



There is a fundamental divide between those who believe that a larger state can do more to make our lives better and those who believe that a limited state is the only way to combine freedom and prosperity. We may now be at the point where a failure of government to deliver better public services will create a willingness to welcome alternative policy solutions. But to do this we must build support – now – for policies which will reclaim and entrench the smaller state.

The public services – particularly health and education – will be at the core of the agenda. More government expenditure on these services without changing the way they are delivered is unlikely to work. Indeed, the only practical way to solve the problems in the public sector is to remove government from its role in delivering health care and education.

International comparisons show that the greater role for private providers will lead to higher standards. And such a step can be popular: given the opportunity, a majority of people would opt for independent schools and private healthcare.

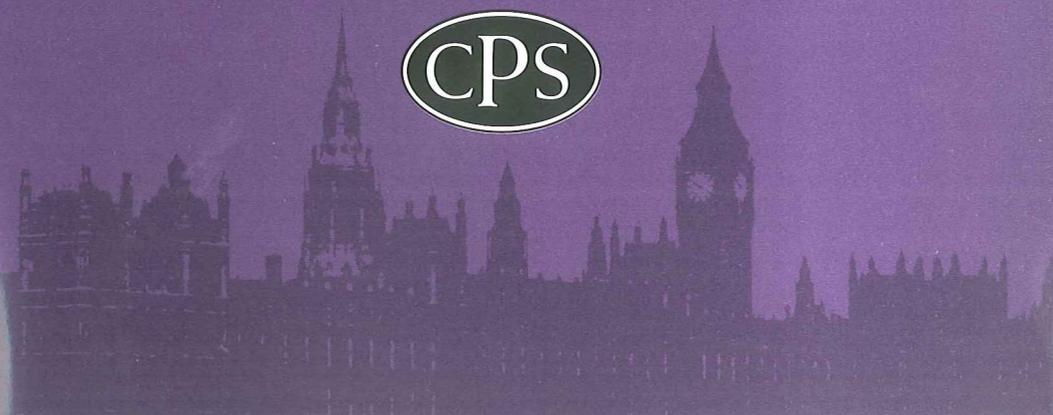
It is the responsibility of those who believe in smaller government to give the people that opportunity – and as a result, a far higher quality of service. And rolling back big government in all aspects of our lives will be crucial to preserve a free democracy.

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# Towards Smaller Government

*The second wave of the revolution*

LORD BLACKWELL





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*This pamphlet contains the text of the Lecture delivered by Lord Blackwell on the occasion of the 2001 Annual Meeting of the Centre for Policy Studies.*

## INTRODUCTION

IT IS A HUGE PRIVILEGE to stand here tonight not only as the Chairman of the Centre for Policy Studies, but also to follow in the steps of the distinguished speakers who have given this annual address before me. I am conscious of how much we owe to those who built the reputation of the CPS as a bastion for policies based on the values of free markets combined with personal and family responsibilities. But I am also conscious that this is a pivotal moment in the history of the CPS, as for the country.

For, more than a decade after the collapse of communism, there is still a fundamental divide between those who believe a larger state can do more to make our lives better, and those who believe a limited state is the only way to combine freedom and prosperity.

This evening I will argue that Britain faces both an historic opportunity and a grave threat in the way those arguments are now carried forward.

The opportunity arises from the fact that we may now be at the point where the failure of big government to deliver – in particular to deliver better public services – creates a willingness to face up to alternative policy solutions. The optimist might point to the fact that even a Labour Government is now talking about private sector participation in health and education.

But, unless we win the arguments, I believe that opportunity is likely to be squandered. Indeed, I will argue that Socialism by

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stealth is as great a threat to Britain now as it has ever been in the past. While the political revolution of the 1980s and 1990s made great progress in reversing the post-war trend towards a larger state, the reality is that we are now on the slide towards big government once again.

So we have an urgent task. To build support for a significant second wave of the revolution – a second wave that will reclaim and entrench the smaller state – if we are to avoid big government taking hold for a generation.

## BRITAIN'S TRADITION OF LIBERTY

OVER TWO CENTURIES AGO, Edmund Burke defined one of the central issues of politics:

It is one of the finest problems in legislation, and what has often engaged my thoughts whilst I followed that profession: what the state ought to take upon itself to direct by the public wisdom, and what it ought to leave, with as little interference as possible, to individual discretion.

Since then, the philosophy associated with the Anglo-Saxon – or perhaps more accurately Anglo-American – conservative tradition has emphasised the limitations of the state. It is a philosophy that seeks to go with the grain of human nature, recognising the aspirations and responsibilities associated with family, the fairness and morality of reward for hard work, the satisfaction of achievement, and the importance of opportunity and liberty.

Such conservatism is not a force for reaction. It combines enthusiasm for the change brought about by the enterprise and dynamics of free markets with the restraining stability of values embedded in traditional structures of family and nation – values and structures that give individuals the confidence and compass to embrace change without losing their centre of gravity.

In this philosophy, the government is the servant of a free people, not their master. It is individual enterprise, not

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government intervention that leads to progress – and over-large government that is the greatest threat to free initiative.

It is well summed up by John Stuart Mill, when he wrote:

A state that dwarfs its citizens will find that, with small men, no great things can be achieved.

Over the last half century we have come perilously close to the state that dwarfs its citizens. And the reality as we have experienced it is that state activities, however we have sought to organise them, have never delivered the intentions behind them.

And yet that same experience shows that, unless checked, democratic government seems to have a built-in ratchet towards big government.

Whenever a problem arises, the government is tempted to court popularity by seeking to offer a solution through government action. The electorate, promised action, is encouraged to blame the government when solutions are not found and to demand further intervention. And as dependency becomes a way of life, this cycle becomes self-perpetuating.

In 1950, after the ambitious post-War promises of the Attlee Government, Churchill sounded a prescient warning:

Beware! For we may be at the parting of the ways. The socialist conception of the all-powerful state entering into the smallest detail of the life and conduct of the individual, and claiming to plan and shape his work and its rewards is odious and repellent to every friend of freedom. So far we are only at the first stage in this evil journey.

How right he was. Much of the ratchet since then resulted from government action in four dangerously seductive areas:

First, a widely held belief that public services are more likely to serve the public if run by the state; whereas the evidence is that

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services under public management – and lacking the discipline of market and competitive pressures – are likely to focus on managing the internal hierarchy rather than serving consumers, and are dominated by producer interests at the expense of service quality and efficiency.

Second, a misguided belief that for the state to legislate a right is to create a real benefit; ignoring the reality that many such benefits are only achieved by imposing costs on the rest of society – as, for example, in welfare entitlements, the claimed right to have children that are supported by the state, the right to paternity leave, the right to a fixed working week.

Third, a belief that legislating to remove individual risk is costless; whereas in reality it too imposes a cost on other consumers and members of the public in the burden of regulation and compliance.

Finally, a growing and dangerous belief that the state can deliver benefits to an increasing number of groups that define themselves as disadvantaged or excluded, and that it can do so without transferring the costs to everyone else.

While some interventions under each category may be justified, cumulatively they create huge distortions and inefficiencies. And ironically it is often the poorest and weakest members of society who are least well served.

Public services – health, education or housing for example – almost inevitably end up rationing their services, with the weakest members of society often losing out to the more confident and articulate middle classes who are better able to demand their rights.

Similarly, while government regulations are often justified in the name of protecting weaker groups, it is often those very groups who end up disadvantaged – who can't get a job because of high employment costs, who can't get the benefits of putting their savings into efficient investment products because financial

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institutions can't afford the compliance costs of serving them, who can't get a council house because priority groups keep leap-frogging them in the queue.

But it is not just the ineffectiveness of much government intervention which should concern us. It is that big government ultimately corrupts the moral basis of society. Individuals whose net income and advancement become overly dependent on the incidence of state taxes and benefits, or on the favours of state institutions, are tempted to spend more time trying to work the rules than creating new wealth. And the exercise of power and the dispersal of favours tends to be equally corrupting of those in power.

This is, of course, not a new discovery. Long before Churchill, Burke in 1779 was warning of the growing powers of the crown when he wrote:

Formerly the influence of the crown only touched the higher orders of the state. It has now insinuated itself into every nook and cranny in the Kingdom. There is scarcely a family so hidden and lost in the obscurest recesses of the community, which does not feel that it has something to keep or to get, to hope or to fear, from the favour or displeasure of the crown.

Yet, because the demand for state intervention is so seductive, reining in the power of the state against the ratchet effects I have described requires strong determined will and political leadership. It requires conscious effort to reverse the trend.

The country began such a revolution in the early 1980s. Faced with the manifest failure of socialism, successive governments were able to denationalise vast areas of state-owned industries, free the economy from regulations that covered almost every variable from exchange controls to prices and incomes, abolish penal rates of

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taxation, and take initial steps towards freeing public services through GM schools, NHS trusts and GP fund-holders.

But a decade and a half of revolution against big government still left the state controlling close to 40% of GDP, and directly employing some 20% of the workforce.

## THE THIRD WAY THREAT

Since then, we have gone into reverse in many areas with a Government that not only has no appetite to resist the growth of the state, but positively sets out to achieve it under the banner of the 'Third Way'

While eschewing old-style nationalisation, rafts of new regulations have been introduced to force business to carry the costs of new state benefits – such as the working time directive – and to allow the Government to shape corporate activity through a form of virtual nationalisation.

Decentralising reforms in the public services which gave power to local people to run things their own way – such as GM schools and the NHS internal market – were scrapped, to be replaced by huge growth in centralised micro-management through directives and targets.

Taxes have risen across the board, with the Government's skill at disguising them leading to a new vocabulary of stealth taxes. Britain's independence day – coined by Lord Saatchi to measure the day in the year at which we stop working for the government and start earning money we can use ourselves to support our family – has moved from 27 May to 10 June.

Liberty has been eroded through the increasing imposition of political correctness – defined by the attitudes and prejudices of the ruling élite – through new laws, regulations and ministerial

coercion. These range from blatant attacks on unfavoured minority activities – such as hunting – to the more insidious undermining of traditional values and traditions in the name of modernisation. Competitive sports at school are labelled as divisive because they have winners and losers. Nativity plays are banned because they offend against a multicultural community. The last budget was a classic example of this paternalistic and conformist approach, with its raft of penny packet incentives and penalties for activities and behaviours that did or did not fit with the Chancellor's view of what we should or should not do with our lives.

At the same time we have seen a return to social engineering objectives in education, with attacks on excellence on the grounds of élitism and the elimination of policies such as the assisted places scheme which opened up opportunity and choice.

And the intervention of the nanny state into family life has now gone beyond lectures on homework and bedtime reading to the proposal that the state should endow every baby with a taxpayer-funded baby bond. It is no longer taken as a joke when the new Secretary of State for Culture, Media and Sport is reported as musing on changing her department's name to the Orwellian sounding 'Ministry of Free Time'. Is there no corner in our lives that the Government does not believe it should plan and control?

Perhaps most worrying is that all of this growth in state power has been accompanied by a cavalier disregard for our traditional democratic institutions and conventions, including the primacy of parliament and the political independence of the Government Information Services.

What this record shows is that, regardless of the rhetoric, the reality is that the Third Way agenda promotes the role and power of government as the organiser of people's lives.

We should not be surprised. Socialism and the Third Way both start with presumption that individuals of their own accord,

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interacting through markets, cannot be relied upon to produce satisfactory outcomes. They need a benevolent state power to shape a world in which they can live their lives. For in championing the commonly shared aspirations of freedom and equality, both place the greatest emphasis on equality – equality of outcomes – and are prepared to sacrifice freedom to achieve that.

Old-style socialism defended the right of the central state to intervene as an exercise of democratic power, the collective will. Third Way politics puts less emphasis on central structures, but uses the same notion of collective, democratic action to override individual freedoms. As we have seen, it uses regulation and coercion of intermediate institutions – schools, quangos, even businesses – to achieve the same central control.

Traditional community values in Britain have held that fundamental responsibility for welfare lies with individuals and their families, with independence and self-reliance seen as virtues, and a belief that calling on others should be reserved for times of distress. By contrast, Giddens, the high priest of the Third Way, subscribes to the notion of welfare as a right, and goes on to argue that the welfare state should not be reduced to a safety net. He claims:

Only a welfare state that benefits most of the population will generate a common morality of citizenship.

My question to Giddens is: what kind of morality is that? And where does it leave the balance of power and liberty between the citizen and the state?

To quote Burke again:

It is better to cherish virtue and humanity, by leaving much to free will, even with some loss of object, than to attempt to make men mere machines and instruments of a political

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benevolence. The world on the whole will gain by a liberty, without which virtue cannot exist.

Even more terrifying is Giddens' notion of the democratic family within the Third Way philosophy. Giddens' case for state intervention is to argue that fragmentation of family structures and evidence of abuse and neglect mean that family structures have now completely broken down as a workable model for raising children, and that equality of sexes means that traditional families can never be recreated. He uses this to advocate the need for a 'democratic family' where government acts for society in setting down a legal structure to regulate what goes on inside families – protecting equality, individual rights, shared decision making, freedom from violence.

What happened to the notion that the Englishman's home is his castle? Of course, laws against violence and abuse must apply within families as much as outside, protecting individuals from family breakdown. But if we create such an intrusive framework and hand it over to the European Court of Human Rights to interpret, we all know that, before long, the hand of big brother would move from protecting to proscribing what we should and should not talk to our children about. And it would dictate how we should behave so that we conform to the latest interpretation of political correctness.

The family is the ultimate bastion of freedom and liberty, which may be why many on the left are so distrustful of family rights and inheritances. Erosion of our liberty to shape our own lives and relationships without having the democratic state regulate everything we do is, to me, the emerging Third Way nightmare. It reflects the continuing arrogance of the left-wing intellectuals who believe that they know best how to shape everyone else's lives.

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Against the warnings I have quoted from Churchill and Burke, I do not think it is an exaggeration to suggest that the democratic and moral basis of our free society is now in mortal danger. As government intervention entwines more and more in people's lives, and an increasingly dependent population clamours for ever more support, we are on a slippery slope into a Kafkaesque society where good is what the Prime Minister and his cabinet define as good – and all the legal, financial and propaganda tools at their disposal are stealthily but relentlessly deployed to make us all conform.

As Hayek warned, dependency on big government ultimately turns free people into serfs.

And many of us fear that further surrendering our sovereignty within Europe – with the different political values and legal traditions, and the much greater acceptance of corporatist government and social democratic intervention that hold sway on the continent – would entrench Third Way statism so far into our governing institutions that it would become almost irreversible through the ballot box.

## THE NEED FOR A NEW WAVE OF THE REVOLUTION

WHETHER OR NOT YOU SHARE THAT FEAR, I hope I have made the case that it is imperative to win support now to reverse the slide to big government and to recreate the drive towards a small state. To do so will require another revolution in thinking and politics. The first wave of the revolution started in 1979. The second wave may be even more difficult to bring about.

And we need not just to reverse new encroachments or liberate enterprise again; we now need to go further in reducing the role of the state in many areas that the first wave of the revolution was unable to challenge. Nothing less will do – for if we just tinker on the edge, the tide will carry us forward.

Public services will be at the core of this new agenda – not just because of the scale of state activity they represent, but because they are right at the top of the public's list of concerns. And the reason they are the top of the public's concerns is that they patently don't work at present.

The problem is not that too much money is spent on services such as health or education – indeed many people might choose to spend more if they had a free choice, and if more spending led to better services. The problem is the way the money is spent when government runs and manages services. People are not getting the services they deserve from the money already spent.

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More spending without changing that structure is unlikely to resolve current failures.

Now let us be clear. When I talk about smaller government, I am not talking about cuts in public services. It is about recognising that the state is not the best manager of public services, and that other structures can deliver better public services.

In the first wave of denationalisation, Conservative Governments hit a glass wall once they had privatised the large state industries. The electorate was not prepared to accept that it was possible to deliver caring, universal services without those services being run and managed in the public sector.

Now, with public dissatisfaction with the quality of those services growing, the time is coming when that glass wall can and must be broken.

The arguments for moving British Telecom, British Airways or British Steel into private management apply equally to NHS hospitals and local authority run schools. The only viable way to provide better public services is to break up monolithic public supply structures and create local, privately managed institutions. We can still have public funding of health and education, but with services provided by competing organisations and with consumer power – the power of choice – exercised by individual citizens rather than the state.

Take education. Under the current centralised structure, successive Governments have sought to prescribe in more and more detail how schools should operate, how teachers should teach. The result we know to our cost. As the Headteacher of St Marylebone School, one of the most improved inner city comprehensives, said just over a month ago:

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Headteachers are overburdened with bureaucracy, teachers are demoralised and schools are coping with one initiative after another.

We hear more and more similar complaints, that teachers spend increasing amounts of their time filling in forms rather than preparing for their classes. Over the last four years there have been 18 new education plans alone.

The flood of manuals and course requirements from Whitehall, however well-intentioned, has squeezed out any scope for individual imagination, initiative and flair.

And what compounds this is that, in reality, much of the centralist intervention over many years has not been simply unhelpful meddling, but has reflected a deep-seated agenda within much of the educational establishment that has opposed traditional teaching methods and standards. The constant emphasis on the fashionable, politically correct nostrums of the day has driven out many of the best, experienced teachers – hounded for being ‘old fashioned’. Aspirations for excellence have been replaced by regimented mediocrity. The views of parents, meanwhile, count for nothing.

As a result, a recent Government White paper admitted that Britain falls well below the OECD average in mathematics and literacy, and that fewer than six out of ten 11-year olds achieve the standards set out for them. After 11 years of schooling, about seven million adults cannot find the right page for a plumber in the *Yellow Pages*. And yearly league tables record over 300 schools in this country which are consistently categorised as failing their pupils.

It does not have to be like this. And it is not primarily about money. For we know from international comparisons – and many of our own childhood experiences – that it is possible to achieve

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much higher aspirations and standards without huge investments in small classes or new teaching facilities.

The lesson from this sorry tale is that we simply cannot trust central government of any political complexion to make choices about education on our behalf, or to act as effective managers of a monolithic system covering thousands of schools across the country. At the moment many parents who want to choose a different approach for their child – who value the traditional emphasis on discipline and excellence – have only one real choice. And that, if they can afford it, is to opt out of the state system altogether.

And we know that, when given the choice, the vast majority of parents who can choose opt for schools which emphasise high academic standards, firm discipline, strong sports and extra-curricular activities, and traditional values. According to MORI, 70% of the poorest people in England say they would aspire to private schooling if they could afford it.

But why should those children whose parents can't afford it be denied any real choice? Any public education system worth its name should surely ensure that all children get that opportunity. To achieve that I believe the solution is to make all schools independent of the state, not just those for rich children; to give Headteachers real freedom to run them against the discipline of measured and published results; and to put the purchasing power associated with choice where it can be used most effectively – in the hand of parents. Each child should be able to take state funding with them wherever they are enrolled. Good schools should be able to expand, and poor schools forced to change or contract. Only then can we ensure parents get what they want for their children – rather than what the system decides is politically correct to deliver to them.

This simple model, of state-funded education provided through independent schools, may sound radical to those

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conditioned by our political and educational debate in the UK. But it is not some abstract, unworkable concept. It is increasingly the reality adopted by some of the most progressive education systems around the world. According to a recent OECD report – the same report that put Britain second from bottom in terms of national literacy rates across the OECD – there is a growing trend for governments to leave the management of schools to the private sector. An average of one in ten of all schools across the OECD are now government-financed but privately-managed. This proportion now reaches 58% in Belgium and close to 75% in both Holland and Denmark.

And these systems demonstrate that the market pressures of parental choice work. In Denmark, for example, the number of parents choosing independent schools rose by 50% during the 1980s. As a result the remaining state schools, faced with falling numbers, were also forced to change their methods and improve standards so that they could compete.

Similar models have recently been developed in the US – Edison schools and the so-called Charter schools. And over the past year we have now at last seen the first three examples of state funded private schools in the UK, set up to replace failing schools under the management of 3Es – a private commercial company established by Kingshurst City Technology College. Yet, while this has happened under the current Government, I fear we have along way to go before the Government that abolished grant maintained schools – and has encouraged the ideological destruction of our remaining grammar schools – is truly converted. For the Government must be willing to take on and defeat the producer interests if we are to replicate this private education model on a grand scale. It will take a Government truly committed to free choice and market forces to carry it through.

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A similarly radical approach is needed if we are deliver an acceptable level of health care. For years, the NHS was held up as the envy of the world. But the public is now becoming increasingly aware of its failures. Awareness is also dawning that we are lagging far behind our friends and neighbours – many of whom have a much more effective mix of public and private provision. According to MORI, 82% of the population does not mind who provides the care they might need, so long as it is free at the point of delivery, and good.

Once again, even a Labour Government has been forced to break its old taboos by accepting the principle that a public health service can contract out medical treatments to the private sector, as well as contracting out administration and services.

I welcome that. But it does not go far enough. Continuing to manage a public service employing over one million staff is a recipe for inefficiency and bureaucracy. And the more governments react in frustration by trying to micromanage from the centre, the more they compound the problem – overriding local medical judgements and priorities with one size fits all directives that add to the problems on the ward and in the surgery.

Furthermore, experience suggests that trying to drive major change through a politically accountable organisation of this scale and complexity is a pipe dream. As a recent report from Durham Business School points out:

Managing change on the scale envisaged by the NHS plan would be a major challenge in any organisation. But the NHS is not a homogenous whole. It is a loose coalition of different groupings, all with different goals and cultures, each with competing demands for influence and resources... Many managers and professionals are now expressing their fears that the pressures of central direction, the politicisation of

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management structures, and the constant focus on short-term political imperatives could fatally undermine the long term policy direction.

And even where the Government is seeking to bring in private capital, the risk is that those political pressures will lead it to superimpose so many of the existing controls and employment constraints that it becomes impossible to achieve any of the benefits.

Faced with these conclusions, we have to accept that the only practical way to solve the problem is to remove government from its role in running and managing the NHS, and to create a much more decentralised, entrepreneurial structure. By all means let us keep a common system for funding healthcare available to all in need. But let us accept now the principle that our goal should be for all the providers of healthcare to have the managerial and professional freedom to operate as independent trusts, charities or businesses – funded for the services they deliver. As in education this is not some extremist blue sky theory. It happens to be the way many of the health systems across Europe operate – mostly much better than ours.

In Germany, for example, around a third of all hospital beds are provided by private, non-profit organisations and a further 14% in profit-making institutions. Similarly in France, one of the most centrally-run European states, one third of hospital beds are in private institutions. And these systems deliver clearly superior healthcare on many measures of outcomes. The sad fact is that the average Briton is far more likely to die of respiratory diseases, cancer, or heart diseases than their French or German counterpart, despite the fact that smoking levels are considerably lower in Britain.

Not only would a system that embraced private sector organisations delivering healthcare perform better, it would also

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have the advantage of removing the artificial dividing line between public and private healthcare. And those who choose to pay for additional private cover would bring extra resources and facilities into a common service.

We should welcome such private funding, for the reality is that spending on health in the UK – whether measured per head or as a percentage of GDP – is well below that of most other developed nations, primarily because those other countries have been more successful in developing private health funding alongside a core level of public funding. In Germany, for example, private healthcare spending amounts to 2.4% of GDP and even France – generally regarded as a bastion of state welfare – raises over 2% of GDP from private spending on health compared to just 1% in the UK.

Achieving similar levels in the UK would amount to a huge increase in health resources which, while mostly paid by the better-off, would also substantially benefit the poorer half of the community by freeing up resources within the NHS.

But we cannot allow the arguments on health to be reduced to arguments about funding levels or funding mechanisms alone. We need to get a more efficient and effective structure for managing and delivering healthcare in order for that extra funding to deliver results.

Similar arguments need to be applied to much of the rest of the economy still under public management. For example, local government spends around one quarter of all public expenditure with minimal scrutiny or accountability, yet with huge variations in efficiency. With much of their funding coming from central taxes, there is widespread confusion over which public body is responsible for which service. This results in low interest and voter turnouts in local elections. So we need to scale back the role of local government to truly local services where they can be properly accountable, and where the public sector has a genuine role.

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In housing, despite the success of council house sales, we still have one in every six households living in publicly-owned and managed properties. These suffer all the problems of rationing, excess demand and inadequate maintenance that can be expected from a subsidised sector outside the normal market economy. If we are ever to solve the growing social problems of the large, failed public housing estates it will only come by bringing in private sector investment to rebuild these afresh.

And even in areas where the public sector has a clear role – such as law and order – there are opportunities to expand the use of private sector security firms to work alongside the police, providing a deterrent on the ground that can be more cost-effective than fully commissioned police officers.

Alongside this reform of public services, we also need to find practical ways of encouraging a new sense of personal and family responsibility, so that people can feel more independent of the state.

One such policy is the proposal to enable every young person to accumulate basic pension contributions in their own fund, encouraging them to add to their pot of savings rather than to look to future taxpayers for their retirement income. Another is the introduction of transferable tax allowances for couples where one partner stays at home to look after children or others in need of home care. And wherever possible, we should ensure the tax and benefit system favours rather than penalises those who make provision for themselves and their families – whether through private medical insurance, school fees, savings or other forms of self-reliance that we have traditionally looked upon as virtuous.

For the result of policies to reduce the size of the state, as well as delivering better and more efficient services, should also be to leave individuals with more of their own money to spend. We need to win the argument that lower taxation in these circumstances is morally good – encouraging freedom and personal responsibility – rather

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than allowing those who advocate more public spending and higher taxation to claim the moral high ground.

And we also need to reduce the extension of state power into increasing areas of our lives that are outside the direct control of government, through an increasing proliferation of Government-appointed regulators and quangos. Government does have an important role in setting rules for the regulation of markets in order to encourage competition. But regulators, initially introduced as a transitional measure when state industries were privatised, are now claiming a permanent and ever more powerful role. Indeed, one regulator has been quoted as saying:

The regulators of the privatised industries have far more actual power over the industries they regulate than ministers ever had in the past.

In the last Parliament, we have seen the creation of the enormous new Financial Services Authority with its huge powers and limited accountability. We have also seen a growing tendency of Parliament to be asked to pass enabling powers in every field – which then allow appointed individuals or groups to define specific rules and penalties with minimal public scrutiny. All of these are part of a massive extension of state power by stealth – an extension which needs to be consciously and deliberately rolled back.

And finally, we need to crusade for transparency in government as the only ultimate defence of personal liberties against the abuse of power. It is an unwelcome characteristic of centralist regimes that the free flow of information, where it exposes the regime to criticism, is seen as a threat to their continued power. Without decentralised, free markets there is no where else to pass the blame for service failures. The more that government claims to take responsibility for our lives, the more it is blamed when things go wrong. As a consequence, state

## THE NEED FOR A NEW WAVE OF THE REVOLUTION

structures have a tendency to act in self-protection, by seeking to control and manipulate the flow of information, to avoid giving their critics the ammunition to hold them to account.

When we see sensitive information on waiting lists in the health service being manipulated and distorted, when inconvenient statistics on Foot and Mouth Disease fail to get reported, when different newspapers regularly report completely opposite briefings on the same government policy in order to present it differently to different political audiences, when we see a Government put political appointees in charge of the Government Information Service and dismiss critical reports from Parliamentary Committees as inconsequential, then I think we need to worry about the slippery slope we are on and the implications for our democracy. It is one more reason why we should seek to remove big government from control wherever we can. Where we cannot, we must ensure the transparency and independence of information needed to hold them to account.

## MAKING THE CASE

WINNING SUPPORT FOR THIS SECOND WAVE of the revolution will not be easy.

We have to break through mythology that has now grown up around language – the scare stories associated with ‘privatisation’, the notion that public services are just about who can spend the most money.

Despite all the arguments I have made, there are those – particularly the public sector unions and other defenders of producer interests – who will seek to claim that any reduction in the role of the state represents a cut in public services rather than an improvement.

And the arguments in favour of smaller government will have to be won against the likely resistance of the growing army of those who perceive themselves as beneficiaries of the state, as well as many younger people whose idealism has traditionally favoured more active state intervention to change the world.

There will also be those who seek to dismiss the policies I have advocated by labelling them as backward-looking, or as extremist. We have to have the confidence to believe that, on the contrary, the values of freedom, choice and family responsibilities have always been at the heart of our nation and represent the centre ground of our political debate. And that they are as relevant to the future as they have been important to the past.

## MAKING THE CASE

The starting point has to be to persuade people that big government is not working. To recognise that growing dissatisfaction with public services is a consequence of the way they are run. And to understand that nanny state interventions are a real threat to liberty.

That will require not just occasional interventions, but a widespread and persistent campaign to interpret and communicate the reality behind the public’s daily frustrations.

Second, we have to set out a powerful and coherent alternative vision that appeals to a core majority. We have to win the argument for the values and philosophy of small government as a clear alternative that better fits our national values and traditions. An argument that encompasses:

- the efficiency and effectiveness of enterprise compared to state management;
- the moral case for encouraging self-sufficiency rather than state dependency;
- and, the importance of free markets and free choice in the defence of liberty and democracy.

Third, we have to demonstrate that this approach can be translated into practical policies that will deliver real improvements and benefits. An electoral appeal based on giving everyone the choice of high-quality education and high-quality health care in the same way that council house sales opened up new avenues of opportunity in the 1980s.

There will be those who say the right cannot win these arguments. That we should not take on political arguments on weak ground. That those who seek power should start by making themselves look and sound more like those who claim to occupy some third way middle ground.

## TOWARDS SMALLER GOVERNMENT

Just as there were those who said Margaret Thatcher shouldn't attempt to take on the unions, or cut taxes, or control inflation, or denationalise loss making industries.

I believe such a council of despair is not only political suicide, but an abrogation of our responsibilities. If we do not take on the task of stopping the nation from sliding into socialist regulation, the cost of regaining our freedom later may be much greater. And the damage done in the meantime may cost a generation its opportunity for sharing in economic prosperity and personal achievement.

The time has come to argue for what we believe in. And I hope that, over the next few years, the Centre for Policy Studies will be at the forefront of developing the practical policies that can turn that vision into reality.

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