

SPEECH MODULE - BUDGET AND ECONOMY

The Chancellor's budget was an unparalleled display of fiscal pyrotechnics. Westminster has rarely witnessed such a fine show. Public spending, especially on health, is up. Government borrowing has not merely been reduced - it has been abolished. Taxes have been cut across the board. When did any previous Chancellor manage to light three such fireworks at the same time?

There were some who came to the party determined not to enjoy it. They highjacked the red cross, they arrived sour faced, they pretended not to understand the point of the proceedings. They forgot that budgets are always the time to settle the level of taxes and not spending. They ignored the £1 billion extra put into the Health Service only last autumn. They wanted to settle in advance how much money should be provided for nurses' and doctors' pay before we even know what the settlement will be.

But what we mainly saw in their eyes on budget day was fear. Fear that the Chancellor's superb management had delivered such tremendous economic success. Fear that the new measures to increase incentives and cut taxes across the board will add a further stimulus to Britain's humdinger of an economic revival. Fear that you cannot make a complete rational policy out of half-hearted support for demonstrations and strikes by NUPE and COHSE.

Cutting taxes at all levels gives people something to go for. It makes it worthwhile for all those on benefit to get a job where before they found they were no better off if they went to work. It provides extra money for all workers, including those in the

public sector and in the Health Service, to spend on themselves and their families as a reward for doing a job well. More spending power in the pockets of the nation quickly fructifies into more jobs and more prosperity for many.

The dynamism of the British economy is now one of the economic miracles of the world. Last year national income bowled along, growing by more than 4%. Since 1980 Britain has grown faster than any other major European country. Unemployment has been tumbling. Price increases have remained under control. The spending power of peoples wages and salaries has gone up by more than one fifth so far under this Conservative government. That's true Tory action.

As a result the British people are better housed, better clothed, better fed and better provided for than ever before. More than two thirds of all our households have central heating, almost two thirds own at least one car. It is a common experience now to own a home of your own and more and more are shareholders as well. That's the fruits of Tory prosperity.

Nor does the policy of taxcutting and incentives neglect those who are less well off. Economic prosperity has brought us more money to improve public services across the board. Equally important has been the great attack upon unemployment resulting from the extra spending power in the economy. More jobs and better public services - that's Tory economic success.

The prosperity is visibly spreading right across the nation. Unemployment is tumbling north and south, east and west. Many of those in work in the North are even better off than those in

the South because their house prices are lower but salaries and wages similar. The noise of building and reconstruction can be heard in many of our cities. The government is at the forefront in the drive for renewal with its programme of urban development corporations, land clearance and other incentives. That's Tory action for our cities.

For a Conservative government believes in prosperity for all the people. It believes in uniting the nation around policies based on freedom, on choice, on commonsense, on government and local government stepping out of the way. Enterprise can then power the future. From that dark day in 1981 when 364 economists told the government it had got it wrong, the UK economy has shone ever brighter. Few thought it possible. Few thought deregulation, privatisation, wider ownership and our range of other policies would be as successful as they have been.

Above all, no one thought we would have the courage to see it through and to prove that lower taxes and lower government borrowing produces honest money, faster growth, falling unemployment and a more prosperous country. Yet that is exactly what they do. The Chancellor's barnstorming performance will be cheered by packed audiences across the country. Many know that his strategy is well thought through and will take this country on to still greater heights.