

Our Second Birthday Party

1976

Two Candles to Shed LightIntroduction

The Centre's birth was a process which began early in 1974, when Sir Keith Joseph and Alfred Sherman - who had helped with speeches and research before the 1970 Elections - sought the causes of the disappointment of their high hopes. It had become apparent to them that whatever the merits and shortcomings of the 1970 -74 government, many of its difficulties stemmed from the prevailing climate of opinion which disfavoured the market economy and created a brittle society.

Since the climate of opinion is one of the constraints within which governments must work, a government dedicated to the principles of expanded personal freedoms and responsibility would need wider understanding and support for the kind of policies which many had hoped for from Conservative governments.

Moreover, policies followed by both governments since the war contained many conflicting objectives and measures. No systematic effort had been made in or on the verges of political life to relate these convergent policies or measures. Yet it seemed on reflection that were it brought home to the majority of the population that the post-war consensus contained the seeds of its own failure, alternative policies could gain acceptance.

We make use of the term "market economy", for want of a more comprehensive term, to designate a society where myriad decision by individuals, firms, institutions, government and the wider world are harmonised. This basically means an economy with its own internal rationality. Historically, this emerged with the growth of private property and the curtailment of arbitrary state power. How far it could operate without a major private sector remains a matter for controversy. All that can be said with certainty is that in Britain as in most of the industrialised countries, the expansion of state economic control and ownership has in fact coincided with declining levels of rationality in the economy, and that most socialists and union spokesmen reject arguments in favour of greater rationality as "heartless" "unacceptable", etc.

To work towards greater rationality entails generating increased understanding of the imperatives of economic life, dispelling illusions and myths. This educative process will determine the degree of freedom of manoeuvre enjoyed by future Conservative Government committed to working towards a free and more rational economy - or for that matter by any other government working to that end. For the two major parties mutually influence one another and the climate of national opinion within which they operate.

There are limits to how far governments can legitimately go on moulding public opinion, just as there are limits to oppositions' ability to do so. Beyond these limits, there is a role for the political parties, if they are not to remain purely electoral machines.

The Centre for Policy Studies was set up to act as a free-standing participant in the Conservative campaign of re-assessment and opinion-forming. In a sense our chosen and agreed role is that of trail-blazer.

From the moment of our conception, we took it for granted that the Party would be broadly in agreement with the direction we seek to take, indeed this is inherent in the concept of trail-blazer. Hence, there is no substance in the picture of the Centre presented here and there as a party within a party or private army. The Centre has its place in the Conservative scheme of things.

We are not a research organisation, in the sense of a body set up to carry out research. We are rather consumers of research, which we commission as needed. Our main job is opinion-forming.

A good deal of our work has related to questioning the post-war consensus, based on a misunderstanding of Keynes, which must carry much of the blame for our inflationary recession and stagnation. Some of our work has been misunderstood or misrepresented, involuntarily or otherwise. We did not argue "for unemployment" - as has been alleged. We simply question whether what has come to be called full employment, and which has come to mean jobs for all at given wages and conditions, can be ensured by direct government action. We questioned the relevance of the monthly figures of registered unemployed and vacancies - as the Department of Employment statisticians themselves have done. We argued that short cuts to growth and full employment bear some of the responsibility for the present stagnation and high levels of unemployment.

It is a characteristic of the level and style of political and economic discussion of our times that attempts to analyse economic phenomena rationally are bound to provoke accusations of rejecting Utopia. But we persevere, ^{en}hearted by positive responses we have encountered, and not all one side of the party divide.

We are engaged in publishing a number of studies.

- * Intervention Studies: Upper Clyde Shipyards; Rolls Royce; Textiles; Aluminium Smelters.
- * Comparative Studies: How Germany rose out the recession without inflation.
- * General: "The Growth Doctors" (the quality of economic advice tendered government
"The New Acquisitive Society" (a view of the new collective aquisitive-ness and the acquisitive state)

We are planning to hold seminars, to bring economists, politicians, academics, industrialists and others together to reconsider conventional wisdom in light of experience.

When we were set up, we published a note of our objectives and style. We believe that it has stood the test of experience, and enclose a copy.