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JO'S

TO: Prime Minister

FROM: John Redwood

*Redwood*

CONFERENCE SPEECH

Stephen's letter arrived by a circuitous route: I am sending you here my first thoughts.

The tone of this year's speech should be up-beat but workmanlike. Conference will naturally respond well to you following the third great victory and should be allowed to do so. The commentators and country will be looking for vision and leadership into the next century. They will also be looking for more detailed guidance on how you are going to develop the big issues of the late 1980s: inner city rehabilitation, the state of the welfare services and continuing economic success. We Conservatives are out in front and on our own. The realignment of the Left resembles a group of schoolchildren arguing over which clothes to steal from a Tory washingline.

The unifying theme of the whole speech could be the way in which popular capitalism opens up the doors of opportunity, for individuals and families and how it can tackle the major national problems in city policy and welfare.

The challenge is to demonstrate that belief in the power of the market, support for private capital, and giving people and companies responsibility for their own futures is not a hard, remote, careless doctrine but the only way to sustain national recovery. *and human dignity*

The commentators and the nation were surprised and delighted with your immediate post election interest in the inner cities. The next step through your Ministers and through the leadership of your speech is to demonstrate that whilst it will be a long



and hard road you are clear about the direction in which we are travelling.

In the welfare area, there is good news to report in the growing affluence of many pensioners and in the new freedoms and opportunities soon to be opened up through the wide-ranging pensions legislation. However, we remain heavily on the defensive in health. In a period when the decision has been taken to tackle pensions, to make education the centrepiece of consumer choice in public welfare services and to leave health alone there is no other option open than to pay up. You have to try and keep the existing health service going for another four years through yet more public money, as in many parts of the country wards are being closed and front line care is being adversely affected. The health union problem is acute with public money used to campaign against the government. It remains Labour's best card in an otherwise poor hand.

People are interested in John Moore's philosophical statement. You could reinforce the general drift of concentrating help on those in need whilst ensuring there is always incentive to go to work and to save for the future. The present system still does not deliver this.

In inner city policy you need to get across the point that most of the money can and will come from the private sector given the right leadership. You could explain the paradox that we might do better to actually reduce the amount of money going through rate support grant to the inner city municipal authorities whilst increasing the amount of money spent direct through the urban development corporations,

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derelict land clearance grant and other centrally controlled projects. It not only makes more political sense to gain direct credit for the things that we are doing, but also is likely to be many times more effective than leaving it to the worst Labour authorities in the inner cities who have failed time and again to deliver prosperity or sensible planning to their areas.

With these general thoughts in mind I will send some speech form passages on the overall significance of popular capitalism and individual responsibility, on economic recovery and on inner city policy. I assume others will be drafting the crucial sections on welfare. I do think they should mention the pensions legislation as well as the educational reforms.

JOHN REDWOOD