

HT / CPS

26th November, 1979

Sir Frank Taylor

Many thanks for your letter of 22nd November, with which you enclosed a copy of a letter dated 20th November which you had received from Sir Frank Taylor.

I am bound to say that I agree very much with all that he writes.

I wrote a pamphlet on this subject two years ago and am taking the liberty of enclosing a copy.

IAN GOW

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22.11.1979

Dear Ian. Sir Frank Taylor

Sir Frank Taylor, the munificent friend of the party & now one of our Directors at the Centre, has given me the enclosed note for transmission to the Prime Minister. He thinks essentially that we have not done enough yet to dismantle the nationalised sector.

I have sent a copy to Keith Joseph.

Yours ever

Hugh

FROM  
SIR FRANK TAYLOR, D.Sc.(Hon).F.I.O.B.  
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TELEX No: 22513  
20th November, 1979.

There are really two points - one strategic, the other tactical.

First - Strategic

It is extremely doubtful whether the Government has grasped the point on the likelihood of its philosophy of allowing free enterprise and market forces once again becoming the dominant force in our Society. In order for these forces to have any hope of success, it must take immediate steps to break up the cartels (nationalised industries). A long term plan to break them up and redistribute part of them to the general public must be set in motion as fast as possible. Very few of the nationalised industries should be overlooked - coal, steel, postal services, letter parcels and telephones (P.O.), shipbuilding, airlines, aerospace, car industry. The Railways are very difficult, but parts may be sold and then de-centralise the balance.

British Leyland - de-centralise into the several different parts, i. e.

- (a) Leyland commercial vehicles.
- (b) Land-Rover/Range-Rover.
- (c) Rover cars.
- (d) Jaguar.
- (e) Morris and Austin Mini, etc., etc.

*or better still if these could be sold  
to Free Enterprise!*

P.T.O.

Second - Tactical

The Government is following a strong monetarist policy - quite rightly. However, unless Government is seen to be taking active steps to support the policy with Fiscal measures, then this will fail as well. The objective must be to steadily reduce the present deficit of around £8,500 billion to zero. This should be brought about by far more intensive cuts both centrally and at local authority level: housing subsidies, Social Security benefits, heavier cuts in the numbers of Civil Servants, Civil Service Grants and Civil Service index linked pensions.

The Heath Government had allowed 27,000 extra Civil Servants to build up during their period of office.

On the revenue side there should be higher indirect taxes on spending; higher duties on energy consumption, tobacco, alcohol. The quickest way to close the deficit is to work on it from both ends.

All this is not simple and politically it is an enormous task. This Government, in my opinion, is the last hope for:

- (a) The restoration of law and order.
- (b) The preservation of essential individual freedom and liberty.
- (c) The continuation of free enterprise business.
- (d) The preservation of an elected democratic government.
- (e) The defeat of communist forces, who are fanatical, clever, cunning and energetic in their fight to take over our country.

NOW IS THE TIME TO SET UP THE CORRECT ENVIRONMENT AND TO  
TAKE SOME VERY UNPOPULAR MEASURES. IN TWO YEARS IT WILL  
ALREADY BE POLITICALLY TOO LATE.

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