

PERSONAL AND CONFIDENTIAL

PRIME MINISTER

3 May 1990

TOWARDS THE NEXT ELECTION: POLICY

This note complements our earlier note of 27 April.

Annex I suggests possible policy initiatives to be announced at the Party Conference in October.

Annex II suggests themes and policy issues for the Manifesto.

We would be grateful for the opportunity of discussing this and our earlier paper with you.

If, after that discussion, you are broadly content with the approach proposed, we recommend that:

- on Annex I: you have an early meeting to discuss the Autumn announcements with the Party Chairman;
- on Annex II: we should draw up fuller notes on policies for the Manifesto for your consideration and, in due course, for discussion with relevant Cabinet Ministers.

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ANNEX I

PARTY CONFERENCE ANNOUNCEMENTS

Background

1986 is a good model. (Attached to this paper are examples of the announcements made then eg "Within the next five years, we will increase the number of families owning their own homes by another million.") The announcements Cabinet Ministers make at the Conference should, therefore, ideally:

- be substantial ie not simply re-announcements;
- wherever possible point the way to the next stage of policy development to be announced in the Manifesto;
- be linked to a quantitative target to be achieved some time in the future;
- be linked to a strong, attractive theme which itself is a subordinate element of those broader themes eg individual choice, quality of life, devolving power etc which we will fight on in 1991 or 1992.

(Of course, some areas eg the economy or defence are not fully suitable for this approach. But even there we need to say as clearly as possible where we are going and when we hope to get there.)

Comment

From our preliminary investigations the following topics may be suitable for announcements in October. In some cases work

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is currently going on: in others it might be useful to start it.

TREASURY

Outlook on inflation and interest rates - stressing hope: reaffirmation of income tax cut objective. "Next Steps" initiative: reduction of civil service numbers.

TRADE AND INDUSTRY

Cars. "We will be the largest car manufacturer in Europe in the 1990s"?

Competition. Possible review of the post office, including letter monopoly. We could announce the Green/White Paper on the 'Abuse of Market Power'. DTI initiative on deregulation, especially affecting small businesses.

EMPLOYMENT

Training. Re-launch training credits, with renewed presentation effort. An announcement on progress on TECs could back this up. Extension of industry/education 'compacts' nationwide. Announcement on review of careers service. Announcement of NCVQ changes. Especially if unemployment rises, announcement of scheme to require long term unemployed to attend re-motivation course as a condition of benefit.

SOCIAL SECURITY

Responsibility. The maintenance proposals should be spelt out in detail; can that be linked to any indication that in future [ie from the November up rating] we will take into account the need not to encourage one-parenthood?

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HEALTH

Progress of reforms. We should be in a position to announce the number of self-governing hospitals and the number of GP practice budgets. Kenneth Clark should use this to paint a picture of our NHS in the year 2000.

EDUCATION

Report progress on cutting bureaucracy and centralisation in national curriculum. Report progress on gm schools. (Any new thinking on other topics in Annex II to be mooted.)

TRANSPORT

London. East-West Cross Rail (Paddington to Liverpool Street) and, possibly, Chelsea to Hackney to be announced.

ENERGY

Projection of wider share ownership to be achieved by electricity industry privatisation.

HOME OFFICE

Police. A possible "National Criminal Intelligence Organisation" and other structural changes might be mooted.

Crime Prevention. Any initiatives to extend neighbourhood watch.

Community Policing. Set a target.

Drugs. Extension of drug prevention teams beyond pilot areas.

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Prisons. Revival of momentum of private sector involvement in prison management: link with over-crowding. Other urgent (short term) measures to deal with over-crowding. Criminal offence of "mutiny"?

Voluntary Sector. View of its future role. [Perhaps a separate speech or lecture.]

DEPARTMENT OF THE ENVIRONMENT

Environment. Publication of the Environment White Paper is due in September. DoE have the chance of two bites of this cherry. At the Party Conference, targets to be achieved could perhaps be announced which essentially re-state the main lines of the White Paper.

Planning. The proposed Bill's - based on last year's White Paper's - contents can be drawn upon and linked with the environment/countryside theme (above).

Protecting the Charge Payer. We should be in a position to spell out the effect of what we propose for next year.

Housing. We ought to be in a position to announce action on homelessness - if this has not been done already. We ought to try to signal further action to extend home-ownership. Extension to England of pilot 'rents into mortgages' scheme. Can we see whether a boost can be given to homesteading? A pilot scheme?

AGRICULTURE

Possible extension of environmentally sensitive areas (or equivalents). 'Community woods' ie more trees in and around towns.

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FOREIGN OFFICE

Europe. 'Bruges II' proposals on EMU and 'political union'.
Progress of the Single Market.

'The World'. Flesh on the bones of the 'Alliance for
Democracy'.

DEFENCE

Priorities for the future - especially NATO's future.

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ANNEX II

MANIFESTO POLICIES

BACKGROUND

The argument for having a radical policy is as strong as, or stronger than, in 1987. But the radicalism must develop existing policies. We should also look for proposals which are (a) populist - appealing to the C2s and (b) in the starkest contrast to Labour's, so that their hostility will highlight our policies for us.

The main themes (whatever words are used to describe them) almost write themselves:

Sound finance: knowing that the benefits of painful policies are not wasted.

More Choice: tax cuts and simplification; choice in schools, housing, unions.

Wider ownership: privatisation; employee shares; housing (ownership measures).

Strong, responsible communities: inner cities; local government; crime.

Cutting Bureaucracy: abolishing Departments; local government structure and services delivery and streamlining; Europe.

Enterprise: training; small businesses.

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A secure environment: law and order; environment.

Family life: social security issues and child support.

Freedom abroad: defence and priorities for the next decade; Europe.

The task in the manifesto is to come up with credible, substantial, exciting proposals to point up these themes. At this stage we have deliberately raised topics which, on further consideration, may not be runners. So the following are suggested as possibilities for consideration only.

TREASURY

Reduce aggregate burden of personal tax. Reassert 20 pence income tax target. Child tax allowances. Any proposals to change system of taxation of savings. Do we need an annual 'budget' in its present form? Can tax policy be disentangled from other budget decisions? Further re-location of civil service.

TRADE AND INDUSTRY

Post Office. Privatisation of parcels. De-regulation of mail.

Competition. Proposals on restrictive practices.

BT. Sale of rest of government holding. Implementation of policy on telecoms duopoly.

Privatisation of English Estates

Future of London as a financial centre (generally). In particular, making a success of the EBRD; also, issues (raised by Jeffrey Sterling) of shipping and the City.

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EMPLOYMENT

Training. Credits to go nationwide.

Why Work. Steps towards 'workfare': long-term unemployed to do jobs of environmental value to earn their benefits.

Trade Unions. Possible action on essential services, linked to wider action on immunities. Opting in, not out, of the political levy or action on employer 'check-off' system. 'Return to work' ballots. Higher threshold (75%?) before strike action.

Employment. Generally encouraging flexibility of conditions (linked to the 'working mothers' problem); voluntary individualised employment contracts; abolition of remaining wages councils.

SOCIAL SECURITY

Pensions. The pension age issue needs resolution. Possibilities for contracting out of National Insurance benefits to be examined.

Child Support. The future of child benefit, child tax allowances, relationship between unmarried mothers' and other families' benefits etc.

Maintenance. Extension of the principle of enforcing liability to maintain to other family members eg young for elderly parents, parents for runaway teenagers etc.

HEALTH

No-one wanting certain sorts of operation (eg hip replacements,

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cataract operation) need wait for more than x months: after that they will get a credit from the Districts to go private. Any ways of securing shorter waiting times for out-patients? Any other specific targets?

Further boost to contracting out ancillary services. Any further encouragement of private health insurance eg tax relief to 50 and aboves.

Reforms of structure: District Health authorities merged with Family Practitioner Committees; any other reductions in bureaucracy.

EDUCATION

Schools. Cut bureaucracy of national curriculum. Proposals to increase radically the number of grant maintained schools and increase the number of voluntary aided schools. Further boost to assisted places, including private schools to be allowed to 'opt in' to the state system. Vocational education, 16 to 18 (with DE-training): vocational courses in sixth forms to operate along side A Levels, without diluting the latter's intellectual rigour.

Teachers. Devolution to LEAs and individual schools of pay settlements. Improvements in teacher training: at least half of new teachers should come through extended new schemes, as opposed to teacher-training institutions.

Further and Higher Education. Can we free universities from UFC control, making them more dependent on fees allowing 'opting out' (cf grant maintained status for schools)?

Extend loan scheme to cover 100% of maintenance. Tuition fees to be set at market levels. Reform student unions.

TRANSPORT

Privatisation. British Rail, bus companies, trust ports, local authority airports. More private finance for roads.

London. Deregulation - then privatisation - of London buses.

Cars. Band road fund licence charges as a means of road pricing. Skew car tax (on purchase) to favour much higher mpg designs.

Channel Tunnel. Completion.

Air. Future of BAA monopoly. Deregulate air services to improve slot availability.

ENERGY

Mersey barrage. Coal privatisation and deregulation. Encouragement of more private electricity generators. Report progress on shareownership from privatisations.

HOME OFFICE

Continued reform of criminal justice system.

Implement changes in police, including improved leadership needed to maintain public confidence and make policing more responsive to what the public wants (eg more policemen on the beat). What should the police concentrate on doing? Look at structure of police. Any more scope for volunteer activity, special constables etc?

Improve standards in prisons following Woolf Inquiry. Privately

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run prisons could set good example. Use of camps to reduce overcrowding in short term.

Improve training and standards in Probation Service in line with wider role proposed for punishment in the community.

Improve victim support.

Drugs. Develop community-based approach.

Broadcasting. Take credit for everything we have done.

Immigration. A quota (as proposed in 1979).

Sunday Trading. Deregulation by agreement.

Dogs. Punitive compensation payments by owners where dangerous dogs attack - could lead to owners of dangerous breeds having to take out insurance. (Or ban dangerous breeds.)

Charity. Any further measures.

LORD CHANCELLOR'S DEPARTMENT

Family. More regard for children's interests.

Courts. Implementation of existing reforms. Future of Crown Prosecution Service?

MINISTRY OF ARTS

The Arts and Built Heritage. Prepare for the year 2000. Take credit for developments, especially funding.

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DEPARTMENT OF THE ENVIRONMENT

Environment. Rolling programme of proposals heralded in White Paper to be put into effect. Development of market approach to control of pollution. Proposals to surround towns with 'community forests' and increase tree planting in towns too.

Local Government. Future of Community Charge. Annual elections. Services to central government? Future of the counties: any strengthening of parishes: any other ways (see eg Inner Cities - community development trusts) of devolving local government functions. Expansion of Audit Commission's local government role.

Inner Cities. Systematic promotion of community development trusts, involving housing association powers, training and local enterprise, possibly linked to extended work of City Action Teams.

Sports. Future of the Tote. Develop sports facilities and all-seater football stadiums. Protection of traditional field sports from Europe.

Housing.

Redevelopment. The future of HATS - or a different approach to inner city housing re-development.

Homeownership. Nationwide extension of 'rents into mortgages' scheme for council house purchase. Extension of scheme of grants to council tenants to vacate homes and buy in private sector. 80% homeownership the target by 2000.

Private Rented Sector. Any further measures to boost private

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renting - short of deregulating existing tenancies.

Homelessness. Closer involvement of voluntary bodies and churches in tackling homelessness.

Empty Properties. Effective ways of having local authorities use them.

Homesteading. A cost effective scheme of grants to individuals and powers to dispossess bad council landlords.

Agriculture

Future of ADAS. The end of the 'green pound'. Any other changes in the system of agricultural support eg more specific grants for environmental purposes. More fundamentally, the future of the CAP in the light of opening up of Eastern Europe.

Defence

What we cut and what we keep. NATO's future. Retain independent deterrent.

Europe and Foreign Affairs

Development of 1990 packages on monetary and political union. Associate membership of EC for Eastern European countries. More cultural, educational and business contacts with Eastern Europe. Resist excessive conformist "harmonisation". Proposals for British presidency, second half of 1992.

Scotland and Wales

In Scotland, abolish regional tier of government.

Further re-location of civil service etc.

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