

## NEWS SERVICE

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Extract from an address by Nigel Lawson MP (Blaby), Financial Secretary to the Treasury, to the Bow Group, at the Royal Commonwealth Society Theatre, London, on Monday, 4th August 1980

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### 'The New Conservatism'

"The new Conservatism which the present British Government have been putting into practice for the past year and more is very much in the broad historic tradition of Conservatism."

This is the theme of an address given today to the Bow Group by Nigel Lawson, Financial Secretary to the Treasury, speaking at the Royal Commonwealth Society Theatre.

Mr Lawson argues that:

"During the 25 years that followed Churchill a very different outlook gained the intellectual ascendancy: the philosophy of social democracy, with its profound faith in the efficacy of government action, particularly in the economic sphere, and its deep commitment to the notion of 'equality'. To a greater or lesser extent, the Conservative Party embraced both these delusions, the latter with some misgivings but fundamentally with a sense of resignation in the face of seeming historical inevitability, the former with little short of enthusiasm - based (in the economic sphere at least) in equal parts on a misreading of the economic lessons of the inter-war years and a misunderstanding of Keynes.

"The distinctive feature of the new Conservatism is its rejection of these false trails and its return to the mainstream. Old lessons have had to be painfully relearned. The old consensus is in the process of being re-established.

"In essence, monetarism is simply a new name for an old maxim, formerly known as the quantity theory of money. So far from being the controversial brainchild of an eccentric American professor, it was - in one form or another - the common belief and shared assumption of politicians and administrators of all political parties throughout the industrialised world for the century and more that preceded the second world war.

"There is, of course, no clearly defined political litmus test which proves whether a policy is true blue, but perhaps as good a description of Conservatism as any - at least in its British context - is Anthony Quinton's phrase 'the politics of imperfection'. That is to say, Conservatism is founded on the basic acceptance of the ineradicable imperfection of human nature. This general proposition has a number of very clear practical consequences.

"First, it means that a great deal of weight is attached to tradition, for the very good reason that none of us alive today can possibly know better than what has emerged through trial and error over the generations. Second, there is, running through Conservatism, and deriving directly from the imperfection, both moral and intellectual, of man, a profound scepticism: scepticism about the likely results of state intervention in every aspect of our lives; scepticism about radical new plans of any kind.

"And third - and of course all three are intimately connected - there is what might be termed as generally conservative disposition: a preference for gradualism in politics; a conviction that whatever needs to be done should be done in a conservative way.

"The economic approach of the new Conservatism, with its scepticism of Keynesian fine-tuning and state intervention in the economy seems plainly to fall within this tradition.

"It reinforces the Conservative reluctance to bring all social and economic relationships within the political realm. It stresses the vital importance of stability in society, which requires as its economic underpinning a stable currency. It implies a government that is strong, rather than weak, by the very virtue of its own restraint; since it seeks to preserve its authority by sticking to those tasks which are properly the responsibility of government and which it can hope to execute effectively, rather than try and do too much and end up achieving nothing. It accepts a duty for the State to relieve poverty, but rejects the idea that it is the function of the State to create (let alone to destroy) wealth.

"Above all, the hallmark of the new Conservatism is a new (in post-war terms) and healthy humility about the scope for Government action to improve the economy. The distinctive feature of our medium term financial strategy, which differentiates it from the so-called national plans of other times and other places, is that it is confined

to charting a course for those variables - notably the quantity of money - which are and must be within the power of government to control. By contrast, governments cannot create economic growth. All the instruments which were supposed to do this have succeeded only in damaging the economy and have ultimately broken in the hands of the governments that sought to use them. All we can do is something more modest: to try and prevent the occurrence of conditions inimical to growth - and the most inimical of all, as well as being an evil in itself, is inflation. When governments have tried to do more than this they have ended up achieving far less than this.

"In the nineteenth century Conservatives could afford to disavow theory and affect a disdain for abstract ideas and general principles, for the simple reason that the theories, ideas and principles on which Conservatism rests were the unchallenged common currency of British politics. The rise of social democracy has changed all that. Conservatives have a need, as they did not have in the nineteenth century, to fight the battle of ideas.

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The full text of Mr Lawson's speech is being released in pamphlet form from the Centre for Policy Studies, 8 Wilfred Street, London SW1.

The pamphlet is on public sale, price 75p (plus 15p postage). Complimentary press copies are available on application to Mrs Patricia Kirwan, phone 828 1176.