

23 December 1983

PRIME MINISTER

There is every opportunity for you to dominate the popular ground of British politics. Your personal authority and commitment to sensible and popular change in limiting government and restoring individual freedom, responsibility and choice can be used to define what people want, and to find practical ways of giving it to them. Many of the things this Government wants to do or is doing have wide appeal far beyond the bounds of the Conservative Party.

The work I am initiating in the Policy Unit is designed to help establish that domination over the debate through careful attention to public attitudes, to make the task of Opposition thankless and difficult, to write the concerns and views of your Government into the grammar book of politics.

In housing policy we must press on to achieve even more widespread home-ownership than we have at present. We have won this argument. Most people want to own their own roof over their heads. We must ensure that our policies continue to deliver.

In Home Office policy we must turn our support for the police into an effective crusade against crime. We will not be able to use the argument that we have recruited more police and paid them better as the answer to the debate on crime, unless we can also demonstrate that crime is coming under control. I am asking Peter Shipley to help me in developing proposals and reviewing progress in sentencing policy, in detection and in the general gamut of police and Home Office work.

In Defence we have won the important argument that our people do not support one-sided disarmament. But we must ensure that our defence industries and our defence procurement policy is compatible with our general economic policy as well as delivering the goods we need to defend our country. David Pascall's work I hope will be useful in ensuring value for money and effectiveness of deterrence in our defence policy.

We have won the argument that nationalisation is a bad thing and produces a shoddy good or service to the customer, often at a high

2

price. We are beginning to win the argument about the benefits and need for denationalisation. We must press on, and the Policy Unit as a whole will work to see that wherever possible assets can be returned to the private sector and managed soundly.

In Education I believe that the reforms to strengthen parental control, choice, to raise standards, and to inject new types of technical education into our system, are essential and popular. I am sure Oliver Letwin will show his usual tenacity in assisting to bring at least some of these visions into reality.

In the Health argument, there are dangers for us. Our popular ratings on health remain abysmally low. We have concentrated far too much on selling the idea of cuts rather than the idea of a better, more modern service for the patient. We have not yet worked out a way of managing the health service which can both deliver a better service and keep the costs under control. There will be important work to be done in 1984 in seeing how the Griffiths proposals are received, and in setting targets and standards for the new health service.

In Pensions, we have made progress setting up the Fowler Inquiry. The two important goals are to see a move to portable pensions extending individual choice and control over assets, and ensuring that the costs of the state provision, particularly SERPS, do not get out of control.

DTI policy is full of pitfalls and terrors for us. If we are not vigilant, aid and grants to industrial businesses and unscripted losses from businesses we already own will once again threaten our overall public expenditure strategy. The Policy Unit will be watching carefully as the demands and bids build up.

Competition policy is a fertile area for making both economic progress and pursuing the wishes of the electorate. We have already outlined some proposals to you and will want to build on these in the New Year. Success brings better and cheaper goods and services.

In Agriculture the prizes must be lower food prices or lower rates of increase in food prices, combined with some reduction in the enormous subsidy we are paying to farmers. The work I asked Nick Owen to begin is already fructifying.

SECRET

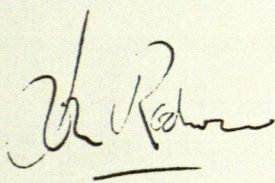
SECRET

In Transport a competitive and less costly bus industry is worth pursuing. Bob Young has been asked to help Nick Ridley in this task.

Taxation needs simplifying. Work is now proceeding following your Ministerial meeting.

There will be many other issues and interests we must watch in the New Year. The areas above are productive lines of enquiry for restoring individual responsibility, encouraging more widespread ownership, curbing public expenditure, and making the remaining public services better. The task of Opposition will be difficult indeed if it has to oppose better care for patients or the right for people to carry their own pensions with them when they change jobs; or has to oppose cheaper glasses, smaller solicitors' bills, more choice in schooling, better consultation of parents or wider ownership of wealth.

If you can deliver more of these benefits to the electorate, the Opposition will remain in a corner. It will find ways of objecting on technicalities or on the ground that we are not proceeding quickly enough. But if the message is simple enough, and if it appeals to enough people, you will continue to dominate the ground of British politics.



JOHN REDWOOD