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2. PRIME MINISTER

## PRESENTATION POST-BOURNEMOUTH/EASTBOURNE

After a respite during the Recess, when opinion polls moved towards the Government, we have hit rough water. This rather surprisingly has followed the party conference, notwithstanding entry into the ERM, and the sea has got rougher as a result of Eastbourne.

What has gone wrong?

Before I attempt to answer that question, it is important to note that some unhelpful allegations are now being bandied Leave aside fairly predictable calls by the Observer, about. Independent on Sunday and Daily Mirror for you to go, there is an impression abroad that:

- you have lost your touch and drive;
- the Government has run out of steam and is weary after eleven and a half years;
- there is evidence of failure notably on inflation, education and transport and the Government cannot get it right in time;
- but, assuming that it can get it right in time, it has very little left to offer the country other than more of the same, some of which has not latterly been all that impressive.

That dreaded word "drift" is beginning to be used.

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However, nobody seems to be too sure of their ground - see Ian Aitken's caution about writing you off in today's Guardian. You've made more comebacks than Dame Nellie Melba. And, to repeat what I said in my minute to you before Bournemouth, nobody (with the possible exception of the Mirror) thinks Kinnock or the Labour Party have got it or could do it.

But, as is the way of the media, it is the Government that gets it in the neck, and that is that is happening now.

Why? Something seemed to go wrong in Bournemouth and it is very difficult to put one's finger on it. But, judging from the attitude of the press I have sparred with since, there are the following ingredients:

- a touch of complacency (reinforced by Eastbourne)
- a certain defensiveness
- a lack of initiatives
- a lack of excitement
- a concentration on past achievements rather than on the future
- a feeling of marking time because, given the economic fundamentals, there was nothing else to do

All this may be unfair, but it is as well to be frank.

It is also necessary to be frank about the immediate future. Hard though I shall try, I shall not find it easy to make the Queen's Speech as dynamic as its predecessors in this Parliament. And we are in for a difficult winter economically and in Europe. We cannot assume the Gulf will pull irons out of fires.

So what is to be done?

Put simply, the Government needs to show it has fire in its belly. That, I believe, is the missing ingredient.

So what is there to get fired up about in Britain today? And how do you relate that to the 11 years in office - as indeed you must if renewed passion and vision are to carry credibility?

Well, let's look at Britain today after 11 years of Thatcher.

Britain is much more prosperous - and not least for pensioners. A lot of its fabric has been renewed or restored, but we're still fearfully untidy. We now have great expectations, even if we don't admit to them.

Thanks to eight years' continuous growth, we have generated enough money to make a real start on making good decades of neglect on infrastructure. But you won't get anywhere with the railways until you privatise them in one way or another - a most urgent requirement in the transport equation.

Industry is much fitter but still bedevilled by weak, whining, management who collapse like a pack of cards in the face of emasculated trade unions. This kind of management still stupidly believes in quick fixes - and this time they call it the ERM.

Millions more people own property or capital but currently can't sell their houses because of high interest rates and have no idea how to extend their shareholdings - the Stock Market is for the privileged, not the people. And local government sabotages every attempt to improve the desperate lot of people on council estates.

Social security still featherbeds far too many ne'er-dowells (witness, for one small example, the layabouts who sleep on the streets) and does not adequately target deserving causes. We are a long way from cracking dependency on the State.

The Health Service is particulary difficult because it is a sacred cow. But it is still in the grip of vested interests. It generally delivers a wonderful service once you can get into it but too often you have to be at death's door to do so.

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And local government is an overspending, self-indulgent disgrace because it does not primarily set out to serve the interests of the residents to whom it is responsible. Over time, and given the chance, the community charge should make it more responsive to people's needs. Meanwhile, the community charge is still deeply unpopular.

Education may not be as bad as it is made out to be but it isn't good and it is failing the child. Perhaps more accurately, local education authorities and teachers are failing children and have to be stopped from doing so. If the Government cannot stoke up any fire in its belly over this, it has lost its soul. The greatest deprivation in Britain today is to be launched into the world of work unable properly to read, write or handle numbers.

Crime in all its forms from petty thieving and vandalism to child abuse and murder is the product of a society gone soft on discipline since the silly Sixties. We have got to get rough and tough and to hell with the wimpish Guardian/Independent tendency.

Inflation, the Government's judge and jury, convicts the Government of neglect, though remedial action is in train. The question is how soon it will lift our spirits and bring mortgage rates down.

On Europe, the two main parties are split but the Conservatives seem likely to make more of their split because they remain a party of some principle. After 31 Euro Councils I have little love left for the EC but I often wonder how much the public care.

All this, if I may say so, is not a matter for despair. It just goes to show how difficult it is to reform a conservative, awkward, fundamentally lazy and apathetic Britain.

The fact that there is still a lot wrong with Britain is no shame on you. The shame would have been if you had done nothing to change things and if Britain were still seen to be in decline.

A good start has in fact been made on remedying Britain's ills. The political key now is how, midway into the task, you can fire people with a new passion for the further reform that is required. To wait for the manifesto is to lose the opportunity. The need for leadership, steam, motive power is now. **PERSONAL AND CONFIDENTIAL**  3

There is enough in my analysis above for a radical programme to shake Britain into purposeful life. To elevate personal responsibility. To extend choice. To sharpen our performance. To improve the nation.

The plain truth is that the Government and your party need to be made to snap out of it; to recover their purpose; and to jump to it. It's later than they think.

This is not going to be done simply by cultivating media proprietors and editors. It will only happen if the Government makes it happen - if it projects a new purpose.

You may care to discuss how to achieve this with John Wakeham, Peter Morrison, Andrew and me.

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BERNARD INGHAM October 22, 1990