



# From principles to policy

*What an alternative manifesto should say*

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## CHAPTER ONE

# THE MANIFESTO CHALLENGE

A MANIFESTO is more than a collection of policies. It should set out the principles on which the governance of the country will be based, and should show how the policies that are advocated are rooted in those values.

Specific policies may change and evolve with circumstances; the principles on which they are based should be more enduring. A manifesto should therefore convey the direction in which the proposed policies will take the country, and enable the public to judge whether that direction – more than any individual policy – is one with which they agree.

This pamphlet takes up the challenge of outlining how such a manifesto might look if the principles and philosophy that have driven the Centre for Policy Studies over the last three decades are applied to the contemporary situation. It incorporates many ideas from recent CPS publications by a variety of authors, whose contributions are gratefully acknowledged.

### **Principles and values**

What is our view of the kind of society that we want? What values does it represent? And what is the role that government both can, and cannot, play in supporting that development? The list would include the following core beliefs:

1. *The individual and the family should have freedom to determine how they want to live their lives and take responsibility for their destiny,*

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subject to the rules necessary to protect the values and rights of society as a whole and the obligations on individuals to help others who need support. We should support the family as the bastion of individual freedom, individual responsibility and independence from state interference.

2. *The size of the state should be constrained in order to ensure that government is the servant of the people, not its master.* Unlike those on the left who believe the state should manage people's lives to fulfil their collective political objectives, we believe the state's role is to enable people to fulfil their individual aspirations and common needs. We recognise the danger that a state which takes on more and more powers, however well-intentioned, ultimately becomes more and more at risk of abusing those powers. The state has important roles in providing security and maintaining order, and in organising common services and social support – but the size of the state should be constantly checked and challenged to avoid encroachment on personal liberty, to check the inefficiencies of large bureaucracy and to avoid an excessive tax burden.
3. *Individual and national prosperity depends on wealth creation by enterprise and on global competitiveness in open markets.* This is best achieved by a low overall tax burden and by limiting regulation that stifles innovation. Growing prosperity benefits both individuals and society at large.
4. *A meritocratic society is fundamental to our belief in individual opportunity.* Everyone should be able to rise from the poorest background to the highest positions in society through their own ability and effort.
5. *A stable, law abiding democracy rests upon the stability and reassurance of the Nation State.* The nation should retain the

## INTRODUCTION

independence to determine its own democratic destiny. It should uphold the historic national fabric of accepted conventions and social norms, and ensure that change is gradual and with the consent of the people.

6. *A deep understanding that we are all part of a tapestry of human existence.* We have obligations to future generations to protect and preserve the environment and our heritage, as well as to others around the world today who need our help and support.

In summary, the political choice is between those who see the state as having the primary and controlling role in the development of society; and those who believe society develops as a result of the efforts and initiative of talented individuals within a secure and law-abiding state. We side with John Stuart Mill in his observation that:<sup>1</sup>

*A state which dwarfs its men... will find that, with small men, no great things can really be accomplished.*

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<sup>1</sup> John Stuart Mill, 'On Liberty', 1859.

## CHAPTER TWO

# THE KEY POLICIES

THE POLICIES set out in a manifesto should match the principles with a contemporary analysis of the circumstances of the UK and the world. Sadly, this is a nation where a rejuvenated economy is once again in danger of being held back by the return of over-regulation and high taxes; and where an expanding state is threatening both economic efficiency and individual freedoms.

To counter these threats, the country needs a government committed to restoring the balance – reining back over-powerful government and getting overweight bureaucracy off the backs of individuals, families and wealth-creating enterprise.

The policies set out here cover the most important components of that approach, but are not intended to be comprehensive.<sup>2</sup> Outline costings where relevant are set out in Appendix One.

### **1. The economy, tax and welfare**

While Britain has continued to maintain a satisfactory economic growth rate and low inflation in recent years, the warning signs are increasingly evident. While other countries have been reducing their overall tax burden, ours has been rising; and our overall competitiveness in international league tables has dropped from fourth to thirteenth over the last ten years.

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<sup>2</sup> While, for brevity, the policies are summarised in outline only, most have been the subject of more detailed CPS research and publications. Details of these publications can be found in Appendix Two.



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The core elements of economic policy should address this:

- 1.1 *Reinforce the disciplines underpinning a sound economy by growing public spending less rapidly than the economy as a whole.* The two existing disciplines, which have been in operation since the early 1990s, should be maintained:
- the inflation target for monetary policy (reinforced in 1997 by an independent Bank of England);
  - the fiscal discipline of limiting borrowing as a percentage GDP over the economic cycle.

However, a future government should add a third rule:

- ‘growth in public spending should be less than the growth in GDP over each economic cycle’. This would reverse the rising share of taxes and public spending in the economy, restore international competitiveness and encourage enterprise and investment in the UK.

This, of course, does not mean cutting public expenditure – it just means taking a smaller share of new wealth creation. Growing public spending by 1% a year less than GDP growth for five years from 2006/7 would enable public spending to grow by between £30 billion and £40 billion over the period while reducing taxes by between £20 billion and £30 billion if all else stayed constant.

- 1.2 *Adopt a dynamic tax model.* Government should be prepared to cut the tax burden earlier and further than justified by the static budget arithmetic – with the confident expectation that additional, compensating tax revenue will arise from the consequent spur to economic growth and the reduction in tax avoidance.

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The reduction of 2.5% in the tax burden as a percentage of GDP that would result from Policy 1.1 has been estimated to raise economic growth by between 0.2% and 0.3% per year. The Irish experience has also demonstrated how cutting business taxes can lead to a dramatic rise in tax revenues – corporate tax rates fell from 50% to 12.5%, while the yield from corporate taxes rose from 1% of GDP to 4%.

A prudent start might be to bring forward between 10% and 15% of the tax cuts planned for a Parliament – or between £2 billion and £5 billion – into the early years of a Parliament, so long as the existing deficit projections are under control

- 1.3 *Set priorities for tax cuts that meet both economic and social objectives.*
- As demonstrated in the Appendix, the affordable menu of priorities that could be considered with the constraints of the scale of tax reductions for a Parliament outlined above could include:
- reductions in corporate tax rates to reflect international tax competition;
  - improving welfare and work incentives for the low paid by a substantial increase in the starting rate for income tax;
  - the introduction of transferable personal allowances for families with dependent children, taking many families out of tax altogether and removing the penalty on parents who stay at home to look after their families;
  - the phasing out of capital gains tax, inheritance tax and stamp duty to encourage wealth creation, to reduce penalties on savings and to allow retirement savings to be built up and passed on through generations;
  - the simplification of the tax system so that it is cheaper to administer and to reduce distortions and perverse incentives.

## THE KEY POLICIES

- 1.4 *Reform the current unworkable tax credits system.* The disincentives of very high marginal tax rates for many low income individuals should be addressed. Tax credits should be replaced it with a US-style Earned Income Taxed Credit (EITC) system that provides a top-up incentive for lower income families in work. The potential savings from this switch would contribute to the scope for further tax cuts to improve incentives.
- 1.5 *Proceed with pension reform along the lines advocated by the Turner Report.* The Turner recommendations included: automatic (voluntary) enrolment in a funded plan with a minimum employer contribution and a top-up from the state; a later and more flexible retirement age; and an upgraded basic pension to reduce the disincentive of means-testing. These reforms would enable more families to accumulate the funds to provide a respectable income and independence in retirement.
- 1.6 *Reduce the inequity and cost burden of current public sector pension schemes.* The retirement age for these schemes should be raised. As in the private sector, employers should move future pension arrangements into a direct contribution scheme.
- 1.7 *Adopt a more selective approach to labour migration.* The recent large influx of Eastern European migrants will pose challenges ahead if unchecked:
  - the assumption that unlimited low cost labour is beneficial to the UK economy is misplaced. It fails to take account of the economic costs of expanding housing and transport requirements, as well as the ultimate welfare and pension costs of migrants and their families; nor does it reflect the potential displacement of low skill UK workers;

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- instead a form of quota system to control immigration to manageable levels should be adopted. Priority should be given to genuine areas of skills shortage that cannot readily be met from our own population;
- as in other developed EU countries, the UK should be prepared to suspend the rights of free labour movement into the UK from the expanding group of low wage EU economies in order to maintain a controlled influx.

### 2. Europe and the world

Britain's future prosperity depends upon succeeding in a world of globalised free trade. Growth will increasingly come from working and trading with the fast-growing new economies rather than from the regional economic bloc of the EU. Based on Treasury estimates, India and China's combined share of world trade will have grown from 6% in 2005 to an astonishing 27% in 2015 – vastly outpacing the EU whose share is likely to drop over the same period from 26% to just 17%.

If we are to share in the growth in world prosperity, we need to have a highly flexible, open and competitive economy – building on our current strengths as the world's third largest trading nation. However the current direction of the EU is pulling us in the wrong direction – hitching us to a slow growth regional block that still erects barriers against world trade and which imposes ever more burdensome regulatory costs. Despite the aspirations of the much acclaimed 'Lisbon Agenda' to improve Europe's competitiveness, subsequent action has been limited and most of Europe continues to resist a fundamental change in direction.

These trends are reinforced by the momentum of political and legal integration, with continuing migration of more and more policy areas into the arena of qualified majority voting and *de facto* adoption of the Charter of Fundamental Rights (CFR). The latter will introduce EU law into a wide range of employment and social policy areas. Although the current Government originally promised

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to veto the inclusion of the CFR into the EU Constitution because of the potential risks to our economy, and despite the fact that the Constitution has subsequently never been ratified, the EU and ECJ are increasingly applying the CFR anyway.

If we cannot persuade the EU as a whole to adopt our free market aspirations – and that seems unlikely – we must pursue Britain's interests by negotiating a new arrangement with the EU that gives us the freedom to develop as a successful global trading nation.

2.1 *Renegotiate our relationship with the EU.* The aim should be to retain the benefits of the free trade area, and to retain co-operation with our neighbours in areas which are mutually beneficial. We should opt out of the continuing process of economic and political integration.

- the continued participation in a European Free Trade area would be analogous to the current position of the Swiss economy. We would have the advantages of open trade without the obligation to impose regulatory burdens that are damaging to the UK;
- the opt out from political and economic integration would place us outside the increasingly centralised legal and institutional structures of EU – including the CFR. The primacy of the UK Parliament and UK courts to determine UK laws would be re-established;
- Britain would also be free to set its own foreign and defence policies, and to negotiate trade agreements that fully exploit the potential of its unique network of linkages around the world – including the Commonwealth.

### 3. Education

Despite the repeated claims of increasing 'success' rates, the reality of falling numeracy and literacy standards underlines that overall educational policy over recent decades has been a disaster. Centrally imposed modern teaching methods, endless paperwork

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and state enforcement of mixed ability schooling – with the destruction of high quality grammar schools – has demoralised teachers and lowered aspirations. It has also tragically reduced social mobility – with able children in deprived urban areas now having fewer opportunities to escape from poor schooling and realise their capabilities.

To raise standards we must reverse these mistakes. Teachers should be allowed to get on with jobs without excessive Whitehall interference. Parents should be powerful customers who can exert pressure on poor schools to raise standards. The state would then be the funder and regulator, not necessarily the provider.

3.1 *Build on current education reforms.* All schools should be truly independent. State schools should become trusts or charities, or move under some other form of private ownership. Governors and head teachers should have the freedom to develop excellence in the way they believe will deliver results. New schools would also be able to supply state-funded education as well, increasing choice and diversity.

- parents would have a choice of where to take the state funding available for each child. Schools which deliver the results would benefit while those which failed to attract sufficient numbers would be forced to reform or hand over to new management.
- similar ‘voucher’ schemes have operated successfully for some time in countries such as Denmark, Holland and Sweden.

3.2 *Free up admissions policies.* Schools should be free to become fully selective schools. Schools and parents should have the freedom to choose whether or not to apply to a selective school. Bright children from poorer families would once again enjoy the opportunity to gain the same kind of academic education and encouragement that grammar schools once offered, and which is now only available to those who can afford to pay.

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- the expansion of selective academic schools should be accompanied by the provision of free transport for qualifying pupils. This would remove the barriers to those who cannot afford to live in the adjacent postcodes. Since free bus transport is already available in London, the additional cost of a targeted nationwide scheme is estimated at between £20 million and £30 million.

3.3 *Drop the arbitrary target for 50% of young adults to go to university.* More support should be given to other forms of further education which reflect the capabilities and interests of those with more vocational career aspirations.

3.4 *Abolish social targets for university admissions.* Places should be awarded on merit, regardless of background. The Access Regulator should also be abolished.

- at the same time, establish bursaries for talented young people from low-income families to go to university – initially funded by abolishing the patronising policy of government funded ‘baby bonds’ – while enabling top universities to secure the fees and private funding needed to compete as world class institutions.

### **4. Health**

The Government now accepts that vast increases in public funding have failed to deliver real improvements in healthcare. The monolithic, state-managed structure of the old NHS has demonstrated how centralised management constrains local initiative and responsibility. Resources have been wasted in pursuit of arbitrary targets which failed to reflect local medical priorities.

As with education, the best way to improve healthcare is to move to a new NHS where the state is the funder and regulator, but is no longer the provider of care.

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- 4.1 *Extend the current NHS reforms.* The principle should be that the state should pay for an agreed menu of healthcare, but that competing independent private and voluntary sector providers should supply that healthcare.
- to facilitate this, the NHS will need to extend and embed payment by results, with money following the patient. However, this should be taken for on a timescale and with appropriate systems in place to enable the change to be managed without a crisis.
  - a common menu of ‘core services’ that the NHS will provide should be established. This would remove the inequity of ‘postcode lotteries’.
- 4.2 *Support the primary role of GP practices.* GPs should remain as the first access point for all healthcare, with financial freedom and incentives to provide routine diagnostic and simple medical services in house where this can provide a faster, more convenient and lower cost service for patients.
- payments to cover instant on-site blood tests in doctor’s surgeries, for example, can help ensure that patients get the right antibiotic or other treatment without delay, reducing the length and cost of treatment and helping patients recover sooner.
- 4.3 *Allow patients to top up the treatment available on the NHS.* If people wish to pay for more expensive facilities, they should be free to do so.
- the NHS should encourage people to bring more funding into healthcare. This would be additional to that spent by government. Private patients should not be regarded as diverting resources away from the NHS.



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### 5. Support for the family

The family is the nucleus of a stable, free society. For most people, both their immediate family and their wider family network provides the base of security and support from which they engage with their work, their community and the nation at large. The significance of this family support makes it important for society to support and sustain the family wherever it can; and also to recognise the special needs and disadvantages of those for whom it is missing.

5.1 *Recognise the overwhelming evidence that a stable family unit is the best way of raising families.* This would entail removing the clear disincentives in the tax and welfare system against conventional families; and being confident about recognising the importance of marriage as a commitment that helps underpin that family support and stability.

- transferable tax allowances should be introduced for families with caring responsibilities. This would remove the current tax penalty on couples where one partner stays at home to perform the caring role and is unable to use their tax allowance;
- welfare payments that disadvantage couples living together, relative to those living apart, should be reformed.

5.2 *Recognise the great contribution families make.* Families which care for disabled children and the elderly in their homes, rather than resort to institutionalised care, deserve support. This can be best achieved through a system of Individual Budgets so that the family can choose the care and services it needs rather than have it chosen on their behalf by social services.

5.3 *Free up the rules on adoption.* Priority should be given to conventional, stable married couples. The financial sacrifices often made by adoptive parents should be recognised.

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5.4 *Reform the system for children in care.* The primary principle of reform should be to provide secure, stable, long-term and loving care for those children who have to be taken into care. This must be provided for as long as it takes for them to be able to move successfully into society.

### **6. Environment and energy**

Conservatives are 'green' by instinct. They recognise the heritage of our environment as part of the legacy owed to future generations. Environmental policies should build on and support the instincts of the public, seeking a practical balance that carries widespread support.

6.1 *Address the risks of global climate change.* Credible international agreements which encourage innovation and adaptation are needed to reduce and mitigate the risk of climate change. Reform must be undertaken on a global scale. This should include the development of new non-fossil energy sources.

- public policy should recognise the likelihood that man may be having a significant effect on greenhouse gasses and may thereby be contributing to future climate change. It should also recognise that there is still considerable uncertainty about both the pace of climate change and the extent to which it results from human as opposed to natural causes;
- it must also recognise the reality that, regardless of the UK's actions, the biggest future growth in greenhouse gas emissions will be driven by the expansion of the rapidly developing world economies. UK adherence to the Kyoto targets will not solve the problem if the major new emitters (and the US) are not included, yet risks penalising the UK economy relative to others.
- a more practical international response is needed to encourage the market to accelerate work on large-scale clean technology solutions. Innovations that allow

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continued global development, such as bio-fuels, nuclear fuel and other new fuel sources, should be actively encouraged. These could be paid for by building an ‘insurance premium’ into the market through a combination of carbon/effluent taxes (replacing the Climate Change Levy) and carbon trading;

- the ‘Asia Pacific Pact’ proposals provide a promising model for this as it supports clean technologies;
- some of the insurance premium could also be used to accommodate and mitigate the potential impact of future climate change;
- for the UK, the resulting increase in fuel diversity and the reduced dependence on fossil fuels would have the added benefit of increasing our national security, reducing dependence on supplies of gas and oil from a few limited world sources.

6.2 *Protect the rural environment.* The scope for central government to override local planning decisions – for example on new housing estates or local road schemes – should be reduced. Central government should only intervene where there are major national interests at stake.

6.3 *Accelerate reforms to agricultural policy.* If necessary to overcome EU resistance, and in line with Policy 2.1, the UK should opt out of the Common Agricultural Policy. Subsidies for overproduction through intensive farming methods should be redirected to support more environmentally-friendly farm produce.

### **7. Freedom and security**

The maintenance of freedom for its citizens under the law, and preserving the security of the nation, are primary roles of government. Yet many people feel more vulnerable – to both crime and terrorism – than ever before.

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- 7.1 *Establish local community police forces with elected police chiefs and dedicated local magistrates.* The local population should have the power to replace the leadership of the police if it fails to respond to their priorities. If voters want clean, secure streets (the ‘zero tolerance’ approach), they should be able to vote for them.
- 7.2 *Encourage and support local community workers who are attempting to bring discipline and pride back to inner city youth.* Sixty years of welfare has eliminated neither poverty nor poverty of aspiration. As portrayed in recent CYPs publications, an increasing number of individuals and voluntary groups – such as Shaun Bailey or Ray Lewis – are now successfully pioneering programmes which challenge the culture of failure that is too often prevalent in inner city estates. However, while volunteers can make the running, Government must be prepared to co-operate and support such initiatives without undermining their independence and vitality.
- 7.3 *Refocus prison and after-prison care.* Drug addiction is the primary cause of re-offending. Prison sentences should be as long as needed to provide effective treatment, and when released no convicted criminal should come out of close supervision until they are certified to be free of drug use over an extended period.
- this requires more prison places and more money spent on rehabilitation. However, given current high re-offending rates, we cannot continue to regard treatment of convicted criminals as low priority if crime rates are to fall.
- 7.4 *Scrap universal ID card.* In its place, a more targeted biometric register and card for high risk categories – including convicted criminals, sex-offenders and all non-UK visitors – should be introduced. As in the US, we should strengthen security at our borders by taking biometric records of all new arrivals.

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7.5 *Retain Britain's own foreign policy and defence capability.* This includes maintaining close links with NATO, rather than allowing our freedom of action to be constrained by the EU.

7.6 *Breath new life into the Commonwealth.* This network of diverse countries – which are bound together by powerful common ties of language and culture, legal systems and democratic values – should be a great asset for the UK. We should see it as a vital part of our future, not just our past.

### **8. The nation**

Social stability, and the acceptance of democratic rule by the majority, rests upon sustaining a common sense of nationhood. The cultural, legal and constitutional heritage on which people rely to give them confidence in justice and freedom under the law needs to be respected and preserved.

Over the last decade, this sense of common nationhood and stable heritage has been undermined by piecemeal and often damaging constitutional changes. The role of Parliament has been impaired, the impartiality of the civil service vitiated, and the coherence of the UK as a whole weakened. This has been compounded by a zealous pursuit of political correctness.

8.1 *Be proud of traditional British values and customs.* While embracing tolerance of diverse cultures, we need to recognise that multiculturalism (when defined as rejecting the notion of common, traditional British values) has become a destabilising influence. While all communities should be free to retain their own traditions (as long as they are not in conflict with fundamental laws and human rights), they should also accept that they are part of a nation where the majority culture will be the dominant. This implies, for example:

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- abolishing requirements for cultural and other organisations receiving lottery and public funds to demonstrate multicultural reach;
  - teaching about the ‘British nation’ as part of junior school history and civics curriculum, covering our democratic traditions and development of our national identity.
- 8.2 *Re-establish respect for the conventions of Parliament.* The trend for the executive to increase its power at the expense of Parliament should be resisted. This includes ensuring that major statements are made to Parliament rather than to the media; and that a properly appointed but non-elected House of Lords has the power to act as the ultimate brake against the risks of an elected dictatorship in the House of Commons.
- 8.3 *Ensure that the UK parliament has ultimate supremacy over laws that govern citizens in the UK.* No EU legislation or court authority should be able to override Parliament’s decisions. This will require repealing the Human Rights Act.
- 8.4 *Reluctantly accept the need to limit the role of Scottish MPs to vote on English domestic issues as a consequence of devolution.* This can be achieved either by excluding them from votes or by reducing the relative representation of Scotland at Westminster along the lines of the Northern Ireland model. At the same time, the misguided attempts to create another tier of regional government in England should be scrapped. The regional bodies that have been set up in anticipation of servicing regional assemblies should be abolished.

## CHAPTER THREE

### CONFRONTING THE MYTHS

IN ORDER TO WIN ACCEPTANCE OF THESE POLICIES, and the principles on which they are based, it will be essential to take on and overcome a number of damaging ‘myths’ that has been allowed to become ingrained into both public debate and the framework of media reporting. The six most damaging of these are as follows:

*Myth 1: Reducing the tax burden is in conflict with economic stability.*

In reality, a high tax burden is the greatest risk to economic growth and competitiveness, and is ultimately unsustainable.

*Myth 2: Spending more on public services leads to better services.*

In reality, the last few years have demonstrated that extra spending is wasted if public services are not reformed. Many countries achieve better education standards than we do with less resource.

*Myth 3: Multiculturalism implies we should give equivalence to traditional British culture and the culture of other minority communities.*

In reality, the failure to put British culture at the heart of the nation is a dangerous threat to national stability and social harmony.

*Myth 4: Selective education is unfair.*

In reality, it is the absence of schools which can give talented pupils from any social background access to the best education which is denying opportunity to children in the poorest communities and removing the ladders to social mobility.

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*Myth 5. Our economic prosperity depends on maintaining our full membership of the EU on current terms.*

In reality, the EU social market model is undermining UK prosperity. We can negotiate more attractive relationships with the EU that preserve free trade and pan-European co-operation while opting out of economic and political integration.

*Myth 6. A responsible environmental policy has to be at the expense of economic growth.*

In reality, we can realign taxes to penalise pollution and to incentivise environmentally friendly activities without increasing the overall tax burden; and the stimulus to develop alternative non-fossil fuels and less energy intensive processes will itself contribute to GDP growth. If society places a higher value on consuming less polluting products and services, these will just become a higher proportion of the GDP mix.



## CHAPTER FOUR

### CONCLUSION

POLITICS IS ABOUT HOLDING A SET OF CONVICTIONS – based on sound values and principles – and then setting out to win public support for those convictions and the policies that follow. Unless politicians are clear about these convictions, the public will rightly become cynical and bored – dismissing their rhetoric as just opportunistic jockeying for power.

Our country today faces major issues and major choices about the way in which it confronts the opportunities and challenges that it faces. This alternative manifesto sets out one clear choice for how those should be confronted.

This matters. The public is ready for politics of honesty and conviction. It will reward political leaders who provide that.

# APPENDIX ONE: ILLUSTRATIVE FINANCIAL FRAMEWORK

## 1. Taxation

Scope for tax reductions resulting from growing public spending 1% pa less than GDP growth rate £2.5 bn to £3.5bn  
Additional scope for tax reductions assuming partially self funded from higher growth rate<sup>(i)</sup> £2 bn to £5bn

Tax reductions:

- reduce corporation tax to 25% - £10 bn
  - increase starting rate for income tax to £7500<sup>(ii)</sup> - £10bn n
  - transferable allowances for couples with children (at £7,500) - £2 bn
  - halve capital gains tax and inheritance tax and reduce stamp duty by £5 billion - £9 bn
- Replace tax credits system with EITC and further tax reductions for the low paid<sup>(iii)</sup> Nil

(i) Cautious estimate based on lower end of available models, assuming a tax reduction of 2.5% GDP stimulates GDP growth by 0.2% to 0.3% a year. Actual experience from reducing corporation tax has been much higher. See C Elphicke *The tax double-whammy*, and W Norton, *The case for reducing business taxes* and P Minford *An agenda for tax reform*.

(ii) Assumes no increase in higher rate starting income and 10% band abolished. Offset to cost from benefit savings not included. See N Blackwell, *Take poor families out of tax!*

(iii) Assumes all potential savings consumed in further tax reductions. See R Darwall, *A better way to help the low paid*.

## 2. Public Expenditure

### Impact

Proceed with Turner pension reform	Nil	
Raise retirement age for public pensions and close to new contributions	£3 bn+ saving	Cash saving does not take account of reduction in future liabilities
Opt out of EU political integration	£2 bn+ saving	Reduction in contribution and CAP assuming still contribute to some EU programmes
Make all schools independent with state funding	£1 bn to £2 bn cost	Extra demand if switch from private schools to state funded
Provide free transport for low income pupils gaining places at selective schools	£0.02 bn to £0.03 bn	Rough estimate
Drop the 50% target for higher education,	Nil	Reinvest savings in bursaries and vocational courses
Establish bursaries for needy university students		Funded by abolishing baby bonds - £0.3Bn annual cost - and reducing growth in numbers
Allow patients to top up NHS funding	£2 bn to 4bn cost	From extra demand
Switch funding of care from institutions to supporting families		No overall impact
Extend prison/supervision for potential re-offenders	£1 bn	Sufficient to fund 25% more prison places and an equivalent number of community supervisions (capital costs covered by redeveloping old prison sites to fund new site developments)
Scrap universal ID cards	£1 bn+? saving	If £5 bn cost over five years. True costs may be much higher

### **Total**

**Roughly in balance**

## APPENDIX TWO

### CPS PUBLICATIONS

#### **Chapter 1: Principles and values**

N Blackwell, *Towards Smaller Government*, 2001

J Daley, *Seeking the Common Ground*, 2005

H Flight, *Positioning the Conservative Party*, 2005

M Saatchi, *If this is Conservatism, I am a Conservative*, 2005

#### **Chapter 2: The key areas of policy**

N Blackwell, *Freedom and Responsibility – A Manifesto for a smaller state, a bolder nation*, 2003

##### *The economy, tax and welfare*

R Darwall, *A better way to help the low paid*, 2006

C Elphicke, *Ending pensioner poverty*, 2003

N Blackwell, *Why Britain can't afford not to cut taxes*, 2004

C Elphicke, *The Tax Double Whammy*, 2006

C Elphicke and W Norton, *The case for reducing business taxes*, 2006

R Jeffrey, *Declining government productivity*, 2005

R Lea, *Tax n'Spend*, 2004

R Lea, *Whatever happened to the Golden Legacy?*, 2005

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*"THE BETRAYAL OF 60,000 CHILDREN" – headline in the Daily Mail.*

### **NO MAN'S LAND: how Britain's inner city young are being failed**

*Shaun Bailey*

Shaun Bailey lives and works in a run-down inner city estate in London, trying to save the neglected, the rootless, the crack-addicted from a life of despair and death. He tells of how the problems he faces are getting deeper every year; and of how failure and a poverty of aspiration have become engrained into the soul of the community. Bailey argues that it is time for the liberal consensus to be questioned. The ethical void that is at the root of so many young people's problems must be challenged. Easy access to, and liberal attitudes towards, drugs, alcohol, pop culture, teenage sex, greed, single parenthood and the celebration of violence are causing deep damage – and it is now time to think again.

*"Mr Bailey sees what is happening on estates such as those in North Kensington as "the betrayal of Britain's inner-city young". He argues convincingly that they need rules and moral guidelines. They also need role models who provide a clear link between hard work and success, not a culture of celebrity and bling. Their parents need to be encouraged and helped. What they do not need is misguided liberalism" – leading article in The Sunday Times*

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*Richard Smith and Philip Whittington*

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*“Important research by Richard Smith and Philip Whittington published in a pamphlet by the Centre for Policy Studies... reveals that something slightly worrying is happening to the charity industry” – John Humphrys, Daily Telegraph*



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