success of the Abbey National flotation, restoring the primacy of shareholders in what was previously the murkier waters of a mutually owned society: and by the triumph of water privatisation, confounding so many gloomy forecasts. These are great achievements. They show how much importance people attach to direct personal stakes in listed companies.

But there is some disappointment, too. Wider ownership, if it is to take strong root, must also bring with it deeper ownership. Certainly, the increase in the number of shareholders from 2+ million in 1980 to perhaps 14 million today is most impressive. But too few people realise that in the same period the proportion of listed equities held by individuals has fallen from around 30% to under 20%. Thus, over the last ten years the personal sector was a net disinvestor in company securities (by about £30bn) while investing some £175bn in pension funds and insurance companies. Of course we recognise the security, cost effectiveness, and sense of responsibility that managers of these funds are seeking to develop: at the same time the political dangers which such increasing concentration of power represents must not be ignored.

A year ago we emphasised these dangers insofar as they affected management and decision taking of listed companies: 30 or so fund managers (mainly pension funds), now control a majority stake in most British listed companies. Hopes for genuinely popular capitalism are being submerged in its far less attractive variant, pension fund corporatism. True, the CBI is alive to this problem, and has set up a Task Force to examine

wider share ownership. The Centre's Wider Ownership Group has made a submission and Lord Vinson, Chairman of the Group, is a member of the Task Force which will report this autumn.

The only effective way to spread share ownership more widely is to redistribute, on a massive scale, the assets at present held in financial institutions. The structure of final salary occupational pension funds is élitist, ill-suited to the job mobility which ever more people enjoy. Their cross-subsidisation inevitably involves the oligopoly of institutional ownership.

The important report by the Occupational Pension Board, which was asked to examine members' rights, shirked the crucial issue – *who owns the pension funds?* Under present arrangements, employers, trustees and members (all 16 million of them, including existing and deferred members and pensioners) have ill-defined and conflicting claims on ownership: it is hardly surprising that so few people are in any real sense involved in the process of capitalism when their greatest financial asset is so remote from their daily lives. *What is nobody's money must be turned into somebody's money.*

We will therefore continue to press for measures which would allow all existing members of a fund the same rights as a job leaver: i.e. to take a calculated transfer value to a personal pension, and join the 3+ million people who have so far embraced the concept of personal pensions. These presage the shape of retirement in the 21st century: the 'golden shackles' of occupational funds will before long be seen as anachronisms – hangovers of the dependency culture.

The effect of the tax system on personal ownership is a further, most important concern. That the fiscal policy which has grown up over the past century is a shambles, is common ground. It gives different privilege to different savings media, ranging from retirement provision to BES or PEPs. All the privileges were introduced for sensible reasons at the time, but paid too little regard to their interaction. Ministers proclaim the importance of wider ownership, yet the tax system gives the biggest fiscal privileges to institutionalised saving.

As an example, the annual loss of revenue arising from the privileges given to pension plans, which must require institutional management and ownership, is about £10 billion:

the annual loss of revenue from Personal Equity Plans, when the individual can just develop a modest sense of direct ownership, is about £15 million. Where do our priorities lie?

So we have urged the Chancellor, in his quest to encourage personal savings, to institute a radical review of all forms of taxation which affect savings. It must cover the regressive features of the present income tax system, the complexities of gains tax, the harsh effect of inheritance tax, and the penalties of stamp duty. A Green Paper, setting out the shape of taxation of savings in the 1990s, should be the outcome.

Our annual Budget submission covered all these points, concentrating especially on measures which would attract personal saving; pension transferability, capital gains tax simplification (with roll-over relief) and stamp duty abolition.

Members of the Wider Ownership Group have been vigorous at explaining their ideas at a variety of seminars and conferences. This last month has also seen a forceful paper by Dr George Copeman, deputy chairman of the Wider Share Ownership Council, arguing for a new understanding of tax neutrality, based on the extension of employee share ownership: all companies to be encouraged to use one of the many Revenue-approved schemes now available.

The intellectual argument has been won and the significance of wider ownership has never been more widely appreciated. We now need the fiscal tools to finish the task of creating a true property owning democracy.

6
An end to monopolies in sight?

Ending of monopoly, public or private, should be an important aim of any government, left or right, East or West; but the sad fact is that 1990 has been ushered in with many monopolies in Britain still enjoying their powers at the expense of the citizen. In recent months the Centre has been at work challenging the position of the Milk Marketing Boards, and calling for the repeal of the outdated Agricultural Marketing Acts. Farmers in this country receive less, and consumers pay more, for milk than in any other country in the European Community; and there is no reason why the production and marketing of milk and dairy products should not be left to the provisions of the Treaty of Rome and the workings of a free market. The Centre's pamphlet *Set Food Markets Free* and subsequent well-attended conference last month will, it is hoped, be the first step along the road to ending a regime which runs against the interest of every home in the country.

Two of the greatest monopolies and most conspicuous monoliths created by the Attlee administration are still intact, their monopoly powers and inefficiencies little altered. The future of British Rail and British Coal, both subjects of the Centre's recent pamphlets, continues to be fiercely debated; and the Nationalised Industries Study Group, under the chairmanship of Simon Webley, is making representations following up many of the ideas it has proposed.

Nor can anybody be satisfied with the state of the capital's transport system. How the all too apparent deficiencies of the London Underground can be set to right – and the private sector can be involved – is the subject of a paper due soon by Trevor Morse (author of two previous studies on Nationalised Industry Board appointments). Another paper, shortly due from Keith Boyfield, the Group's Research Fellow, attacks the problems of British Waterways; and makes proposals both on how better to exploit its great commercial and property potential, and how to improve the services which it offers in the way of recreation and general amenity.

Another scandal in the field of nationalised industries (and

indeed privatised monopolies) lies in strikes which hit the customer, consumer and taxpayer harder than they hit the worker or the employer. David Davis MP (who had in 1988 written *Clear the Decks* for the Centre, recommending the abolition of the National Dock Labour Scheme) last autumn contributed a valuable paper on 'pendulum' arbitration – whereby, if discussions become intractable, an arbitrator is appointed who *must* choose either the workers' or the employer's final offer: no compromise, no middle way. Experience in the States certainly suggests that this leads to more moderate claims, fewer strikes and fairer settlements (and is not inflationary). It is hoped that the Government will give close study to this recommendation.

7
Towards some solutions in Health and Social Services

Early 1989 saw the publication of the Government's White Paper *Working for Patients*, with its proposals for the reform of the NHS. Much of it reflected work which the Centre had done on ways to bring competition and market choice into the NHS. Within 48 hours of its publication we held a major conference to discuss its implications and the best way forward. Over fifty leading figures took part. David Mellor, the then Minister for Health, was the leading speaker. The former Chairman of the Royal College of General Practitioners, the Professor of Surgery at Guy's Hospital, a District General Manager, and Dr Michael Goldsmith, a research fellow at the CPS, all made valuable contributions.

Having been so involved in developing many of the Government's ideas, the Centre had a clear responsibility to contribute to the public debate which ensued. The Director of Studies has spoken at seminars and conferences around the country explaining the underlying philosophy of the Government's reform to audiences sometimes sympathetic, sometimes sceptical, sometimes hostile. The Centre has also acted as a channel of communication between the Government and leading figures inside the NHS by arranging meetings at which Health Ministers and people working in the NHS have conversed freely with one another. (The Director of Studies serves as the member of a District Health Authority and a Family Practitioner Committee: so the Centre's contributions are based on some practical experience.)

Later last year we entered an arena of social policy which was new to us – the workings of Social Services Departments. *Who Cares?* (by Andreas Gledhill and others) opened with an analysis of the origins of the increasing problem of child abuse: showing how it was principally inflicted by the non-natural father, and was closely associated with the increasing rate of family break-up. This is a theme which the Prime Minister subsequently developed in a major speech on the family in January 1990.

The pamphlet also argued for closer scrutiny of the work of Social Services Departments and for greater legal constraints to be laid upon them – and for major reforms in the selection and training of social workers.

An important part of the Centre's philosophy is – and always has been – that the state is an inadequate mechanism for dealing with social needs. The Fabian policy of nationalising the enormous network of voluntary and commercial organisations has been of small benefit to the people whom it was supposed to help. So it is fitting that the final pamphlet of this year is a brilliant analysis by Nicholas True of the ways in which charitable giving could be encouraged. *Giving* identifies several respects in which our fiscal regime is less favourable than that of some other advanced countries. Among his proposals is for tax relief to be available for once-off donations; and for more generous tax deductibility available for closed companies' donations. The paper's arguments were put to the Treasury in advance of the Budget; we are waiting to see whether Ministers have felt able to act on them.

8
The economic climate

One of the first battles which the Centre fought, from the day of its foundation in 1974, was to persuade everybody that inflation was essentially a monetary phenomenon. A most influential pamphlet of those early days was Tim Congdon's *Monetarism: an essay in definition*. Some regrets, therefore, attended last summer's publication of the same author's *Monetarism Lost*. Regrets – because the message of his pamphlet was most chastening. After successfully pursuing monetarist policies in the first years of its office, the Government then abandoned them in 1985/6, and paid the price in terms of inflation. In particular, the pamphlet argued that the abandonment of broad money targets, and the use instead of a mixture of indicators of financial conditions (including narrow money and the exchange rate), led the Government to ignore the red light when growth of sterling M3 accelerated during 1986 and 1987.

Tim Congdon's analysis of the Government's mistakes in economic policy commands all the more respect since his pessimistic forecasts for inflation, far worse than those of his other City commentators, were proved so accurate. Nevertheless, not all of the distinguished panel of economists who gathered for our conference to discuss the pamphlet were convinced. Some argued that had we entered the EMS in 1986, then the discipline of a link to German monetary policy would have avoided the worst of the recent inflation. Others argued that the Government's own reforms to financial institutions and liberalisation of financial controls had distorted Sterling M3; and that to rest policy on the behaviour of such an unreliable indicator could have been wrong. Others, again, maintained that *which* monetary rule the Government adopted did not matter so much as the constancy with which they followed it.

The Centre will continue to study these important topics. It is common ground that maintaining a stable value for the currency – avoiding the temptations to monetary incontinence – is one of the highest duties of any Government.

9
Environment matters

Nicholas Ridley's thoughts on the environment in *Policies Against Pollution* were as stimulating and outspoken as one could desire. His paper argued that the best way to improve the environment was to use the price mechanism to full advantage. One possible means of doing this was to impose a tax on hydro-carbons in order to reduce our consumption. The media focused on this suggestion. Equally important, though, was his argument that public regulation of *private* activities was more likely to be vigorous and effective than public regulation of public activities. Nationalised industries had such bad pollution records largely because governments were too reluctant to impose proper demands on them. One example lay in the privatisation of the water industry; here, for the first time, the Government is now establishing a fully independent body to regulate the quality of drinking water.

Controversy about the community charge is hardly dying down. The Centre made an unusual contribution to this debate with a pamphlet by our Director of Publications entitled *Of Dukes and Dustmen: Cautionary Rhymes on the Community Charge*. The arguments beneath its wit were, of course, serious. If we are prepared to pay a uniform charge for our television licence or our road tax disc, why should we not pay a similar charge for our use of local Government services? It was hoped that the use of humour would nudge some people, until now concerned only with the financial impact of the tax upon themselves, to acknowledge the common sense – and indeed the fundamental justice – of the scheme.

The Centre for Policy Studies will maintain its presence in the field of environmental policies with a publication by Richard Ehrman later in the year. This will follow up his earlier pamphlet *Planning planning*, and demonstrate how excessively narrow restrictions on land use are driving up the cost of land in this country and, therefore, the cost of housing too (of which land forms such a high proportion). He will not argue for uncontrolled development around attractive and historic towns and villages;

but will propose that we look more imaginatively at the construction of new villages on green field sites. There is no denying that his pamphlet will be controversial.

10
A list of the year's publications

MATHS PROBLEM can more pupils learn better? Geoffrey Howson	£4.95
NATIONALISED UNIVERSITIES paradox of a privatisation age Deepak Lal	£4.95
CUSTODY RECONSIDERED clarity and consistency in sentencing Andrew Ashworth	£4.95
THE EGALITARIAN CONCEIT true and false equalities Kenneth Minogue	£3.95
SCIENCE FICTION and the true way to save British science Terence Kealey	£4.95
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A Diary of the year's principal conferences

DATE	THEME	PRINCIPAL SPEAKER(S)	CHAIRMAN	MEETING PLACE
Feb '89	Obstacles to wider ownership	Philip Chappell	Lord Vinson	Institution of Civil Engineers
Feb '89	The Health White Paper	David Mellor MP	David Willetts	Royal Horseguards Hotel
Feb '89	Gorbachev's Way	Sir Fitzroy Maclean	Lord Thomas	Royal Society of Arts
Mar '89	General Volkogonov's visit	General Volkogonov	Lord Thomas	Various venues
Apr '89	The Egalitarian Conceit	Kenneth Minogue	Lord Joseph	St Stephen's Club
May '89	Nationalised Universities	Deepak Lal	Lord Thomas	RICS
June '89	Custody Reconsidered	Andrew Ashworth	Lord Thomas	RICS
July '89	Monetarism Lost	Tim Congdon	David Willetts	RICS
Oct '89	Thatcherism	Peter Lilley	Sir Ronald Halstead	Winter Gardens, Blackpool
Nov '89	Restructuring an Empire	Jeane Kirkpatrick	Lord Thomas	St Stephen's Club
Dec '89	The Conservative Community	Robin Harris	Lord Thomas	St Stephen's Club
Feb '90	The European Debate	Michael Heseltine & Oliver Letwin	Lord Thomas	RICS
Feb '90	Set Food Markets Free	Richard Pool & Andrew Threipland	David Willetts	RICS
Mar '90	City Technology Colleges	Mrs Angela Rumbold MP	Sir Cyril Taylor	Society of Chemical Industry

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International

Lord Thomas of Swynnerton (Chairman)
Mrs Nathalie Brooke (Secretary)

Reverend Michael Bourdeaux
Christopher Cviic
Dr Iain Elliot
Professor Elie Kedourie
Dr Dominic Lieven
Dr Antony Polonsky
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Dr George Urban
Dr T Zeldin

Education

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Nationalised Industries

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Mark Call
Richard Ehrman
Neil Hamilton MP
Michael Ivens
Graham Mather
John Oakley
Dr Lynda Rouse
Denis Thatcher
Peter Warry

Wider Share Ownership

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