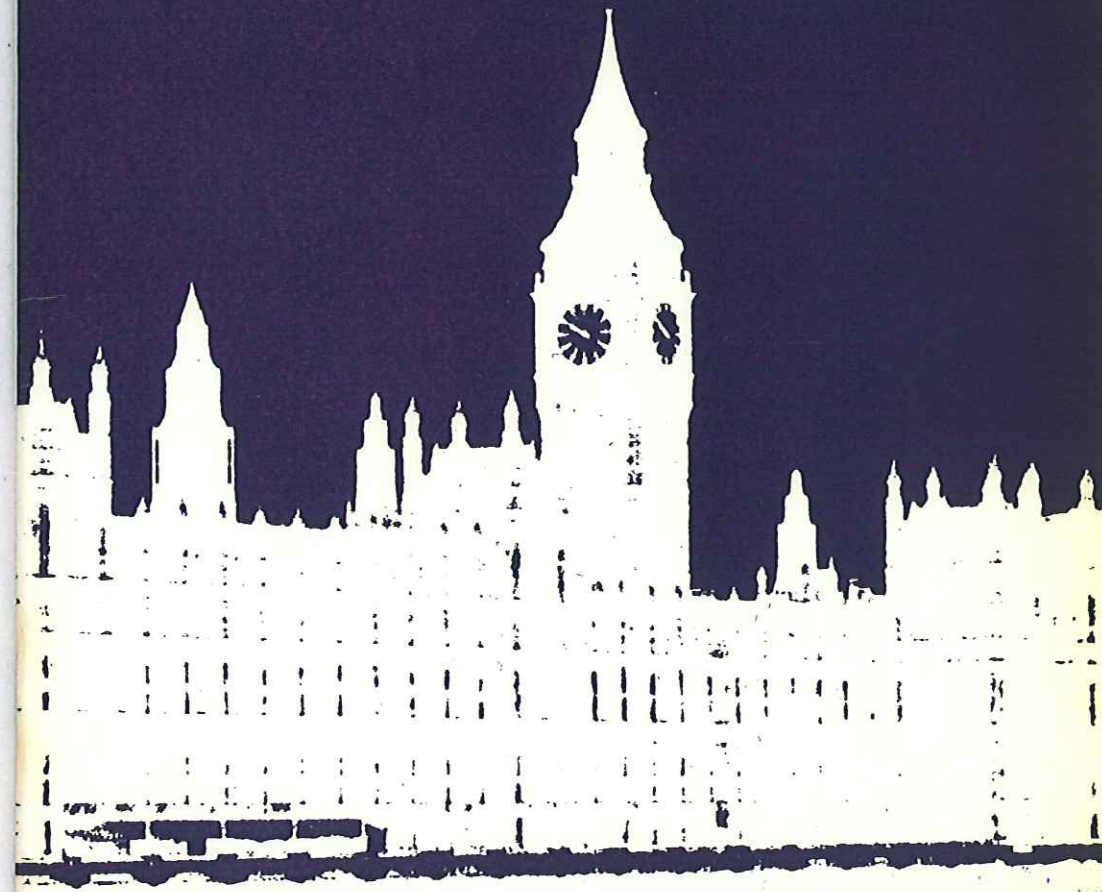




ANNUAL REVIEW

Work of the study groups and working parties



CENTRE FOR POLICY STUDIES



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8 Wilfred Street, London SW1E 6PL
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Contents

	<i>page</i>
Preface	4
Deregulation	9
Education	10
Employment	11
European Community	12
Health	13
Housing and Local Government	14
Nationalised Industries	15
Simplification of Law	16
Soviet Relations	17
Trade Policy	19
Wider Ownership	20

Preface

THE CENTRE FOR POLICY STUDIES engages in two sorts of activities – the proposal and elaboration of policies which are worthy of pursuit, and the influencing of opinion so as to secure support for them. The distribution of effort between these two activities is dictated by the nature and extent of our resources.

Our independence from Government and party confers on us certain advantages. We can call upon people whose professional life is unconcerned with politics, we can criticise the decisions of Government, we can entertain suggestions which ministers find unacceptable, we can publish statements without in the least committing the government or involving it in controversy.

But this independence also entails certain disadvantages. We have no easy or regular access to certain types of information which are in the last resort necessary for formulating policies and which are available only to Government. The people on whom we call may have little or no practical experience of politics or of administration or of procedural niceties. They may be insensitive to the political pitfalls of certain policies. The absence of official responsibility may sometimes make rash suggestions tempting.

Ministers and their advisers, however, have established broad objectives and policies which for all their imperfections are in our view refreshing, invigorating and right. The urgent need is thus less for suggestions about new policies, and more for support in getting present policies adopted.

The kind of support needed is not always given, even by Conservatives. Nor is it of an obvious character. Consider, for instance, what is involved in a policy proposed by a Secretary of State for Education. In adopting a particular policy, he necessarily makes a number of assumptions about the purpose of education, its relation to the culture and economy of the nation, the duties of a school, teachers, and parents, the variety of educational requirements, sources of funds for education. In presenting policy, however, a minister may not have the time to explain all the grounds for his decision. Indeed, he may not be fully aware of

them himself. Yet the opposition to his policies may derive from those grounds, even though public discussion mentions only the immediate practical effects of policy. Such opposition can be overcome only by clear, patient, down-to-earth explanation of how taking certain practical measures is connected with certain beliefs to which the proposers are, or should be, committed.

Persuasion of this sort cannot be found in either academic or popular books. Nor can it be achieved with one or two pamphlets. The ideas involved have to be presented in a number of different contexts, from a variety of standpoints, addressed to different audiences.

A number of institutions have concerned themselves with presenting the *economic* case. They have been almost too effective since they have made it seem plausible to conclude that, when anti-collectivist policies do not *immediately* have desirable economic effects, they should be abandoned, since there is no other reason for wanting them. They have also suggested inadvertently that there is no moral case against collectivism. That unfortunate impression is all the more damaging now that the chief threat no longer comes from outright collectivists but from defenders of subtle variations on collectivism which seem the more reasonable because their premises and implications are less obvious.

Indifference to this moral case for present policies has often made it more difficult to defend 'cuts'. No one has yet seriously questioned, for instance, the non-economic assumption that there is a necessary correlation between the amount of public money spent on a given national service and the quality of the service provided. Yet it is possible that much of the expenditure has been an impediment to the proper functioning of national services, and that what even the present government has presented as a sacrifice is really a boon. Some scientists believe that spending more public money will not promote science. Throwing money at problems is a fool's way of solving them.

In addition, this government's cause has not always been presented effectively because many Conservatives, no less than their opponents, often assume that politics consist of a struggle for power among competing interests. Even the Conservative

press regularly reports Cabinet 'battles' in which this or that minister won a 'victory'.

This view of politics makes it more difficult to equate the present government's policies with the common good. We therefore need to reinstate the concept of the common good and to make it clear that the issue between collectivists and their opponents is about different conceptions of the common good. Only when this point has been made will it be possible to defend cuts in public expenditure without being accused of making vindictive attacks on this or that set of interests.

The belief that turns every public issue into a struggle between conflicting interests has also undermined allegiance to the rule of law. The defence of law and order is frustrated by the failure to make the moral case for present policies, because understanding of what the rule of law means has been eroded. In schools and universities, in the popular press as well as in learned journals, there has been a steady attack on the traditional view that legal decisions should and can be distinguished from political decisions. The press report judicial decisions as if they were political victories or defeats. What ought to be the strongest argument for dismantling the collectivist state – its substitution of administrative decrees for the rule of law – is never mentioned. (The preceding arguments are ones which have been developed with great distinction by Mrs Shirley Letwin.)

No other organization is so well placed as the Centre for presenting and defending the moral case outlined above. No other institution is at present devoting itself to this task. This does not mean that the Centre should abandon concern with policies but that we should address ourselves in particular to doing what the government have not always time to do, that is, showing the relation between policies and moral beliefs.

The Centre must also raise policy questions which the government may find too controversial at the moment. As long as the Centre maintains its independence, we can for example consider suggestions for altering or restricting the Health Service without involving the government in a public uproar. We may even discover that opposition to certain measures, such as modifying the NHS, is not so strong as is supposed. By opening a

public discussion which emphasises the connections between a particular policy and general principles, the Centre can both muster support for the policy and influence the government. But of course we realise that we can do so only if great care is taken to present the relevant arguments cogently and in the appropriate tone of voice. Such activities may even be directly useful to the government by providing ministers with formulations of persuasive arguments for their proposals.

In this spirit I present the reports of our study groups and working parties with confidence that they are making a major contribution to the common good, and in the belief that our reforming government will find their opinions worthy of attention.

The following reports of the study groups cover all the ones which are presently active. One or two, such as Sir Leonard Neal's Trade Union Reform Committee, are in abeyance – Sir Leonard says that he has now published what he believes the law *should* be; and it is up to others to discuss how it should be put into effect. Michael Colvin and Jonathan Marks's recommendations on British Shipping have left stimulating controversy in their wake. Nor have we forgotten weighty problems of law and order.

I end by thanking all our directors for their encouragement, and the time that they have given to the Centre. I am specially grateful to the members of our two sub-committees – Finance: Ron Halstead, Peter Bowring, Hector Laing, Simon Webley; and Publications: Shirley Letwin, Ferdinand Mount, Ken Minogue, Cyril Taylor – but all have done a great deal. I must thank Ferdinand Mount too for his recent contribution on 'Property and Poverty' – the address which he delivered at Brighton. In the coming year we shall be publishing the work of other distinguished writers. Our staff, small though it is, has been admirable. Oliver Knox, the new Director of Publications, aided by Sarah Wynne Evans, has brought special professionalism and gaiety as well as drive to that essential part of our undertakings. His scheme for subscriptions and associate members of the Centre will enable our message to be heard more widely and also bring us money. Among the research fellows – Julius Gould, Keith Boyfield, Fred Naylor, Richard Harrison and Robin Jenks – I

especially thank Julius Gould, for many years Professor of Sociology at the University of Nottingham, for giving so much time to our concerns. I thank the Secretary Nathalie Brooke for her patience and the wisdom of her counsel, our cook/sales assistant Sophia Akerman for her resourcefulness, as well as our loyal, intelligent and overworked secretaries – Alexandra Boscauwen and Virginia Utley.

Ron Halstead, Chairman of Beecham's, has now been treasurer of the Centre for nearly a year. He is a wonderful successor to Lord Cayzer, and all who meet and work with him find him as I do a most sturdy support, at once prudent and encouraging. We particularly benefit from the vigour of his appeals to our donors, to whom I extend our warmest thanks.

Thomas of Swynnerton

Deregulation

The main conclusion of the pamphlet published on Wage Councils last July appears to have been accepted by decision-takers in government. Whatever may have been the justification for Wage Councils at their birth about a hundred years ago, it is now recognised that their present role as prescribers of minimum wages does far more harm than good. Their effect is to price many people (especially the young) out of jobs. They leave in their wake the collapse and bankruptcy of hundreds of small businesses. We submit that the government should, without fail, give notice to the International Labour Organization this summer that Britain will cease to regard its obligations in respect of Wage Councils – which will clear the way for their abolition 12 months later.

In the coming year the group intends to produce some practical proposals on the wisdom of deregulating activities which impinge on the 'moral' sphere – smoking, drinking, gambling etc. – and dismantling rent control. Rent control is, of course, so long established and so dear to the interests of pressure groups of many varieties that the prospect of its removal strikes terror into the most sanguine and determined advocates of free enterprise. But we believe that some of these terrors may be more apparent than real, and that the deadweight of this control, once lifted, would help to give the economy a timely boost.

*Russell Lewis
Chairman, study group*

Education

During the past year the study group has recruited more members and widened its field of activity. A new, informal group has paid particular attention to the growth in our schools of political indoctrination carried out under the guise of 'peace studies'. Caroline Cox, John Marks and other members have exposed and challenged the pro-CND bias of these studies – speaking at conferences and publishing critiques under a variety of imprints. Their work has borne fruit. *The Times Educational Supplement* has declared that they have made a case which proponents of 'peace studies' have to answer. Such a development would have been unthinkable a year ago.

Ray Honeyford has joined the group. Hounded for having had the courage to write honestly about the educational problems of an area which has a very large number of children belonging to ethnic minorities, he has enlightened our discussions on 'multi-cultural' and 'anti-racist' orthodoxies. The group's recent publication by Antony Flew 'Education, Race and Revolution' treats of these themes and was well received. Further work on them is going ahead, with particular reference to the Swann Report.

Fred Naylor, our research fellow, is at present completing a most penetrating thesis on the subject of technical schools.

Caroline Cox
Chairman, study group

Employment

The working party on employment first met in December 1984. It intends to publish a report in the middle of April 1985.

The opinion of the working party is that the government has undoubtedly had some success in its policies of encouraging small businesses and high technology – and, in general, in 'rolling back the frontiers of the state'. But while this alleviates the problems of unemployment, much more must be done if those who wish to work in a free society are to be enabled to find useful and rewarding occupations. There may well, in the future, be fewer jobs which offer the prospect of lifelong careers; more and more people must expect to have a variety of activities during their working lives. It is only in Western Europe, and in Britain above all, that the belief has taken root in an inalienable right of full-time employment of one's own choosing.

Our report will comment on the problems of employment in other western countries as well as our own; and illustrate the shifting patterns of work over the last 60 years. Opportunities for new work have been and are being developed: but much more work would become available were it not for unnecessary barriers – not all of which may, at first sight, appear as the grave impediments which they are.

The working party recognises that a certain level of unemployment is well-nigh inevitable in a free society, if only as a consequence of people's changes of activity. Also more and more people are likely to reduce their working hours as they approach the age of retirement. But a man's unemployment or underemployment should not and need not lead to a loss of standing in his community. We will suggest how this ideal can be brought about.

Robin Jenks, our newest research fellow, is hard at work as rapporteur of this most important working party.

Ian Weston Smith
Chairman, working party

European Community

In the months leading up to the European Election the study group set to work producing a pamphlet which discussed the several ways in which the Community could and should be developed over the next two decades.

'Making it Work: the future of the European Community' was published in June. Its 18 chapters covered, among other topics, non-tariff barriers to trade, liberalization of services (with particular reference to banking and insurance), monetary policy, industrial policy, the Common Agricultural Policy and European institutions. Emphasis was laid on the urgent need to complete the Common Market; the importance of the European Monetary System and the developing role of the ECU; the usefulness of the industrial policy in those areas where Community action might be more effective than action taken by individual states, e.g. in high-technology industries; and the desirability of strengthening the machinery of European political co-operation and extending regular discussions to cover security and – perhaps – defence.

The pamphlet attracted much press comment and was well received. A number of meetings have since been held to discuss the implications of its findings for British policy towards the Community.

The European Council at Fontainebleau has set up two committees. One, chaired by Senator Dooge of Ireland, is considering the future of institutions. The other is deliberating how the Community can be made more of a reality for its citizens. The study group has met British representatives on both these committees, and has submitted material for their consideration.

Alan Dashwood
Chairman, study group

Health

A new group was formed in late 1984, composed mainly of managers involved in diverse forms of health care, some belonging to the National Health Service and some to the private sector.

This group has so far confined itself to examining the present systems, particularly those which relate to care for the elderly and to hospital services; and to reviewing the very large amount of material which exists – and is growing almost daily – on proposed changes.

The next stage will be to consider in detail any of these changes which can make the present systems more cost effective and more responsive to the needs of patients. During the late summer, we hope to be in a position to look closely at the possible need for some direct patient funding – over and above the present tax-funded system to which radical change is not envisaged.

In addition to the meetings of the central group, views and opinions are being canvassed informally from a wide circle of men and women in business and politics as well as in medicine. Our intention is to produce a policy study on the 'NHS after Griffiths' in the spring of 1986.

Hugh Elwell
Chairman, working party

Housing and Local Government

The group has just issued its first policy study, 'Trust the Tenant: devolving the municipal housing stock'. This recounts the history of the involvement of local authorities in municipal housing. It shows that much money has been wasted in unnecessary slum clearance, and in building housing which although more costly than its private counterpart has often been gravely defective, leaving an expensive legacy of rectifications. Furthermore, these developments are often badly managed – repairs are late, tenant relations are poor. The task is too large for many authorities. Our report recommended that Housing Management Trusts, a new form of statutory trust, which is in effect a tenant co-operative, should be created; and council housing transferred to these HMTs in an orderly manner. The result would be to give tenants more control over their homes; and to allow local authorities to concentrate on dealing with their defective stock and giving better services to tenants who want or need housing from them.

The group has now begun work on a study of planning systems with a view to proposing their simplification. Another study will look into ways of making local authorities more accountable to their electorates, ratepayers and other consumers of their services.

Finally the Land Sub-section is considering methods to encourage the provision of rented housing *via* private investment.

*Alex Henney
Chairman, study group*

Nationalised Industries

The study group has now been meeting regularly for five years. It has sown seed in fertile ground. Many of our suggestions are now coming to fruition. More, we hope, will follow.

During the past year we have, at each meeting, been pleased to note both the progress made by the Government in selling to our citizens more and more of the commercial assets owned by the State, and the announcements of specific plans for the continuance of this policy.

But the hardest problems still lie ahead. Gas, coal and the generation and distribution of electricity provide obvious examples. British Rail and British Steel deserve, and will receive, our attention.

In recent months the group has concentrated on energy. A pilot project on the South of Scotland Electricity Board revealed the conditions necessary for genuine competition in this field – and highlighted the desirability of freeing coal from its present privileged position. Our work on this will be published very shortly.

Although denationalisation has been our principal concern, we have continued to address ourselves to the problems of operating a state-owned industry. In July last year we published 'Which Direction?'. This set out the terms and conditions of employment of board members of nationalised concerns, and argued for:

- more 'entrepreneurial' directors to be appointed to boards;
- the appointment of chairmen who are non-executive, financially secure and in sympathy with HMG policy; and
- all board members to be given proper contracts of employment and terms of reference.

We are pleased to see a number of these suggestions incorporated in the discussion paper recently issued by the Treasury.

The industry and intelligence of our research fellow, Keith Boyfield, is as praiseworthy as ever. Finally we congratulate a member of the group, Michael Portillo, on his election as MP for Southgate.

*Simon Webley
Chairman, study group*

Simplification of Law

The group intends to report by the autumn of this year. Its chairman, William Cash, was elected MP for Stafford in the by-election of May 1984. Lord Renton has joined the working party.

We are considering the form, complexity and volume of primary and subordinate legislation, together with its impact upon the citizens of our country and its effect on enterprise. We are studying ways and means of increasing respect for the rule of law.

*William Cash MP
Chairman, working party*

Soviet Relations

The study group on relations with the Soviet Union has been sorely and sadly diminished by the recent death of Professor Hugh Seton-Watson. Although the group has secured some new members no one will be able to replace adequately the great breadth of knowledge and experience of Professor Seton-Watson.

The group continues to believe that in the Soviet Union we face a serious threat of totalitarian imperialism which is both underestimated and misunderstood in the West. Recent changes in Soviet leadership have not altered the nature of this threat; changes of personality seldom play a fundamental part in a system where personal relations count for little. Perhaps, though, there is now an interregnum in the Soviet leadership after the deaths in a relatively short time of Mr Brezhnev and Mr Andropov and the absence through illness of President Chernenko. And perhaps the 'hard line' of the Soviet Union towards the administration of President Reagan is to be explained by the need to maintain an impregnable exterior wall while the long-term question of the succession is resolved.

The group noted that the Soviet return to Geneva took place despite the continued deployment of Cruise and Pershing missiles to counter the SS20s and Backfire bombers. This could have been due to real anxiety over the new US Strategic Defence Initiative against which, whatever its merits or demerits, the Soviet Union is plainly mounting a major propaganda drive.

That propaganda drive has presumably the secondary benefit, so far as the USSR is concerned, that it can be geared to divide the US from Europe – as ever the main aim of Soviet foreign policy.

The Soviet group continues to believe that there is no substitute for an orchestrated campaign designed to make public opinion aware of the nature of Soviet society and Soviet ideology. Defence and public awareness need to go together. The long-term expectation is that one day a generation of Soviet leaders, wearied of being constantly thwarted and exhausted by trying to

keep up with the West, will turn to question the basis of their own ideology and so begin to conduct themselves as responsible members of the international community.

It is hoped that the group's pamphlet, due to be published in the summer, will lay the foundation for an alternative White Paper on foreign relations.

Thomas of Swynnerton
Chairman, study group

Trade Policy

The theories and practice of Free Trade, and the defeat of protectionism, is the underlying concern of all our work. We hope to publish a paper in mid-summer.

We shall open with a résumé of the history of free trade – its development from Adam Smith and Ricardo down to today. We shall not fail to rehearse the arguments employed by economists, politicians and special interest groups in favour of various kinds of protection; but we mean to trounce the economic theories of the Cambridge Economic Policy Group which buttress a great deal of Labour Party thinking. Particular attention will be paid to connections between employment and free trade.

The international efforts to promulgate free trade since the war *via* GATT will be scrutinized. Comments will be made on the machinery available for the disciplining of breaches of agreements.

Trade policies in Brazil, France, Japan and the USA will be examined with special reference to the automobile, telecommunication and service industries – the last being an area where Britain enjoys particular advantages. Attention will be paid to the German theorists of the free market who exercised such beneficial influence on the trade policies of the Adenauer and Erhard administrations. The arguments which have led to the exclusion of agriculture from the liberalisation of trade will be closely examined – and the role of CAP within the EEC discussed.

Our group has enjoyed the benefit of valuable papers by Professor Robin Marris on the basic economic theory of free trade, by Daniel Johnson on the recent history of free trade in Germany and by Richard Johnson on the history of GATT. Richard Harrison has proved himself a most helpful and invaluable research fellow.

Richard King
Chairman, working party

Wider Ownership

Throughout 1984 the study group concentrated upon one specific issue – the right to own a Personal and Portable Pension. It did so in the belief that this reform would costlessly transfer over a decade billions of pounds of assets from institutional to personal ownership. In so doing, it would help to create a capital-owning democracy – a society where freedom is safeguarded because ownership is widely dispersed.

Our campaign, while supporting Government, tried to indicate where reform was both necessary and practicable. Members of the group presented papers at over 14 conferences during the year, starting with that called by the Secretary of State for Health and Social Security. Subsequently, in the autumn, the Secretary issued a Green Paper indicating the Government's intention to bring forward legislation to make pensions personal and portable, and inviting technical representations to this end.

The door having thus been opened to personal pensions, the group is working to ensure that they are so constructed as to appeal to as many people as possible. The appropriate ministers are being sent memoranda to this effect.

Despite this success, we are concerned that Government policies seem still to be ambivalent when it comes to encouraging capital formation. Not least, Capital Gains Tax remains a tax on personal capital. In contrast institutional ownership of assets, untaxed, grows inexorably.

We continue to urge ministers to remove the hurdles which block the path of enterprise and personal capital formation (not the least of which are the rigidities caused by the classification of people as 'employed' or 'unemployed', and the dependent attitudes which result). We are putting forward recommendations aimed at allowing more people to sell their labour under contract. Since we are entering a period of greater part-time employment and job mobility, such a reform, opening up labour markets, would be particularly important.

We were immensely encouraged by the flotation of British Telecom and the widespread desire for ownership which this revealed.

*Vinson
Chairman, study group*