



HOUSE OF COMMONS  
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Madam Chairman, Lord Braye, ladies & gentlemen:

Let me begin, once again, by congratulating ~~xxx~~ you, Ivy, and our Treasurer, Ivor Collip, on your re-election to the high posts you both hold.

And perhaps I may couple that with congratulations to Olive Wale and George Halling on their recent re-election to the chairmanship of the Women's and Men's advisory Committees respectively.

We are all extremely fortunate - and I count myself ~~the~~ most fortunate of all - in our Association Officers.

And I certainly don't need to remind this audience that we are all extremely fortunate to have Hugo as our Agent, too.

The Association AGM is always a most important event in our annual Calendar.

For me, this particular AGM is also a double first.

First and foremost, this is the first time I come before you accompanied by Therese, whom I hope to marry before the year is out. I know that Therese looks forward to getting to know you all as well as I do myself, and to playing a full part in the constituency as my wife.

Second, and ~~xxxx~~ rather less important, this is the first time that I come before you as a ~~Ministxxxxxxxx~~ Minister of the Crown.

As such, I find that I have ~~xxxxxx~~ rather more calls on my time than there used to be, and I know that you fully understand that this means that I cannot be present at as ~~xxx~~ many constituency engagements as I used to be.

But I shall certainly not neglect you. After all, as a Treasury Minister, I am rapidly running out of friends everywhere else.



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I owe my present position to the generosity of the Prime Minister - and what a wonderful Prime Minister Margaret Thatcher is proving - and to the good sense of the British people, who last May voted a Conservative Government into office in the most decisive general election result since 1945.

I do not want to spend time this evening dwelling on that election, agreeable though it would be. It is the present and the matter now. ~~future that matters most to the people.~~ But before saying a few words about the present and the future, about the policies of the Government and the purpose behind those policies, I would ~~just~~ like to take this opportunity to thank you all, formally, for the wonderful work you did during the Election campaign which enabled us to secure, here in Blaby, the result we did: a swing well above the national average, a majority of over 20,000, and - perhaps best of all - for the first time ever an overall majority over all ~~the~~ other candidates combined, and an overall majority of over 9,000 at that.

When I spoke to you last year, shortly before that General Election, I summed up our policy in the words used by Winston Churchill over 30 years ago. I would like to repeat ~~those~~ that quotation once again:

"A reduction in expenditure, a substantial relief in taxation applied to increase incentives to production and earnings, especially among the wage-earners liable to direct taxation, widespread relaxation of needless and vexatious controls ~~and~~ and interferences with the flexibility of private enterprise, the definite lifting of the shadow of further nationalisation from our most active and prosperous industries, and, above all the return to power of a Government commanding national and international confidence."





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I would claim that, after less than a year in office - and if a week is a long time in politics, a year is a short time in Government - after less than a year in office, we have already made substantial strides in ~~many~~ each and every one of these directions.

~~As~~ A reduction in Government expenditure - which, when we took office, was already running well beyond what the country could afford ~~and~~ which was ~~projected to rise~~ still higher planned to rise to levels which could not possibly have been financed - was put in hand immediately, and our <sup>reduced</sup> White Paper showing the levels which we consider to be appropriate and above all affordable for the next four years will be published later this month.

Some of the decisions we have had to take have been painful ones, and it may be that the implementation of the ~~new~~ savings - which for the most part does not lie in the Government's ~~new~~ hands at all - ~~in~~ sometimes falls short of the ideal. In some cases these shortcomings may even be deliberate, when those responsible for the implementation are themselves out of sympathy with the Government's policies and objectives.

But the plain truth at the heart of it all is that unless Government spending and Government borrowing can be ~~bravely~~ brought under control, there can be no ~~any~~ hope of curbing inflation; and that unless the claims that Government makes on ~~the country's~~ our economic resources can be reined back, there is no prospect of a thriving private sector or of a tolerable ~~new~~ burden of taxation on the private citizen. And so far as taxation is concerned, we have already, in ~~the~~ last year's Budget, introduced the biggest cuts in income tax ever announced in a single Budget, designed to ~~recreate~~ re-create just that climate of incentive



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about which Mr Churchill spoke.

And ~~before~~ during the lifetime of the present Parliament we intend to travel further still along this road - and without any further rise in VAT.

As for the "widespread relaxation of needless and vexatious controls and interference with the flexibility of private enterprise", we have already abolished pay, price and dividend controls - and ~~also~~ for the first time since before the war, ~~exchange controls~~ we have done away with exchange controls, too. Various other forms of control on private enterprise, such as the Industrial Development Certificate system, have been substantially liberalised.

As for lifting the shadow of further nationalisation, we have gone beyond that, and embarked on <sup>(which will be)</sup> a continuing programme of denationalisation (or privatisation), beginning with British Airways and British Aerospace, both of which are due to be privatised during the coming financial year.

And we undoubtedly do have, ~~at the moment~~ once again, for the first time in many a long year, a British Government that commands national and international confidence. ~~It is demonstrated~~ This is ~~well~~ demonstrated in the context of Rhodesia, where although the situation is still precarious, there can be no doubt that, to say the least, we have got a great deal nearer to achieving a satisfactory solution of this intractable problem than any other administration over the past 15 years - and ~~therefore~~ ~~perhaps~~ there is reason to hope that a successful ~~outcome~~ outcome is now within our grasp.

And it is also demonstrated in the strength of the £, now one of the





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world's relatively few hard currencies. I am well aware of the difficulties that a strong pound brings in its wake to <sup>of our</sup> many exporters - although all the evidence suggests that quality of product, reliability of service and continuity of production uninterrupted by strikes and stoppages, are what really matter for export success. But when I look back at the difficulties and humiliations we suffered in the past from a weak pound, I cannot find it in me to be sorry that we now have a strong pound. So a lot has already been achieved over the past ten months. But there is a lot that is still <sup>very</sup> far from satisfactory.

That is scarcely surprising.

There was a lot that was <sup>very</sup> far from satisfactory when we took office. In particular, the economic situation we then inherited, and the inflationary forces <sup>already</sup> at work in the economy, were far worse <sup>even</sup> than we had ~~realized when~~ <sup>even imagined</sup> before we had had the opportunity to look at the books.

And there is no way in which inflation can be turned ~~off~~ off like a tap.

The level of inflation we are seeing to-day, and the level of interest rates which is in part a consequence of <sup>this</sup> inflation and in part a necessary element in its cure, are ~~both~~ a direct result of the <sup>economic</sup> situation we ~~inherited~~ inherited: part of the ~~price~~ price we are paying for the irresponsible and profligate ~~public~~ policies pursued by the previous Government as soon as they were able to shake off the beneficent shackles of the IMF.

But I have no doubt whatever that our policies, at the core of which is a refusal to print the money to accommodate the powerful inflationary forces ~~in~~ at work in society to-day, will - if persisted in, and they



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will be persisted in - bring about the steadily falling rate of inflation we all want to see, and the falling interest rates and ~~thriving~~ burgeoning private enterprise sector ~~ipart~~ (and I am thinking of in particular of small businesses) that will accompany it and which can be secured in no other way.

Of course it will take time. But we have time. The results will be there well before the time comes for the people to pass judgment on us at the next General Election in four years' time.

But meanwhile there can be no doubt that we face, in 1980, a particularly tough year - the worst year we shall face this Parliament.

The year during which the patient ~~is~~ is well aware of the unpleasant taste of the medicine, but has yet to ~~experience many of the signs of a return to health.~~ experience many of the signs of a return to health.

~~It is~~ It is the year during which our nerve will be tested to the full, and during which we as a <sup>all of us as</sup> Government and ~~our~~ loyal conservative supporters must, and, ~~I am~~ confident will, keep our nerve.

I mentioned a moment ~~ago~~ ago that I am confident that our policies will work. So I am.

But I would add just this.

No policies can work unless Britain works.

We have sought, through our income tax cuts, to make it worth while for Britain to work.

We are also seeking, through the changes in trade union law embodied in the Employment Bill now before the House of Commons, to make it harder for misguided trade union leaders to deny the right to work.





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And we are already ~~using~~ seeing signs - at British Leyland, at Sheerness, at Hadfields and elsewhere - of a new attitude of commonsense and realism in British industry; signs that Britain wants to work.

This Government has embarked on the toughest task of any Government since the war.

It does so against an international economic and political backdrop more sombre and <sup>less</sup> helpful than any since the war.

We are sustained in discharging this task by <sup>a keen sense</sup> ~~the knowledge~~ of what is at stake,

- by the knowledge that there is no other way,
- by the ugly prospect of the political alternative,
- by the response of the ~~rest~~ rest of the Western world, which for the first time for very many years is looking once again to Britain for a lead,
- and by the backing of our loyal supporters, for which I thank you here tonight.