

1. I am very glad to be able to address the Committee  
- briefly - before we adjourn for the Christmas recess;  
or should I say "adjourn briefly" for the Christmas  
recess ...

You may think my honour a little wry! In fact I  
genuinely regret the fact that our Christmas break is  
to be a few days shorter than usual. I have my own  
vested interest in the date of our return - for me  
the 9th of January means an extra Prime Minister's  
questions on 10th January. But I expect that the Whips  
will have explained to you that we have a wholly  
exceptional problem of business management in the early  
part of 1985: no less than five Bills -

- the Hong Kong Bill
- the Representation of the 'People Bill'
- the Northern Ireland Elections Bill
- the Local Government Bill; and of course
- the usual Finance Bill

are Bills whose Committee Stages will have to be taken

(or have had to be taken) in whole or in part on the floor of the House, for constitutional reasons. Our experience yesterday will have reminded you how much easier it is for the Opposition to delay the legislative programme when every back-bencher can participate in a Committee stage.

But I have told the Chief Whip - how marvellous it was to see him back in his customary seat today - that I expect virtue to be rewarded, for all of us, and for a reasonably early rise to be secured for the summer recess.

2. Mr. Onslow, this is the first time I have had the privilege of addressing the Committee under your Chairmanship. I would like to congratulate you on the profound honour which has been bestowed upon you in your election to office. Chairmanship of the 1922 Committee is perhaps the quintessential post in our elective parliamentary democracy. And I know that you will not take it amiss if I observe that it is a measure of the stature of your predecessor, Edward du Cann, that he succeeded in

securing re-election as Chairman of this Committee on no less than twelve successive occasions.

3. One of the first tasks you had to undertake in your new office was to convey to me the strength of feeling in our Party about the proposed changes in the system of student grants. I am glad to be able to report to members of the Committee that your Chairman is an excellent communicator, as well as a subtle persuader. He warned me that, unless I was careful, it would only be Keith Joseph who was able to fill Committee Room 14 full to overflowing. Well, I have been careful, and Committee Room 14 looks fairly brimfull tonight!

4. The debate we have had on student grants has had one, perhaps incidental, but certainly beneficial effect. Parliament, and above all the Opposition, is beginning to ask in a new and sophisticated way, the key question in relation to public expenditure: "where is the money coming from?" You will have noticed with what zeal and persistence the Opposition sought to

identify and force the Government to account for every last million pounds of extra expenditure of re-allocated expenditure, involved in the Autumn Financial Statement, and in the variations we have made to it.

Mr. Onslow, I hope that the Committee will not overlook how profound even momentous, though perhaps unconscious and unobserved, is the shift in the political battleground represented by this kind of Opposition probing. It means that we have succeeded in making sound finance the touchstone of success in managing public expenditure. Nobody now believes that financial fudging, or inflationary funding, is an acceptable practice in public expenditure. Increases in real public borrowing, or in real taxes are now seen to be the only options if public expenditure is to be increased; and both are seen to be hard options. The Opposition are now as reluctant as we are openly to advocate either. Mr. Onslow, that is a great step forward. It has always been tempting for politicians, when we have a public expenditure total of over £130 thousand

million pounds, to think of the odd £100 million as a mere shaving. But the reason why this party won the last two elections, and will win the next one, is that we do not think casually or cavalierly about the odd ten million pounds, or fifty million pounds, or ninety million pounds of public spending. Instead we think carefully about millions of people - individual people - for whom the £10 Christmas bonus means a great deal; or fifty pounds a week means a real struggle; or ninety pounds a week is all that is left of a gross weekly wage of £125 when Income Tax and NIC has been deducted from it. Those millions of people are our first priority in considering public expenditure; and it is for their sakes that we make no apology for counting the pence as well as the pounds.

5. Controlling public expenditure is, of course, a difficult and painful business. No less than other members of the Committee, my own constituency post bag bristles from time to time with indignant letters from those whose personal fortunes have been affected by our public actions. But I need not remind you that governments, and their supporters, are elected precisely in order to make the necessary but difficult and painful decisions.

And let me reassure the Committee, if any reassurance is needed, that we have not lost our vision, nor our overview. Issues of public expenditure, taxation, borrowing, the Medium Term Financial Strategy and so on, though preoccupying on a day-to-day basis are not mere ends in themselves. They are essentially means to a greater, overriding end: more jobs, greater prosperity, enhanced security for our people. And we remain confidently convinced that our husbandry is going to produce the crop

we are all working for. We recall that, in the days of Harold Macmillan, relatively low public expenditure - perhaps 25% less than it is today - went hand in hand with low levels of unemployment. Indeed if there is one clear lesson from the past, it is perhaps that growing public expenditure has marched hand in glove with growing unemployment.

So our strategy for controlling public spending is a strategy for jobs. Lower taxes, lower interest rates, lower inflation are an essential part of this strategy, and it is beginning to pay off. The creation in 1984 of some 250,000 net new jobs is a sign of the sap beginning to rise, surely and unmistakably, in the tree and its branches. The fact that most of these jobs have occurred in the predominantly non-unionised sector of the economy, and have been taken by part-timers, merely underlines how vital it is for us to stick to our guns in trade union reform, and to persist in our efforts to dismantle barriers

to get jobs - like the National Insurance Surcharge, and some aspects of current Employment Protection Legislation.

I am convinced that if we continue on course - lower inflation, lower interest rates, fewer barriers to work, more incentives for work - then we shall continue to create more jobs, as we have already begun. And what is at present a mere ripple, or trickle, will assume the scale and momentum of a tidal movement, and the effects will at last begin to come forward in significant reductions in the unemployment totals.

We need conviction, and steady nerves for our strategy. But our record, both abroad in the Falkland campaign, and at home in the coal-mining dispute, shows that we lack neither nerves or conviction. When last I spoke to this Committee, I spoke of the enemy within. Today I underline another reality. It is only at our own hands that we can suffer defeat.