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internal note by
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PRIVATE AND CONFIDENTIAL

1. Enable the country to live within its means: lower taxes and rebuild profits.

Extend ownership of housing and of varying forms of saving.

Maintain the rule of law and reduce scale and power of bureaucracy.

Work to improve standards in education and to widen parental choice: experiment with vouchers.

Encourage self-help and family life.

Strengthen Britain's security through the Alliance.

2. The Economy

Much more emphasis on bringing demand and supply into balance and thus on the importance of monetary continence. Cuts in public spending - explicitly in the fields of subsidies and housing - in order to reduce the deficit and to embark upon cutting direct taxation. Emphasis on the importance of cutting direct taxation at all levels of income, including reducing top rates to those common in Europe. Importance of encouraging enterprise for the benefit of all, including the poor and dependents. A hint that some tax revenue might be switched from

direct to indirect taxation. A pledge to phase out domestic rates during the lifetime of Parliament probably replacing them by indirect taxation.

Encouraging enterprise in large, medium and small businesses by reducing sharply, if not abolishing, price control and dividend control: by far less legislation. We do not expect pay controls to survive in their present form and most of us regard them as likely to do more harm than good though we shall not explicitly state that never will they be used.

While we value competitive and profitable businesses of all sizes we regard small businesses as having been particularly damaged by recent trends, and we propose ways of encouraging their birth and vitality, particularly ways to increase the amount of profit that they may retain.

3. Social Services

We still hope to introduce some variant of a tax credit scheme, coupled with arrangements to make earnings substantially better than benefits: to reduce abuse: to tax short-term benefits. The tax credit or similar scheme should make help available more easily than now to those who really need it. /^{And} yet, coupled with more stringent work-

test, not encourage mis-use of benefits as much as now nor have as deep poverty trap as now.

4. Housing

We shall encourage home-ownership and will reduce sharply the amount of council house building. It will be necessary to raise rents towards the level at which council house revenue equals council house spending but we shall offer to poorer council house tenants a continuation of help, while to those who wish to buy, we shall give them the power to require councils to sell. Such council house building as we shall carry out will be to a much larger extent than now focused on the needs of the old and the disabled, through the provision of sheltered dwellings - that is dwellings each with their own front door but with a bell to a resident or near-by warden. Such dwellings are ideal for the elderly and disabled and movement to them will release larger dwellings for younger families.

We shall introduce forms of tenancy, under which provided the landlord and tenant can agree, there shall be no rent control nor security of tenure after the end of the agreed lease. This will apply to both furnished and unfurnished accommodation.

We shall enable the rents in the private sector to provide a fair return to landlords, while maintaining rent allowances for tenants. We shall continue to provide improvement grants but we shall do what we can - and what Labour makes possible - to revive the privately rented sector.

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