



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

16 January 1981

Sir Frank Taylor,  
Taylor Woodrow Construction Ltd.,  
10, Park Street,  
LONDON,  
W.1.

*Dear Frank*

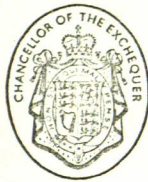
Ian Gow has drawn to my attention an article you sent him, by Professor Harry Ferns, in the Free Nation's January issue. The article made two principal points: first, that the Government had not cut public expenditure enough; and second, that national assets such as the nationalised industries should be compulsorily exchanged for Government debt held by the public.

I agree with the importance of the first point, of course. But, as Professor Ferns concedes, "cutting public expenditure is easier said than done". As a matter of fact, we have achieved some very considerable reductions in the expenditure plans we found when we came into office. In my first Budget in June 1979 I announced substantial cuts for 1979-80 even though three months of the financial year had passed, and in that year public expenditure was over £2 billion less than in the previous Government's plans. Further reductions have been made for future years: thus we expect the planning total for public expenditure next year to be some £5 billion below the level planned by the last Government. And we expect the actual outturn to be falling each year thereafter.

Turning to Professor Ferns' second point, I can see real difficulties in the particular course of action he recommends - though I am in total agreement with his broad objective of selling Government assets. We are doing our best to privatise those parts of the public sector which can be privatised; but there is a great difference between selling assets and forcing holders of Government debt to exchange their holdings for shares in the nationalised industries. Investors who had bought Government stock in the past would be very unlikely to do so again if they thought they risked suddenly finding themselves holding shares in loss-making industries. I believe the right way forward is to sell State assets to willing

/buyers, who





buyers, who are the people most likely to manage the assets profitably. We shall certainly be pressing ahead in that direction.

*With my good will*

*J — —*

GEOFFREY HOWE

*John*  
*—*



F. TAYLOR.



10 DOWNING STREET

24th December, 1980

Dear Frank,

Thank you so much for your letter of 23rd December, with which you enclosed a copy of the article written by Professor Harry Ferns.

There is no keener de-nationaliser than I am, and I have heard Milton Friedman put forward a similar suggestion.

I have sent a copy of the article to Keith Joseph, and have also shown it to the Prime Minister.

With every good wish for 1981, and I hope to see you early in the New Year.

Ian Gow

Sir Frank Taylor, D.Sc. (Hon.), F.I.O.B.



# Taylor Woodrow Group

Sir Frank Taylor, D.Sc. (Hon.) F.I.O.B.  
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Our Ref: FT/MO.

23rd December, 1980.

Ian R.E. Gow, Esq., M.P.,  
Parliamentary Private Secretary,  
10, Downing Street,  
London, S.W.1.

*Dear Ian,*

Please forgive me, but I think the article enclosed with this letter in Free Nation entitled "WHY CAN'T THIS GOVERNMENT CUT?" by Professor Harry Ferns, is really first class.

I agree with all he says, excepting I am not sure of his method of the actual way of selling and the shareholding. Here, I think, what he says wants very careful consideration and probably some change.

Secondly, I am enclosing a copy of a memorandum I sent out in Taylor Woodrow. The chief reason here is because I think Harry Chapman's article on how the civil servants block Ministers (if you have not read it) is well worthy of your consideration.

Our country is in dire trouble and although some of us are supporting Mrs. Thatcher, our Prime Minister, and her policies, a lot of Ministers, M.P.'s and many industrialists, including the C.B.I., are not giving her the support that is needed if we are to pull through; as Professor Harry Ferns says in the last paragraph of his article. In the British case, it can work if the problem of public expenditure is solved. This requires political imagination and courage, it requires the involvement of millions of people.


Every good wish to you and all those you love and hold dear for a happy and joyous Christmas of goodwill.

*and many healthy, happy  
exciting & prosperous New Years*

*Sincerely  
Frank*



Taylor Woodrow Group

*FOR TW Ltd* 

Internal Memorandum  
PARENT BOARD DIRECTORS,  
EXECUTIVE BOARD MEMBERS,  
MD BOARD MEMBERS

To:

Copies

From:

F.T. *Beard* *folder*

Date: 12/12/80

Int. Tel. No.

Ref.

FT/MD

Subject:

Attached with this memorandum are three cuttings from the Free Nation. In two of these items, our Chairman, Dick Puttick's hard work, good clear thinking in chairing 'Operation Expansion Britain' and parts of his speech at the CBI Conference are reported and all credit to Dick for his great work and splendid endeavours on behalf of getting Britain back to economic stability and supporting free enterprise.

In his speech at the CBI Dick emphasized his resolution of the previous year, which was carried with a great majority and the CBI did nothing about it.

The other cutting is also from the Free Nation, which I am sure you will find interesting .... Leslie Chapman pointing out seven ways of saying "Yes Minister" and yet not doing anything to help the present deplorable situation.

In my humble opinion we should continue our fight and also continue to register our disapproval of the CBI and its apathetic attitudes. Although we are committed to pay the CBI subscription for the year 1981 (our 1980 subscription was £7,592), I think we should closely monitor the actions of the CBI in the forthcoming year with a view to deciding during this period whether or not we wish to remain in membership. This matter can be discussed at our next Taylor Woodrow Limited board meeting, on 9th January.

*Thank you.*

*F.T.*





# Operation Expansion Britain

A MAJOR plan for economic recovery has been launched by the "Operation-Expansion Britain Committee", set up by AIMS. Following suggestions from thousands of companies and trade federations, a report, "Getting Britain Moving" was drawn up by a group of industrialists, economists and academics. It makes radical proposals for cuts in government activity and encouragement to private enterprise.

Introducing the campaign, its Chairman Dick Puttick (Chairman, Taylor Woodrow) said the group approved government policy on inflation and public spending, but that it was not yet succeeding. More of these measures were needed, he said, hence the Expansion Britain Campaign.

The report recommends two special campaigns to oppose Marxist attacks on capitalism. The first is an advertising campaign on the hoardings. The second is for industry to provide more

money to assist publishers to produce needed books. British publishers are criticised for producing too many books on Marxism.

Speaking at the opening Press Conference, Mr. Michael Ivens said that out of 150 titles in Macmillan's spring list of political books, there were no less than 60 Marxist titles.

More trade union leaders opposed to Marxism should speak out. Protests tend to be left to three or four brave trade union leaders.

"The media must stop treating subversion as a taboo subject. The quantity and quality of information on subversion in the media are lamentable. French and Italian newspapers are far more knowledgeable about the financial basis of subversion and of support for extremist parties."

Manufacturing industry continues to recruit its share of graduates — though service industries get relatively few. Government and union restrictions and taxation

have, however, produced disenchantment in some graduates.

The untrue myth that British industry is a class rigid system is damaging. British industry is more socially mobile than most other countries. "There are some signs nowadays that certain shopfloor people with management potential are resisting promotion because of the requirement of higher management standards in certain areas and because of the additional pressures on management from the shopfloor."

Too many big companies fail to emphasise the role of the entrepreneur in material provided to schools and universities.

"The shop steward system has virtually destroyed the first-line supervisor as a communicator. It is essential that effective communication between management and the shop floor be restored."



## WHO IS DEFENDING FREE ENTERPRISE IN BRITAIN?

# CBI backs down on closed shop

RANK and file members of the Confederation of British Industry watered down their earlier clear stand against the closed shop at the Brighton Conference last month.

In 1979, a grass-roots rebellion at the Birmingham Conference firmed up the Confederation's line on union power. It passed with a clear majority a motion stressing the urgency of taking action.

The motion was infrequently referred to a study committee and this year the Conference was obliged to debate a bland motion welcoming the Employment Act and wanting to take no further steps for the present.

Moving the resolution, Mr. Anthony Frodsham (Engineering Employees Federation) said the Employment Act was widely supported. To silence from the 1000 industrialists present, Mr. Frodsham praised Jim Prior for pressing on "sincerely, moderately and with the practical understanding."

Calls for more legislation, in particular to restrict union immunities, "may look attractive", he said, "but would they improve day to day relations?" They may create bitterness and political warfare.

Backing for Jim Prior came from Roland Lowry (International Harvesters) who described him as "the outstanding success of the government." "I have an instinctive sympathy with the wets", he said. He went on: "We cannot applaud the rise of free trade unions in Poland but curb them in the U.K."

Support for the motion also came strongly from British Rail's Clifford Rose. The Employment Act had resisted the temptation to teach the unions a lesson, he said. Industrial relations was not about law or Westminster or Congress House, it was about people. "Don't reach too quickly for our legal claymores," he pleaded.

Leading the opposition to

the official platform policy was Derek Gaulter (Federation of Civil Engineering Contractors), Dick Puttick (Taylor Woodrow) and Tom Batho (Esso).

In opposing the resolution Derek Gaulter said that there was every sign from what Jim Prior was saying and from what a lot of people in the CBI were saying that there was a strong lobby for brushing the remaining issues on industrial relations law under the carpet.

"Last year I pointed out the inequity of nationalised industries, local authorities and other large bodies imposing the closed shop on contractors by contract clauses. Since then we have had extensive negotiations with Jim Prior; we think we won the intellectual argument but at the end of the day the Government declined to make the practice unlawful.

Dick Puttick criticised the Employment Act for the permission it gave to closed shops. He felt there should be periodic testings of opin-

ion for existing closed shops.

The closed shop, he said was "a denial of freedom, it shackled free enterprise and breached the European Convention of Human Rights." Freedom of association should be upheld in U.K. law.

Mr. Puttick recalled the Conference decision last year which backed, by a large majority the right to join or not to join a union. "Neither the CBI nor the Government have acted to give effect to that motion. Oppose this motion," he said, "to show your opposition to the closed shop".

To wide applause, Tom Batho attacked CBI resolutions for being bland or convoluted. It was so with this resolution. While he understood the reluctance to push on with more law, Mr. Batho declared: "What legislation that has been introduced is small beer. We have now run out of steam. Codes of conduct have all the authority of a bag of wet fish.

THE most interesting remark



# Seven ways of saying "Yes Minister"

MR. LESLIE CHAPMAN, the former civil servant and author of "Your Disobedient Servant" has accused the civil service of "totally failing to carry out the Government's decision to cut public expenditure".



Speaking at a meeting to launch a new free enterprise campaign, "Operation Expansion Britain" (see report page four) Mr. Chapman said that at the present rate of progress the Cabinet's "cost cutting" exercise would take from 80 to 170 years to accomplish its task.

A more "workmanlike approach" to the problem of cuts was being prevented by civil service opposition, he said.

And he listed seven "tricks" which top civil servants used to get round Ministers' cost-cutting directives and plans.

1. Follow the Minister's instructions about cutting out waste, conduct a survey, then put the recommendations in a filing cabinet and disband the team that did the work.
2. Agree about the urgency of the plan but say there is no staff available to do the work properly. Then send an old lady out to investigate, who will report that there is nothing to worry about.
3. Delete from the team's terms of reference anything that is likely to lead to savings.
4. Disregard the Minister's plea for urgency. Say that such work had to be done "properly" and that will mean anything up to 18 years.
5. Persuade the Minister he does not need a report at the end of the investigation.
6. Give the job of looking at economies to the people who are already running the show and they will send back a bland report.
7. Give the job to people whose careers depend on advancement: "they won't find much wrong".

Mr. Chapman cited the case of a group at the Department of Environment which was charged in 1971 with the task of selling off government land holdings. It achieved absolutely nothing, he said, and was disbanded in 1975.

Operation Expansion Britain recommends the formation of teams of professional representatives of management services, operations and methods and similar disciplines. They would seek out waste in the public sector and would consider what activities should be removed. Similar teams would be available for local government. Reports from the teams would be published so that the public would be better informed.





Mr. Prior's day of reckoning

## All 21 Judges will rule on closed shop

FEBRUARY 1981

# 24

TUESDAY

The splinters of life's ladders prick hardest when we're sliding down. W.L. Brownell

### Wallenberg 35 years is enough

by Norris McWhirter in Stockholm, Sweden

HERO of our times, Raoul Wallenberg, the Swedish diplomat who in 1944 saved 30,000 Jews from certain death in Budapest is still alive aged 68 facing his 35th winter in Soviet prisons and camps.

A message telephoned to a Russian-speaking citizen of a Western country late in November has revealed his location. While the existence of the camp is confirmed its location cannot be published because it could endanger the source.

The most recent official Soviet denial of his survival came from Mr. Kosygin as recently as September. The former Soviet premier



asserted that he had died in the notorious Ljubljanka Jail in Moscow in July 1947. The Swedish Foreign Office have solid evidence that Wallenberg was alive in 1959.

The reasons for his imprisonment without trial have never been explained by the Kremlin. It violated every international agreement on diplomats and on the neutrality of his country.

The UK, USA and Swiss governments joined Sweden in demanding the release of this fearless and selfless man who has produced documents to enable thousands of Jews hunted by Nazi death squads to escape to safe

Continued on page two

OVER four long years after being sacked by British Rail at the behest of the closed shop rail unions in 1976 Iain Young, Noel James and Roger Webster are to have their test case heard at the European Court of Human Rights in Strasbourg on Tuesday, 24 February. And not by 7, but by all 21 judges as expected.

News of the enlarged court came at the same moment as the Government, after three delays, came to within an hour of their fourth and final deadline of 5pm. on 5 December to deposit their final defence. Mysteriously it had been claimed that it had been posted 8 days previously but had not arrived at the Court's registry.

#### £40,000 costs

The Freedom Association's membership has alone supported the case through nine governmental delays (6 by Labour and 3 by the present Government) to a cost exceeding £40,000.

The Government's orange-covered 54 page defence memorial had taken over 39 weeks to prepare since Mr. Prior was first advised on 4 March that the Government (and thereby his Department) was arraigned by 15 votes to 3 by the Commission for violating its solemn obligation to protect the rights of three of its citizens to freedom of association under Article 11 (1) of The Convention for the Protection of Human Rights and Fundamental Freedoms, ratified by Britain in 1953.

The defence (known as a Memorial) is now being examined by the three Commissioners (known as

## MINISTER TO SEEK VIEWS



EMPLOYMENT Minister, Patrick Mayhew, Q.C., M.P. has agreed to address the national conference of Freedom Association Branch Chairmen in London on 10 January. Speaking soon after the Green Paper on trade union immunities, he will want to know members' views on the next steps. After questions, the Minister will join Chairmen for lunch.

### Human Rights are "safe" — for 5 years

BRITAIN has renewed the right of British citizens to petition the European Human Rights Commission for another five years.

Dispelling uncertainty created by Mr. Prior's campaigning PPS, Fred Silvester M.P., Lord Belstead for the Home Office, told the Lords on 25 November: "Our acceptance of the jurisdiction of the European Court of Human Rights, and the right of individual petition to the European Commission of Human Rights will be renewed for a period of five years from January, 1981".

He was answering a question from Lord Wade, the Liberal Peer. Labour support was won from Lord Elwyn-Jones, who described this right as "the very root of the provisions for the protection of human rights" while Lord Orr-Ewing urged the procedure to be speeded up. The railwaymen had been waiting three years for a judgement, he said.

On 4 December, the Upper House passed in principle Lord Wade's Bill of Rights which seeks to incorporate the Convention into domestic law.

delegates) appointed to take over the case and to defend the Convention.

#### Wider terms

It is now revealed for the first time that the Registrar of the Court wrote to the Government on 26 June requesting and requiring the Government to submit its defence not merely on Arti-

cle 11 (1) but on the wider issues of Article 9 (freedom of conscience), Article 10 (freedom to hold opinions without interference) and Article 13, which guarantees the effectiveness of the remedy.

The Government now appear to accept and agree that the "main issue" of the

Continued on page five

"Herewith cheque £20, being the sum of our idiotic Xmas gifts from the Government, as Old Age Pensioners which we regularly pass on to you."

Life Members

## EXPLOITATION Why the Left is so busy at school

by PHILIP VANDER ELST

THE JESUITS used to claim that if they could control the education of a child during the first seven years of its life, it would be theirs for evermore. A recent Publication, *Survey of Left Wing Plans For Transforming Education* shows that a similar view is held by all sections of the British Labour movement.

This study documents, in the most painstaking way, the aims, organisational structure, and history of all Britain's principal socialist groups. It describes the way in which education is regarded as a weapon of indoctrination by the British left.

Consequently it is hardly surprising to find that despite their often fratricidal differences, all the main socialist sects agree on the need to make education a state monopoly.

The Labour Party's commitment to full and compulsory comprehensive education, for instance, is shared by every other socialist organisation — including even the British Humanist Association. Similarly, Labour's plans to eradicate parental choice and private education are forcefully echoed by the Communist Party.

#### Levelling down

The craving for Big Brother is accompanied in nearly all cases by a fierce egalitarian urge, regardless of the cost in bureaucratisation, falling standards and intellectual decay. The Labour Party, for example, complains of the disproportionate number of university places taken up by the pupils of independent schools and suggests the introduction of a quota system for access to higher education.

The Labour Party Young Socialists (Trotskyist controlled) call for the abolition of examinations. The Socialist Workers' Party demands "school pupils' rights" and a single salary scale for all teachers. And so it goes on.

The third common ingredient in the British Left's philosophy of education is the desire to overthrow or undermine traditional morality — an attitude which is by no means confined to the socialist fringes of our society.

Thus the National Organisation of Labour Students demands "Free abortion on request" while the largely Marxist-controlled National Union of School Students (with about 10,000 members organised in 300-350 branches) favours free contraception for teenagers.

Is there a connection between the Left's collectivism and its apparent permissiveness in the sphere of personal behaviour? Is its implicit rejection of moral standards and traditional restraints dangerous? I believe that the answer is yes in both cases and that the key to this answer lies in the utopianism of the Left.

#### Private lives

Political activists who are temperamentally blind to the reality of original sin, inevitably rebel against any external limits on their actions, desires and plans. They do not value the moderating influences of custom and tradition.

Their faith in human benevolence and progress encourages them instead to see the modern state as an effective instrument of social reform, rather than as a vehicle of man's greed, resentment or ambition. They see power as an energy to be harnessed rather than an evil to be contained.

Is it then surprising that their desire to do what they like with the State should be accompanied by an equally strong desire to do what they like with their private lives? After all, if men are so enlightened that they do not need to be restrained in their collective behaviour, why should they need to be restrained in their individual behaviour?

The logical and psychological link between totalitarianism and permissiveness can be easily grasped once it is understood that totalitarianism represents "permissiveness with power". That is why the contemporary socialist assault on traditional values threatens the free society as much as the good society.

\* Common Cause Publications, 329A Fleet Road, Fleet, Hampshire, 102 pp., £1.



THE VICTORY of Ronald Reagan in the American presidential election has ratified the determination of the western world seriously to confront the economic and financial disorganisation created by twenty years of wasteful over-government and mis-government.

The experience of Mrs Thatcher's Government is demonstrating that, in spite of firm resolution, the problems created by the governments of the 1960's 1970's are not as easily soluble as Milton Friedman and his disciples would lead us to suppose. It is beginning to seem unlikely that the present British Government can make the magic work with the speed necessary to win the next election.

In fact the magic is not working at all. The money supply is more or less out of control. The public borrowing requirement is nearly 40% greater than Denis Healey thought should be a maximum two years ago. The only U-turn in sight is that of the Chancellor of the Exchequer in the direction of higher taxation and away from stable tax rates.

The heart of the matter is cutting public expenditure. So long as the Government spends £12,000 million more in a year than it collects in taxes and other "earnings" increases in the money supply and high rates of inflation are inevitable. But cutting public expenditure is easier said than done. Leslie Chapman, the author of that splendid book *Your Disobedient Servant*, has demonstrated on the basis of his own professional experience in the Civil Service that the present policies of cutting public expenditure are bound to fail. Government policy and action are insufficiently addressed to increasing efficiency and reducing cost by the better use of manpower. The activities of Sir Derek Rayner at the Cabinet Office, even if 100% successful, will save only £80 million a year; not very much when the Government is going into the red to the tune of £12,000 million a year.

Long term

Leslie Chapman has demonstrated that the efficient use of manpower the elimination of over-manning and over-womaning and the use of effective accounting procedures can save really significant sums of money - up to 10-12% of total public expenditure - but to achieve this a wholly new approach to the management and control of the Civil Service is necessary and the operation will take a long time, i.e. longer than the time between now and the next general election. Leslie Chapman's solution of the public expenditure problem is absolutely essential for the well-being of Britain, but it is a long term solution and not a short-term remedy.

Is there anything which can be done within the space of two years to cut significantly public expenditure: something which is real; and something which will keep the political initiative in the hands of the Government?

Debt

Let us look at the National Debt. Once upon a time when the British economy was the object of the World's admiration in the way the German and Japanese economies are today, the British public paid great attention to the National Debt. The liabilities of the Government were the assets of the holders of the securities of the British Government. There was, therefore, a large and influential interest concerned to see that sterling in which the loan contracts were written maintained its purchasing power and that the National Debt never grew beyond the capacity of the Government to pay. Indeed, it was believed that the reduction of the National Debt

WHY CAN'T THIS GOVERNMENT CUT?

by

PROFESSOR HARRY FERNS

should be the object of Government policy in times of peace and prosperity.

Today nobody cares a fig about the National Debt. In the index of *Politics in England an Interpretation for the 1980's* by Professor Richard Rose there are two references to the National Debt: none to the National Debt. Professor Rose refers briefly to "the rapid increase in debt interest" but that is as far as the National Debt is concerned.

There is an explanation for this indifference to the size and significance of the National Debt. With the vast increase in public spending during and after World War II, interest and sinking fund charges on the National Debt diminished as a proportion of public expenditure. Debt charges also diminished as a proportion of the Gross National Product. Furthermore the gentle but continuous inflation of the 1950's and into the 1960's slowly eroded the real value of the National Debt and hence the real burden on the producers of real goods and services.

The debts of the public authorities - both national and local governments - can no longer be ignored. The disastrous endeavours of the Heath and Wilson Governments to "create" employment and raise productivity have wrought a fundamental change in fiscal affairs. The payment of interest on the debts of the central government - don't mention local government - have risen from £2,737 million per annum in 1973 to £8,819 million in 1979.

New approach

The percentage of annual national expenditure on debt interest by the central government - forget local governments - has risen from slightly over 10% in 1973 to well over 12% in 1979. This upward trend is bound to accelerate with high interest rates sufficient to equal the rate of inflation. It is further accelerated by the practice of indexing savings certificates in order to induce investment in otherwise bad securities.

A creative, imaginative approach to growing public indebtedness may be the means of solving part of the Government's problem of cutting public expenditure. In contemplating an economy it is always well to look at the big items in one's expenses. There is no more foolish piece of folk wisdom than that which says "Look after the pennies and the pounds will look after themselves." No profligate

was ever saved from bankruptcy by ceasing to tip the waiters.

One can, of course, solve the problem of public and private indebtedness by encouraging a raging inflation as the German Government did after World War I, or as Peron did in Argentina in the last years of his life. The cost of loose credit policies and turning on the printing presses is injustice, misery, social disorganization and political hatred. It is not a civilised solution and it is not a British solution. It may come about nonetheless, and it may come about if certain politicians have their way, but pray God that we have the strength and common sense to avoid this "solution".

Sell assets

There is another solution, however, which is modelled on the ordinary practice of private citizens when they find themselves in debt, short of cash and no longer able or desirous of borrowing. What do they do? They do what Derby Football Club is about to do. They cut current expenditure, of course, but they sell assets. They use their assets to discharge or reduce their liabilities and to eliminate or cut their outgoings on debt interest, thus to improve their cash position so that they can carry on living and working.

Like all but the poorest of its citizens, the British Government and local governments have assets. In fact they have enormous assets, some of them unused, some under-used, some of them inefficiently used and some of them profitably used. These assets are the nationalized industries, railways, airlines, land, houses etc. The British Government and the local governments own and control more property than the ten largest private corporations in the world taken together.

If the British Government wants a quick, practical solution of its debt problem (which is part of the public expenditure problem), Mrs Thatcher's Government should exchange a substantial part of their assets for the claims against them in the shape of instruments of the public debt: stocks, Treasury Bills etc. In this way the Government can wipe out or substantially reduce the National Debt and at least part of their burden of short term indebtedness. Once this is done the Chancellor of the Exchequer can begin

thinking seriously about controlling the money supply and reducing taxation.

In conducting such an operation the Government has an advantage which no private citizen or corporation has. It can oblige people to make the exchange by law, and it can do so impersonally and fairly by drawing lots to determine who gets what for what.

This solution involves the conversion of holders of the instruments of indebtedness of the British Government into shareholders in industry, transport enterprises, property developers and so on.

The first step in such an operation will be to make a rough estimate of the market value of the industry, organization or piece of property to be exchanged. The second step will be print share certificates having a nominal par value of say, £10 so that the total number of shares in the enterprise will be one tenth of the roughly estimated value.

In order that the operation will not be depicted as a "capitalist racket" and will be a genuine means of involving employees in the ownership of their tools and means of production, 40% of the shares of each enterprise will be allocated to employees, some as free gifts proportional to length of service and some as options to purchase at market prices.

The remaining 60% of the shares will be compulsorily exchanged for instruments of the public debt by a system of drawing lots. In order to insure that each holder of the instruments of public indebtedness will end up with a reasonably well balanced portfolio of shares in the former national assets, the exchanges should be made in numerous small parcels.

Shareholders

Once the exchanges are made the way will be open for shareholders' meetings to elect Boards of Directors. In order to provide for interim direction the Government should appoint provisional Boards of Directors nominated by the Government, the Trade Unions and professional bodies such as the Law Society, the accounting societies, engineering institutes and so on. These provisional Boards of Directors should be free to offer themselves individually or collectively to the shareholders for election but shareholders would, of course, be free to choose their own directors in accordance with the law governing ordinary joint stock companies.

An operation of this kind, if conceived of on a large enough scale, would, within a short time, considerably reduce one big item in public expenditure. The necessity would remain of reducing public expenditure by economizing on manpower in the Civil Service and by improving the cash position of public services like health and education by charging fees payable directly to the providers of the service.

Only by thinking comprehensively and radically can Mrs Thatcher's Government escape the dilemma in which it finds itself. Monetarism by itself cannot work. It never has worked anywhere unless the political environment and the economic institutions are favourable to its application.

In the British case it can work if the problem of public expenditure is solved. This requires political imagination and courage. It requires the involvement of millions of people.

And it requires the creation of a parallelism of interests in place of the antagonism of interest which characterizes too much of our society. Nobody doubts the courage of the Thatcher Government, but it does seem short on political imagination.

Strasbourg date

Continued from page one

case is whether "freedom of association with others" in the words of Article 11 protects the right both to join and not to join trade unions. This is precisely the recognition that Item 8 in The Freedom Association's Charter of Rights and Liberties has called for since its foundations 5 years ago.

The longest passage in the memorial is devoted to the

argument, already thrice rejected by the Commission, that the United Kingdom government should not be engaged in the case at all - because British Rail is not an organ of the State but is autonomous.

This argument, if accepted, is an admission that the three victims should have had no remedy at all since the only permiss-

able defendants at Strasbourg are the Governments. It is they which pass laws which legalize violations of the 16 rights protected in the Convention despite being solemnly contracted to defend.

The argument that the Government should not be answerable for the actions of British Rail was demolished in a speech at Perth in Scotland on 15 May 1976 on the British Rail sackings by none other than Mr. Prior himself. His actual words were "It is

intolerable that British Rail - a Government run monopoly should be telling men who have given a life time's service to the railways that they must join a union."

Britain is the only one of the 21 signatory countries without a written constitution so the Strasbourg Court is for the railwaymen the court of first appeal not of last appeal.

The government is expected to be represented by one of the two Law Officers, either the Attorney

General, Sir Michael Havers Q.C. M.P. or the Solicitor General, Sir Ian Percival Q.C., M.P. It is a matter of puzzlement to many why this government should be defending the case so vigorously but the case is seemingly being run by a department - namely the Industrial Relations department of the Department of Employment.

The railwaymen will be represented by David Calcutt Q.C.

SPECIAL OFFER "IN DEFENCE OF FREEDOM" Essays edited by Dr. K. W. Watkins One copy £2 (cover price £2.50) Three copies £5. Post paid from Freedom Association, 11, Grape Street, London WC2.