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Here is a discussion paper in connection with policy preparation. Its purpose is to enable us to identify those areas of disagreement or uncertainty to which we want to devote further discussion and to give preliminary comments for the guidance of policy group chairmen on a number of difficult questions.

While it is long it does not pretend to be comprehensive. To repeat, its purpose is as a basis for discussion.

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ANGUS MAUDE

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NOTES TOWARDS THE DEFINITION OF POLICY

(Paper by Sir Keith Joseph)

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Purpose: to identify broad areas of agreement and disagreement for further discussion and study.

NOTES TOWARDS THE DEFINITION OF POLICY

1. The Background

We meet under the shadow of electoral defeat and national decline, to take stock, to work out a strategy for party renewal and national recovery. Our electoral reverses last year were the heaviest this century. The national crisis of the economy, morale and political stability is serious. It is no use closing our eyes to the dangers. It is no use blaming our stars - as Lord Hailsham argues in a powerful essay of which I append the relevant passage.

Our electoral defeats last year were of a different order from earlier setbacks. Last year our share of the vote declined sharply in spite of the simultaneous decline in the credibility of our rivals. We were simply rejected by habitual supporters partly because they doubted our ability to rule, and partly because many found it difficult to know what we actually stood for, or whether it represented Conservative ideals and approaches as they knew them. These are the facts and we must face them.

But however self-critical we may be about our mistakes, we must not regard them as of only recent origin. The trouble began probably over a century ago when our lead and our national initiative began to falter. We made things worse when, after the war, we chose the path of consensus. It seems to me that on a number of subjects we have reached the end of that road.

Now is our opportunity, perhaps our last, to make a new start. The election of a new leader inspired lively enthusiasm in the party and well beyond it. The public will look to us if we can offer a vision and a perspective for reaching it, and if we are willing to turn away from our mistakes.

Though attention is centred on economic crisis, the public is well aware that its roots are far deeper. It is characteristic of the past two decades that almost exclusive obsession with economics by governments, and competitive claims to usher in utopia, have coincided with economic failure. A healthy economy is possible only in a healthy body politic - with self-reliance, thrift, respect for laws and confidence in a system of rewards and sanctions.

Against our better judgement, we competed with the Socialists in offering to perform what is in fact beyond the power of government. We undertook to ensure full employment in the sense of a job for everyone of the kind, location and reward he broadly considers right, regardless of wage-levels, productivity and the state of the economy and the world. In pursuit of this interpretation, we strained the economy to the point where jobs, living standards and the savings of millions have been jeopardised.

/We undertook to ensure

We undertook to ensure good housing for all, irrespective of their willingness to earn and save and their readiness to care for their home. The result of over-promising, reflected in decades of rent control and expensive council building, is more homelessness, costly new council slums and a housing crisis in which delapidation and decay of housing proceeds faster than new building.

In education we have co-operated in over-riding differences of talent, motivation and home background. The result has been a decline in levels of education and behaviour from which the least able and affluent have suffered most to a point where even educationalists are overcoming their reluctance to speak out.

In matters of behaviour we have gone along with what claimed to be progressive views. The result has been suffering for many. The increase in crime, which bears heaviest on ordinary men and women living in our large cities, and in violence, are not accidental; they are associated at least in part with our well-intentioned destruction of communities and the extended families they contained and with the educational fashions we have permitted.

Mass immigration was imposed against the wishes and forebodings of the overwhelming majority of the people. The concept of the nation has been progressively diminished towards becoming a mere residence qualification. As a result the Celtic peoples have begun to reassert their own particular nationhoods. We have eroded the role of the family in education, care of the elderly, health and transmission of values. This paved the way for Labour's attempt to destroy the family business. Yet destruction of the family as an economic, business and social unit has helped accelerate the rootlessness and the class and sectional conflicts which are visibly tearing society apart.

By expanding the size, powers and expenditure of local authorities we have undermined them, made them less representative and deprived them of much of their cohesive role. The nation, the community and the family have all been weakened.

By subordinating the rule of law to the avoidance of conflict, we have encouraged mass defiance of the law by sectional interests and thereby intensified conflicts. What miners and dockers could do, farmers and fishermen have followed.

By denying rewards to talent and effort and sanctions against irresponsibility we have penalised that which we should have encouraged, driving many of the most effective to emigrate, and leading - in the words of a leading bank commentator - to the economic morality of the pig trough.

For fear of being considered intolerant or old-fashioned, we have stood by and permitted political and moral attacks on society and on values. We have felt ourselves inhibited from denouncing and counteracting the evils of communism without and subversion within.

In short, by ignoring history, instincts, human nature and common-sense, we have intensified the very evils which we believed, with the best of intentions, that we could wipe away.

2. The approach to a strategy - dangers en route

If, as I have argued, our malaise is of long-standing, we shall need a long-term strategy within which we can work out what is necessary and possible in the shorter-term, to meet contingencies and the run-up to the next election. We need to define and present a vision of the kind of Britain we should like to see emerge as we enter the closing decades of the twentieth century.

This cannot be confined to our prescription for government - and in the meantime for parliamentary opposition. One weakness of ours in this age of participation has been to leave too much to government. We shall succeed as opposition and subsequently as government only insofar as our party learns to be active in all walks of life - in the economy, inside the trades unions, schools, universities, professional organisations, amenity groups and all other groupings which enable citizens to take part in controlling their own lives. For too long the left has had a virtual monopoly of organised community action.

Our progress towards a strategy for party renewal and national recovery will need a strong sense of purpose if it is to avoid temptations and diversions on the way. We must hope, for the sake of the country, that Mr. Healey decides he can only win the next election by abating inflation soon. This is the most probable policy. It would remove the threat of a sterling crisis and of hyperinflation, while leaving Mr. Benn and Mr. Foot to continue destroying. But there are other scenarios. He may fail. The internal weaknesses and policy failures of the Labour Party and government policy could, paradoxically, be obstacles in our path. Divisions over the Common Market and economic policy together with some sudden financial change could conceivably bring about either a premature election or an offer of coalition government before our party had worked out its strategy and programme.

An early election following a Labour split could lead to the return of a Conservative government. The temptation would be to slip back to the policies of the past. To do so could have tragic long term consequences - the destruction of our credibility as an alternative and the inexorable collectivism of our society.

/Alternatively, were

Alternatively, were a sudden withdrawal of foreign credit to intensify combined inflation and recession in this country, the Labour government might declare a 'siege economy' and offer all parties membership of a coalition to that end. The temptations would be powerful. Office; an apparent vindication of our earlier and failed policies - freezes, controls, confrontations - and genuine patriotic sentiment would all suggest acceptance. Yet that might be fatal.

In the first place, there is no case for a siege economy when the enemy is inside the gates. The result would be to take us even further away from the social market policies which are the country's real salvation and the party's only lasting base. Distortions, controls, and intensification of all the expedients which have led to the present pass would destroy the free economy and free society possibly beyond repair, and with it our only lasting political base. Faced with such offers the party should be ready to present its counter-proposals and press for elections which alone can offer the British public a choice.

3. A vision. The sort of government we want to be and the sort of society we seek.

The kind of society we should offer our supporters is pluralistic, libertarian, and law-abiding, based on choice, continuity and compassion. Our vision is embodied in social market policies, which recognise economic life as something organic but largely autonomous. By working with economic forces, cushioning the sharp edges of change, facilitating adaptation to medium and longer-term trends, government can increase control over our economic and social environment. But if we try to run the economy from Whitehall we finish by disrupting it and embroiling the country in insoluble conflicts. We need all the allies with whom we can find common ground. The majority of working people, no less than professional and business people, teachers and academics, share our fundamental aims and values; they want stability, decency, mutual tolerance and observance of the law. They share what some intellectuals disparagingly call 'middle class suburban values' - a desire to enjoy economic independence, to be well thoughtof, patriotism.

We shall not be able to change everything at once, not in the run-up to the next election, not in our political life-times for that matter. What is important is that we should show a way forward, away from the discredited policies and failed illusions, and that we tackle first things first. In that sense we need radical approaches, which will ask why, and judge ideas in the light of their results.

4. The Nation

Perhaps we should begin our review with defence of our freedoms from within and without, which are more important than living standards to the overwhelming majority of the people. In any case, if we lose independence we lose all.

The destruction of South Vietnam in defiance of treaties solemnly signed by the communist government of North Vietnam, events in Portugal, strains within the Alliance and the growing threat of communism are matters which we should be capable of bringing home to the people. Freedoms are at the moment too much taken for granted. The fact that the Labour Party and the trades union movement are less concerned than ever to prevent pro-communists taking leading positions at all levels is something which we can legitimately point out - with tacit approval from the patriotic and democratic members of the Labour movement. We must not fear epithets 'McCarthyism' and 'reds under the beds'. The facts will support us.

We are crucial to the Western Alliance and on the Alliance our independence depends. Of course, the Alliance in turn rests on American resolve, weapons and resources; but there are many tests that may be made of our will to defend ourselves that will not invoke the ultimate. Already we are being disarmed by inflation - at a time when Russia is increasing her forces. Small though our Services are their professionalism and competence keep us still evidently in the Russian view the second anti-communist power.

Must we not therefore stand to our defences in the international agreements in which we still play a part, in the Services, and in the Alliance? To do this will mean giving defence some priority in spending and will also mean a determined attitude to subversion.

If we are to act in the name of patriotism, as our party has traditionally been respected for doing, we must define the patria.

Tragic events in Ireland are a reminder that by failing to come to terms with national sentiments there over the past hundred years we brought about escalation and separation which could have been avoided. We should relearn the history of that period to avoid making the same mistake with the Scots and the Welsh. A majority of the Scots wish to redefine their relationship with the rest of Britain while remaining part of the UK. Many of their aspirations are legitimate, both as regards administrative and economic devolution and respect for national sentiment.

But national feeling has other facets. The aftermath of mass immigration from the Commonwealth, the Mediterranean and the Third World has yet to emerge in all its seriousness. We have in the course of a single generation created problems which brook no easy solution. We must be frank enough to admit this publicly as we do privately. We owe it to ourselves no less than to the immigrant communities to ensure that the common decencies and human rights are reinforced by law. But one cannot legislate for equality or uniformity. Nor is there any sense in trying to impose integration where it is resisted from all sides.

We need to work out ways in which immigrant communities can be brought to understand the need for self-reliance and self-help, which some already practice in an exemplary fashion, to work out their own salvation and take the English as they find them. Come what may, they will tend to concentrate, and their age structure ensures a high birth rate for the next generation. We must therefore seek ways of minimising future immigration while maintaining a humane stance, and bringing the immigrant communities to understand that this is in their own best interests.

The issue of immigration should not be the subject of electoral considerations in either direction, the immigrant vote or the English. We must put forward what seems to us the most responsible policies in the long-term interests of all, and leave it to the good sense of all voters to recognise this. For if they lack good sense, there can be no hopeful outcome anyway. And in the last resort any minority lives by the goodwill of the majority.

We can legitimately question present dispensations; the right to bring fiances and putative husbands; fraudulent students; amnesty for illegal immigrants. We can question the unlimited right of family reunions here, instead of a balance. We should take advantage of the lull in East African Asian immigration to look again thoroughly into what was promised; how far families in fact possess citizenship rights in India, Pakistan or Bangladesh; how far other countries in the Commonwealth and outside can be induced to share the burden they so readily urge on us.

I hope that we may have a special small group to advise us on these difficult issues.

5. The Economy

It is only partly a paradox that Britain, the pioneer of the industrial revolution, should be so industrially crippled today. This is not the occasion to explore the reasons. Our industrial problems go back a long time. The facts are that no government has since the war given industry the predictable and stimulating climate it needs; that we have partly as a result patchy management; that we have a mulish trades union movement, with some malignancy; and that we have a mammoth public sector and a public opinion both insensitive to the realities of the market.

/There are things

There are things which we can do on all these issues. We can try to counter the anti-business snobbery; we can encourage management to explain the facts of economic life to their workers - though without imposing any statutory requirement on them; we can expose the public sector as much as possible to the market; and we can deliberately seek articulate debaters to field on the media to explain economic realities. All this, I hope, we will do.

We need perhaps to remind ourselves of our economic objectives, which reach out beyond the economy but are based on it; colleagues will have different preferences or ways of expressing them; to us property owning comes high - embourgeoisement; with, as key methods, entrepreneurship, productivity and innovation. All this is no more than an attempt to set a tidy pattern to an immense subject as a navigational aid.

For alas we start a long way from where we want to be.

Inflation

The sky will probably still be darkened by inflation when we return to office. Whatever the situation we inherit we shall want presumably to move probably gradually towards bringing supply and demand into balance. We may have a siege economy to dismantle. We shall have presumably to work simultaneously on the money supply, and on public spending, and therefore on the movements of domestic credit. We may inherit a large amount of suppressed inflation. It will be necessary as part of the cure of inflation to allow all such suppressed inflation to come out in price increases.

This time we must surely allow prices, subject to competition, and dividends to operate freely, so as to perform their functions.

Public Spending

If the public sector deficit and the borrowing requirement are anything like what they are now, we shall have a large reduction in public spending to carry through. There will be certain fairly obvious candidates such as subsidies, municipalisation, growth in higher education and aid. Much work will be done in the relevant policy group on this subject. But the cuts in public spending cannot at once be balanced by cuts in taxation; the first saving will have to be a sharp cut in foreign borrowing - and this we shall have to explain. In our balancing of supply and demand we shall need to watch carefully the flow of funds so as not to impose the cost of the treatment on the corporate sector.

We are all presumably agreed that we must not add to public spending except in a few chosen directions and that on the contrary our general aim must be to achieve large net reductions.

/Shift to exports.

Shift to Exports

As we bring supply and demand into balance we must hope that the exchange rate will open up increasing export opportunities to absorb the labour made available by the reduction of domestic overspending.

But there will still be plenty of difficulties, some unpredictable, some predictable:-

Unemployment

There may come a time when there is genuine national demand deficiency such as to require demand expansion. We need to make that judgement, however, on the real figures as near as we can get them of supply and demand for labour. For this we shall need figures for unemployed and for job vacancies much more classified than they are published now. Mr. Heath set in hand an attempt to do this but was frustrated partly at least because Ministers such as I jibbed at parts of it.

We shall want to be seen to act constructively to help the 'case' unemployed at a time when we may have decided that there is not enough demand-deficiency unemployment to justify expansion.

Lame Ducks

Secondly, counter-inflationary budgetary policies and reduction of the balance of payments deficit will call the survival of some swollen overmanned firms into question. We must liberate ourselves and the public from the impression that the only alternative to giving a company support from public money is allowing it to collapse, throwing all its staff out of work. We need to work out streamlined and visibly reassuring receivership procedures whereby firms are taken in hand, demerged where need be, the viable parts sold off, and the less viable parts slimmed down and only actually closed in extremis. We need to face up to making aid available to companies such as Leyland only on clear conditions leading to early self-sufficiency.

Redeployment and overmanning

Procedures for redeploying workers, retraining, cushioning against the shock of redundancy need checking, improving and publicising. Redundancy policy will need review. Britain's employment services are weak; employment exchanges may need to be open at evenings and Saturdays, actively seeking out vacancies. We should in every way we can make the finding of work easier for those who seek it. All the evidence is that despite a large number of vacancies - three or four times as many as are known to Exchanges - the search imposes great and unnecessary difficulties on those seeking. Study in opposition of how we will facilitate search would seem well worth while.

/Overmanning is

Overmanning is possibly our biggest weakness and our biggest opportunity. Competition should reduce it. But we need a positive and vigorous manpower and retraining policy to secure redeployment. There is a large field here for creative study abroad and with union and employer advisers at home. Housing is crucial - see below.

The Manpower Services Agency which was set up by us to make retraining and redeployment effective needs much more forceful leadership to do the job necessary and to reassure public opinion.

Militancy

Our policies are bound to come under attack from the militants. We must make up our minds from the start on which ground to fight. By not trying 'incomes policy' we avoid mass confrontation. But there are likely to be political strikes particularly in the state sector to try to force the government to subsidise them indefinitely. By withdrawing subsidies, and making it clear that wage increases will go onto the price, we shall be able to apprise the public of what the battle is over. We shall have to be ready to enforce the law.

We must proceed on the assumption that the majority of the public are basically law-abiding and reasonable people and will react reasonably to reasonable treatment and explanations. Otherwise, we might as well give up anyway.

We shall have to consider how far we can go in mobilising supplementary support for the forces of law and order in the case of political strikes. Will it be considered provocative? But will not the absence of countervailing power constitute far greater temptation to unions to challenge the civil power, as they have recently?

Strikers' benefits

We shall perhaps help if we can really nerve ourselves to remove supplementary benefit for dependents of strikers and if we can remove from them also tax rebates, which are by far the larger source of income for strikers. Are we prepared to do so? To convert the help into a loan may not suffice since it leaves a stream of income coming into the home during the strike - and that is when it matters - and employers may have their arms twisted to bear the cost of repaying the loans as part of the return to work bargain.

But to go further will involve repealing for strikers' families the statutory duty on the Commission to relieve poverty regardless of cause - an obligation that reaches tenuously back to the Poor Law of Elizabeth Ist. Such a repeal may lead to the resignation of several members of the Commission and to staff upsets. More serious, local authorities have power to help destitute children - and will

do so on the rates in some cases with gusto. We shall have large numbers of the public with us but the television will be hunting for hungry children and we shall have to be robust in our own defence. The unions may of course circumvent us by ceasing to strike and using work to rule instead.

What about tax rebates? They are far more significant than benefits. The tax-credit scheme would end cumulation, and therefore rebates; but tax-credits, even if we pursue the idea, are costly and take several years to introduce. Can we defer paying tax rebates till return to work, hurting the sick and the unemployed, but also removing a prop from strikes?

Self-employed

We shall need all the allies we can find. Winning back the self-employed and small business sector must be a high priority. The self-employed alone account for a significant share of the labour force; and the small business with local roots can often hold the loyalty of its workers. We must look actively into ways to help.

There remain a number of extremely important economic issues for study:-

Taxation:

There is a level beyond which taxation becomes unjust and harmful to economic life and directly inflationary. We have long since passed that point. It pays better to avoid tax than to earn more. People capable of earning more will do just this, so long as they have any liberties left. When these are gone many will emigrate. Few will work as hard as formerly. Do we not need to set a maximum limit to the aggregate tax take as a proportion of an individual's income?

Without imagining that a wholesale recasting of the tax system, except for CTT is needed, we shall want to consider what changes are justified - including a wealth tax - to secure sharply lower direct taxes on earnings and investment plus a chance to build up capital. We are said to consume far more of our GNP than other peoples. We must seek ways to change this gradually in favour of savings. There are many tax issues for us.

Investment:

This is often said to be our main need, but the trouble really is more in quality than quantity; much of our investment is ill-conceived and/or overmanned.

Welfare benefits:

There is an interaction between benefit levels and exemption from taxation on the one hand and earnings on the other. Abuse or scrounging is one of the results - probably not important economically but very important politically. This will be studied.

/Poverty.

Poverty:

We had intended to tackle elegantly and effectively by tax-credit, and this, I think, should be our aim still.

Rates:

One way of achieving support for our programme will be to cut swollen local government expenditure. The effects of reorganisation, which grossly increased staff costs, cannot be directly undone perhaps. But we should consider whether the system of paying officials on a population basis has not been made unsuitable by expansion of size. A public commission to appraise establishments and pay levels could perhaps be set up once we are in office as a priority. When government meets from taxes two-thirds of local spending it surely has a right to a say in staffing and pay rates. Local authorities devote a high proportion of current spending to debt service. Yet many hold large underused or unused assets, which they should be obliged by regular review to use or sell off to reduce their debt. Government can monitor this through loan sanction power and grant calculations.

Innovation:

The argument is that we shall never earn enough exports if we remain dependent on the existing mass industries, facing increasing competition from the Koreans, Taiwans and Mexicos - with cheaper and more disciplined labour. Therefore we should put no barriers in the way of innovation. This needs study.

Competition:

This should be at the centre of our policies, it seems to me. We shall need active attitudes on monopolies and mergers. The merger boom in the past has left some unsuccessful partners locked together by tax bonds. Some are prevented from demerging by the tax laws and the likelihood that size may help them obtain government support if they falter. We must look into ways of neutralising the effect of the tax system on size, and of ensuring that aid is not given to firms individually - except on conditions, as above - but instead relief is granted through the tax system. Competition will then sort out the right size.

Nationalised industries:

Presumably we do not think that denationalisation is practicable. Who would buy under Labour threats? Can we go half-way - BP? We must study. Anyway, I assume - but I may be wrong - that we are agreed to manage them at arm's length, phasing out subsidies, and seeking to cut overmanning as hard as we can. I am very conscious of a reservoir of disenchanted experience among our colleagues, and hope that suggestions will be made for fruitful thought and study.

Trades Unions:

Are there among our colleagues any who wish to embark on applying a legal framework to union activity? If so, let us discuss. It will come one day. Meanwhile are we agreed to study the possibility of requiring union elections to be by secret ballot - and whether it is likely to improve matters?

Should we follow Mr. Prior's lead in urging Conservatives to join unions and to work for enlightened self-interest?

Can we realistically seek to restore the no-strike condition in key sectors - such as power-stations - in return for a premium? We would make such an undertaking a condition of employment as it used to be.

Regional Policy:

There is evidence that in its damage to potential sources of industrial vitality such as London and Birmingham the current policies may be being counterproductive. Much taxpayers money is spent luring capital intensive projects to areas with surplus labour. Study will be needed.

New Towns also need review. These expensive showpieces were created by Labour after the war ostensibly to help the older urban areas. They have done the exact opposite, taking away the clean, profitable growth industries and the younger, more enterprising and skilled families and leaving old, dirty and declining industries, and older less adaptable people plus a vacuum into which overseas immigrants were sucked. They have had priority for money, resources and IDCs while the problems they left behind them have worsened.

Energy

Energy will impose its own imperatives and its own very difficult dilemmas.

But the biggest issue is the most difficult of all - the determination of the spirit of British business enterprise under the rain of hammer blows from governments and trades unions following upon several generations of relative industrial decline. We shall need time and skill to revive the old spirit.

6. The Land

We could surely agree that a flourishing British agriculture, fishery and forestry are essential for social and ecological as well as for economic reasons. In or out of EEC, there is going to be little enough cheap food for us to import. Philanthropy points in the same direction: if the Third World is undernourished, it is our duty to grow more food and release our imports for others. Agriculture is an efficient industry, and deserves a fair deal from government - mainly stable policies and realistic prices to the consumer.

/The town planning

The town planning system introduced with such a fanfare in 1947 is widely thought to have become a huge, expensive arbitrary apparatus with corresponding costs to business and private people. It has disappointed hopes of reconciling the protection of the heritage with enough release of suitable land for housing. It is trying to do too much and failing to achieve essentials. We need, if colleagues agree, a study of the variants used more effectively elsewhere.

7. The Family

We have inadvertently done much harm to the strength of the family by the combination of our redevelopment and our employment policies coupled with the side-effects of the relatively passive role required of parents in connection with education and health. We have broken up the adjacency of the generations by our slum-clearance and made it the normal thing for households to depend upon two incomes in order to maintain what have come to be conventional standards. Habits and attitudes have been spread by television - and above all, British children have come as a whole to devote to watching television more hours per week than any other people except for the Americans.

There is no unanimity about the results of all these factors, but they are accompanied by easier divorce, more juvenile delinquency and violence, more known child-neglect and child-battering, and the survival, if not expansion, of a subculture of multi-problem households, often one-parent, to whom much of the efforts of the officials as well as the voluntary social services are devoted.

No one seems to know whether the dependent groups are growing as a proportion of the population, but they certainly do not seem to be declining as it was hoped that they would. Meanwhile other miseries like alcoholism and truancy are spreading, and British hooliganism is notorious. Many of these characteristics are not correlated with poverty, though some are; much poverty is secondary - that is, caused by failure to manage the household income competently, rather than an absolute shortage of money. Some grow out of adolescent misbehaviour: others transmit it to their children.

All this we have sowed or are reaping and it is certain that we cannot shut again the lids of the various Pandora's boxes that we have casually opened.

Yet the family - helped by the school if all were well - is the sole reliable transmitter of attitudes and culture. We should try for their sake and for our own to reduce the uncaring home subculture. It is this background which breeds some outstanding people, no doubt, but also a large proportion of our casualties and criminals.

/It is proposed

It is proposed that there should be a special study, possibly an Opposition Commission may be suggested by some of us later to colleagues, on that part of the social services specially concerned with children - neglected, battered, delinquent, truant and their cure, treatment, punishment, etc.

Certain broad lessons have been learned in connection with housing, but is there any general palliative that we can apply to family life? Ought we, for instance, to try to persuade more mothers to stay at home until their children are all say 10? The French do through their tax system, compensating the mother for some of the money she might have earned. Many mothers are perhaps better mothers for getting some variety in their lives, it will be said, But we would of course be leaving the choice to the mother. Should we consider this? Should we deliberately try gently to give to parents more responsibility - in connection with education and health and housing? There are voucher possibilities which we should study with a view perhaps to an experiment. Can we do anything about television - and should we? These subjects are pursued as we reach them below.

I turn now to HOUSING - the frame for family life. Study will be being given to the familiar subjects - owner-occupation, sale of council houses, housing associations, together with several relatively novel possibilities.

Might it not for instance be one additional way to increase labour mobility and unfreeze council housing, particularly flats, if tenants were offered not only an option to buy, but also an option to buy a 7-year lease or 14-year lease with rent reviews? Tenants would then be able to sublet at a profit and would at once create a market in dwellings.

We should try hard to explain the evils of rent control and security of tenure. Homelessness will almost certainly increase and there should be an increasingly aware audience of our efforts.

It is well known that much of our housing is underoccupied. A big programme of sheltered dwellings, ideal for the disabled and the elderly, would enable large numbers of single tenants of family accommodation to move, releasing family dwellings. Such a sheltered dwelling programme would be both just what is needed on the merits and presentationally attractive for the old and disabled. At the DHSS we calculated that the country probably needs about 500,000 additional sheltered dwellings.

Many councils forbid subletting; change that and many under-occupying council tenants will take a tenant; charge them no extra rent, and even more will do so, especially if there were a rent reduction if the subtenant were elderly or mildly disabled.

Do we in the light of all this need large costly council housing schemes for normal families? They cost ten thousand pounds or more per unit, often demolish as much as they build, uproot fragile communities, deprive owner-occupiers and small landlords often for a pittance. Municipalisation should be cut out, and schemes encouraged for enabling owners to modernise property for rent or sale, and for low-cost, low-rise building for sale.

But no part of this will work if council house rents become under this government a smaller and smaller proportion of what they should be. We shall have surely on every count to remove the indiscriminate and enormous housing subsidies.

Clearly finance is a crucial element in rented property. We shall not be able I believe to make progress without some return to the admirable concepts of our own Housing Finance Act.

The present strains in the NHS will lead to a small increase in the private sector. People are willing to pay for better health for themselves and their families and yet our system penalises this; people wish for some choice and control of health provision; the present system gives neither.

We must distinguish between the provision of health services on the one hand and insurance against health costs on the other. Up until now the health insurance system has largely merely insured - though through the Nuffield Nursing Homes in particular it has begun to provide some health services as well. What we shall now witness will be the growth of health care provision either by the health insurance organisations or on the basis of financial undertakings by them.

Thus a parallel system of health care will grow up and more and more of the public may well make use of it. We should support the retention of private beds in NHS hospitals but we should, if they are banned, welcome this parallel development and should encourage a wide range of groups to provide health services, establishing a suitable inspectorate for standards. For those, probably a large majority, who do not want to pay insurance charges or to meet costs without insurance and for all the mental, geriatric and rehabilitation and accident services we must maintain a comprehensive national health service as now. Perhaps however we can move gently towards two other methods:- the European system of charges for GPs, etc., partly or wholly reimbursed; this gives the consumer a choice at different fees and establishes a cash nexus which some patients and some doctors like and others abominate. The second would be to use a voucher in some way that would need exploring.

This would be a health insurance system in which the state would give everyone a voucher equal to the present per capita cost of the service. He would be free to hand the voucher back in exchange for membership of the nationalised service or give it to a friendly society - charity, business, trades union, occupational or whatever. He could supplement

/this voucher if

this voucher if he wished. Societies would be able to use each others facilities by crosspayments to ensure that for instance there are casualty and emergency services as well as very highly specialised services available for all.

We know that one of the sources of family distress is the inadequate care of the elderly, who tend to fall between family care and public service. A large programme of sheltered housing has already been suggested.

What is needed in addition is more attention to the basically admirable home help, district nurse, chiropodist, meals on wheels and voluntary visitor services so as to keep as many elderly in their own homes as possible.

We will want to encourage voluntary services in every field in which they can be effective.

Another source of great concern to the people at home - that is, in their family or household life - is the prevalence of crime, and in particular, violence. We should encourage research into causation and penology. But the benefits will not of course be immediate, and the immediate policy for us to consider should perhaps be to give to police, probation and the relevant voluntary services a very high priority - with extra money to enable them to reach the proper strength. The policy for juveniles and children will be covered by the proposed Opposition Commission if it is approved; but money will be needed to put the necessary resources into services on the ground.

It is for consideration whether we should ease the burden on the police by (a) acting on the Edmund Davies report on evidence in criminal cases and (b) decriminalising some existing crimes - ?drugs. If we intend to encourage people to be more responsible there is a case for treating drugs as we treat alcohol and tobacco.

But while this attitude would require us to do nothing to suppress pornography for those who seek it out, we should it seems to me, protect the public from gratuitous pornography on the hoardings and bookstalls by returning to the Robert Carr Bill against Indecent Display, as well as taking what action is necessary against the use of the mail for unrequested delivery of pornography.

8. The climate of opinion: education; the arts; universities; the media.

An admirable start has been made these last years in asserting our concern for quality in education and for the involvement of parents. The list of what is to be studied includes the purpose of education; reading and numeracy tests; the syllabus; teacher training syllabus and methods; higher quality and perhaps fewer teachers; HMI; parental involvement; a voucher experiment; with perhaps an Opposition Commission taking evidence from all concerned on

Secondary Education, with special attention to mixed ability teaching, the education of the able and of the deprived child, and the syllabus. Truancy, violence, etc., will inevitably come in both to this range of study and to the Commission on Children which, as mentioned earlier, may be proposed.

For higher education there needs to be work done on the roles of universities and polytechnics respectively; on a loan system for students; on a sharp cut in post-graduate numbers so as to improve quality and reduce the number of people either deferring decision at the taxpayers cost or becoming, often with political intent, perpetual students. Loans for post-graduates need study.

Behind all these issues is to my mind one basic question: what is primary and secondary education for? This is the issue which tends to be fudged; until we know our own minds on the subject we shall drift before the pressure of fashion, achieving nctone of the possible purposes.

It is curious that our educational system does so little to teach children about the system of free enterprise that sustained the pluralistic and democratic freedoms we take for granted. It is perhaps worth discovering whether other countries do more to give their children an understanding of the philosophy of freedom within the rule of law by which we live. We should not be shy of asserting the broad values which we expect to be transmitted - values of truth, rational argument, non-violence and the rule of law.

We need also to face up to the power of television in shaping the values of children. More hours per week are spent in front of the screen by our children than by those of any other country except the USA. Is there a link between delinquency and violence and the television programmes? Here too we can learn both from research - including some powerful recent studies by a Dr. Belsen just about to be published - and from overseas. The experience of those countries that have sharply rationed or even barred certain sorts of programmes containing violence should surely be studied.

But it is not only violence that is perhaps encouraged particularly in the immature by some programmes and even by some school teachers; there is also a range of alien values - based on variants of tyranny and anarchy - which are propogated apparently by some teachers and lie behind the bias shown on some television programmes. Are we defenceless against such misuse of freedoms? We need not be. Once again, other countries may have shown us the way. In some, teachers are required to pledge themselves not to propogate any other system than democracy - while, of course, being free to teach about other systems. As for television it would be possible systematically to watch for bias or for lack of objectivity, and to insist that the highest standards of objective presentation be maintained. Should we not consider both sets of problems?

/There is a further

There is a further development of subversion that we should not ignore. The capacity to do harm has been to some extent focussed in universities as well as in unions. We shall be being advised on the scope for limiting the power of small minorities to dominate the choice of leaders by moving to a secret ballot for union elections. The proposal to consider reducing the number of post-graduates and of switching to loans may limit the problem in universities. But we should surely bring to an end the thoroughly undesirable practise of financing the political programmes of often violent and undemocratic extremists through compulsory contributions to Student Unions which tend to be dominated by small groups of fanatics. Let us consider making the Union contribution voluntary.

We do not, of course, stand for the suppression of open political argument. That is the essence of free speech. What we oppose is the hidden use of non-political opportunities for political purposes - whether by television producers or by teachers or by union extremists. For open debate and writing we have no fear - though there is a sad dearth of statements of our case and of free enterprise arguments in the text-book and paperback catalogues and bookshelves.

In fact it is precisely the communicators whom we hope will be the most robust and persuasive advocates of the freedoms we - and especially they - live by.

9. Overgovernment

We have probably all in our time denounced excessive government. Now we have to translate that attitude into reality. It will be relatively easy in administrative terms to phase out indiscriminate subsidies - and this will be something. But we shall soon find that to make real further savings we shall have to cut government functions. We should therefore study what and where to withdraw the frontiers of the public sector. Politics will present barriers to most possibilities but we must outpace the difficulties. The country will almost certainly be even more overtaxed than it is now and it will only be by cutting that we shall be able first to abate our borrowing and then our inflation and our overtaxation.

As part of this study we may need to freeze or impose a reduction upon the staff numbers of central and local government. In fact some part of the overgovernment now comes from powers exercised by local authorities, stemming from statute or ministerial programmes. We shall be bound to decelerate progress on many fronts and to say that we are so doing. The alternative will be a tax and rate payers revolt if one has not already occurred by the time we arrive.

But there are other dimensions to overgovernment beyond the financial. There are too many new laws; too many discretions are given to ministers and to civil servants; there are too many areas of administrative law - such as town planning and slum clearance; there are too many tribunals; there is too much that is arbitrary and outside the purview of the Courts. The New Despotism which Hewart CJ spotted nearly fifty years ago has multiplied. The statute book has become an engine of near-tyranny not only in quantity and in uncertainty - since much that has the force of law cannot be predicted or challenged in the Courts - but also in quality. Taxation at 98% is confiscation more than it is taxation. So is the new Land Bill. So are some other invasions of fundamental rights. Moreover we are deliberately condoning conflict of laws. We have signed as a country international conventions giving our citizens rights which they cannot enforce in our own Courts because our domestic law does not correspond with our international commitments. Furthermore we are solemnly contemplating devolving powers to Scotland and perhaps to other parts of the UK without arranging any jurisdiction before which conflict between powers and functions can be decided.

For all these reasons it is not surprising that there should be suggestions that we should contemplate a Bill of Rights, very qualified in its restraints though such a Bill in our circumstances is bound to be.

10. Presentation and philosophy

Though the policies touched on need relatively few large changes in laws, they do call for substantial changes in attitude. It will be important to the extent that this sort of approach to policy is acceptable to set it out in a coherent statement. Can this be done? Yes, I think it can. The character of our approach is dominated by liberty, realism caring the market, patriotism, quality and less government. Not all these can be encapsulated in one phrase, though we should strive to find one. In the meanwhile we can, and I believe, should ourselves as a party explain the intimate links between economic, social, cultural and political freedoms; the dependence of real freedom on the rule of law and on decentralised ownership of resources; the supremacy of the pricing and profit system under the pressures of competition to any other allocative mechanism; the inability of an ever-expanding nationalised sector to be subsidised by an ever-smaller and weakened private sector. We can and should stress the link between profits and jobs; the link between prosperity and caring. We have a superb case. The conjuring trick by which Labour are apparently able to provide a rising real income for their main supporters will soon be shattered by events.

K.J.

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Moral betrayal, not economic failure

The cause of our troubles is not economic, nor has it anything to do with world conditions or our loss of empire, or with any of the other easy excuses which we are so ready to accept, and our present rulers to invent, for our comfort. It is a disease of the spirit for which there is no one to blame but ourselves.

There is no objective factor in our present situation with which our neighbours have not had to contend since 1945, except those which, at the outset, rendered their situation far less promising and more difficult than our own. There is no possible excuse for our bad performance, which is due, and in my opinion entirely due, to facts wholly within our own control as a nation.

It is, in short, a failure of the determination, of the will, and even of the desire to think our problems out in a rational and unselfish fashion. The fault lies not in our stars, but in ourselves that men do thus abuse us.

Obviously everyone who has lived in this country as an adult during the past 25 years must bear some share of the blame for this national decline. But the heaviest share must obviously rest with those of us, and that clearly includes myself, who have held responsible positions in Government, Opposition, or the political parties, in the media, in the trade unions, in industrial management and, perhaps not least, in the educational establishment.

But the greatest influence of all, at least in my view, is what used to be called the *trahison des clercs*, the moral betrayal by those who ought to be upholders of the traditional virtues, qualities, and institutions, and of the truths and values which it was their duty to maintain.

Incidentally, it is never the proletariat, the so-called underprivileged, or the victims of alleged social injustice who destroy a society. It is always a failure of moral leadership, and intellectual integrity, or, worse still, an element of conscious betrayal, on the part of those whose function it is to counsel, to bear responsibility, and to guide, that causes moral disintegration of the sort which I am seeking to describe.

The best and the most faithful of these must at least bear the shame of failure. The others must, in greater or less degree, carry the responsibility for actively bringing down the edifice their forbears erected, and which they inherited as a sacred trust.

By contrast we must recognise our own nation as, until recently, among the most successful political communities ever to organise itself on the face of the planet. Yet we are suffering from a revulsion of feeling against our national past and traditions, our moral and spiritual values, our political and economic achievements, which is comparable only with the malaise of nations smarting under some national humiliation or prolonged failure. Yet we have lost no wars. We have faced no difficulties greater than our neighbours. We have no reason whatever for our loss of self-confidence.

But there is no mistaking the loss of confidence which exists. It can be seen in a wide variety of different ways. The popularity of Scottish and Welsh nationalism, the class militancy of trade unionists, the outbreaks of that permissiveness and violence which always seems to accompany national decay, all seem to me to spring from a reaction against the very things which used to be a source of pride, and which used to be offered as, at least in part, the explanation of our past achievements.

One of the oddest symptoms of our moral weakness seems to me to consist in our recurrent attempts to win the last peace. This sometimes seems to me to underline the demand for so-called "social justice." The argument appears to be that you cannot expect people to be patriotic, or public spirited, or even disinterested, honest or law-abiding so long as people suffer from inequalities of birth or wealth or even reward, or difficulties of housing, or recurrent unemployment.

Yet the fact which, one would have thought, could be seen to stare everyone in the face is that, when we were manifestly a good deal more unequal than we are now, and suffering to a much greater degree from the admitted evils of unemployment, bad housing, undeserved poverty

and inadequate educational opportunity, we were a good deal more patriotic and self-sacrificing, harder working and prouder to be British than we are today.

Please make the following corrections to the paper
"Notes towards the definition of Policy".

- Page 6: Bottom paragraph for "a mulish" substitute
"an obstructive".
- Page 7: Insert after paragraph 5:
Shift to Profits
Corporate profits have been declining for
some years and now in real terms are virtually
non-existent. It is essential to allow them
to be built up again. This will be difficult
since it can only take place at the expense
of private consumption and public spending,
but unless it happens industry will shrivel.
- Page 8: Six lines from bottom: insert "to" after can.
- Page 12: Penultimate paragraph line 2: for "determination"
substitute "deterioration".
- Page 13: Paragraph 3, line 6: for "officials" substitute
"official".
- Page 18: A paragraph has been omitted. Please insert as
new paragraph 4:

Should we not therefore on every count of merit
and enlightened self-interest take particular
care to encourage the world of the arts? We
hope to help revive the scope for private
patronage - by abating inflation, by increasing
and spreading wealth - but there are still
functions that for the foreseeable future
governments will have to aid. Let us do it
with style and civility. It can foster
excellence and spread delight, and can be
afforded by the merest shaving of wasted
educational resources.

K.J.

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