

Myles TP

(F)

30th October 1981

Mr Gow is away in his constituency today and so I am writing to acknowledge your letter of 27th October, together with the enclosed critique of "Changing Gear".

Thank you for sending this to Mr Gow. I will make sure that he sees when he returns to the office on Monday.

Miss Tessa Jardine Paterson  
Political Office

David F Myles Esq MP

From: DAVID F. MYLES, M.P. (Banff)



HOUSE OF COMMONS  
LONDON SW1A 0AA

27th October 198-

Dear Sir,

To the Authors of CHANGING GEAR  
and a few other interested MPs

I enclose a hurried critique of the pamphlet  
'CHANGING GEAR' and hope you find this  
constructive.

Yours aye,

David

DAVID MYLES

P.S. I thought you may  
be interested.

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"CHANGING GEAR"

A Critique of the proposals made by the 'Blue Chip' Group of Conservative Members of Parliament in their pamphlet entitled

"CHANGING GEAR" : " WHAT THE GOVERNMENT SHOULD DO NEXT"

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It is significant that the Press reaction to this pamphlet suggests that 14 young Conservative Members of Parliament are rebelling to a certain extent; and no matter how much they may try to refute the suggestion, the impression sticks that they are not at all happy with the present Leadership direction and are therefore anxious to 'change gear'.

As one who knows most of the group fairly well and, would go so far as to say, likes and respects them all individually; but as one who does not share their intellectual capacity or academic achievement or youth or perhaps even ambition; and as one who has lived a much more practical life among very ordinary people; also as one who has suffered the economic consequences in personal business of high interest rates and recession, I am submitting this critique in the hope that the Group will see it as as the reaction of many Conservative supporters who share my working background and my political commitment.

In the beginning, there is a very definite impression of an ambitious, highly intellectual 'Blue Chip' Group, slightly arrogant with a touch of the supercilious, but determined to dazzle the general reader with their knowledge and command of language. How else can we explain the sentences - 'Like cosmology before the telescope or physics before particle theory, contrary judgements about the interpretation of even the most central economic phenomena are still possible' ( page 1) and also - 'In between, like the corpse of Patroclus, lies British Industry'.

I commend the recent book by Milton Friedman and his wife, Rose, 'FREE TO CHOOSE' as an outstanding example of how to convey a message in simple, direct and logical style, uncluttered with jargon and pedantry !

...The pamphlet's/



The pamphlet's first sentence reads -"Conservatives should never become too entangled with a particular theory" suggesting that the present Government has fallen into an economic trap. Then again, we read that "no-one can deny that in the last few years we have come close to abandoning our traditional approach to politics in favour of the belief that our job was to impose a certain type of economic analysis on the Nation to become a pressure group for a particular economic theory !". Now, I am always suspicious of anyone who says "no one can deny" and right here I must deny the assertion made by the authors. Surely, the accusation stems from our political opponents and it is quite wrong for any group of enthusiastic Conservative Members of Parliament to underline the charges made by the opposition and accept them as being undeniable. I cannot understand why the 'Blue Chip' boys are so dogmatic in this context. My interpretation of what the Government has been trying to do, and what all Government Spokesmen and Communicators should be doing, is to instil some sense of realism into the electorate; just a straightforward, no nonsense, statement of fact; not a theory but a fact that money cannot be spent which has not been earned plus all the other repeated truths that the Government has been advancing without vague theoretical assumption of any kind.

I cannot accept the assertion that 'Economics is a science still in its infancy' Some infant; going back as it does to Plato and Aristotle and, in more modern times, to the 18th Century Adam Smith (Wealth of Nations) John Stuart Mill and others.

CHAPTER 2 -'ECONOMIC POLICY' leaves me somewhat confused about what is being suggested in practical terms - "It is possible to knock holes in various alternative economic theories" - The Group says vaguely that there should be an undertaking of capital investment in the public sector and a wide range of public investment: and suggests it would be sensible to think about four or five billion over the next two years on capital



capital projects and perhaps two billion of industry's costs by cuts in the National Insurance Contributions thereby adding an extra six or seven billion to the Government's budget. I fail to see where the money's to come from although there is a suggestion that some upswing in borrowing can probably be accommodated without affecting interest rates too much. Perhaps they are saying they really want higher personal taxation? If so, how do they want the taxation to be levied? And do they think that higher taxation would be more acceptable than the very realistic and sensible measures now being followed by the Government?

CHAPTER 3 - INDUSTRY POLICY - enables me to acknowledge some broad agreement and to commend the Authors, although I continue to detect a certain arrogance and slight irresponsibility in some of their allegations. In general, I agree with almost everything they say about the Government Agencies buying British Equipment: and I most certainly support the idea that assistance should be concentrated on industrial sectors rather than regions. I also agree with the view that British Industry has, in some cases, suffered severely from Regional Aid Programmes which tempted Companies, against their better judgement, to build factories in most unsuitable places. I would go further by concentrating Regional Aid only on the most devastated areas while, of course, paying attention to the great difficulties apparent in those areas. We should also, as they say, encourage the establishment of new industry anywhere in Britain and I feel they have not drawn enough distinction between encouragement and Government subsidisation. I am sure there is much to be gained at less expense by the withdrawal of Government and Planning interference with industry than possibly by hand-outs of scarce capital resources to companies which ...can manage



can manage very well on private capital.

In Section 3 of Chapter 3, the authors compare the amount of money spent in Britain with that spent by our competitors in France, USA and Germany on research and development. I have always felt that those who judge results by the amount of money spent, are merely seeking an easy way for politicians to justify the spending of other people's money. I can never quite understand how the pouring of money into research and development programmes alone can guarantee their effectiveness. In fact, I can never understand how the pouring of money into any programme can guarantee its effectiveness. We have seen some of the greatest inventions and developments in the world come from those working on the proverbial shoestring. The fact that our innovators and inventors have been successful with small sums of money in comparison with those in other Countries such as America where vast sums have been spent, most certainly does not prove that we can get results simply by spending money. In my opinion, the emphasis should be placed on rewarding achievement and, as the authors rightly suggest, encouraging the would-be Frank Whittles of the '80s. I particularly like, and agree with, the Section on Small Businesses..... a pity that those bright young men failed to give more space to their constructive and worthwhile suggestions in this direction.

Section 5 - Chapter 3 - on the Nationalised Industries seems to agree with Government Policy, certainly I am in complete agreement with the points made by the Group. But perhaps Inward Investment and Pay Policy merit a deeper analysis than is made in the pamphlet, but then it is, of course, only a pamphlet.

CHAPTER 4 - EMPLOYMENT PRODUCTIVITY - agrees largely with Government policy. As one who has not been involved in large scale Employment or Industrial Relations, I would hesitate to comment over much on this

....paragraph



paragraph but I fail to see the relevance of the Trotsky quotation and I wonder just what the authors are trying to prove. It could surely be said that if the Group had gone further back than the beginning of this century, and examined the state of the British economy and GNP at the time of our greatest Capitalist functioning, they would have seen that Britain led the world in Industry. I would accept that there is nothing to be gained by confronting the Trade Unions because, of course, if the Unions were to disappear they would quickly re-appear under another name. But I remain concerned that we must continually seek to expose the weaknesses in the Union care of the poorest sectors of the economy and/or the creation of unemployment by their actions whether it be by negotiating excessive minimum wages, especially for the young, or for failing to allow natural technical developments in time to make us truly competitive.

In my opinion, CHAPTER 5 - IMPROVING OUR LABOUR FORCE - would have been better entitled 'THE PROBLEMS OF UNEMPLOYMENT'. It does not surprise me that the young authors have concentrated on Training Programmes, Youth Opportunities etc but I believe that something far more radical is necessary to cope with this dreadful phenomenon resulting from changes in technology and a policy of deliberate concealment of facts in the field of employment. I am disturbed to note that the authors seem to have accepted that  $2\frac{1}{2}$  to 3 million are likely to be out of work for some considerable time. A much more radical solution must surely be sought, and here I must jump on a personal hobby horse. In my opinion, unemployment simply cannot be cured or prevented by the employees side of Trade and Industry or again by Government Training and Youth Employment Programmes or other such cosmetic treatments. I believe that the Unemployment statistics will only be reduced when it becomes attractive

...for employers



for employers to employ and, in this regard, I feel that potential employers, all Small Business-men and private employers, hold a significant key to the problem. I am sure we all know many self-employed tradesmen and others who are working excessively long hours in preference to employing assistants and taking on what they call 'the complication, frustration and burden of the employer'. Much of the useless and superfluous regulation imposed on employers must surely be swept away without fail.

In the field of personal employment or service, I can never understand why it is considered morally justifiable to lavish the taxpayers money on large - often State Controlled - Industries in order to maintain employment whereas the idea of offering tax relief to employers in the field of personal service is considered quite unacceptable.

There is nothing demeaning or degrading about private service employment especially for the less well-endowed academically and I deplore the tendency to look down supercilious noses on those who seek to use the talents of the under privileged in Society. I have personal experience and knowledge of the days when domestic servants were employed in almost every farmhouse in the country; and I still enjoy a very happy friendship with one who served my parents in that capacity. Undoubtedly, the occupation equipped the young for a future life as adults with responsibility and gave them some insight into how the other half lived. I believe that by allowing tax relief on the employment of personal assistants or servants, we could cure at a stroke many of the problems of our black economy.

Where an employer does not get tax relief on an employee's wage, there is no need for him to declare those wages or to meet any minimum standards or requirements of the level which he pays. The result is that we have many people employed as Gardeners, Handymen, Domestic Servants and Homers who make up a part of our Unemployment Statistics and who undermine employment opportunity in the legitimate sectors.



Chapter 6 - "SOCIAL POLICIES" emphasises the importance of the Family Unit and, while agreeing, I am slightly disappointed that the Group failed to mention the Tax Credit or Negative Income Tax Solution to Social Deprivation and a way of simplifying our whole Tax system. I fully agree with the suggestions for combining private and public funds within the National Health Service and also encouraging as many of the elderly as possible to be independant or to be kept in the care of the family. On this subject, a property-owning Pensioner has suggested to me that the Local Authority should be empowered to buy her house and leave her as a tenant, enabling the Authority to sell the property on her death and, assuming no change in property values, make a handsome profit on the deal. The tenant Pensioner would, of course, have access to her Capital and, in many cases, relieve the State of the need to pay Supplementary Benefit.

CHAPTER 7 - CONSTITUTIONAL REFORM is, in my opinion, the most valuable contribution that the Authors have made in their pamphlet. Their constructive suggestions for the reform of the House of Lords and the use of proportional representation in that Chamber, and in that Chamber only, is one of the most constructive and sensible suggestions which I have encountered. I agree with the brief analysis of the problems of funding and continuing Local Government autonomy. I sincerely hope that this Chapter will be widely read and acted upon.

CHAPTER 8 - a brief Chapter on the huge subject of Foreign Affairs, Defence and Europe, suggests to me that the Authors simply failed to devote time to a proper analysis and I believe they might have been

....much more



much more honest if they had said so. Their equivocation on Trident and on the problems of the Third World does not lead me to understand what they are in fact suggesting. As far as membership of the European Community is concerned, they seem to believe that they can leave to others the job of persuading the electorate of its value. I hope that these bright young men can be persuaded to use their talents in that direction to a much greater degree.

Those who know me will not be surprised when I deplore the one-sentence dismissal of the Common Agriculture Policy. 'Out of date and out of control' they say and then demand illogically the abolition of the lamb clawback. If they knew anything about up-to-date markets, they would realise that the lamb clawback has become almost irrelevant and that lamb exports are resuming at quite a high level and that markets are in no way being depressed by the marvellous achievements of the Sheepmeat regime - in fact they are running at something like 30 pence a kilo higher than they were before the regime came into being.

CHAPTER 9 - CONSERVATISM TODAY - reverts to high sounding phrases and beautiful language with little meaning and, frankly, could have been left out. "We are only elected when half our supporters come from the working class" - appalling and I wish somebody would put an end to the myth about the working class. Who are they anyhow ?

CONCLUSION: I am perhaps a little less critical at the end than I was at the beginning of this critique; nevertheless, I believe that the Group have committed the very sin of which they accuse the Government - the message has not got across ! Certainly, I agree with much of what is written in "CHANGING GEAR" but I am sure it has had the effect of giving more ammunition to our political opponents than support to the Conservatives.