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Osborne speech in full

*Comment & Analysis

By [Default \(https://www.politics.co.uk/author/default/\)](https://www.politics.co.uk/author/default/)

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Osborne speech in full

Read George Osborne's speech to the Tory party conference in full.

“We know what the task is.

Britain is coming out of the deepest recession since the war.

Our country is facing the largest budget deficit in our modern history.

And we will have no choice but tackle it decisively if we are to stop high interest rates and the unemployment they bring.

Yet at the same time the next Conservative Government is determined to leave public services and society stronger than it finds them.

Put bluntly.

Labour created this mess.

Everything we have done in this Party:

All the changes we have brought about;

All the judgements we have made;

All the leadership that you David have shown us;

All these things have prepared us for this moment – the moment when we ask to take our country forward at a time of enormous difficulty.

Our unwavering commitment to fiscal responsibility as the root of economic stability.

Our understanding that millions of Britons depend on public services and cannot opt out.

Our conviction that precisely because so many depend on them, those services need radical reform.

Our determination as compassionate Conservatives to protect the most vulnerable.

Our hard-headed recognition that, without enterprise and aspiration, compassion comes with an empty wallet.

It is the combination of these values that define the modern Conservative Party.

And there's something else.

After a year in which trust in Parliament has been rocked to its foundations, we know that politics must change forever.

We have to be open and transparent with the people we serve.

We need to offer a complete change from the double counting, the fiddled figures, the off

balance sheet trickery, the stealth taxes and the feckless irresponsibility of the last twelve years.



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We must rescue a lost generation from the jobs crisis that afflicts our country.

[Brexit \(https://www.politics.co.uk/tag/Brexit/\)](https://www.politics.co.uk/tag/Brexit/)

We must move this economy from one built on debt to one sustained by saving and investment.

[Prime Minister's Questions \(https://www.politics.co.uk/tag/pmqs/\)](https://www.politics.co.uk/tag/pmqs/)

The government borrowed too much.

The banks borrowed too much.

Let's tell the truth – we all borrowed too much.

Were we the only people in the world who did this? No, we were not.

Were we the ones who did it most? Yes, we were.

Now we reap the terrible consequences.

One in five young people cannot find work.

One pound in every four the state spends goes straight on the national debt.

More of our taxes go on paying the interest on that debt than on educating our children or defending our country.

Britain cannot go on like this.

We are sinking in a sea of debt.

I believe it is a terrible mistake to claim, as Gordon Brown does, that there is a choice between getting to grips with the debt and having an economic recovery.

Of course the pace of fiscal tightening has to be determined in co-ordination with the independent Bank of England and monetary policy.

And we will create an independent Office for Budget Responsibility to hold us to our course.

But you cannot have a sustained recovery until you show the world that Britain can pay its way.

And let me tell you, the world is watching Britain at the moment.

It is casting doubt on our country's creditworthiness.

It is questioning our resolve to deal with our debts.

And when that starts to happen, then long term interest rates rise, and international investment dries up, and businesses fail, and unemployment rises still further, and the recovery is killed stone dead.

We saw it the last time a Labour Government ran out of money.

And we must never allow our country to be dragged there again.

So we need to show political leadership and take the difficult decisions.

What a disgrace that a Chancellor who is borrowing £175 billion this year didn't even mention it in his Conference speech.

The Prime Minister called him last week 'a great Chancellor', conveniently forgetting that three months ago he tried to sack him.

What does it say about Gordon Brown that he got into a trial of strength with Alistair Darling and lost.

And while we're on the Prime Minister. This man has in front of him confidential Treasury

advice that he's got to cut spending by 10%.

What a disgrace that he spends his Conference speech unveiling a list of new unfunded spending commitments when he can't pay for the last lot.

When he should have been giving this country a lead, he went shopping on Brighton Pier with the nation's credit card.

The Iron Chancellor has turned into the plastic Prime Minister.

Free social care. Free hospital parking. Free childcare places.

We would all like those things. But where is the money coming from?

He is treating the British people like fools.

If you want to know why this is the least trusted government we have ever known then look at the nonsense they spouted at their Conference last week and you will have your answer.

Speaker after speaker, Prime Minister after Chancellor, said we opposed the bail out of the banks.

Do they think no one will remember our Party Conference last year in Birmingham?

That none of the journalists, let alone the audience here, would remember when David Cameron interrupted the schedule to come onto the stage and pledge the support of the opposition?

We supported the bank bailouts last autumn.

Not for political advantage, because we knew we wouldn't get any.

We did it because David and I genuinely believed it was the right thing to do.

And all our big economic judgements come down to that.

The judgement at our Conference three years ago to tell you that we were not going to come up with a list of unfunded tax cuts.

And who doubts that was the right judgement now.

The judgement to tell the British people twelve months ago, when it wasn't fashionable, that the cupboard was bare.

Or the judgement last November to oppose the VAT cut.

That wasn't the easy thing to do.

You try being the Shadow Chancellor who tells the Conservative Parliamentary Party that we are going to vote against a tax cut.

But who now doubts that was the right thing to do.

For not a single government in the world followed Britain's VAT cut.

Hardly a single major retailer thinks it worked.

David Cameron and I have always put sound money and stability ahead of everything.

And who now argues against that?

This June we told the truth and said publicly that whoever won the election would have to cut government spending.

The Prime Minister told Parliament week after week that the choice was now 'investment versus cuts'.

But the public realised the choice wasn't cuts versus investment.

It was reality versus fantasy.
Prudence versus profligacy.

Truth versus lies.
Brexiteer (<https://www.politics.co.uk/tag/brexit/>)

Never has a government's economic position collapsed more comprehensively in the face of an opposition's argument.
Prime Minister's Questions (<https://www.politics.co.uk/tag/pmqs/>)

We made the right call.

And if anyone still needed proof that we are now in control of the argument on the economy, it came last night.

As we have argued for months, pay restraint is necessary and the debt crisis needs addressing.

But for the Chancellor of the Exchequer to sneak out public sector pay policy in the middle of the Conservative conference, when he didn't have the guts to announce it to the Labour Party Conference tells you that these Labour politicians are better at writing books about courage than displaying it themselves.

This is about character as well as policy.

Now we face the biggest challenge.

How to build the sort of Britain we want in the face of the largest deficit in the developed world.

Let me tell you the distinctive approach modern Conservatives will take to making that judgement.

I can't give you the 2010 Budget in 2009.

But I want you to understand the sort of Government we will be, and the sort of decisions we will take.

First, modern Conservatives understand that we are all in this together.

There cannot be one rule for Westminster and Whitehall, and another rule for everyone else.

It is not the quantity of money saved so much as the example set.

We will cut the pay of Ministers by 5% next year and then freeze it for the rest of the Parliament.

We will cut the number of MPs by 10%.

And Parliament will be required to do what so many hard-pressed businesses have been forced to do, and close its unaffordable pension scheme to new members.

And what we ask of Westminster, we will also ask of Whitehall and its quangos.

The excessive salaries at the top have to go.

In the current climate, anyone who wishes to pay a public servant more than the Prime Minister will have to put it before the Chancellor.

I am not expecting a long queue.

The tax relief on private sector pensions is capped, so the time has come to find ways to impose a £50,000 annual cap too on the size of public sector pension payouts.

And a Conservative Britain won't need such a huge army of regulators, inspectors and central planners second-guessing the professional judgement of every teacher, nurse and

police officer.

And we won't need a huge tier of regional government second-guessing the decisions of elected local councillors either.

I tell you today that the next Conservative Government will cut the cost of Whitehall by one third over the next Parliament.

Westminster and Whitehall subjected to the same disciplines as everyone else.

A £3 billion pound a year saving in bureaucracy alone.

We are all in this together.

Second, modern Conservatives believe in decent public services.

We know that the vast majority of families depend on them and cannot opt out.

The idea that David Cameron and any Cabinet he leads – the idea that the modern Conservative Party – would callously damage those public services is a shameful lie.

Under David's leadership we have committed to increasing health funding each year.

We have become the Party of the NHS.

Yes, we want to reform public services.

Unless we reverse the dramatic fall in productivity over which this government has presided, one thing is certain – the frontline will suffer.

Progressive Conservative reform or Labour frontline cuts – that's the real dividing line in British politics.

Departmental budgets will have to be set to get more for less across the public sector.

It's what successful businesses do everyday.

This constant process of:

rooting out waste;

eliminating failing programmes;

reviewing procurement;

publishing spending information online

increasing productivity

ending the constant stream of pointless eye-catching initiatives;

all this will make the greatest contribution to reducing the budget deficit.

Tens of billions of pounds will have to be saved this way.

The reform of public services will be driven not just by those who manage them, but by the choices of those who use them.

We are all in this together.

Third, modern Conservatives have a huge respect for the many committed public servants. Conservatives should never use lazy rhetoric that belittles those who are employed by the government.

Our job should be to motivate those people and get the best out of them.

But it is because we treat those who work in our public sector with respect that I want to be straight with you about the choices we face.

At a time of crisis, there is an inevitable and difficult trade off between securing jobs and restraining pay.

Anyone who tells you otherwise when the budget deficit is this big is misleading you. It is the same trade off that has been made at British Telecom, Vodafone, Jaguar and – incidentally – Channel 4 and the Guardian.

No one should pick on public sector workers.

I will not ask them to make any sacrifice or shoulder any burden that the rest of Britain is not being asked to make.

And government must honour commitments already made.

But today I tell you in all candour that if you look at the nation's finances.

What the Government announced yesterday will not be enough. It covers less than a fifth of the public sector workforce.

You will see that whoever wins the election is going to have to ask from 2011 each part of the public sector to accept a one year pay freeze.

We shouldn't include public servants earning less than £18,000.

Because I don't believe in balancing the budget on the backs of the poorest – and nor do you

Nor of course would anyone want to include those risking their lives for this country in Afghanistan – we owe them so much more.

Indeed, we should double their operational allowance.

I know it is difficult to ask such hard working people to accept this freeze.

But I want to be straight with you.

A pay freeze of the scale I'm talking about is the equivalent to saving 100,000 public sector jobs.

And I say to every public sector worker it is the best way to try to protect your job during this difficult period.

We are all in this together.

And modern Conservatism includes understanding that everyone being in it together involves the rich making their contribution too.

I am no fan of high tax rates.

We know that in the long run they destroy enterprise.

That is why we should not accept Labour's new 50 per cent tax rate on the highest earners as a permanent feature of the tax system.

But we could not even think of abolishing the 50p rate on the rich while at the same time

I am asking many of our public sector workers to accept a pay freeze to protect their jobs.

I think we can all agree that would be grossly unfair.

We will also target tax evasion and off-shore tax havens.

Remember we were the first to ask the non doms to make their fair contribution.

Everyone must pay their share.

I have a tough message to the bankers too.

The support from the taxpayer when you needed it most was there to prop up your banks not your bank accounts.

Don't forget that.

I hope the new international rules work.

It is the best solution.

But if we find the money that should be going into stronger bank balance sheets is being unreasonably diverted into bigger pay and bonuses – we reserve the right to take further action and that includes using the tax system.

I have given you a fair warning.

For I believe in the free market not a free ride.

And I believe we are all in this together.

But none of this will work unless we do something else modern Conservatives believe.

We will never mend our broken public finances unless we start to fix our broken society.

The cost of broken families and broken communities is paid for by every hard working taxpayer.

That is why we are going to support marriage in the tax and benefit system.

That is why, as you heard yesterday, we are going to devote an enormous effort to help the unemployed and get Britain working.

Along with our reforms to incapacity benefit, we also have to take a realistic look at the benefits the rest of society receives.

We will preserve child benefit, winter fuel payments and free TV licenses. They are valued by millions.

But quite frankly child trust funds have not been as successful as many like myself hoped.

We should continue paying them to the poorest families who often have no savings, and encourage them to use them more – but, let me tell you today, handing out new baby bonds to the rest of the country is a luxury we can no longer afford.

And I can also tell you today, we can no longer justify paying means tested tax credits to families with incomes over £50,000.

A modern Conservative Government will not ask from anyone what it is not prepared to ask from everyone.

Here's one more part of the modern Conservative approach to putting Britain back on the right financial track.

We want to turn an economy that borrows into one that saves.

At every stage we will support the culture of saving, and for those who show responsibility for themselves and others.

Encouraging savings is why I made my promise that only millionaires would pay inheritance tax.

Of course this financial crisis means it cannot be a priority for our first Budget, but in the lifetime of a Parliament we will honour that pledge.

A savers society is our ambition.

So we are going to stop more and more pensioners being driven onto the means test.

Let me affirm today that in the next Parliament we resolve to restoring the earnings link for the basic state pension.

That means a more generous state pension for all.

But this is another one of those trade-offs any honest government has to confront.

All parties accept that to afford that with an ageing population, the state pension will have to rise.

The women's pension age is already set to start rising over the next decade to 65. And by 2026 the pension age for men and women will reach 66.

This is already happening.

But most experts – including Lord Turner who made this recommendation – now think that is too far off.

So we will hold the review which Turner's Report itself proposed and which this government has never held.

Our aim will be to bring forward the date when the pension age rises.

This already is happening in Germany, in Holland and in Australia

We will ensure that no increase will happen until the second half of the next decade – in the Parliament after next.

For men this means the pension age will not start to rise to 66 until at least 2016.

For women this means the pension age will not start to rise from 65 to 66 until at least 2020.

No one who is a pensioner today, or approaching retirement soon, will be affected.

But this is how we can afford increasing the basic state pension for all.

One final thing on a saving society.

I today set this ambition for a future Conservative Government.

It's an ambition we will only be able to fulfil when we have got on top of the deficit.

It's an ambition that may well take more than one parliament to achieve.

Gordon Brown's disastrous tax raid on pensions heralded the start of the age of irresponsibility.

So today I say we will reverse the effects of Gordon Brown's pensions tax raid and get our country saving again.

That saving will fund investment – investment in real business.

I want to talk very directly to the people at home.

Conservatives have been straight with you today:

A bigger state pension each year for all paid for by an increase in the pension age of one year

A one year public sector pay freeze, that does not apply to the lowest paid, in order to protect the jobs of 100,000 people working in frontline public services

Tackling Britain's debt crisis to stop higher interest rates and higher unemployment for all

These are the honest choices in the world in which we live and we have made them today.

Anyone who tells you these choices can be avoided is not telling you the truth.

We are all in this together.

Friends, I have done this job for more than four years.

I have done it when no one trusted our Party with the economy, and I do it now when we have earned that trust and when the expectations of millions rest on our shoulders.

I have learned many things along the way.

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Don't just follow the crowd, or you will end up lost. [Brexit \(https://www.politics.co.uk/tag/brexit/\)](https://www.politics.co.uk/tag/brexit/)

Accept there will be hard knocks.

[Prime Minister's Questions \(https://www.politics.co.uk/tag/pmq/\)](https://www.politics.co.uk/tag/pmq/)

Understand that with the opponents we face, it will only get more personal the more desperate they become.

Above all over the last four years I have learned that you have say the true things that need saying or not bother doing the job at all.

That is what I have done today.

In the new era of politics which we have entered into, after what Parliament has been through this year, nothing else is possible.

I have got two young children.

I want a prosperous Britain where my children can be everything they can be.

I want an optimistic Britain where my children can be part of a strong, tolerant, generous society.

I want my children to think that our generation paid off its debts, valued its savers, rewarded responsibility, invested in their future.

And because I want it for my children, I want it for your children too.

I want it for everyone's children.

Because we are all in this together.

We changed the Conservative Party to be ready for this moment.

So that when the moment came, people would see us fit to govern.

People would trust us with public services.

People would join us to fix the broken society.

And people would turn to us to lead the economy out of crisis.

We changed the Conservative Party so that:

to a country that says it is time for a change;

we can say we are ready to make the change.”

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(<https://www.politics.co.uk/news/2025/07/07/deluded-conservatives-condemned-after-strategist-says-party-has-done-the-apologies/>)

News



Kemi Badenoch 'increasingly' supports leaving ECHR as she issues ultimatum

(<https://www.politics.co.uk/news/2025/06/05/kemi-badenoch-sets-out-echr-ultimatum-with-five-sovereignty-tests/>)



The damage Liz Truss did to Conservative politics will not be easily undone

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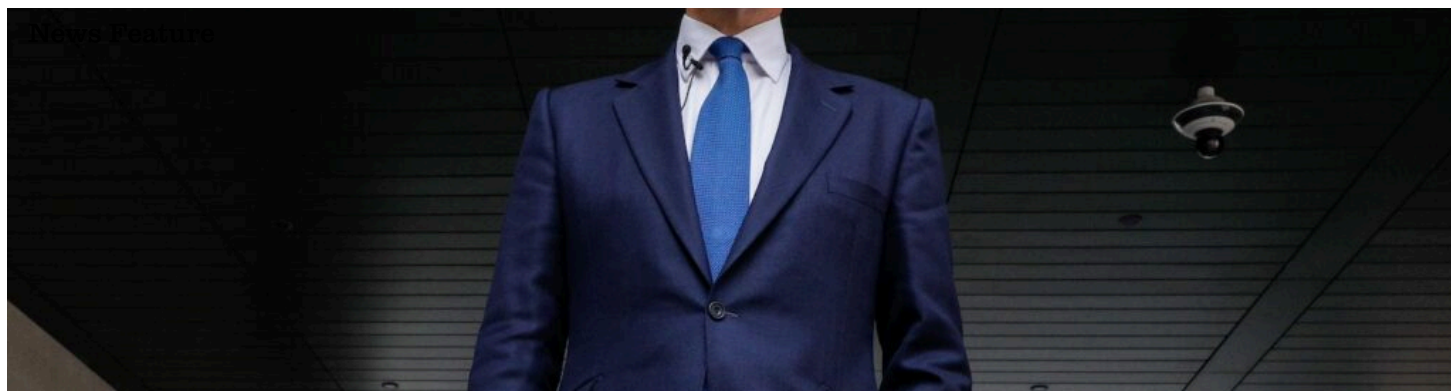


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Badenoch told Rupert Lowe defection would see Tories 'move even further to the extremes'

[\(https://www.politics.co.uk/news/2025/05/28/badenoch-told-rupert-lowef defection-would-see-tories-move-even-further-to-the-extremes/\)](https://www.politics.co.uk/news/2025/05/28/badenoch-told-rupert-lowef defection-would-see-tories-move-even-further-to-the-extremes/)

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Conservative Party slumps to fourth behind Lib Dems, new poll shows

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