

Conservative Conference Speech

William Hague: New Labour is dead

Rt Hon William Hague, Sunday, October 3 2010

Today in Birmingham we, the Conservative Party, meet for the first time since 1996 as a party of government. Once again we have the greatest honour a party or any of us individually can have: the chance to serve our country, to deliver the change this country has needed for so long.

And once again a new Government has to clear up the miserable mess we always inherit: the concoction of economic incompetence, disjointed ministries, overmighty officialdom and national demoralisation that Labour governments unerringly and without exception leave behind.

Our predecessors who came to office in 1951 had to make a bonfire of regulation; in 1979 they had to curb inflation and trade unions beyond the law, and now in 2010 we have to confront debts and deficits on a scale never known in the lifetimes of anyone here today.

We must never mince words about the government that left the country in this state. A government that raised taxes 178 times, raided the pension funds, sold the gold, and borrowed more than all previous governments put together, but still managed to leave more people on welfare, school and health inequalities wider, severe poverty growing and poor communities suffering most from crime was not merely guilty of the highest order of incompetence, but was also possessed of a profound misconception - that officials knew better than citizens, that inputs mattered more than outputs, that money was the answer to every problem and that hard work can be taxed without limit - and that government was in all these respects comprehensively wrong.

And now we can look at the books it is clear that when they showered grants on businesses just before the election it was money they must have known they did not have; that when they contracted to spend from the Defence budget £38,000 million more than was in it, they were writing a £10 million cheque for every day for the next ten years in the full knowledge that every single one of those cheques would bounce.

The last government was cynicism in physical form, a party of political pyramid-sellers, trying to fool people they thought would never notice by spending money they did not have in pursuit of promises they never kept in support of a fantasy they could not possibly have sustained.

A former Prime Minister recently wrote "the danger now is this: if governments don't tackle deficits.....if we fail to offer a convincing path out of debt, that failure.....will itself plunge us into stagnation." Yes, that was Tony Blair. What a pity he never persuaded Gordon Brown, or Brown's chief economic adviser as he wrecked the economy, Ed Miliband. But now New Labour is dead, and if anyone doubts that just look at the book sales reported at last week's Labour conference:

Peter Mandelson: The Third man - 40 copies sold

Tony Blair: A Journey - 5 copies sold, one stolen

Tristram Hunt: The frock-coated Communist, the revolutionary life of Friedrich Engels - 90
copies sold

In today's Labour Party Marxism is 15 times more popular than Blairism.

The choice now is Ed Miliband's. Will he join us and the Liberal Democrats, who have come together to clean up the mess Labour left behind? Will he set out a credible plan to deal with the deficit?

Or will he follow the Unions who fixed the election for him, and Ed Balls and Gordon Brown who tutored him, in running away from the biggest problem facing the country and abandoning the centre ground of British politics?

When George Osborne addresses this conference tomorrow we should celebrate the fact that this country again has a Chancellor who believes that budgets should be honest, that debts must be paid, and future generations not left with intolerable burdens. And we should draw enormous confidence from the fact that we have never gone wrong when we have had Chancellors, from my own hero Pitt in the 1780s to Geoffrey Howe who I worked for in the 1980s, who know and understand the simple truth that the whole prosperity and ultimately the security of the nation rests on confidence in one thing: sound finance. Without confidence in its money, its currency, its debts and its credit, no nation can prosper or succeed.

It is now clear that without the action we have already taken this country's credit rating would have been downgraded at enormous cost to our economy. We got here in the nick of time.

We knew even before the election, that restoring the finances of this country would be one of our greatest ever challenges. But as the sun rose on 7th May, the day after the election we knew something else: that we could not do it on our own.

We could have tried that day to play the situation in our own party interest, to have attempted to run a minority government for a few months and hoped a snap election could produce something better. Like Labour in the seventies, we could have tried to muddle through.

But this party, the Conservative Party, has never been about narrow party interest. We exist to serve the country, to do the right thing by Britain as a whole. What would it have meant for Britain, a weak government with an uncertain future presiding over a tottering economy with markets panicking and debt out of control and no guarantee that we could even pass a budget?

That choice would have been the choice of irresponsibility, of putting party before country.

But we made the other choice, to make a generous offer to form a coalition government with a solid majority in parliament.

All of us in this hall have fought Liberal Democrats in local, general and European elections. We have done so for years and decades, and some of those fights have been bitter.

So it was not an easy thing to do, to put aside party differences, to break the habits of

lifetimes, to give up some cherished policies, but it was unarguably the right thing to do for our country.

Yes, we had to give up on our plans for inheritance tax, but we reached agreement with the Liberal Democrats on lifting 800,000 of the poorest people out of income tax altogether. Yes we have conceded a referendum next May on our voting system, but we have agreed on our European referendum lock so that never again can the powers of the British people be given away without their consent. And from the next election the constituencies we represent will be of equal size so that the loading of the electoral dice in favour of one party will be addressed.

Those of us who negotiated the coalition agreement in the Cabinet Office did so with the enormous incentive that while we were doing so Gordon Brown was squatting next door in Downing Street insisting for a time that with 29% of the vote he could still be Prime Minister. That would have been a democratic outrage. But we were conscious then that, come next year, some in our own party will question why we are having a referendum, and some of our own parliamentary colleagues will not be happy that we are holding it.

So we should be clear now about this: the Liberal Democrats have honoured their word, and we will honour ours. Let us be clear that we will hold the referendum and hold it on schedule, just as we are also clear that we are free to recommend to the voters the rejection of a new voting system and the Prime Minister, the Chancellor, I and our senior colleagues will indeed recommend that they do so.

As Labour have discovered, under the alternative vote system, one candidate gets more votes and a different candidate wins. No wonder Ed Miliband is in favour of it.

That referendum is one of the inevitable compromises of coalition. Then and at other times in the years ahead the agreement we have made and our commitment to it will be tested by events, and whenever that happens we must remember that the gains it brings to our country far outweigh the risks for our party.

On the morning after the election, when David Cameron said, first to us, his colleagues, and then to the whole country, that we should seek a coalition he was right. He showed then the boldness and courage which are the hallmarks of his leadership.

There is a reason why the Conservative Party is the oldest and most successful party in the world: that at each crucial moment in our history we have been fortunate to have leaders with the imagination to do what the country needed, from Disraeli's dramatic introduction of mass democracy in the 1860s to Margaret Thatcher's bold overthrow of the failed consensus of the 1970s.

Those days in May were such a time, and they were days in which David Cameron showed he had the decisiveness and vision of a real Prime Minister.

And let us recognise that it was not easy either for Nick Clegg. He could have sat on the sidelines. He could have kept Gordon Brown clinging on in Number Ten. He could have evaded all responsibility. But he did none of these things, joining us in showing that there is a different way of doing politics; of seeking the point of agreement, of looking for what we

have in common, and as we face together the grave challenges in front of us, we should salute him.

We will not hide from the country that those challenges are grave indeed. As we set about rescuing the nation's finances, there will be painful and perhaps unpopular moments, but having taken on this responsibility, whatever is flung at us, each of us must see it through.

In my own area of foreign affairs, which I will speak about on Wednesday, we have set out a distinctive British foreign policy, elevating and intensifying our relations with the fast-growing economies of Asia, Latin America, Turkey and the Gulf, and placing the promotion of British business at the core of the work of the Foreign Office to provide the jobs and opportunities for British people in the years to come.

And in Afghanistan, where we must never forget for one moment the work and sacrifices of our Forces, we are doing everything we can to aid their success.

At home, we have not only reduced corporation tax this year but will reduce it every year for the next four years and have relieved many new small businesses of the burden of national insurance contributions so that everyone knows that Britain is open for business again. Instead of being known for the highest budget deficit in the G20 we will be known for having the lowest corporate tax of any major western economy.

Now at last we can plan a positive future for Britain, as today's announcements on cancer care, welfare reform and more freedom for local authorities show.

Under Labour jobs were to be taxed more heavily; with this Government jobs are taxed less heavily. Under Labour the national debt was set to double again; under this Government we will save £16 billion of debt interest payments in this parliament alone.

Under Labour the freedom of the citizen was consistently eroded; under this Government the Freedom Bill will re-establish it. Under Labour school discipline broke down, with this Government the teachers will be back in charge of the classroom.

Under Labour the pension went up 75p; with this Government it will be linked to earnings. Under Labour council tax doubled; with this Government it will be frozen. Under Labour immigration was uncontrolled; with this Government it will have limits.

Under Labour, government had lost all coherence and purpose and the country had lost its sense of hope, optimism and confidence. With this Government we can create again a pride in what we are doing as a nation, confident that our economy will be revived, our books will be balanced, our public services reformed and accountable and our democratic politics renewed.

While Labour stands alone once again for vested interest, our Government has come together in the national interest. Once again the Conservative Party, this time in coalition, has the task of arresting and reversing a national decline. And once again we will show the world that Britain can do it.