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A Country At  
Ease With  
Itself.

M. FORSYTH.

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ADAM SMITH  

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INSTITUTE

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### INTRODUCTION

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## Chapter 1

### INTRODUCTION

It is customary for those in public life who set out their ideas to sensationalize their work with overblown claims about its urgency. Thus we are usually told that "Britain stands at the crossroads," and that critical choices have to be made which will determine the entire future of the nation. Such claims serve to underline the dire warnings of the writer, to alarm people that we face some sort of "crisis," and to suggest that only prompt action based on those selfsame insights can avert the impending catastrophe.

I make no such claims. Britain stands at no crossroads except in the trivial sense that every present is a crossroads where the past meets the future. I do not believe that this nation is in crisis or that only the immediate adoption of urgent remedies can save it. On the contrary, I believe that Britain is well on course, and is in the process of making a seamless transition from the policies which succeeded in the 1980s to those which will succeed in the 1990s.

Thus my purpose is not an attempt to sound the alert to some impending emergency, however much interest such drama would add to my words. It is rather to show how the principles which enabled us to solve many of the problems of the last decade can develop the policies we need to tackle the different priorities which the current decade presents.

#### Problems overcome

Politics is not about perfection. It is about making the best use of what is available; it is about operating between limits and achieving the maximum which can be attained within them. It consists in Oakeshott's words of "using the resources of traditional manner of living in order to make a friend of every hostile occasion." Not surprisingly, given such low-key goals, one hesitates to apply the term "success" to any particular period.

Despite such hesitation, however, the government led by Margaret Thatcher in the 1980s did achieve a large number of the targets which it set for itself, and some which came about unexpectedly. Britain, which had started 1979 as a nation on decline, the "sick man of Europe," subsequently achieved the highest growth in wealth of the European Community, and the highest gains in

productivity. It is no accident that these coincided with the biggest fall in state spending within Europe. Less measurable, but no less real, was the restoration of Britain's self esteem at home and her prestige abroad. In most of these cases a decline which had spanned decades was halted and reversed. The policies worked and the records show it.

Of course, there were problems which remained unsolved, and there were new problems created by the new circumstances. This is one reason why politics is not about perfection. No sooner is one set of difficulties overcome than a new set presents itself to our attention. There will always be problems which require to be solved. While there is occasional talk of "consolidation," such words fall more naturally from the lips of the comfortable, from those sufficiently well off to enjoy the ample opportunities of a varied and successful life. For those below that level of comfort there are still barriers to be overcome, prejudices to be challenged, doors to be opened, as John Major has said.

Such things were achieved in the 1980s. Robert Worcester of MORI recorded the biggest shift in upward mobility since records began, while the highest numbers in history gained access to opportunities previously reserved for the privileged. Britain became once more a society in which success was respectable, and in which ambition was admired as the engine of progress. The generation of youngsters who grew up with this message will be exerting its benign outcome for many years to come, testing themselves and their talents to the limit and improving life for the rest of us in the process.

The inspiration and the philosophy which generated those policies transformed not only Britain. A dramatic testament to its power is to be found in its acceptance on the world scale. Nations which had tried to force state socialism upon unwilling peoples, gave up the struggle and turned in increasing numbers to the alternative vision of free markets and free peoples. Countries in Africa and Asia which had muddled through years of muddled socialist ideology turned with relief to the concepts of opportunity and choice. The socialist empire of Eastern and Central Europe is no more. And even the British Labour Party is attempting through innumerable twists and turns to extricate itself from the dead hand of that alien ideology still written deeply into its constitution and its history.

### **The new challenges**

So complete has been the victory of those ideas that there is little need to fight again in the 1990s the battles which were fought and won in the 1980s. Our attention can turn, as it should, to advancing from those victories into new grounds, to building upon the achievements of the last decade and to creating new structures more appropriate to the needs of the new times.

This is the "seamless transition" which I referred to between the

policies which succeeded in the 1980s and those which will succeed in the 1990s. It is not a question of simply continuing with the same policies; they have achieved their objectives. Most of the state industries are already privatized or set for privatization. Many of the state services are already being opened up to the choices and incentives which internal markets will bring. The trade unions have been brought under the control of their own members and of the law. The policies have worked.

Still less is it a question of reversing the policies of the 1980s. Few people would wish to abandon those hard won victories and take Britain back to the gloom and hopelessness of the 1970s. The victories were won and they stay won. It is question of advancing from them into new territory, but guided by the principles and the philosophy which secured them.

Under its new Prime Minister, John Major, Britain is in the process of making that "seamless transition" of applying the lessons of the past to the problems of the future. The government is neither repeating nor reversing what was done before, but building upon it. This is why I say that Britain stands at no crossroads. Instead it is on a course which leads to the extension of choice and opportunity to those who have hitherto been denied them. It is a course which leads to part of the nation's new wealth being applied to make life better for all of us.

The challenge is to set that course to achieve the objective without putting at risk what we have already gained. It is this challenge which is part of the eternal task of the political process, and which contributes to its endless fascination. In many ways the 1990s are virgin territory; they reveal new issues and new priorities. The success of Mrs Thatcher's government in revitalizing the economy, combined with the retreat by the Left from its old ideology, have led to the emergence of common ground on issues which once divided Right from Left.

The new Prime Minister thus starts with advantages not enjoyed by his predecessor. John Major can be radical without being divisive, whereas Margaret Thatcher faced critics committed to an ideology diametrically opposed to her own. Still she pressed on with her vital reforms. In doing so she broke new ground for Britain and for the world. History will applaud her achievement, placing her alongside Winston Churchill as one of the greatest Prime Ministers of the century.

#### **A country at ease with itself**

John Major is now poised to build upon those hard-won achievements, and to set his own style as he carries reform into areas which could not be attempted before, and with the other parties competing to some extent on what is beginning to emerge as a common agenda.

The Prime Minister's evocative phrase on taking up office spoke of the idea of "a country at ease with itself." It refers to a country secure in itself, in its place in the world, and in its priorities. It is a country confident that its citizens can lead fulfilling and rewarding lives unimpeded by the old barriers and divisions. Most of all, perhaps, it is a country united in its determination to improve itself, and in doing so, to redefine the nature of the unwritten agreement between the citizen and the state so that an easy partnership develops where once there was tension and conflict. It is a noble and a worthwhile ideal.

The great economic debate of the Twentieth Century has been between those who favour central economic planning, and those who prefer the spontaneous interaction of people making choices. The supporters of central planning have argued that it sets resources to work rationally in order to meet anticipated needs and to allocate goods and services fairly. Proponents of the market economy have argued that it produces goods and services to meet real needs, and that the signals it sends by way of prices and profits tell where resources should be used efficiently.

Ultimately, the debate was not won by argument but by results. The market economy triumphed because they were better able to produce the goods and services people wanted, better able to create wealth, and more readily combined with the personal freedoms and democratic government which people chose when allowed to do so.

The victory of the market economy on the world stage is not a final battle. The price of liberty is eternal vigilance, and this requires no less in economic freedoms than it does in political freedoms. Voices will be raised again and again urging controls on wages and prices, even though forty centuries of experience has shown that they do not and cannot work. Government subsidy for failing industries and depressed areas will be urged, even though the minor relief it brings is transient, and is bought at the price of permanent dependence.

These arguments will have to be fought and won again at national level, in the Councils of the European Community, and in the world-wide negotiations for tariff reform. The Labour Party's policy documents demonstrate at length that while the party has adopted some of the language of markets, it has neither the understanding of them, nor the feel for them. The broad sweep of these proposals talks of accepting the market; the detail reveals the ever present itch to regulate, to limit, to control.

#### Barriers of markets

One of the difficulties faced by proponents of market-based economics is that the terms sound so impersonal, as if life were ruled by great economic forces and mechanisms. The terms can make it seem as though economic progress and wealth creation were ends in themselves. The reality is that they are means toward more

Chapter 2 ends. They enable people to make choices, to decide their priorities, to accept the moral growth which comes with their lives according to their chosen value systems.

## THE SOCIAL MARKET ECONOMY

To live life under a centrally planned economy is to live life according to the priorities of the planners; it is to be a mere instrument in someone else's idea of utopia. And just how depressing and degrading that idea can be is witnessed by the shambles which it wrought upon the socialist countries. To live life under a market economy means to decide which things you

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### The morals of markets

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To live life under a centrally planned economy is to live life according to the priorities of the planners; it is to be a mere instrument in someone else's idea of utopia. And just how depressing and degrading that idea can be is witnessed by the shambles which it wrought upon the socialist countries. To live life under a market economy means to decide which things you consider to be important, and to pursue goals you think are worthwhile.

Market advocates have sought for a term which implies and emphasises the human side of economic activity. They have looked for a description which stresses that the accumulation of wealth is only justified by the use to which it is put, and expresses the determination of society that some of its created wealth will be allocated to improving the conditions of life for all, even those unable to provide themselves and their dependents with a decent standard of living unaided.

The term chosen by the Germans determined to make a fresh start after the experience of Nazism and World War II was the "social market economy." They wanted to make it clear that part of the wealth created by the market-led economic miracle would be put to the task of reducing social divisions and improving the living standards of those who fell behind. That they succeeded is now history, and it is significant that their opponents, the Social Democrats, were never able to be elected until they formally abandoned Socialism and embraced the Social Market Economy instead.

The term "Social Market Economy" has long attracted interest and support in Britain. In the late 1970s, Sir Keith Joseph (as he then was) introduced the term into Conservative philosophy as a means of conveying the value to people's lives, as well as to their wealth, of a market based economy. In 1980 the Adam Smith Institute published Konrad Zweig's book on "The Origins of the German Social Market Economy," with the intent of popularising the ideas within Britain.

#### **The social market of today**

Now that the 1980s have seen the triumph of the market over the planned economy, and Britain is once more a society which creates wealth, attention has turned again to the expression which seeks to humanise the impersonal mechanisms and to lay emphasis on the benefits which it makes possible for society as a whole. The Conservative Party Chairman, Chris Patten has revived Lord Joseph's use of the term, while the Chancellor of the Exchequer, Norman Lamont, has given a definitive address to endorse the term and to explain its meaning.

There are two important points, both made by Norman Lamont. The first is that markets are inherently social. They are about interactions between people, whether it is the bustle of trading at a Saturday morning street market, or the wider system which enables us to buy goods and services from far away people like ourselves who wish to trade. "It would be difficult," says Norman Lamont, "to imagine an anti social market."

The second point he makes is that the social market economy has to be a **market** economy. That is, it must be primarily based on supply and demand for goods and services, and derive from choices freely made by people according to their own priorities. The social considerations must not subvert its market nature, nor undermine the signals which it transmits about prices and wages, nor prevent people from discerning incentives and opportunities and from acting upon them. We must use the market mechanism to deliver our social policies.

The market can create wealth better than any alternative tried so far, and it can enable the largest numbers to satisfy simultaneously their different requirements. That wealth can be used for general goals, but only in ways which do not cripple the process which produces it.

We made long strides toward a social market economy in the 1980s but there is further to go. We did succeed in freeing business and industry from the stifling effect of government direction. We did turn the once-ailing state industries into vigorous private operations. We changed subsidy-consuming industries into tax-paying ones. We ended exchange controls and we made it easier for people to invest in their own future. An important part of that social market economy involved allowing people to determine their priorities by letting them keep more of their income. People can hardly make choices if the government takes 98% of their income, as the top rate of income tax did in 1979. Today that top rate is 40%, and people, not governments, decide how to spend it.

### **Building a system of care**

The emphasis in the 1980s was on releasing people and businesses from the shackles of subsidies and controls, and on restoring their ability to react to market signals. It was correct emphasis; what was needed was the ability once more to generate wealth. It is because we were successful that we can now give more emphasis to building a system of care for those who are unable to make their own way toward a decent standard of living. Societies are not only judged by the opportunities they offer for people to succeed, but on how they treat those who do not. There will perhaps always be those who are not competent enough to make their own way unaided; it may be through some inadequacy, disability, or simple misfortune. A crucial point about the social market economy is that it should offer a decent standard of living to those who fall behind.

which many people think we should now accept, as a visible symbol. We are not talking of the Socialist dream of equalising incomes regardless of effort or talent. That is one sure way to destroy the incentive which brings with it the advancement of society. We are talking of decent standards administered with dignity and in ways which never remove the incentive for people to improve themselves. This is one area where we can build on the success we achieved in the 1980s by new policies to address new problems.

Because the opportunities to succeed and the rewards of success were never higher, more people took those opportunities in the 1980s than ever before, and raised their own living standards and the choices and opportunities open to their families. Inevitably this opened up gaps between those who succeeded and those who did not. The Left claim that poverty increased in this period, using the utterly pernicious doctrine of relative poverty. This is no more than the politics of envy. It amounts to saying that because some people become wealthier, everyone else must become poorer. It misses the point that wealth is not a fixed pie to be divided, with bigger portions for some meaning smaller portions for others. Wealth can be created, adding to the total size of the pie. But it is also true that a wealthier society can afford to raise the living standards of its poorer members.

### **Fairness and simplicity**

The challenge is to produce a workable proposal which combines that simplicity with fairness and understanding. There are many ideas about how this might be achieved.

The point is that societies are judged to some extent by the way in which they do such things. They are more cohesive societies if those who fall behind feel that they are still part of society, still entitled to decent treatment and consideration, and still receiving a share in the success of that society. It remains clear that the time is right for a more vigorous debate about the alternatives for reform.

### **Working with the grain of the market**

A social market economy is one in which some of the wealth which free markets allow to be produced makes its way in social gains to those not equipped to gain it for themselves. Conservative governments, along with others, have always accepted that obligation. This is one reason why attention turns at time to things of social value. This is why the Thatcher administration set a world lead on key environmental issues, a lead which the present government will continue and develop. It is why we work to improve public health, education, and public transport.

All of these are deserving of our attention, and beckon us to build on the gains we made in the 1980s. But the provision of welfare benefits in an updated and humane system is a challenge

which many people think we should now accept, as a visible symbol of our commitment to a social market economy.

#### CLASSLESS SOCIETY

I am among those who think we should accept such a challenge and explore new ideas to put market principles to work on behalf of those who need our help.

The notion of "class" is peculiarly British. In the 1970s it could be quite an eye-opening experience for British people to travel to the continent of Europe or the United States and to see how little account there was taken of a person's background and upbringing. Indeed, if it mattered at all in the United States, a humble background in someone of note was taken as a mark of personal achievement.

"Class" in Britain had a harmless, if offensive, side of some groups feeling they were better than others, even though it was an important badge of class never to admit it or to show it. A rather more offensive feature of class was the way it denied opportunities to people of talent and worth. Many doors were closed simply because people did not come from what was thought to be a suitable background.

There is no question that class matters far less in Britain than it did. The 1980s opened up areas previously closed, made education respectable, and engendered greater social mobility than ever before in Britain. Those who point to allegedly greater disparity in living standards are missing the point. What matters is not the gap between rich and poor, but the obstacles which might prevent people from closing the distance through their efforts. Many of those who are now rich are so by their own personal efforts rather than by inheritance.

Britain did become a looser, more open society in the 1980s. Attributes and opportunities which had been limited became more generally available. For example, at the start of the decade less than one half owned their own houses; by the end of the decade it was over two-thirds. We began with four times more people belonging to trade unions than owning shares, and we finished with the balance tipped in favour of share-ownership.

The occupational or personal pension had been for the privileged few; now it became the prerogative of the many. Choice in education had been confined to the wealthy few who could afford to pay for private schools; now that choice is becoming the norm within the state system. These and many other indicators tell the same story, that class mattered less at the end of the 1980s than it had done before. It is yet another mark of the success of these extraordinary Thatcher years.

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## Chapter 3

### A CLASSLESS SOCIETY

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As in other areas, these are achievements which can be built

upon. It would scarcely have been credible to think in terms of a classless Britain in 1979. Yet by 1990 John Major was able to announce it as a plausible and worthwhile aim of his administration. In many ways he and some of his colleagues are the embodiment of that ideal. There has been a marked increase in the number of ministers who come from ordinary backgrounds, and who made their way through state schools, and from there into business or the professions.

If class matters less in Britain than it did, it still matters too much. There is a waste of talent whenever someone is denied access to jobs and opportunities from which they could benefit and in which they could serve their fellow citizens. In aiming for a classless society, the Prime Minister is targeting the barriers which stand in the way of individual development and attainment.

Some of those barriers are formed by attitudes. There are still too many professions where the intake is heavily biased in favour of those from fee-paying schools or a couple of universities. This is not because of any formal barriers, but because those already inside them tend to prefer to accept new applicants from similar backgrounds to their own. There are still too many positions which ethnic minorities feel are closed to them, again, not because of actual restraints, but because those who appoint are not looking for candidates from different backgrounds. Attitudes can be changed by example and by exhortation, and that will form part of the task.

### **Extending opportunities**

The important starting point is a determination to extend opportunities, to give those from below an open access to the top. It means that privileges which were in the domain of a select few must be opened to the many. No-one should feel that their life is determined and limited; there must be chances and choices available at every point for people to develop their talents and skills and to put them to good use.

One area where a difference could be made is in child care. John Major's last budget as Chancellor introduced tax relief on employer-provided child care. It was a bold move, cutting through at a stroke the anomaly under which the parent had to pay full tax on the value of such care. It has made employment a viable option to many parents who previously had no choice.

### **Breaking the barriers in education**

Education, no less than home life, is of prime importance in opening the doors to careers, choices, and self-development.

The process has begun. Our education reforms have introduced choice where there was none, and begun to transform our school

system into one required by parents instead of one imposed by officials. Now that parents can choose between state schools, and schools can opt for local self-management, we are on course for a system in which the schools which parents favour will succeed. There is more variety and more choice.

Of course there is more to be done. Now that nearly 100 schools have pioneered the road to self-management and developed the administrative instruments to make it work, the principle can be easily extended to all schools.

One of the ways in which education can be upgraded is by concentrating on the quality of teaching. The status of teachers has undoubtedly declined and should be raised again. Part of the decline may have been a by-product of a producer-dominated system which took insufficient account of parents' wishes. Part of it may have been caused by the readiness of some teachers to instigate industrial action at the cost of the children's education.

### **Higher education**

Higher education also has its role to play in building a classless society. In Britain we produce a university and college education so good, but so expensive, that it can only be made available to a minority. In the United States it is nearly half who go to college. Going through tertiary education in the US is not a rare privilege for the few; it is a normal option which is taken up by about half of the population.

Much greater numbers in Britain could benefit from university or college courses, and should have the opportunity to do so. This means increasing both the number of places available, and the variety of course offerings. We should not make the assumption that only academically inclined people can benefit from this type of education. Many more vocational, business and professional courses could be added.

Our universities and colleges need not offer the same type of education, or all try to attain a common standard. One of the keys to wide access is variety, with institutions and courses to suit many different kinds of needs and preferences. While we cannot undertake this kind of expansion overnight, the government is already committed to enlarging the number of places over a period of years.

By improving access to education and education itself, we enable people to develop their potential and equip them to take on challenges and raise their estimation of what they can do. This is all part of the process of making a society open to merit. A truly classless society is one in which where people come from matters a lot less than where they are going.

## **Health care** business to special shops reserved for the elite.

The National Health Service has just begun a similar process of reform. The NHS reforms which began in April have started to introduce choices at all levels, by patients, by doctors, by managers, by hospital directors.

As with education, it has been a voluntary process, with some state hospitals opting for the status of self-managing trusts, and some group practices deciding to become budget holders. Increasingly the funds will follow those choices, and be allocated according to the decisions made by patients and NHS professionals. It will mean more choices and better value for money. Soon it will become common for patients to be offered faster treatment if they are prepared to travel. Some will accept, some will refuse. That is how it should be, and represents the kind of choice which has been routine for years in the private sector.

As with the education reforms, government's task, having started the process of extending choice, is to monitor the results, assist those who choose to pioneer new pathways, and then to make sure that the benefit gained for the users are spread as widely as possible through the service.

One key benefit of the health reforms is the greater responsiveness of the health service to local needs. Local managers and clinicians now have a far greater say in running their own hospitals. By incorporating an element of competition between hospitals, the reforms will encourage greater efficiency while improving the quality of care - the best of all worlds for the patient and the taxpayer.

People are not at their best when they come to use the National Health Service. They are sick, and often afraid. They are entitled to be offered the choices available, and consulted about the types of treatment available.

The surest way to end the class division between private patients who can go elsewhere with their money and captive NHS patients is to give those NHS patients the same opportunity. This single move, more than any other, will have sections of the NHS vying to deliver the best service that can be achieved. It is the task of government to make sure that this process is accelerated.

## **A classless society**

I made the point that a classless society is not only one open to ambition, regardless of background. It is also one which takes account of the way in which people are treated, and does not offer deference to the privileged few while taking little account of the wishes of the many. This model is characteristic of socialist societies, where the millions queued helplessly for bread in empty shops while the party bosses swept by in their



black limousines to special shops reserved for the elite.

The provision of such services as education and health on socialist lines has done much to spread class discrimination in Britain. We have now shown that we can keep them publicly funded, while replacing the socialist model with market mechanisms that give people choices, and which allocate resources in line with those choices. Once again, it is time to build upon the achievements of the 1980s, and to make them work better for people in the 1990s. The Thatcher administration started those reforms; now the Major administration can make them work.

Privatization was a significant theme of the 1980s. It was a solution to the problem of the state industries. Because they were inefficient and took huge annual subsidies to support, and because they had resisted all attempts to make them behave differently, a policy was adopted to move them systematically into the private sector. That it succeeded brilliantly is now history. Loss-makers became profitable, and learned how to woo and win their customers. Soon the rest of the world started streaming to Britain to learn the secret, and privatization expertise became quite a flourishing export as the world followed our example.

Some industries remain in the public sector. This is either because, like the Railways, the Mines and the Post Office, it is taking time to prepare them for privatization. Others remain because the decision was taken to keep them publicly funded within the state sector, and to concentrate on trying to introduce choices and competitive pressures. This applies to the human services such as health and education.

The search has been undertaken to find ways of making the industries and services which remain in the public sector improve their performance and become more responsive to their consumers. It is a common cry from the left that they are under-funded, and that all it takes is more money. This is patently untrue. They have already received more money, in substantial quantities and more than they have ever had before. Yet still they under-perform. The problem is that funds are not spent efficiently, and that more emphasis is given to satisfying the wishes of those who produce the service than those of their consumers.

If we were to raise taxes substantially and pour even more money into the state services as the left advocates let no-one suppose that this would produce the desired objective. On the contrary, with the same forces at work within them, the new money would be spent no more efficiently than the old, and we would still be left with services which gave insufficient value. They would still be inefficient and they would still be unresponsive to their consumers. The difference is that they would be more indebted. We have to change the forces which work within them.

To a large extent this was the reasoning which inspired the "internal market" reforms in both health and education. The success of these changes depends upon the ability of those who

## Chapter 4

### A CITIZENS' CHARTER

#### Empowering the users

The public services provide yet another opportunity to build upon and develop the work done in the 1980s. Privatization played its part. Privatization was a significant theme of the 1980s. It was a solution to the problem of the state industries. Because they were inefficient and took huge annual subsidies to support, and because they had resisted all attempts to make them behave differently, a policy was adopted to move them systematically into the private sector. That it succeeded brilliantly is now history. Loss-makers became profitable, and learned how to woo and win their customers. Soon the rest of the world started streaming to Britain to learn the secret, and privatization expertise became quite a flourishing export as the world followed our example.

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To a large extent this was the reasoning which inspired the "internal market" reforms in both health and education. The success of these changes depends upon the ability of those who

receive the services to make choices, and to make the state's resources follow those choices. There is no doubt now that these reforms will work. They are already making themselves felt in education, and there are indications already that they will also succeed in the health service.

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### **Empowering the users**

The public services provide yet another opportunity to build upon and develop the work done in the 1980s. Privatization played its role, and internal markets will play their role in turn. What is needed now is some means of enabling consumers to exert real pressure upon the system.

The problem is the unequal balance between the state services and their recipients. We all have to pay our taxes, but we are unable to use those funds as we would in the private sector to have our needs met. We cannot withhold those funds, and we often have no alternative choices as we would in the private sector. The state services do not have to upgrade the quality of their output in order to keep us satisfied and to keep us coming back. On the contrary, they have far more pressure from their own work force than they do from those who receive their services.

It was the absence of effective consumer rights within the state sector which led the Adam Smith Institute to propose the idea of **empowerment**. The reasoning is that if consumers could be given powers equivalent to those already enjoyed in the private sector, this would make the state services deliver the quality expected of them. The key element in the strategy to empower their customers is to have the state services required to compensate their customers when they fail them.

This has proved a fertile idea. In his speech at Southport, the Prime Minister called for a "Citizen's Charter," under whose terms the public services would have to provide an acceptable quality of service, or face financial penalties when they failed to do so. It is a bold concept which can extend the benefits of the private sector to those services which remain public. In doing so, it could be to the 1990s what privatization was to the 1980s: an idea which transformed the economy.

Other parties have proposed various forms of consumer rights, so there is the making of a consensus of sorts in favour of this quite radical reform. But we should be quite clear about what needs to be done. A general declaration of rights will do no good unless it is backed up by detailed powers which give redress to customers of the state when the service lets them down.

Similarly, the notion of citizens' rights should not be seen as some kind of stick to beat business with. On the whole private business already does concede these rights. It is because customers can go elsewhere with their money that private business offers compensation.

## Chapter 5

The Citizens' Charter will be won or lost on the details. The rights have to be real, they have to be measurable, they have to be enforceable.

The Conservative Party Chairman, Chris Patten, said earlier this year that by the year 2010, public services should be so good that no-one would automatically assume that the private sector would be better. It is a laudable aim, and one which a Citizens' Charter might well bring about.

Those of us who worked in Mrs Thatcher's government will always regard it as a privilege that we were included. She took on the challenges of the time with radical new policies tailored for the conditions she encountered. And she literally changed the world. Those policies succeeded in reviving and restoring one country first, and were then shown to be capable of transforming others.

By the end of that decade the free system had triumphed. Country after country was jettisoning the accumulated debris of Socialist controls and central plans, and turning instead to solutions which stressed free markets and choices made by individuals. It came to be recognised almost universally that the spontaneous interaction of these free decisions gives an order and an achievement level far superior to any that can be preconceived in the minds of a few ideologically motivated planners.

### Different problems

Now we face a new decade with its new and different problems. We are no longer faced by over-mighty labour unions and declining state industries. That the problems are now different is a tribute to the success of the Thatcher years. It was a problem-solving administration, and it solved many of the problems which faced it.

The old state industries are privatized, but the public services have yet to offer the potential they ought to be capable of. They have yet to match the kind of quality and attention to customers which we expect from the private sector. Britain's decline is reversed, and we are once again a wealth-creating nation. But we have yet to produce a humane and dignified way of ensuring that more of the benefits of that wealth make their way to those unable to garner them unaided.

We have opened up career opportunities to those who found them closed before, and have largely ended the institutional barriers to achievement and success. We no longer use punitive tax rates to impose the politics of envy on those who try to create wealth and employment. But there are still attitudes and impediments which stand in the way of people being treated on their merits, and taken for themselves and their talents, regardless of their background or origin.

Chapter 5  
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**CONCLUSION** a system in which only those who use the private sector  
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In short, we face new problems which require new solutions. The  
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build. Now we must apply the principles which we learned in the  
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### Conclusion

The government headed by John Major is well-equipped for that task. Most of its members shared the exhilarating experience of the administrations of the 1980s. They saw problems faced resolutely and imaginatively, and they saw the solutions succeed. Now they can use new solutions to go forward from those achievements to the tasks which face us now.

I make no apology for the undramatic nature of this analysis. As I said, we face no crossroads, no crisis. If a "seamless transition" seems unremarkable, my excuse is only that it was ever thus in politics. We do not legislate for eternity, only to hold off evil for a generation, and perhaps, if we are lucky, to grow two ears of wheat where one grew before.

It concludes that the government should seek the following five points: Maximum choice, a Government which is Operator Neutral as well as Technology Neutral, leaving the market to decide on whether companies succeed or fail, minimizing of cross subsidies within the service, and objective regulation.

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### EUROMEGA CONSTITUTION

Authors William Forreast and Frederick de Bisle argue that a new European constitution is the only way to prevent the Community turning into a centralized bureaucratic super-state. The report argues for a firm framework of accountability. The Commission would become a purely executive agency -- the European civil service -- under firm democratic control. Every action of the Commission would be accountable to a democratically elected Parliament with two chambers: a lower house directly elected according to population, and an upper house with roughly equal representation from each country within the community.

The community government would be further restrained by having no power to impose any taxes other than VAT or sales tax. Individual countries would retain strong powers of their own, and centrally-imposed harmonization of tax rates or social benefits would be illegal.

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It concludes that the government should seek the following five points: Maximum choice, a Government which is Operator Neutral as well as Technology Neutral, leaving the market to decide on whether companies succeed or fail, minimizing of cross subsidies within the service, and objective regulation.

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## EMPOWERMENT

### THE LAST POST

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This report by international experts, warns of the dangers of further centralizing the European Postal system. Instead of accepting the ideas associated with greater central control and European harmonization it stresses the need for greater competition in postal services generally.

It outlines the explicit dangers of further centralization for both the business and non-commercial communities, and accepts the need for a new regulatory approach. The report, with its novel policy proposals, should be of interest to anyone concerned with the future of an efficient postal system for Europe.

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Author Professor Colin Robinson argues that irrespective of the environmental or safety arguments, nuclear expansion would be a costly mistake. Although politicians see nuclear power as a useful alternative to coal-fired stations in the event of pit strikes, Professor Robinson sees it as a very costly way of guaranteeing the supply and present rules as more of a hindrance than a help. The privatized generating companies are already seeking out new sources of supply, including smaller and cheaper new gas-fired power stations and cheaper coal from overseas, and the obligation to use nuclear power simply hampers their efforts to secure a greater diversity of cost-effective fuel supplies.

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"Empowerment" in the form of the Citizens' Charter is now a key theme of John Major's administration. The idea is that all state industries will be required to give good standards of service to the public, with compensation if they do not. It argues that any budget increases thrown at the state industries would just disappear. Improvements will occur only if state services are made more responsive to customer demands -- which means giving customers some redress when the service is inadequate.

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The ASI report on the Citizens' Charter explains the reasoning which led the Institute's thinking, and the essential basis to the Charter itself. The point is made that the three essential elements are published performance targets by the public services, independent monitoring, and a system of redress when those targets are not achieved. The point is made that only individual rights guaranteed by the Charter can collectively achieve the improvement sought in the state services.

The examples given by the Institute provide the basis for many of the proposals in the White Paper which launched the Charter.

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The Institute's most recent publication on the Charter not only asserts the prime importance of the essential elements, it also goes on to itemize the way in which the Charter has to be developed as a rolling programme, with the White Paper as only the first stage. The paper asks a series of questions of each area of public service, questions whose answers determine how the Charter is to be applied in each service.

Its conclusion is that the Charter will give ordinary citizens the ability to stand up to the state services without being intimidated or over-awed by their power and monopoly status. It describes how ~Citizenism~ has emerged as the distinctive look of the new administration.

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