

THE FIRST FEW MONTHS

Mr Chairman, winning an election is a fine thing, but it is only the prologue to the vital business of Government. The work we have embarked on since May 3rd is probably the most difficult and challenging that has faced any administration for decades.

We all know that some new Governments made much of all their dynamic achievements in their first 100 days in office. Such boasting is not our style. For it only encourages people to believe in the value of instant actions and superficial solutions. However, today it is, I think, proper for me, exceptionally, to remind you of some of the more important things we've already done.

Something our Labour predecessors rarely boasted about was the way they skimped and cheated on the pay of our Police and Armed Forces. With a strong tradition of public service, they showed great patience in the face of this shabby treatment. But the position became so intolerable by last year that the police were talking of going on strike and servicemen of joining Unions.

The way they were discriminated against was not only grossly unfair but damaging to our defences and the rule of law. We restored their pay to proper levels as soon as we could. It must never happen again.

Labour's record on housing was little better. Their policy for council house sales was no more than a half-hearted attempt to steal our clothes. We have already acted to permit sales at the generous discounts promised in our Manifesto. We're well ahead, too, with the Bill needed to give tenants the legal right to buy their homes. That Bill, which will become law in the coming session, will also put into force our Tenants Charter for those who do not buy. And, in its provisions for a new "shorthold tenure", the Bill will take the first step for many years towards the revival of the private rented sector where, for so long, tens of thousands of potential homes have been lost each year because of Labour's Rent Acts.

We've made an early start in cutting back on the controls and regulations which hold back industry. We've loosened the controls on factory building, abolished those on office development. Dividend controls have gone. The Price Commission has been abolished, and so have many exchange controls.

We've taken some of the sting out of the so-called Employment Protection Act, which was in fact an Act to increase unemployment.

One of our less pleasant inheritances was the money supply. Denis Healey had allowed it to get badly out of control in his last years in office, particularly when the election approached. So we acted decisively, with tighter controls on bank lending, higher interest rates and a realistic target for growth this year.

Stiff medicine I know. But the position had become far too serious for us to delay a single day once we knew the facts. Without Geoffrey Howe's prompt action we should have been faced with a financial crisis within weeks.

We've taken a firm grip on public spending, another of Denis Healey's nastier legacies. Though it is difficult to change course quickly once the financial year has begun, we were able to agree some very important economies for the current year, and to announce them in the Budget. Those economies demanded quick, brave decisions. The cynics said we couldn't, but we did.

Of course we're doing far more than just looking at spending totals and trying to hold them down. It's just as important to master the forces which make for big spending. so we've launched a review of all Quangos, which is already bringing results. We're looking rigorously at the staffing of every Government Department. We are already finding some functions which are not needed at all, others which are ontoo large a scale and others still where there is scope for more efficiency. Adding all these together we^{shall} end up with really important economies.

We're looking, too, at waste. At my personal request Derek Rayner has taken charge of a series of special investigations depart ment by department. Waste can come about in hundreds of ways, and these studies will pinpoint some of the most important of them. Most of the lessons learnt from the Rayner projects will be of value throughout the whole Government machine, and one of the most important aspects of his work is that we shall often be able to improve service to the citizen while reducing costs. (? any DHSS, MOD examples here).

Last, but perhaps most important of all, we've cut income taxes as we said we would - throughout the whole range, from top to bottom. During the election you may remember that people said we couldn't do it. But we did. No other single measure we have taken is as important.

It's absolutely central to our strategy for getting the economy moving again.

NOT JUST ACTION, BUT ATTITUDES

Of course, once anew Government has come into office, people quickly come to feel its been there for ages. They don't think twice about the unglamorous practical problems of mastering the business and machinery of Government, seeking the experts' advice, consulting outside groups, preparing legislation and all the other tasks of a vast administrative apparatus. Getting a Budget to Parliament in 5½ weeks, or tabling the recent constitutional proposals on Rhodesia are both remarkable achievements which have challenged Ministers and their Departments - but not found them wanting.

I am confident that we shall be able to continue as we have begun. This autumn will see some of our most important legislative proposals, and first actions on many new fronts particularly where we have needed time to review policies.

In due course the record of policy commitments fulfilled will be very long. However the last thing this Government should be judged by is the number of ticks on the shopping-list.

We are now tackling a range of problems which have been neglected for years. We are starting to ask the awkward questions people prefer to ignore. We are re-shaping attitudes. This is every bit as important as the laws we pass.

There are few areas of national life where we can be content with things as they are.

Take the Education system. At times the Unions seem to regard it more as a way of providing jobs for teachers and staff rather than educating children. The experts appear to judge it in terms of the amount of money spent on it, rather than what is taught and how. The Labour Party continue to treat our schools as an ideological battleground, with their obsession with Comprehensives and refusal to face up to the problem of shortage of money. In the heat of all these arguments the really important things are ignored: the quality of what is taught; the standards achieved, and the fact that the interests of our children should come first. We mean to make these questions important again.

Take jobs. There is, understandably, much concern about unemployment. But instead of giving any thought to its causes, people simply clamour for Government to cure it by waving a magic wand. Yet how can we understand why there is so much unemployment without bringing labour shortages into the same picture? Why are there so many unfilled vacancies - perhaps $\frac{3}{4}$ million or more if they were all properly counted.? Why can't the post office find enough postmen? Why is the engineering industry seriously short of skilled workers even at times of slack business? Why is it so often impossible to hire a plumber, a carpenter or a bricklayer? Above all, how can people complain about the lack of jobs when there are, even now, so many ways of finding one?

How is it that neither employers nor Unions seem able to cope with the over-manning and restrictive practices which are to be found in so many firms and industries? And do they create additional jobs - or do they destroy them? Can we really protect some employment without making other jobs less secure? These are questions that people should be asking now.

Take inflation. The insidious danger here is that people have resigned themselves to its continuing for ever at a high and almost certainly intolerable rate. Not merely do they expect and tolerate it - by their actions they perpetuate it. Our duty here is clear. We have to puncture such complacent attitudes, create the will to get inflation mastered and the belief that it can be beaten, throughout our industrial and commercial life.

There are some very special problems when it comes to public spending. Some people still seem to believe that Government can increase it to any level it likes. Fortunately, there are fewer of them than there used to be. Nowadays most people have got as far as wanting less spending overall, and lower taxes; but more spending on themselves and the things they mind most about. So they've still got a long way to go.

Then, again, few people realise just how near this country has come to killing economic growth stone-dead. They still feel it is self-evident that Government can steadily spend more year after year. And they swallow uncritically our opponents' arguments, when they caricature our attempts to control expenditure as "attacks on the welfare state".

They cling to all these ideas while being only too well aware in their own lives that what they spend and borrow has to be geared to what they earn. They have to learn that the Government, too, is subject to the same laws of arithmetic.

At a deeper level lies an unrealistic attitude to the role of the state. People of all parties and points of view have come to expect the Government to solve all problems; to restore the health of firms in difficulties; to correct or rescue individuals from the results of their own weaknesses; to guarantee them against anything awkward or unforeseen - even, under the last Government, drought, cold and snow.

This attitude of fatalistic dependence is profoundly dangerous and has to be reversed. If Government acquiesces, it will attempt to do too much, fail everywhere, and create a still greater degree of dependence in time.

We have set out, then, to change the course on which this nation has been set for a long time. Naturally this will take time. (? use supertakner analogy).

Not one year, not two, More like five or ten. Winston Churchill had the same problem unwinding the effects of Socialism after 1951. We gave always said the same ourselves - in speeches, in the Election Manifesto and on every possible occasion.

(? Then bridge to material of second half of Draft III - Unions, foreign affairs etc, to be followed by peroration).