

PO-CH/NL/0336

PART A

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PART A

1988 BUDGET BROADCASTING

NL/0336

PO -CH

PART A

DD's 25 years NAZU 10-11-95

23-2-88

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CONTAINS ON:-

PART **B**

DATE: FEBRUARY 11, 1988

PAGE 1

CLIENT: HUGHES B-E  
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YOUR SEARCH REQUEST IS:  
THATCHER W/25 BRIT! W/25 ECONOM! AND DATE IS > 8/1987  
NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:  
LEVEL 1... 25

1412 G.B.  
PRINTED IN U.S.A. 2

3RD STORY of Level 1 printed in FULL format.

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Los Angeles Times

January 4, 1988, Monday, Home Edition

SECTION: Part 1; Page 6; Column 1; Foreign Desk

LENGTH: 265 words

HEADLINE: THATCHER MAKES HISTORY -- 8 YEARS, 244 DAYS AS LEADER

BYLINE: By UPI

DATELINE: LONDON

BODY:

Margaret Thatcher made political history Sunday by becoming Britain's longest serving prime minister of the 20th Century, a record she celebrated by declaring the nation to be strong and regaining prestige.

"When I first walked through that door we were known as suffering from the British disease," Thatcher said outside the entrance to her official residence at No. 10 Downing Street.

"Now we're known for the British cure and people come to us, a newly confident country, to see exactly how we've done it," Thatcher said.

She said her task now is to restore the traditional standards that once made the British nation "synonymous with fairness, honesty and courtesy."

Thatcher, 62, took over as prime minister on May 4, 1979 -- a time when the country was foundering in a wave of labor strikes and government indecision and was widely seen as weak, both politically and militarily.

Britain's prestige rose anew as her government curbed the power of the large labor unions, sold off nationalized industries, created the strongest economy in Europe and defeated Argentina in the Falklands War.

Thatcher, who won reelection to a third term in June, served for eight years and 244 days as of Sunday, surpassing the record of Lord Asquith who served from 1908 to 1916 to become the century's longest continuously serving British prime minister.

But Thatcher has a long way to go before becoming Britain's all-time longest serving prime minister. Lord Salisbury served 13 1/2 years at the end of the 19th Century and Lord Liverpool served 16 years as "first minister" from 1812-27.

GRAPHIC: Photo, Thatcher relishing her record-breaking day. Associated Press

TYPE: Wire

SUBJECT: ENGLAND -- GOVERNMENT OFFICIALS; THATCHER, MARGARET

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5TH STORY of Level 1 printed in FULL format.

Copyright (c) 1988 The Times Mirror Company;  
Los Angeles Times

January 1, 1988, Friday, Home Edition

SECTION: Part 1; Page 1; Column 1; National Desk

LENGTH: 1540 words

HEADLINE: BUT SHE FACES CRITICISM ON REFORMS;  
THATCHER'S POLITICAL RULE UNCHALLENGED IN 3RD TERM

BYLINE: By TYLER MARSHALL, Times Staff Writer

DATELINE: LONDON

BODY:

Britain's Prime Minister Margaret Thatcher was asked recently to assess the state of her political opposition. Startled, she replied crisply, "Do you know, I have not really given that very much attention. . . ."

The prime minister's response was widely accepted at face value, a reflection of the extent of her unchallenged domestic power six months into her third term. In terms of longevity, she is already senior among the leaders of the major Western nations, and on Sunday, she will become the longest-serving British prime minister of the 20th Century, surpassing Herbert H. Asquith's record of eight years and 242 days.

Thatcher's experience in world affairs, her close rapport with Soviet leader Mikhail S. Gorbachev and the absence of any major domestic threat to her rule are expected to provide valuable depth and continuity to Western Alliance diplomacy as the Reagan Administration enters its final months.

With a weak, divided political opposition devoting more energy to internal feuding than to attacking her, and with Britain's economy among the fastest-growing in Europe, there seems little to prevent her from governing into the 1990s.

"Apart from Winston Churchill at the start of the (second world) war, Mrs. Thatcher is the most powerful prime minister this century," said Anthony King, a respected political analyst and Essex University social scientist. "She's skillful, determined, hard-working and getting younger every day."

In a New Year's message to the nation Thursday, Thatcher radiated optimism, saying, "We could be on the verge of a new age of freedom and a long period of peace, prosperity and stability such as our people have not known this century."

Although there has been volatility in the stock market, consumer confidence remains strong in Britain, unemployment continues to decline, and, collectively, Britons probably feel better about themselves than at any time in recent years.

Storm Clouds Gatherng

Still, behind this picture of invincibility, storm clouds are gathering. Whether these clouds merely signal the end of her third p...-election

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1 honeymoon with Britain's voters or something more significant is not clear, but  
2 a shift in the public mood is apparent.

4 Central to this shift is mounting doubt about key elements of her third-term  
5 legislative package, acknowledged as the most radical program of domestic reform  
6 since the Labor Party shaped the welfare state in 1945.

8 Her plans to overhaul the country's educational system and to extend her  
9 capitalist crusade by returning the water and electric power services to private  
10 ownership have raised apprehension among voters as campaign slogans are  
11 transformed into detailed legislative proposals.

13 Her plan to implement a controversial new levy known disparagingly as "the  
14 poll tax" has been received with open hostility.

16 "There's widening antipathy and, in some instances, outright antagonism  
17 toward these policies," said Robert M. Worcester, chairman of Market & Opinion  
18 Research International (MORI), a polling organization.

19 Little Support for Reforms

22 He said post-election MORI polls indicate declines ranging from 11% to 21% in  
23 the level of public approval for the Thatcher government's major reforms.

25 But it was another issue that placed Thatcher on the political defensive for  
26 the first time since her landslide election last June: an unexpected groundswell  
27 of public indignation about the chronically ill National Health Service.

29 Thatcher has consistently defended her record of support for the state-run  
30 health service, noting that her governments have increased spending by 30% in  
31 real terms since 1979 and presided over the biggest hospital building program  
32 since the service was created nearly 40 years ago. But leading doctors contend  
33 that skyrocketing costs have left the service critically short of funds and  
34 trained personnel.

36 In recent weeks these contentions have been backed by almost daily reports  
37 that hospital wards, some nearly new, are being forced to close because there is  
38 no money for personnel to run them.

40 But it was the saga of a baby named David Barber, who died after being forced  
41 to wait six weeks for a heart operation because of personnel shortages, that  
42 defined the extent of the crisis and transformed the National Health Service  
43 into a major political problem.

45 Health Care Top Priority

47 Thatcher responded with an immediate \$180 million in emergency Health Service  
48 funding -- an increase of roughly 1% -- but few expect that to resolve the  
49 crisis. Meanwhile, opinion polls show that a growing number of Britons view  
50 improved health care as the country's top priority.

52 Thatcher has also faced growing resistance, including a minor revolt in her  
53 Conservative Party, to a planned overhaul of local government financing that  
54 would replace property taxes with a flat-rate levy on every adult irrespective  
55 of income.

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1 Thatcher sees this as a way to curb what she thinks is excessive spending by  
2 left-wing local governments, which at present are financed by property owners  
3 alone, and to spread the cost of local government among all adults.

4  
5 Opponents call the proposed levy a poll tax in part because electoral rolls  
6 would be used as a means of identifying adult residents. They say it  
7 discriminates against pensioners and families with older children.

8  
9 Under the proposed flat rate, which the government calls a community charge,  
10 the average tax is expected to be about \$330 per adult, compared to an average  
11 under the present property tax of about \$825 per dwelling. A family of four that  
12 includes two small children would pay \$660; this would be doubled if, say, an  
13 aged grandmother and an 18-year-old student daughter lived in the house.

#### 14 20 Million Renters

15  
16 The estimated 20 million Britons who rent living quarters at present pay no  
17 property tax but would pay the same flat rate as property owners under the  
18 proposed tax.

19  
20 The tax was implemented in Scotland earlier this year and has been cited as a  
21 key reason why Thatcher's Conservatives won only 10 of Scotland's 72 seats in  
22 Parliament in last June's election.

23  
24 Sensing a similar lack of popularity among English and Welsh voters, 17 of  
25 the Conservative members of Parliament bolted and voted against the reform on a  
26 procedural issue earlier this month. The attack was led by a previous  
27 Conservative prime minister, Edward Heath.

28  
29 "This bill runs counter to all the long-accepted tenets of the principles of  
30 taxation," Heath declared.

31  
32 Because the Conservatives have a majority of 102 in the 650-seat House of  
33 Commons, party discipline alone is likely to be enough to ensure passage of the  
34 bill, though it could be subjected to embarrassing delays in the House of Lords,  
35 which has no power to kill proposed legislation but can return it to the lower  
36 house.

#### 37 Loss of Top Aide

38  
39 The loss of William Whitelaw, deputy prime minister and leader of the House  
40 of Lords, who suffered a slight stroke recently, is likely to increase the  
41 possibility of problems in the upper house.

42  
43 But at this stage, Thatcher's difficulties are small in comparison with  
44 crises she has managed to survive.

45  
46 A year ago she lost two senior Cabinet ministers and barely survived herself  
47 in the wake of a scandal involving Britain's only helicopter builder, Westland.  
48 Uncharacteristically, Thatcher failed to quash a Cabinet dispute over whether  
49 the financially ailing Westland should be sold to American or European  
50 interests. In the end, it became part of United Technologies Corp., an American  
51 firm.

14 2 G.B.  
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1 For several weeks, Thatcher fought to keep herself from being personally  
2 implicated in the leak of a confidential document from her office that  
3 discredited her opponents in the affair. Had she been tied directly to the leak,  
4 considered a serious breach of government procedure, she would almost certainly  
5 have been forced to resign  
6

7 And, at the height of the 1981 recession, with unemployment rising and  
8 Thatcher refusing to consider reflation as a means of dealing with the  
9 situation, her personal popularity rating plunged to 25%, the lowest level ever  
10 for a British prime minister. Her present rating is about 50%.

#### 11 Little Personal Popularity

12 Still, Thatcher has rarely been a wildly popular figure, invariably scoring  
13 below opposition figures like Labor leader Neil Kinnock and Liberal leader David  
14 Steel in personality preference polls.

15 Unlike President Reagan, she has been able only occasionally to count public  
16 affection among her political assets.

17 "Her political strength comes from her ability to wield power within  
18 government," analyst King said. "She's a complete contrast to President Reagan,  
19 who's been only sporadically successful within his own Administration yet  
20 manages to hold the affection of the American people."  
21

22 With no credible political opposition to challenge her policies, the biggest  
23 danger, some think, would be for her to believe she is unassailable and to  
24 ignore growing public resistance to unpopular reforms.

25 Asked to name the biggest potential difficulty facing Thatcher as she nears  
26 the end of nine years in power, pollster Worcester replied with a single word,  
27 "hubris," which Webster's New World Dictionary defines as "wanton insolence or  
28 arrogance resulting from excessive pride."  
29

30 GRAPHIC: Photo, Margaret Thatcher United Press International

31 SUBJECT: ENGLAND -- GOVERNMENT OFFICIALS; ENGLAND -- GOVERNMENT; GOVERNMENT  
32 REFORM; THATCHER, MARGARET; ENGLAND -- TAXES  
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\* 6 PAGES 208 LINES \*

\* 11:17 A.M. STARTED 11:22 A.M. ENDED \*

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SEND TO: GALE, MARGARET  
BRITISH INFORMATION SERVICES  
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NEW YORK NEW YORK 10022

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FROM: A P HUDSON  
DATE: 14 January 1988

MR PICKFORD

cc Mr R I G Allen

**BUDGET BROADCAST**

As well as the helpful material attached to your 12 January minute, it would be handy to have the final versions of the charts which were used in last year's broadcast. The Chancellor asked to see the 1986 charts when planning the 1987 broadcast.

2. I am afraid we do not have the final set here. Do EB or IDT have it?

*APH*

A P HUDSON

# GUIDE TO THE GERMAN PRESS

BRITISH INFORMATION SERVICES  
BRITISH EMBASSY BONN.

Wednesday 20 January 1988

ARD 8.00pm: Stoltenberg & Apel discuss budget deficit

1] Shevardnadze in Bonn: (9 out of 12 main items). Headlines mainly on Kohl-Gorbachev meeting: No date; open; in 2nd half of year at earliest. Possible (SZ) decision in the second half of the year, agree Kohl & Shevardnadze "in view of engagements on both sides" (GA, FAZ). K & S describe a K-G meeting as very desirable and useful (GA), necessary (FAZ). S: Genscher visit to Moscow first (GA). K-G meeting also reportedly broached in G's message to K (FR). Venue will be either Bonn or Moscow (FAZ, FR). Chancellery's announcement last week that there were no doubts about G's visit to the FRG, it had been arranged, was based on an agreement with Kvizinski after the Bundestag election 1987 (FAZ). Personal disappointment for Kohl who had repeatedly suggested date during German EC presidency (SZ). Fears already last week that K. was going out on a limb (FR with a box of Kohl-quotes beforehand). Hints by Chancellor's Office about visit to Moscow obviously not to Soviets' liking (SZ).

Kohl-Shevardnadze meeting lasted 2 1/2 hours (GA, Welt), S conveys detailed message from Gorbachev on bilateral and international questions (GA), in answer to Kohl letter on eve of Washington summit (Welt). Both K & S stress readiness to further confidence building between E & W by means of wide, practical cooperation (GA). S agrees with K's suggestion to strive for progress in fields of training & further education, medicine, reactor safety, youth- and cultural exchange (GA, Welt, FAZ). K-S agreement that there should be no pause in disarmament process (GA).

Shevardnadze-Genscher meeting: 3 agreements signed (most papers), identical statements on CW: quick agreement! (KSTA). Genscher sees talks as step forward (KSTA, SZ).

Shevardnadze press conference: talks in Bonn were very positive, interesting, rich in content; S. welcomes great interest in perestroika (GA). Result of his talks "extremely useful & successful", above all results of meeting with Kohl are to be assessed positively (Welt). In his statements on disarmament, S says British & French nukes i.a. can only be excluded 'only to a certain degree and for certain time' (FAZ). S is dissatisfied that many politicians complain about conventional imbalance between E & W but show no hurry to tackle the practical problems (StZ). Praises Bonn: not one of those in the W. advocating a pause in disarmament in order to modernise arsenals (KSTA). Praise work of 3 working groups - procedure to be adopted for the regular consultations (KSTA). Equates Moscow's ties to FRG with those to W.Berlin (FAZ). Puzzlement at passage in dinner speech: "What cannot yet be subject of practical policy should be left to history. But it (history) has not sworn loyalty to any particular constitution" This was a substitution for something else that was deleted. If Bondarenko is responsible, the hints bode nothing good (Bergdoll in SZ). The sentence bears various interpretations: may be against the Basic Law, the Preamble, the Constitutional Court rulings - or a reference to some constitution that does not yet exist. He spoke of logic of realities that change constitutions and laws. And Sov. leaders speak a lot of vicissitudes of history these days. Kremlin still wondering about the Germans, whether old tendencies will resurface (Riedmiller in SZ editorial). Inclusion of Berlin in agreements on environment & cultural exchange not solved (GA, Welt).

Features: Gennrich in FAZ: S proves to be cool politician who knows how to use grand words. With smooth terms he gave the impression at first of Moscow concession regarding Berlin but there was not the slightest convergence later in talks on unsigned agreements. And so the talk about Berlin was disappointing for Bonn. S's words about complete removal of tactical nukes is seen by AA as reference to Gorbachev's target to remove all nuclear arms. The words about nuclear powers "not being ripe" for such a solution is seen as reference to GB & France which would not scrap such weapons. S confirms the trend: in the long term USSR is striving for denuclearisation of Europe. Genscher is backing harmony with France all the more since some US strategists reveal tendency to decouple; G could not praise Mitterrand enough in talk with S. Bonn does not indicate any euphoric expectations. SZ (Bergdoll): Diplomats and journalists have impression that Gorbachev and his team have yet to address selves seriously to Deutschlandpolitik. Genscher & von Weizsäcker had confidential talk afterward the Shev-Genscher talk. Presence of Wolfgang Leonhardt at dinner with Shev. reflects transformation in Sov. style. FR: New-leaf policy in glaring contrast to meagre results.

PERSONAL AND CONFIDENTIAL



FROM: A P HUDSON

DATE: 21 January 1988

MR PICKFORD

cc Mr R I G Allen  
Mr A C S Allan  
Mr Bush  
Miss C Evans  
Mr Curwen

**BUDGET BROADCAST: FIRST DRAFT OUTLINE**

... Following this morning's meeting I attach a shot at the outline of the Budget broadcast.

2. This is very short, and could clearly be fleshed out. But, on reflection, I do not see any point. The broadcast does not depend on an intricate argument. What matters is the language used, and the charts. The points covered are pretty obvious ones, and the purpose of the outline is simply to get them in the right order. Do you and copy recipients agree with this approach?
3. Since not everybody at the first meeting will know what is in the Budget, I have not gone into that section in the outline.
4. If Sir Antony Jay agrees to draft the broadcast, we must give him as much help as we can. I suggest giving him the Bull Points from the TWEB, and the Chancellor's article in the Sunday Telegraph of 3 January. Is there anything else that would help?

A handwritten signature in black ink, appearing to be 'A P HUDSON'.

A P HUDSON

**BUDGET BROADCAST: FIRST DRAFT OUTLINE**

Interesting introduction.

2. Strength of the economy

- robust growth, compared to other countries and earlier periods, stressing steadiness;
- jobs, and rapid fall in unemployment - faster than ever before, faster than any other country, and falling in all regions;
- living standards.

3. How has this been achieved?

4. First, by getting inflation under control.

5. Second, through a transformation in British industry:

- more efficient, through higher productivity
- profits
- more new businesses being created
- foreign companies coming to invest in Britain.

Stress contrast with 1970s, when news was all of strikes and crises.

6. Budget measures - designed to further this progress.

7. Peroration



C.

## BUDGET BROADCAST

We ought to have a meeting about the Budget broadcast in or around the first week of February. I suggest we start, ~~to~~ as last year, by looking at a video of last year's broadcast.

I'll sketch out an outline for the script, and EB ~~and~~ will offer some charts. We can take it from there.

It would be excellent if Sir ArJay were able to join us. Do you want to ring him yourself? Or shall I do so on your behalf?

*Can you post do so?*

AH

12.1.

PRIVATE & CONFIDENTIAL



2/2

CHANCELLOR OF THE EXCHEQUER'S OFFICE: MEETING

SUBJECT	BUDGET BROADCAST
DATE AND TIME	2/2 - 11:30 am
VENUE	Chancellor's Room, Treasury/ <del>No. 11/Conference Room/House of Commons</del>
PAPERS	Mr. PICKFORD TO CIRCULATE
THOSE ATTENDING	Mr SCHOLAR Mr CULPIN Mr ODLING-SMEE Mr R.I.G. ALLEN Mr PICKFORD + 1 Ms G.C. EVANS Mr TYRIE Mr FLITTON Sir A. JAY  Mr ACS ALLEN Mr A. HUDSON

# CHANCELLORS MEETING

Private & Confidential

1. SUBJECT Budget Broadcast.

2. LOCATION. HMT.

confirm no excuses.



CAST LIST	'PHONE NO'	DATE - TIME			
		9 Feb. 11:30 am	2 Feb. 4:00 pm		
Scholar	5256	✓			
Cooper	4419	✓			
O'Smoo	5111	✓			
RIGA	5196	✓			
Richard H	5205	✓			
<del>***</del>					
C. Evans	5170	✓			
Lyne	5025	✓			
ACSA		✓			
APM		✓			
(SAJ)		✓			

\* PICKFORD + 1 WILL PROBABLY BE CURWEN - YET TO CONFIRM.

PAPERS

MTL NOTICE SENT :



## RESTRICTED AND PERSONAL

Pl. amend



FROM: A P HUDSON  
DATE: 2 FEBRUARY 1988

NOTE OF A MEETING HELD IN H M TREASURY  
ON TUESDAY, 2 FEBRUARY

Present: Chancellor  
Mr Culpin  
Mr Odling-Smee  
Mr R I G Allen  
Mr Pickford  
Mr A C S Allan  
Miss C Evans  
Mr Flitton  
Mr Curwen  
Mr Tyrie  
Sir Antony Jay

BUDGET BROADCAST

PAPERS: Mr Pickford of 28 January  
papers i

1. Sir A Jay thought that the message of the broadcast should be unflinching positive. In particular, this year, there was a strong record on unemployment to point to.

2. The Chancellor agreed that the tone should be positive throughout. He did not see a case for saying any more about the National Health Service than he had done last year, making the point that a strong economy was the only way to create resources for better public services, and recapitulating on the public spending increases announced in the Autumn Statement.

Text

3. The Chancellor thought the present outline was about right.

4. He thought one possible opening would be along the lines "It is sometimes a good idea to see ourselves as others see us". This

would be followed by extracts from foreign newspapers. Mr Hudson would ask Embassies overseas for suitable material.

5. An alternative opening could be along the following lines:

X - remember the stock market collapse and how the pundits said it would mean recession;

X - they said the same about the collapse of the oil price, and the coal strike;

- but the British economy took these in its stride, and will do the same for the stock market collapse.

6. It would also be useful to have some headlines from British newspapers, in case last year's montage is repeated. Please could Mr R I G Allen identify suitable ones.

7. It might be useful to have some quotations from foreign businesses investing in Britain. Mr Hudson would look for these.

8. The Chancellor said that at some stage, he would want to stress the uncertainties within the world economy. This added to the air of realism, and tied in with the theme that it would be easy to throw all the achievements away, and that the Government was determined to make sure that the UK was in the soundest possible position.

X 9. Mr Tyrie thought further themes, perhaps for the peroration, could be that Government's have moved from managing failure to managing success, the importance of confidence, and of competence, and that the Government was now looking ahead and planning for the future.

#### Charts

*The following conclusions were reached. //*

10. 1. Use with 1987 figures.

L

2. Possible. The Chancellor asked to see this chart starting in 1960, and including the forecast for 1988.

(ACTION for all charts: EB)

3. Inflation would be better as a graph, using annual rates, and the forecast annual rate for 1988.

4. Use.

5. Keep in reserve.

X 6. ~~-11.6~~ Drop.

X 12. There was a good deal of discussion about possible charts on unemployment, and it was agreed that EB would try the following:

a. a bar chart, using horizontal bars, showing the changes in unemployment rates in the UK and in other countries over the past year, and, as an alternative, over the past 2 years;

X b. A line graph showing the unemployment rate in the UK and the average for the EC, from the 1960s ;

X c. A bar chart showing the growth in the labour force and in unemployment.

X 13. Try a chart showing the employed labour force over the 1980s.

X 14. The Chancellor asked for new ideas to make a PSBR chart look slightly different. The idea of borrowing should look faintly menacing. It would also be worth looking at the average PSBR for the 1960s, 1970s, and 1980s. For security reasons, it would not be possible to tell the BBC in advance the PSBR outturn for 1987-88, and the one set for 1988-89. Mr R I G Allen and Mr Flitton would explore with the BBC whether these could be added on Budget afternoon.

~~10.~~ 15-16, m Drop.

x ~~11.~~ 17, m this was worth considering, because a number of people realised that they were personally better off, but did not appreciate the aggregate picture.

x ~~12.~~ 18, m Drop.

x ~~13.~~ 19, m The Chancellor thought people might be worried about the balance of payments and the trade picture. He asked for a graph showing both manufacturing output and manufacturing exports since 1970, to show that we were exporting a much higher proportion of our output.

11. The Chancellor also asked to see a chart showing business investment since 1970.

A P HUDSON

h cc Those present.  
Sir P. Middleton  
Mr Scholar  
Mr Bush

# BGT BROADCAST 2 Feb

C, AJ, RPC, JOS, ACSA, RIGA, SJP, CE, JF, PC

AJ Keep unfailingly +ve message. This year, v. strong record on unemployment. Good "we've told you so" story.

C Want +ve theme.  
NHS? Don't think we'll be able to do more than last yr. "This is only way to create resources for better pub services." And recap AS ~~pub~~ ~~market~~ PX increases.

JOS Cd say that tax burden still higher than 50s - 60s.

C Add to draft outline...  
On V, replace bar chart on employment with a bar chart on V in UK & other countries.

AJ N.B. Falls look like bad news. Graph better than a bar chart.

C Think further about best graphic. But do V, in AJ context, by sticking to policies as we said.  
Horiz. bars.

ACSA  
EB to draw

RPC What has been most signif. event of the year. Cd take fall in V as the starting point, or culminating point.  
C Ed Shd give it more emphasis as the new thing that happened last year.

C Cd have new weathering the storm, about the crash.

EB to draw.  
→ JOS

? Chart on V showing UK, and EC average, story will be good.

C Try APH/ACSA opening "Remember crash... they said <sup>spelt</sup> ~~spelt~~ doom... said the same about oil... coal..."

APH Libed newspapers. Wd have looked better at an angle. <sup>AVRP</sup>  
Get some foreign press. Ring Ambassadors <sup>65</sup> get a good piece. 3 best.  
Use foreign masthead & translate into English.  
→ JOS Got quotes from foreign businesses investing in Britain.

C Quote from Eng paper to stress uncertainties of the world situation. Adds to realism.

AJ Ties in with "easy to throw it away".

C Make sure we're in soundest possible position.

## Charts

1. Use. And use 87 figures.
2. ? . Cld go back to 1960s start. EB to draw. Put on forecast 88.
3. Inflation. Better as a graph. And better as annual rates. For '88, use forecast annual rates. No horiz. line.
4. Use.
5. Drop. Reserves list.
6. ~~If we use this, use top version. Stick to decades. Drop~~
7. Drop
8. Drop
9. } Too complex
10. }
11. Drop — need true phrase or change in  $V$  in all regions.

12. Replace with JOS 2 lines, and horizontal bars.

A

13. Drop

AJ

Cld use chart on jobs to show: every yr since 83 created jobs; but took time to lead to fall in  $V$ ; but now come thro. Message: patience, grit your teeth. Steady policies. And JOS idea of bar chart showing employed lab force,  $V$ , & labour force.

→

Look at one or two possibilities eg focus on '80s. — EB to draw.

→ C

C

14. Disappearing PSBR deserves chart, but not this one. Security problem. Think about it. Do it as a bar chart, or more imaginative — faintly menacing.

60s, 70s, 80s PSBR.

ID7 wd explore with BBC if can update at last minute.

→

15. Drop

16. Drop

AJ

17. Worth thinking about 's: lots of people think they're the

only ones in. Keep for now.

18. Drop

C 19. One thing people will worry about is BOP & trade.

1970 →

Graph.

Top line: manuf output, showing just reached new peak since '79.  
2nd line: manuf exports, will be much higher, showing exporting much higher % of output. Exports cd be shaded, under output line.

JOS

C

Disappointing not to have charts on big measures.  
Can't do it on tax. But disappearing PSBR cd fit there.  
Cd do table showing

RIGA

C

Look for an investment chart.  
On business investment. Draw since 1970.

### Text

Opening: ? ~~we~~ foreigners. "Sometimes good idea to see ourselves as others see us".

~~Don't open~~

AG?

Govts have moved from managing failure to managing success.  
Confidence (C: V. important. Link with investments & foreigners)  
Competence  
Imagination - planning for future, start of a Parliament.  
(C: for peroration.)

→ Send AJ final text of P. Cont speech.

bf 1.2

For folder for 2.2 meeting

FROM: S J PICKFORD  
DATE: 28 JANUARY 1988

C.  
1. I have arranged, as last year, for us to start by seeing a video of last year's broadcast.  
2. Outcome of meeting? EB to work up charts; Tony Jay, if he's willing, to have a chat at least ~~event~~ with me - others giving him whatever help he wants?

CHANCELLOR

cc Sir P Middleton  
Mr Scholar  
Mr Culpin  
Mr Odling-Smee  
Mr R I G Allen  
Mr A C S Allan  
Mr Bush  
Miss C Evans  
Mr Hudson  
Mr Curwen  
Mr Tyrie  
A/013

HHH

BUDGET BROADCAST

For your meeting next week on the Budget Broadcast I attach:

- a. A draft outline of the text prepared by Mr Hudson. This is deliberately very broad-brush since the structure of the Speech and the selection of graphics are very much inter-twined;
  - b. a range of graphics prepared by Mr Curwen. We have not perfected their presentation yet, since they are intended at this stage to narrow down the choice.
2. The first five graphics are simply updated versions of the ones used in last year's Budget Broadcast:
- 1. European league tables of output growth;
  - 2. bar chart of GDP levels;
  - 3. bar chart of inflation rates;
  - 4. world league tables of manufacturing productivity;
  - 5. bar chart of change in employment in France, Italy, Germany and UK.

Employment  
or Unemployment?



We have also added a number of other possibilities:

6. European league tables of output growth in the last five years. The unadjusted figures show the UK top of the league in four of the last five years. The alternative presentation, which adjusts the UK growth figures for the coal strike, are also shown: on this basis the UK is top of the league in every year (equal top with Italy in 1986 - Italy is marginally above the UK, but the growth rates round to the same number correct to one decimal place);
7. bar chart of output growth since 1970. This alternative presentation to (2) illustrates that growth exceeded 3 per cent in 4 of the last 5 years, but only once in the 1970s;
8. chart of RPI inflation month-by-month since 1970. This is an alternative to (3) and shows that inflation has not exceeded 7 per cent in any month since October 1982, but was continuously above 7 per cent in the 10 years from October 1972;
- 9 & 10. two bar charts showing the output and inflation split. The first gives average output growth and average inflation rates for the 1950s, 1960s, 1970s, first half of the 1980s, 1986 and 1987. The second version omits the 1950s and 1960s. The second chart in particular emphasises the improvement on both the output and inflation fronts since the 1970s - the comparison with the 1950s and 1960s is obviously not as impressive;
11. bar chart on regional unemployment, showing changes in unemployment rates over the last year. Although this tells a good story, showing that the four regions with the largest falls in unemployment are all in the "North", it probably contains too much information for the the Budget Broadcast. However, it could be used in other contexts such as the Budget EPR;

12. bar chart comparing the **change in unemployment rates** (on national definitions) over the latest year in each of the G7 countries for which estimates are available. This shows falls in unemployment only for US, Canada and the UK, with the UK having the best performance by a long margin;
13. bar chart of **employment levels**, quarterly since 1983Q1. This illustrates that employment has increased in each of the last 18 quarters;
14. bar chart of the **PSBR as a percentage of GDP** since 1970-71. It shows the PSBR both including and excluding privatisation proceeds;
15. chart showing **net rate of return** since 1970, both for ICCs in total and for non-North Sea ICCs;
16. bar chart of the number of **strikes** since 1970. This shows a major and continuing improvement in the UK's strike record through the 1980s. We have also looked at the same chart on number of working days lost through strikes, but not only is it distorted by long stoppages such as the coal strike but also the improvement is less marked;
17. bar chart of **real take home pay** (for the married man with two children on average earnings) 1970-71. This highlights the deterioration in the late 70s and the sustained and substantial increase since 1982-83;
18. bar chart on **manufacturing productivity** since 1970. This illustrates the dramatic improvement in the 1980s compared with the 1970s;
19. bar chart showing **manufactured exports** since 1970. This highlights the increase since 1983, but also reveals falling levels of exports between 1978 and 1983.

3. All the graphics shown here used actual data and latest published forecasts (where appropriate). But you will want to incorporate the Budget forecasts on the graphics when they are broadcast. While in the majority of cases the charts would not be sensitive to small changes, we will obviously have to make sure that the message conveyed in the charts still stands up on the new forecast. We will also have to be satisfied that the BBC can accommodate changes to data, on Budget afternoon, which, for security reasons, we could not tell them about earlier.

4. Two other points you may want to discuss at your meeting:

a. we have not made any reference to the debate currently underway on the choice between tax cuts and higher public spending (especially on health). Do you want to commission any graphics on this topic?

b. In last year's Budget broadcast you used a montage of newspaper headlines. Do you want to consider using this, or any other form of graphic display (eg still photos), this year?

*I'm quite keen on this, if we can think of something worth doing. Ask Sir A. Jony for his views?*

*Stephen Pickford*

S J PICKFORD

*The ones in question are possibly output & inflation, if you want to show a forecast, and more particularly the PSBR & real take-home pay.*

*AHH*

*XNS XNS - pass now?*  
*What Forbin has say - (join pass) (over a hand)*  
*dangerous procedure would*  
*Stop them (from - again)*  
*(stock market collapse)*  
*Causes Crisis*

**BUDGET BROADCAST: FIRST DRAFT OUTLINE**

Interesting introduction.

2. Strength of the economy

- robust growth, compared to other countries and earlier periods, stressing steadiness;
- jobs, and rapid fall in unemployment - faster than ever before, faster than any other country, and falling in all regions;
- living standards.

3. How has this been achieved?

4. First, by getting inflation under control.

5. Second, through a transformation in British industry:

- more efficient, through higher productivity
- profits
- more new businesses being created
- foreign companies coming to invest in Britain.

Stress contrast with 1970s, when news was all of strikes and crises.

6. Budget measures - designed to further this progress.

7. Peroration

**EUROPEAN LEAGUE TABLES    CHART 1****Output Growth**

1960-1970

Italy  
France  
Belgium  
Netherlands  
West Germany  
**UK**

1970-1980

France  
Italy  
Netherlands  
Belgium  
West Germany  
**UK**

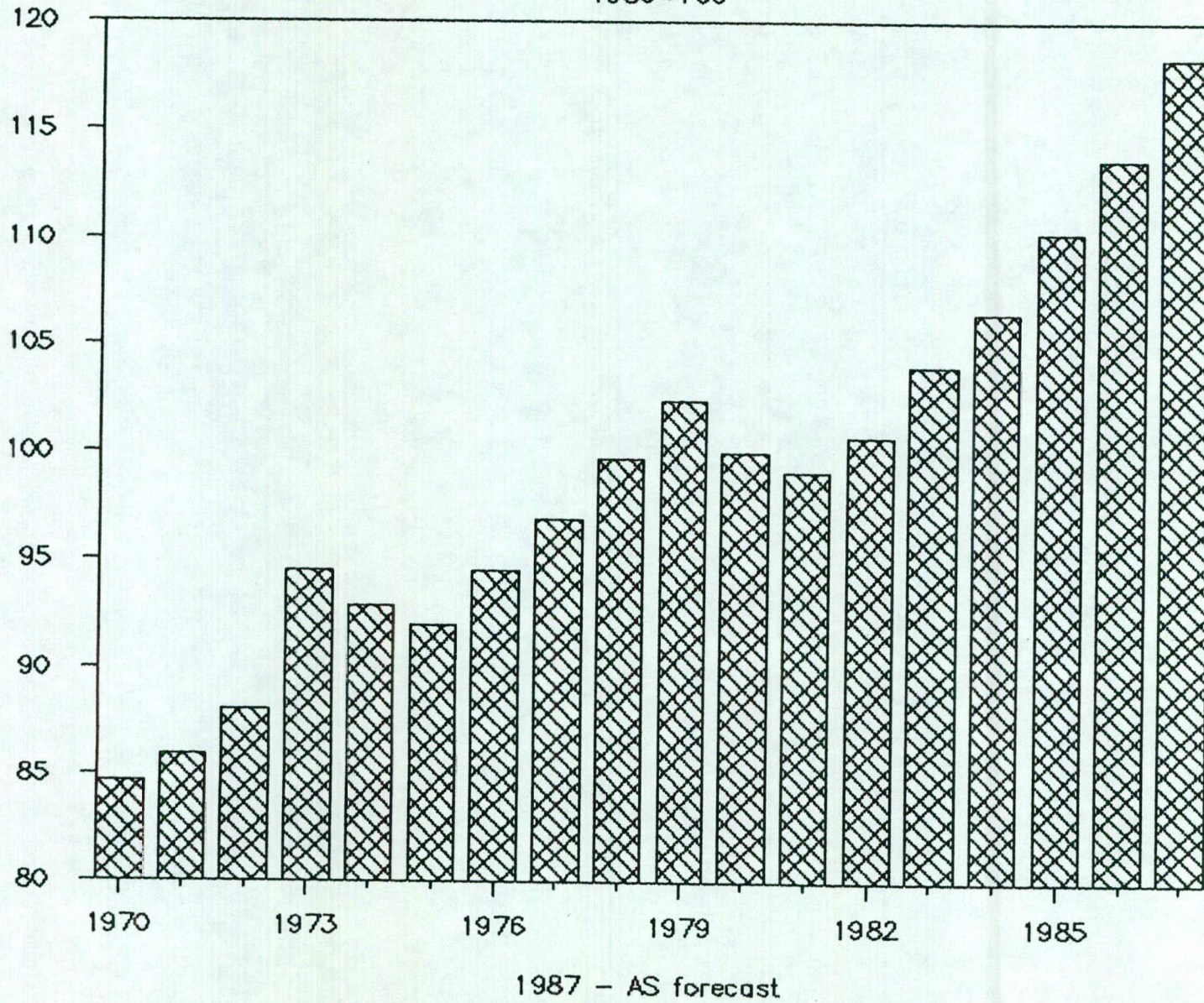
1980-1986

**UK**  
Italy  
France  
West Germany  
Belgium  
Netherlands

# GDP (Average measure)

CHART 2

1980=100

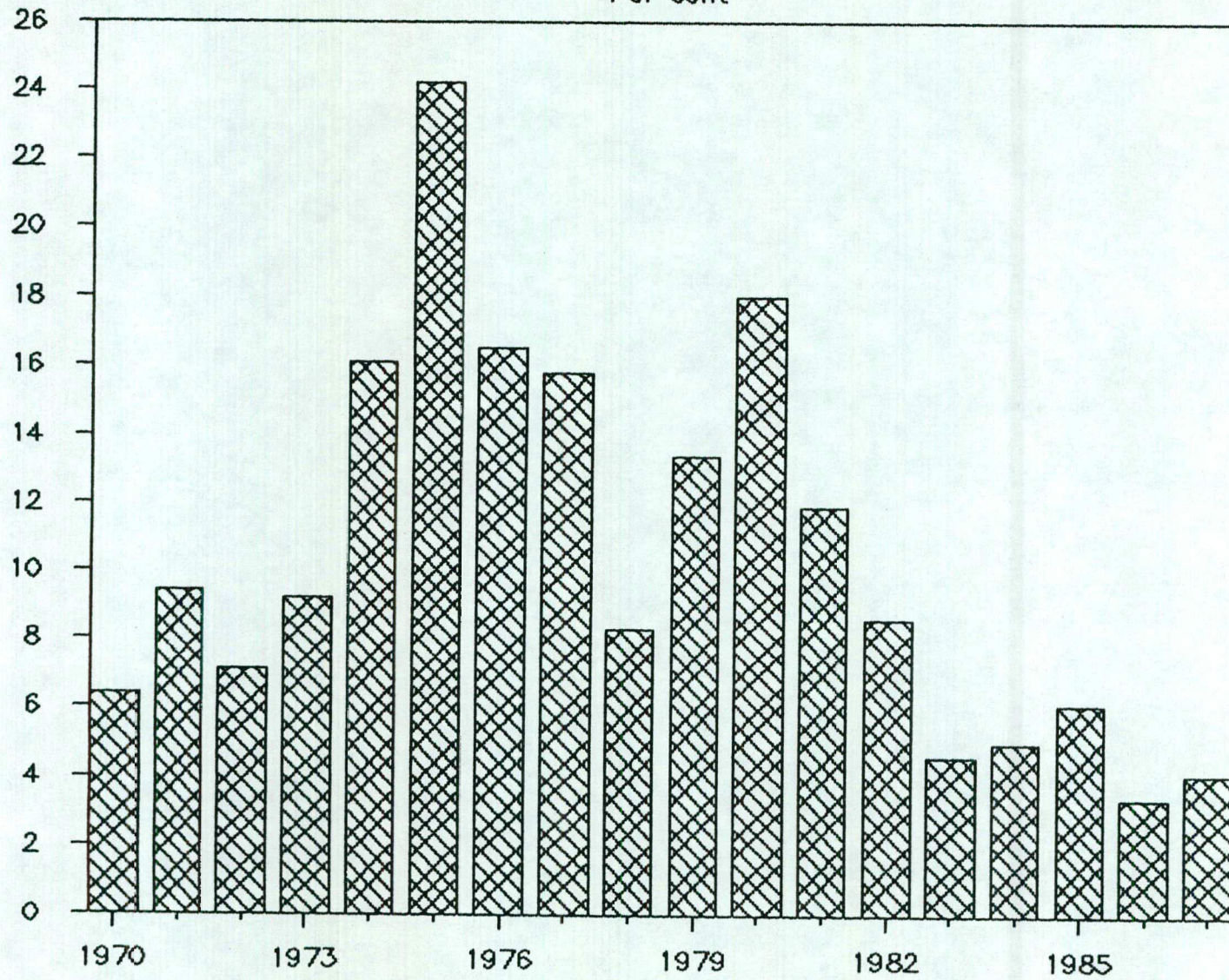


? go back further  
(to 1960)

# INFLATION

CHART 3

Per cent



**WORLD LEAGUE TABLES    CHART 4****Manufacturing Productivity**

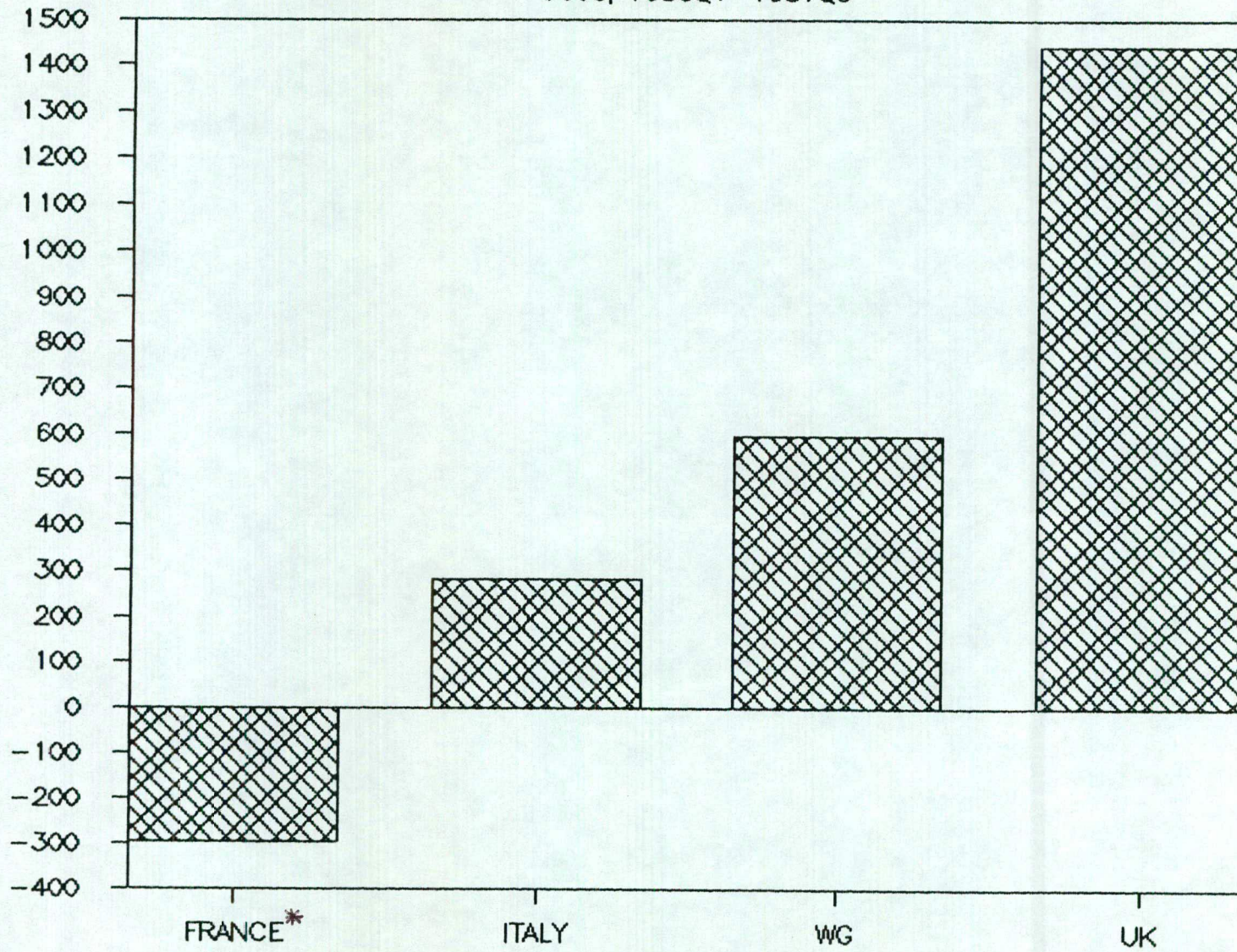
1960-1970	1970-1980	1980-1986
Japan	Japan	<b>UK</b>
Italy	West Germany	USA
France	Canada	Canada
West Germany	Italy	France
Canada	USA	Germany
USA	France	Japan
<b>UK</b>	<b>UK</b>	Italy



# CHANGE IN EMPLOYMENT

CHART 5

'000s, 1983Q1-1987Q3



\* 1982Q4-1986Q4

National definitions

## EUROPEAN LEAGUE TABLES

CHART 6

Output Growth				
1983	1984	1985	1986	1987*
UK	Italy	UK	UK	UK
West Germany	West Germany	Italy	Italy	Italy
Netherlands	Netherlands	Netherlands	West Germany	Netherlands
France	UK	West Germany	Netherlands	Germany
Italy	Belgium	France	Belgium	France
Belgium	France	Belgium	France	Belgium

\* OECD forecast

## EUROPEAN LEAGUE TABLES

Output Growth <sup>+</sup>				
1983	1984	1985	1986	1987*
UK	UK	UK	UK =	UK
West Germany	Italy	Italy	Italy =	Italy
Netherlands	West Germany	Netherlands	West Germany	Netherlands
France	Netherlands	West Germany	Netherlands	Germany
Italy	Belgium	France	Belgium	France
Belgium	France	Belgium	France	Belgium

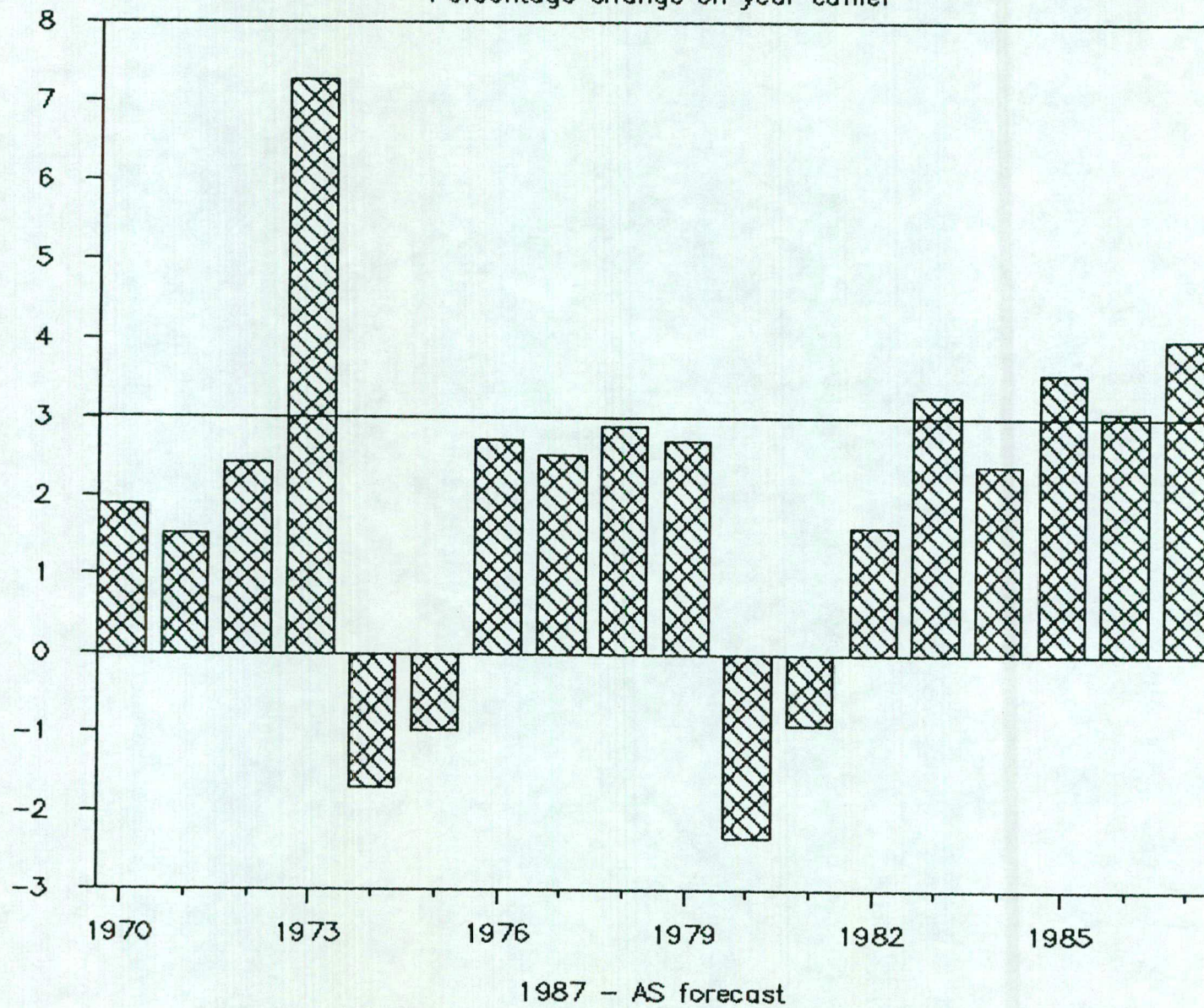
<sup>+</sup> UK adjusted for coal strike

\* OECD forecast

# OUTPUT GROWTH

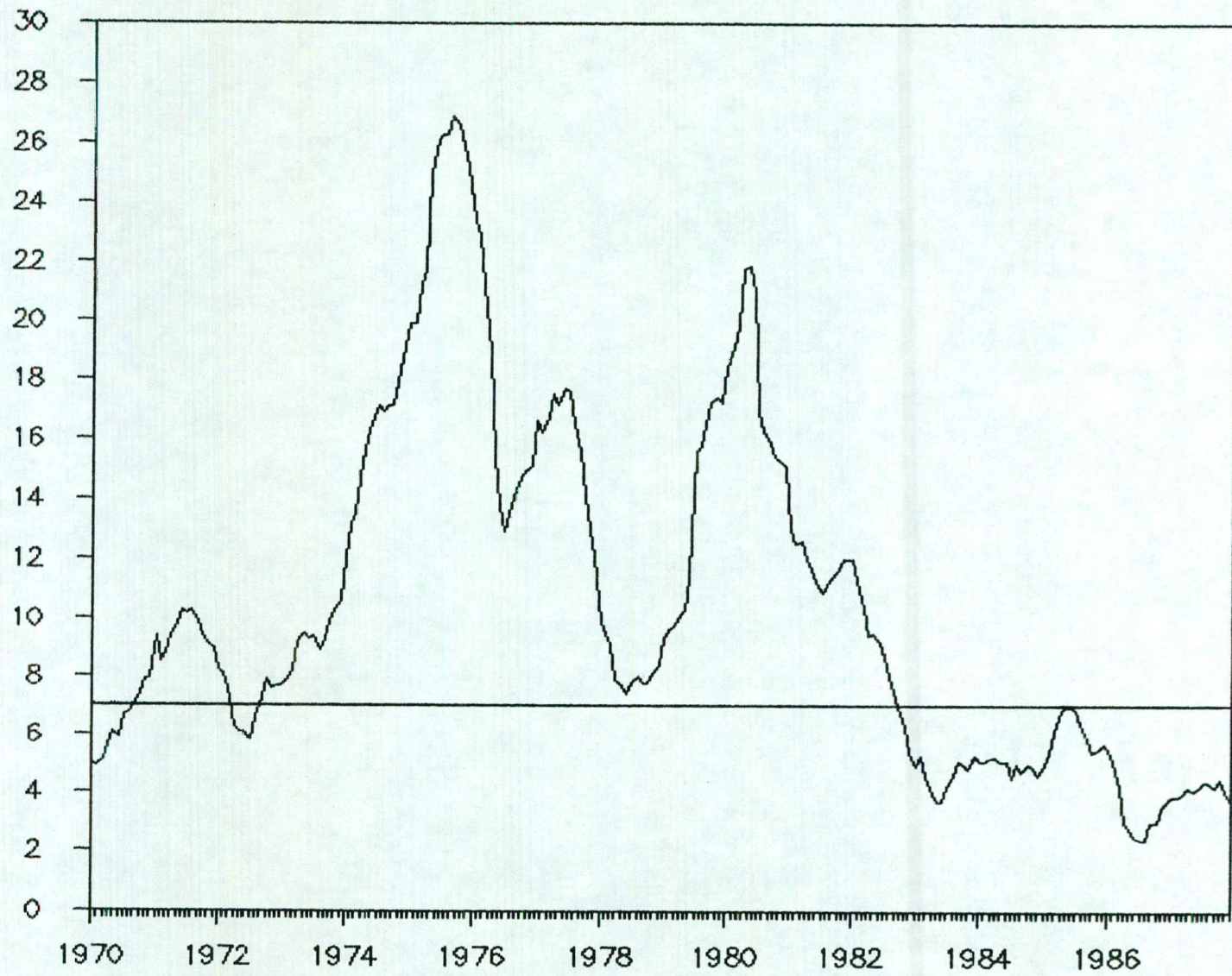
CHART 7

Percentage change on year earlier



# INFLATION

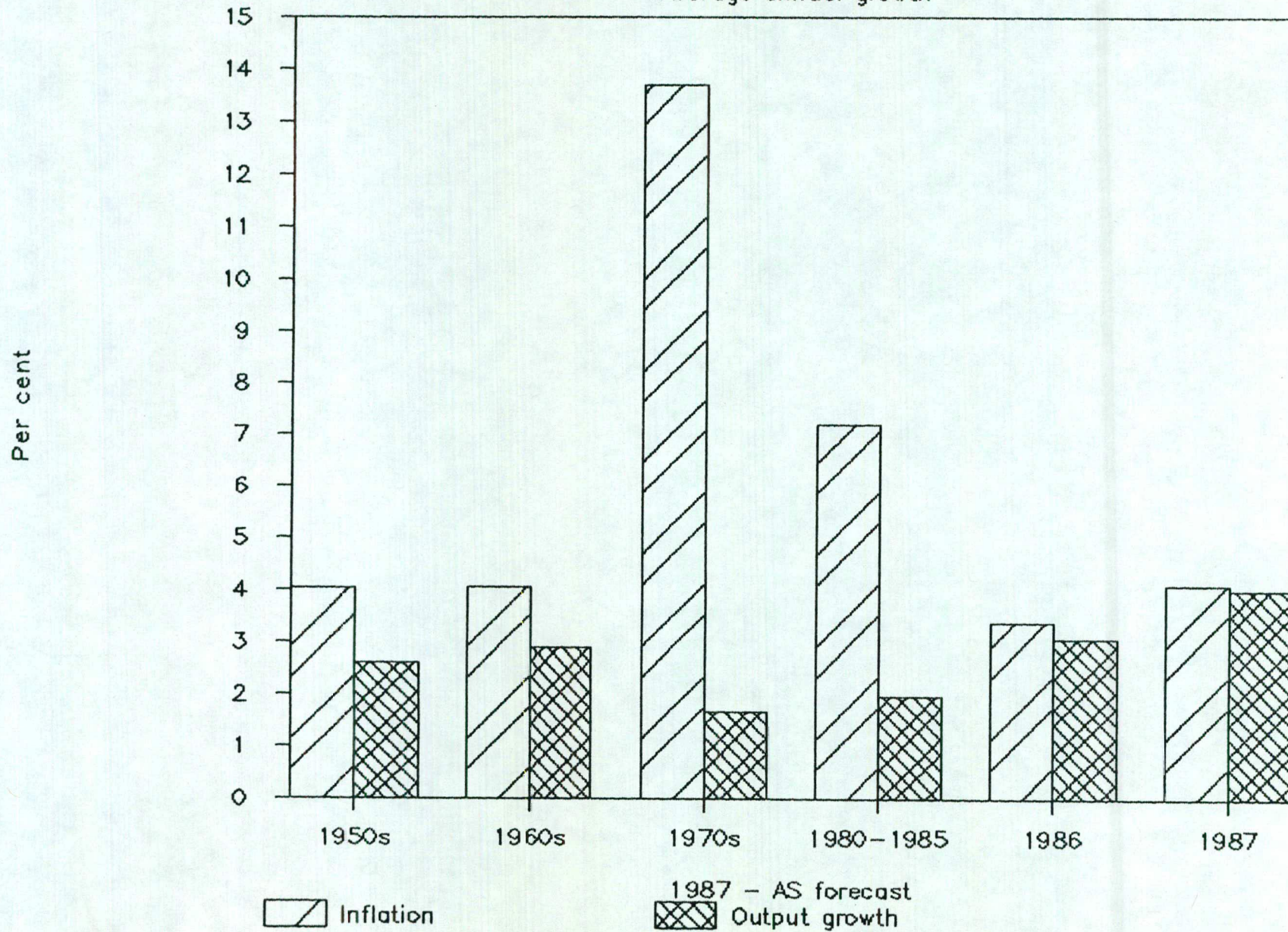
CHART 8



# OUTPUT AND PRICES

CHART 9

Average annual growth

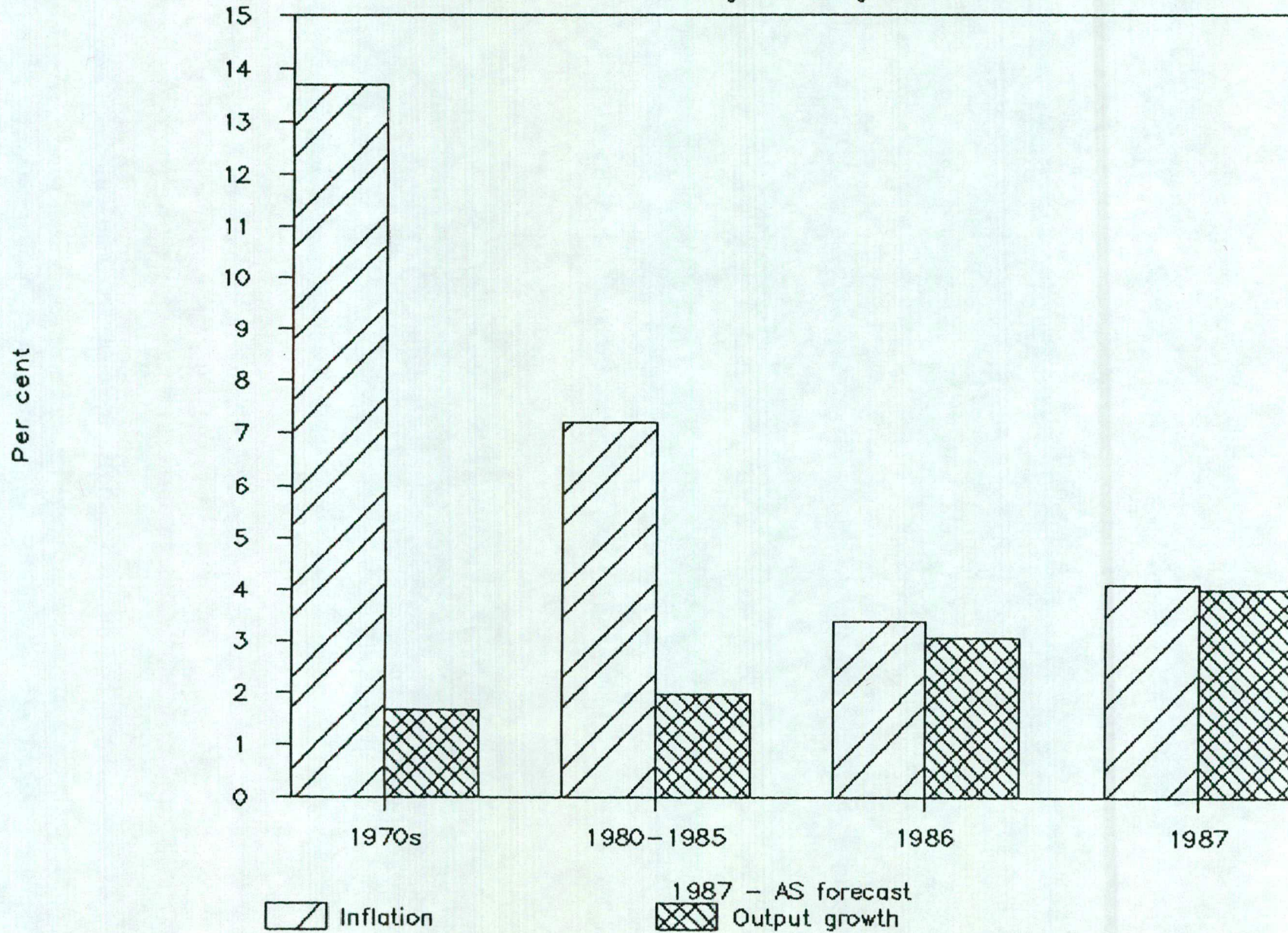


*wrong*

# OUTPUT AND PRICES

CHART 10

Average annual growth

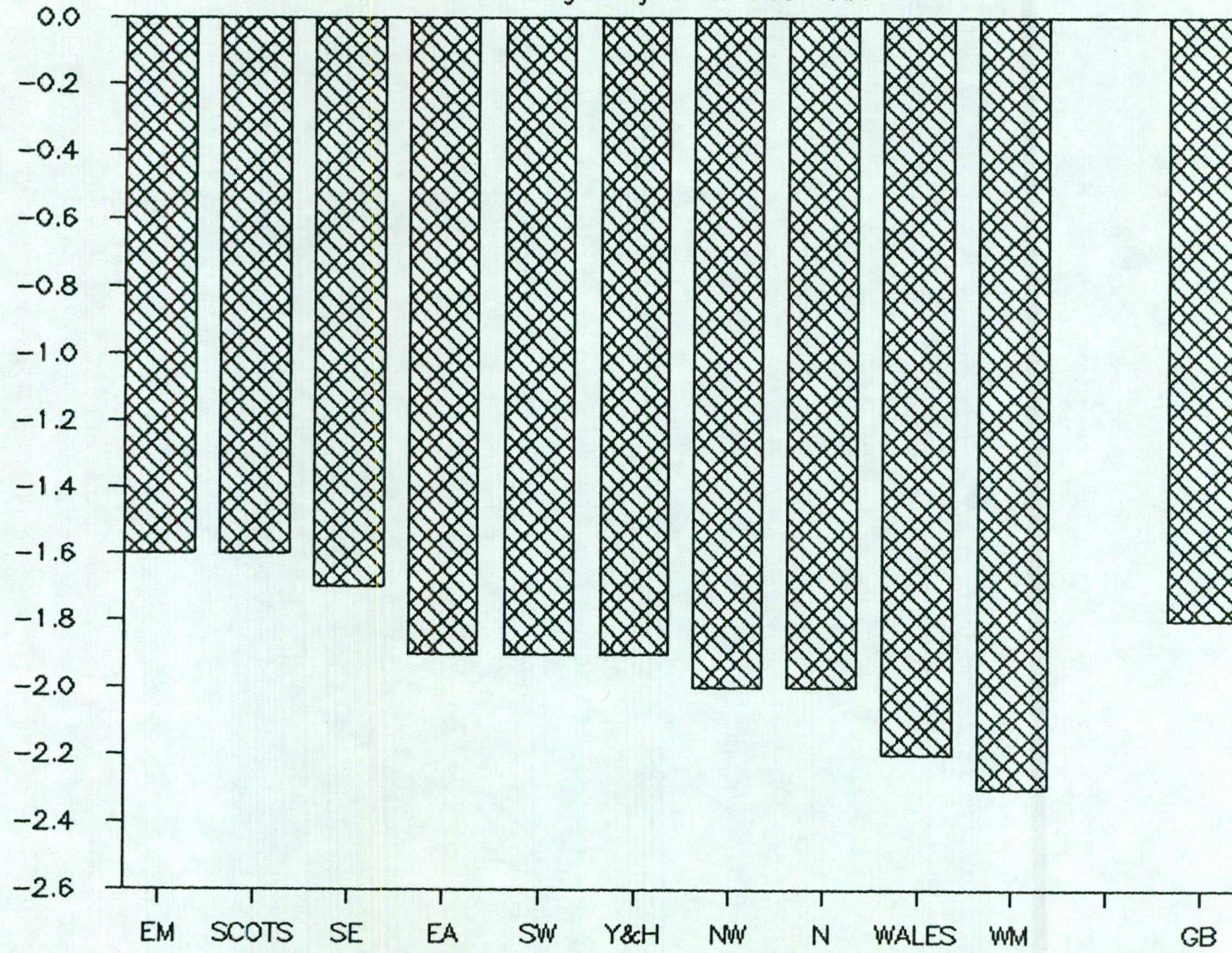


*Handwritten signature*

# UNEMPLOYMENT IN THE REGIONS

CHART 11

Change in year to Dec 1987



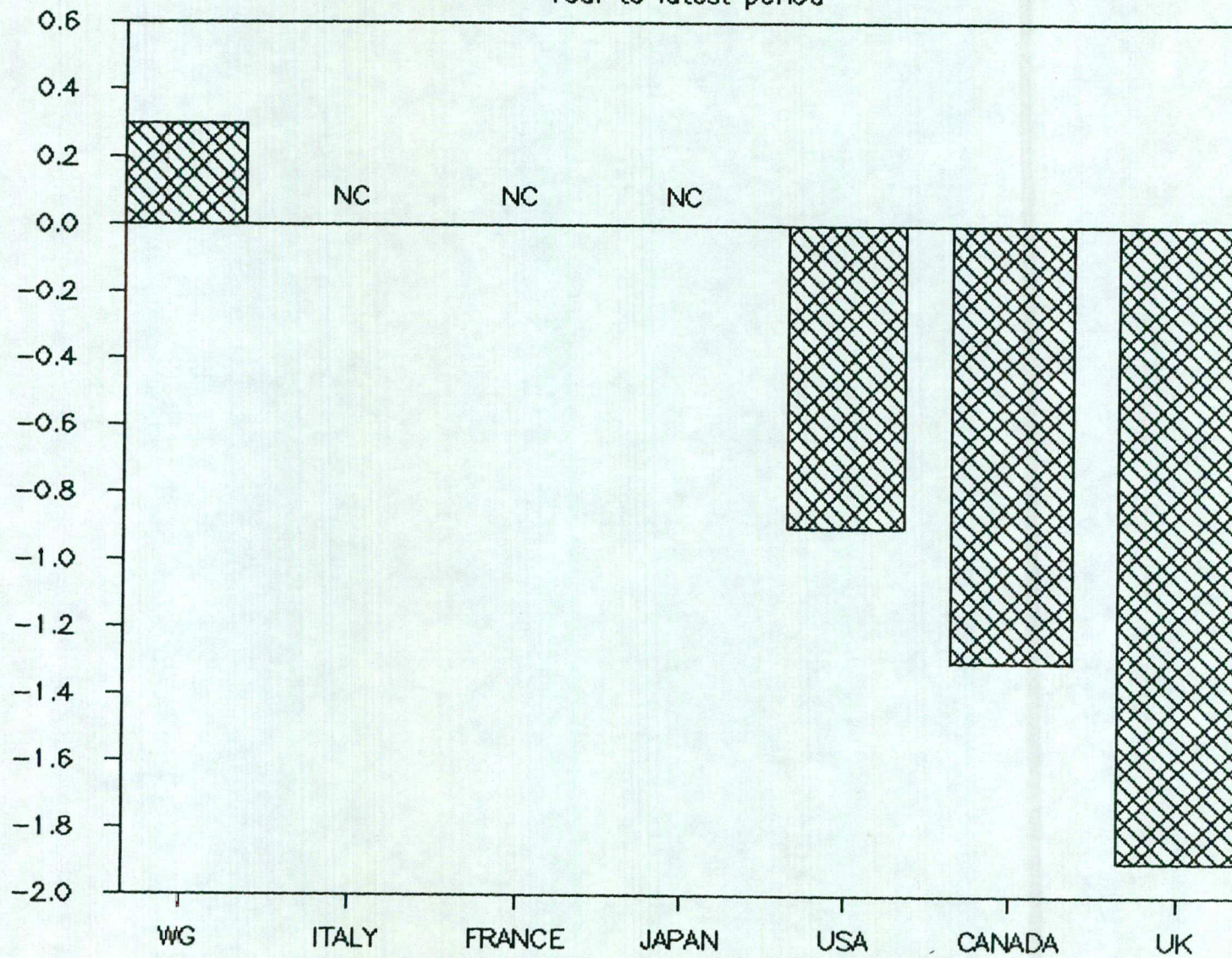
*Scale?*

Change in unemployment rate

# CHANGE IN UNEMPLOYMENT RATES

CHART 12

Year to latest period

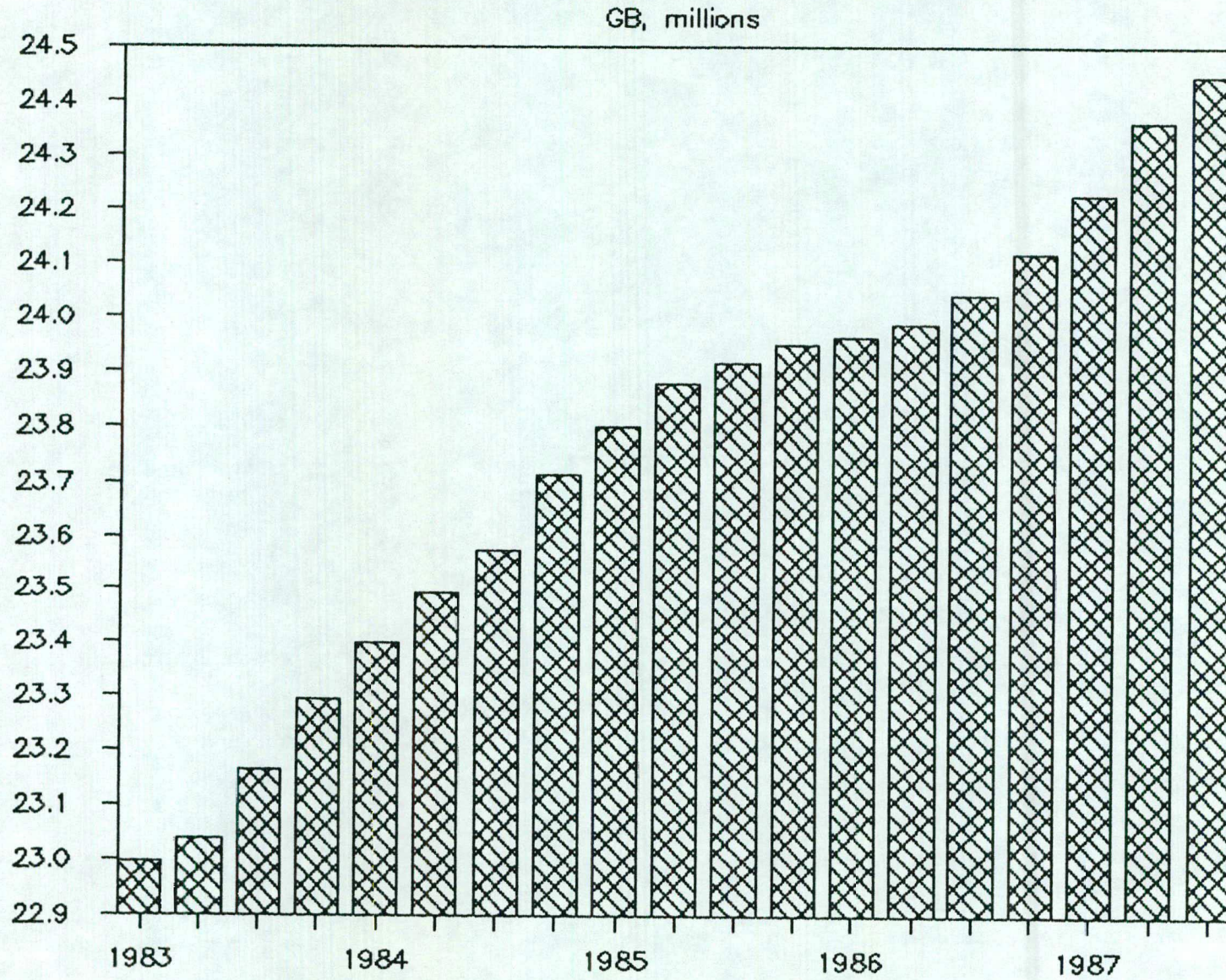


National definitions  
NC=No change



# EMPLOYED LABOUR FORCE

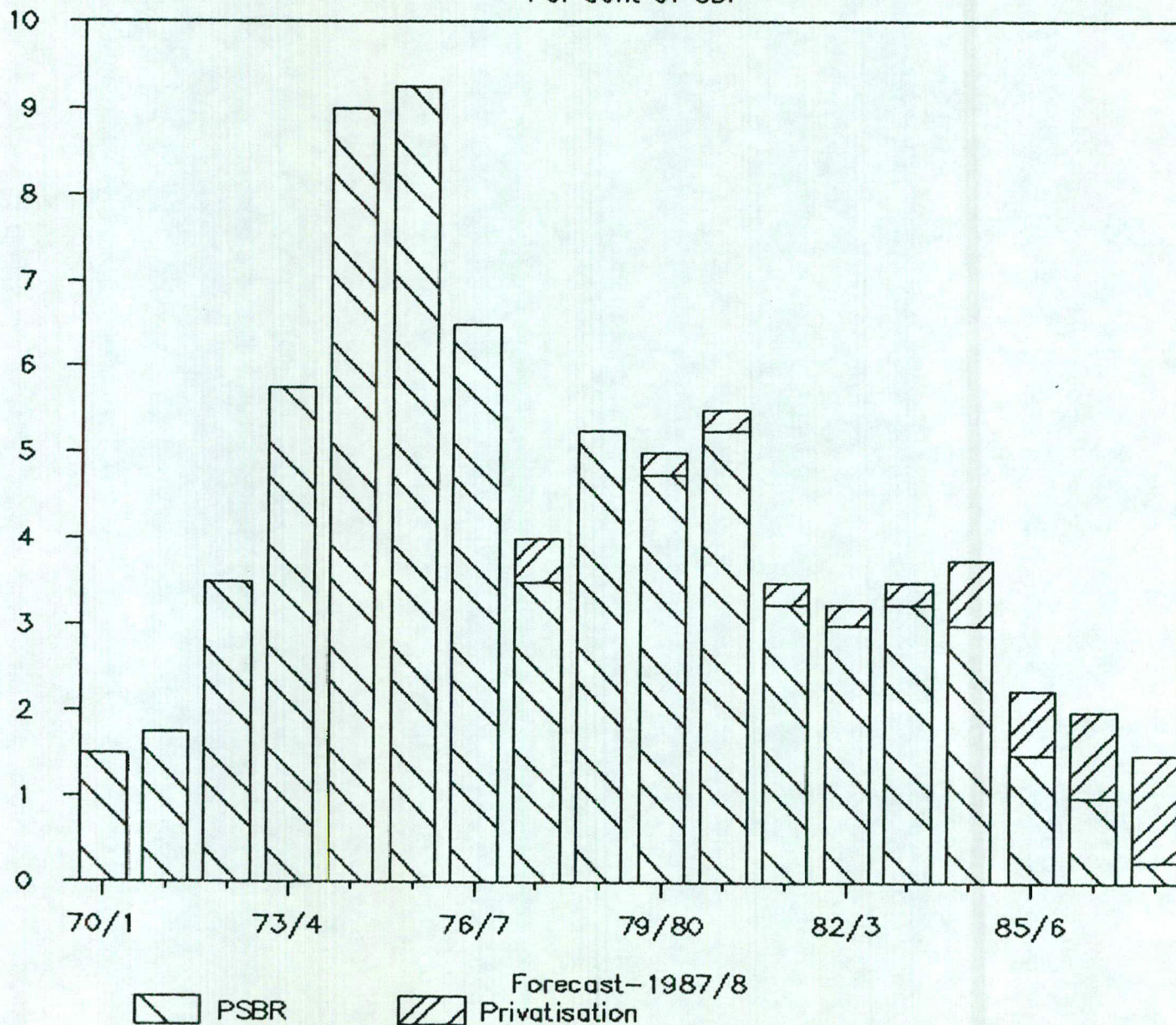
CHART 13



# Public sector borrowing requirement

CHART 14

Per cent of GDP

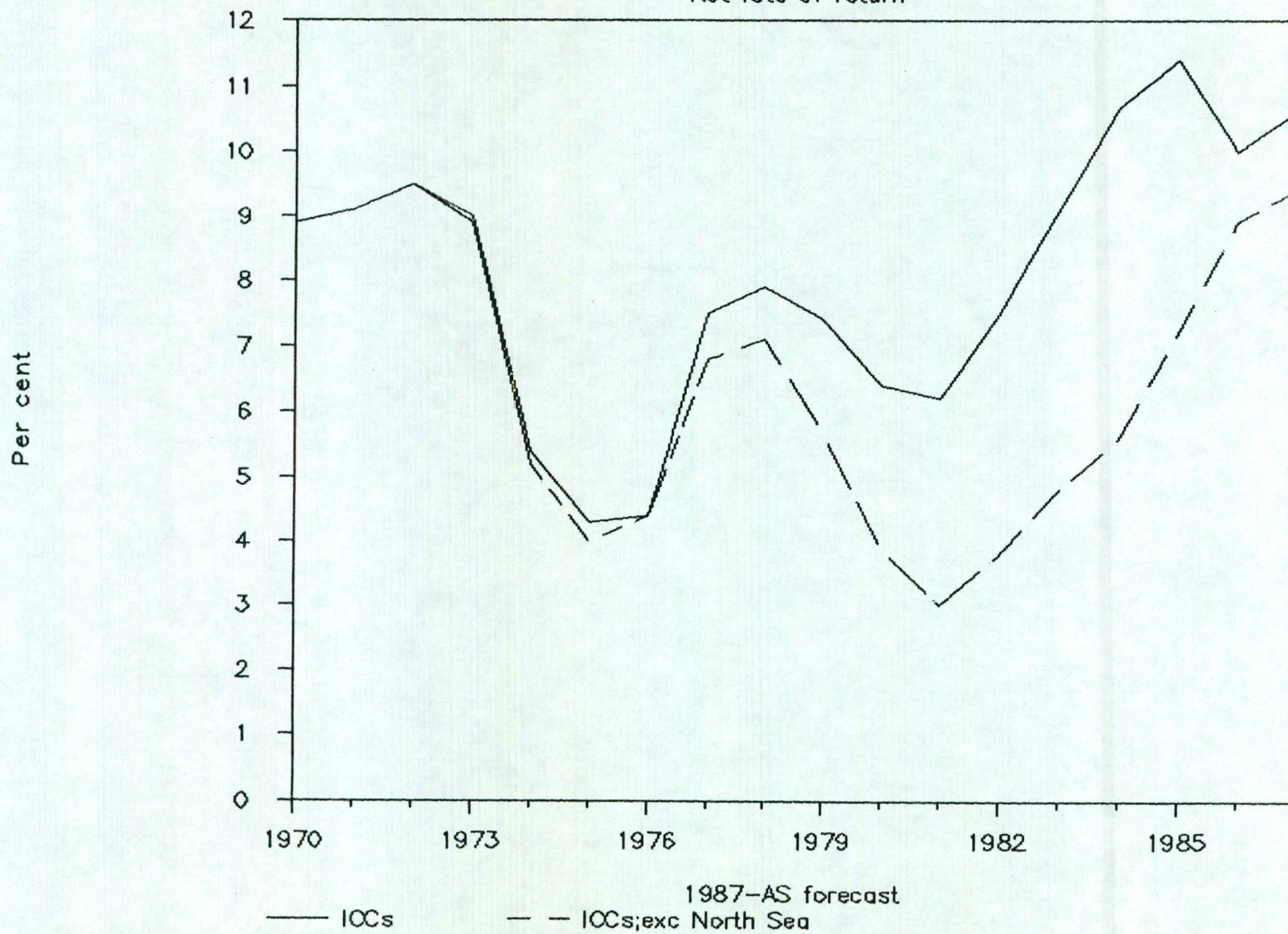


*PSBR -  
Est. with  
this one*

# Profitability

CHART 15

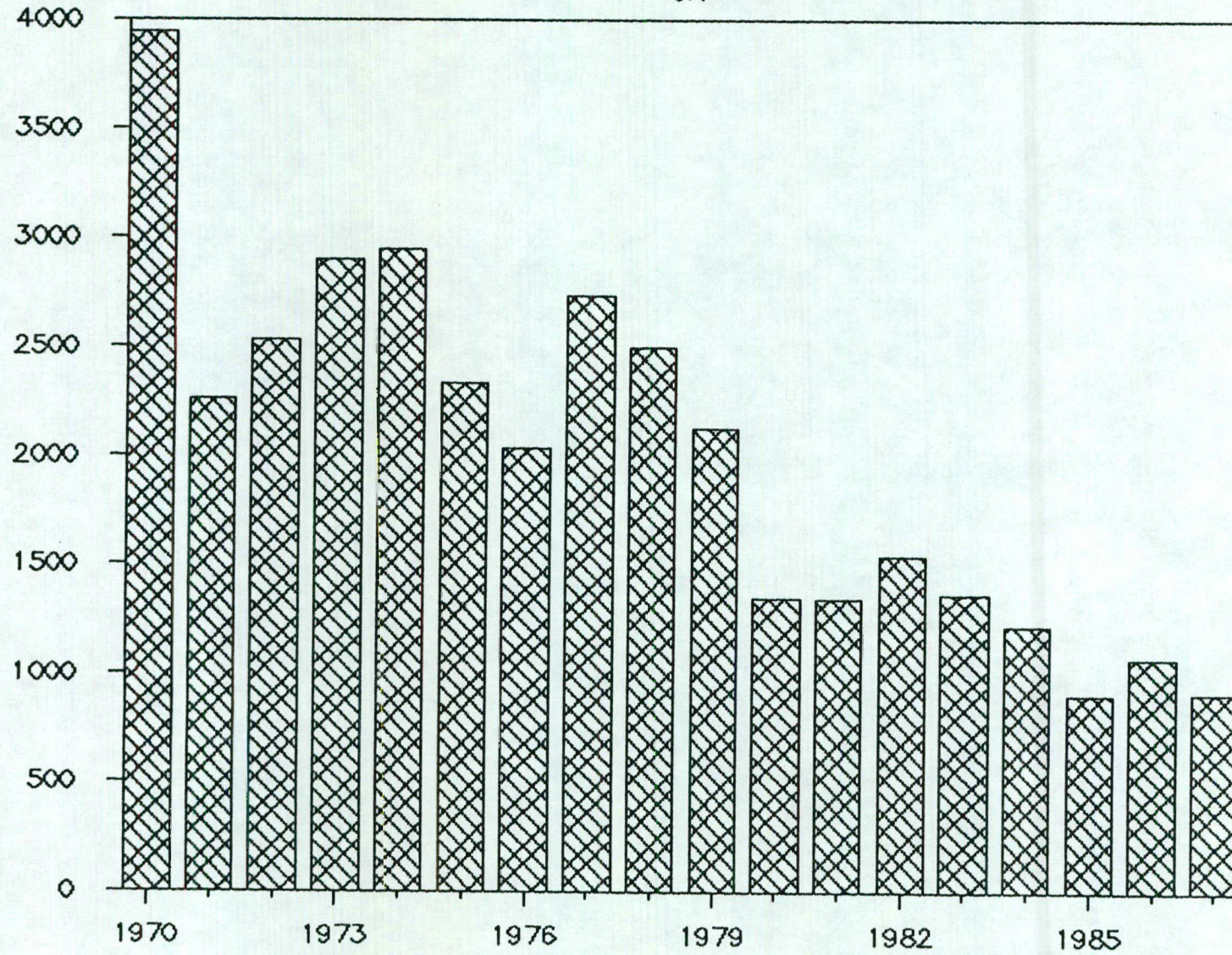
Net rate of return



# STRIKES

CHART 16

UK

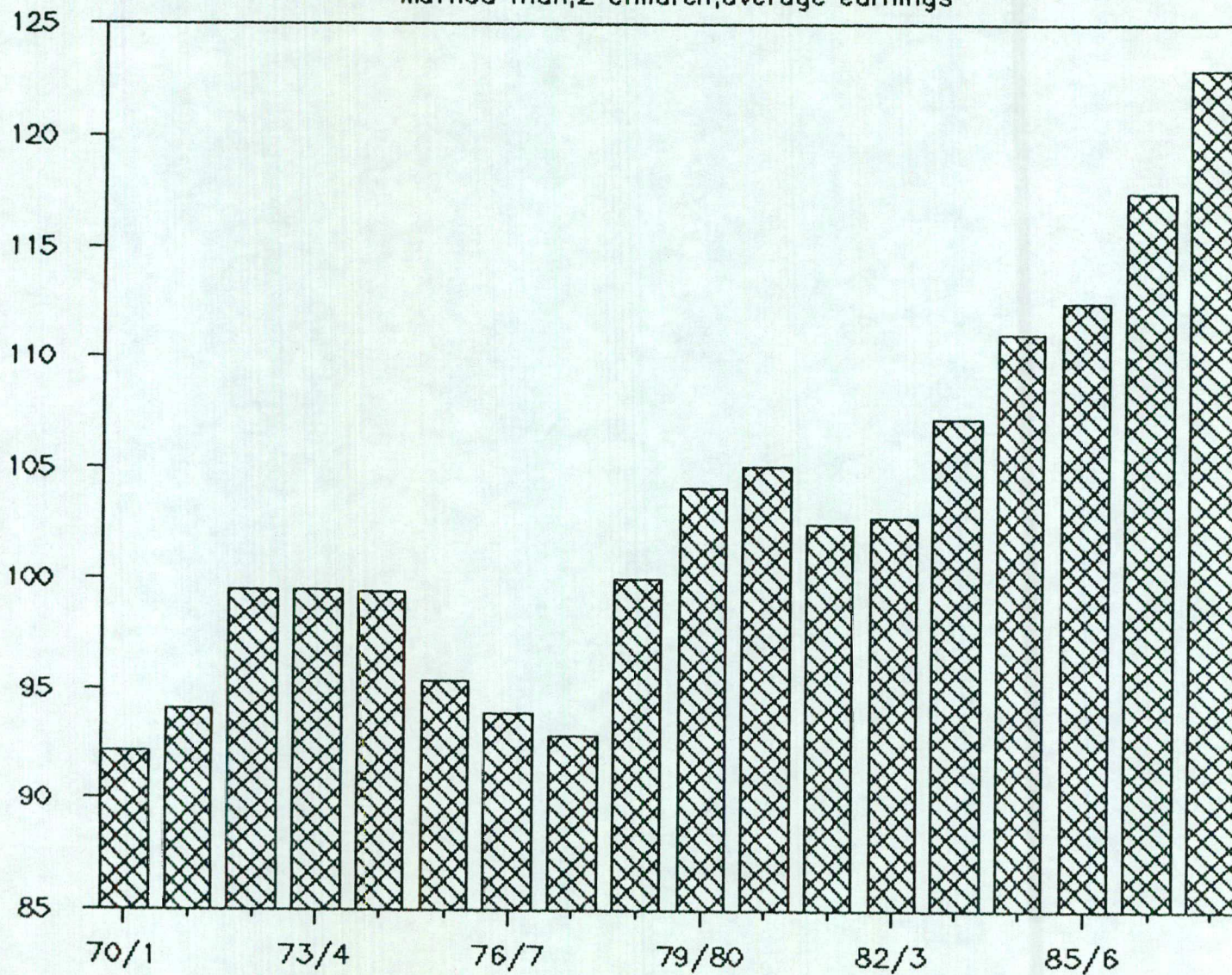


# REAL TAKE HOME PAY

CHART 17

Married man; 2 children; average earnings

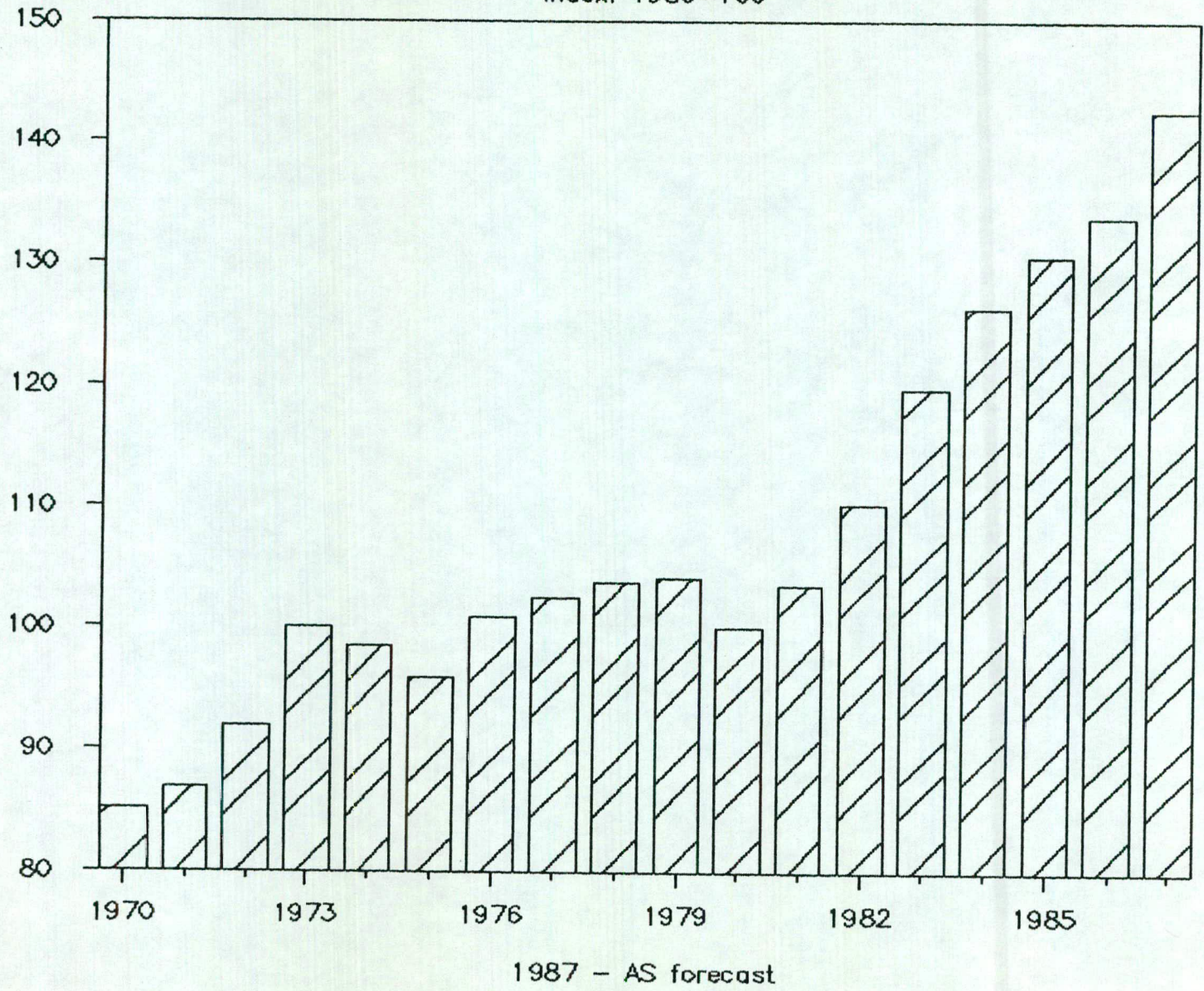
Index: 1980=100



# MANUFACTURING PRODUCTIVITY

CHART 18

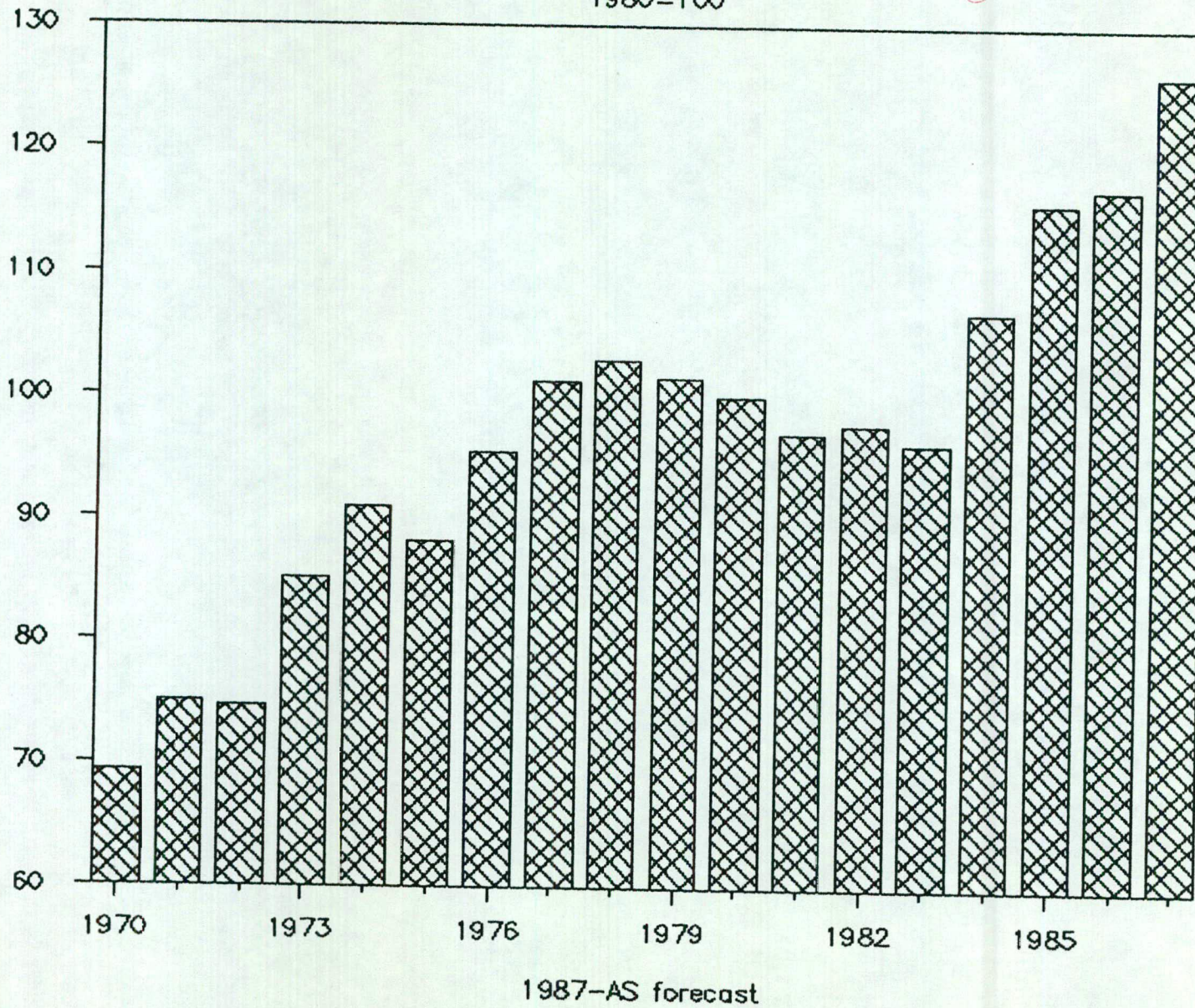
Index: 1980=100



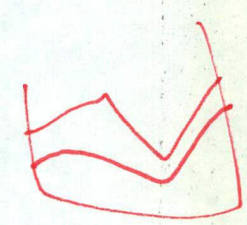
# MANUFACTURED EXPORTS

CHART 19

1980=100



*Many exports*



Draft of 9 Feb 1988

plp

CHANCELLOR:

If you read the paper every day, or hear the news every evening on radio or television, it's very hard to grasp what's really happening to Britain's economy. I don't mean this as a criticism of journalists and broadcasters: it's their job to tell us what's new today, and to make it as dramatic as possible. But the economy of a great industrial nation moves slowly. Nothing much changes in a day, or a week for that matter. So if you want to understand it, you have to step back and take a wider view. And if you do that, you see something quite remarkable. Something unknown in this country for x years.

The key measure of any country's economic achievement is the Gross Domestic Product: its total output. If you ~~do~~



CAPTION 1. Bar chart

Reveal bars progressively from left as indicated by narration.

go back to ~~1970~~ 1970, you see how Britain's output rose to a peak in 1973, then dropped back, then rose to another peak in 1979, then dropped again. But since 1981 we have had seven successive years of uninterrupted growth.

That's an astonishing record ~~in itself~~ in itself. But there's something that makes it even more astonishing.

Because side by side with this phenomenal growth in output there has been a dramatic fall in inflation.

CAPTION 2. Bar chart. Again, ~~now~~ reveal as for caption 1.

Again you have to go back to 1970 to see the full picture. A terrible ~~rise~~ rise to a peak of nearly 25% in 1975, then it fell back, then it rose

to another peak in 1981. ~~the~~

But since then it has fallen

dramatically, until now it's

down to the lowest level for

x years.

Those two charts are tremendously significant. But

you only see their real significance when you put

the two of ~~the~~ them side by side.

CAPTION 3. Bar chart  
GDP plus Inflation.  
GDP appears first,  
Inflation bars animate  
alongside as indicated  
by ~~caption~~ narration.

inflation was always the  
Then you see that ~~the peak~~  
specify at the least. The peak  
in 1973 was paid for by  
the inflation of 1974 and 1975.

~~the peak~~ The peak of 1979 was  
paid for by the inflation ~~that~~ from  
~~started~~ after the end of 1978 ~~and~~ up

to 1980. In other words it was

phony growth. Inflation always

killed it.

In fact, that had been the story of <sup>what was called</sup> the  
British disease for many years before 1970.

But look at the story ~~since~~ since 1980.

~~Year after year of steady~~

CAPTION 3 contd.  
Animate as before.

Year after year of  
steadily rising output.

But for the first time, ~~it~~  
actually falling, and  
inflation/ ~~falling~~ falling dramatically,  
while  
~~our~~ our ~~fall~~ rose. And

that is the picture that

really tells the story of  
Britain's extraordinary success.

405

There's no mystery about how we've done it.

It's the result of a consistent economic policy  
over nine years. A ~~policy~~ of commitment to  
controlling inflation, removing the shackles on  
business enterprise, and liberating the

creative energy of the British people.

It means letting people keep as much as possible of what they earn. And if you look at what that means for a <sup>an</sup> on average earnings married man with two children, you can see the result.

CAPTION + Bar chart,  
Real take home pay,  
Reveal from left with  
narration.

Real take home pay,  
~~adjusted~~ ~~adjusted~~ corrected for  
inflation, bumped up and  
down through the stop-90 years.  
But since 1981 it has risen  
year after year until now  
it's at an all time high.

The toughest problem of all was unemployment.  
Lots of people used us to pump money into  
the economy to create jobs. But ~~we know~~ that

was the cause of these inflation fears in the Sixties and seventies. That was why growth always collapsed after a few years. So we stuck to our guns. We knew that sustained growth was the only lasting solution to unemployment.

CAPTIONS. GRAPH.

Fall in unemployment over the past 2 years. Animate with narration.

And now you can see the result. Adult unemployment started falling in the autumn of 1986. It's fallen every month since then, a total of 600 000, the largest sustained fall on record.

In the last ~~5~~ <sup>alone</sup> year, it's fallen by half a million. That's faster than any other major industrial country. And it has fallen in every region. There's still a long way to go, but it's <sup>very</sup> clear that we're ~~going~~ <sup>going</sup> in the right direction.

~~perhaps their~~ processes

This tremendous turnaround in our fortunes has transformed our standing in the world. If you look at the European growth league tables you can see why.

CAPTION 6. European growth league. Reveal with narration.

In the ten years from 1960 ~~to~~ ~~1970~~ we were bottom of the table. In the 1970s we were still bottom of the table. But in the 1980s we're top of the league.

700

It <sup>might</sup> ~~could~~ be putting it a bit too strongly to say that we've <sup>become</sup> one of the economic wonders of the world, but if you read what other countries are saying about us you might get that impression.

(Foreign press sequence to follow)

So that's the background to this year's budget. And it's a budget which carries on the same policies that have brought us to this enviable position: control spending, liberate enterprise, reward effort, and support those who can't support themselves. (1985)

---

BUDGET MEASURES SEQUENCE

---

It's been a happy and a proud story I've been able to tell you this evening, but it doesn't mean we can all relax. We don't control the world economy, but we're very much a part of it, so we have to be prepared for storms ahead. That's why we have to keep the <sup>British</sup> economy strong & sound. It has taken nine years to get us to where we are, nine years of determined effort and

successful enterprise. But a return to the high-spending, money-printing days of the sixties and seventies could destroy it all in a few months. That's why we have to hold to our course and keep a ~~tight~~ firm hand on the reins. But so long as we stick with the policies that have served us so well these past nine years, we can look forward to a <sup>level of security and prosperity</sup> ~~prosperity~~ for ourselves and our children that is ~~brighter than~~ higher than any of ~~the~~ us has ever known.

900

950 words

Excluding Foreign Press sequence & Budget Measures.



1. ~~Amber~~
2. prep.



Ch

You may have noticed that Budget broadcast last year said "And I've done so [cut income tax] without putting any extra tax at all" on beer, tobacco etc.

Not too embarrassing, but a point to watch.

Pos 14.

AA



~~6F 19.2~~  
PWP

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

10 February 1988

Richard Pratt Esq  
Counsellor (Economic)  
British Embassy  
Washington DC

Dear Richard,

**CHANCELLOR'S BUDGET BROADCAST**

This is to confirm the request I made on the telephone, for headlines or quotations from the US press which the Chancellor may use in his Budget Broadcast.

The idea is that the Broadcast might begin along the lines "It is sometimes interesting to look at ourselves as foreigners see us ...". There would then be a montage of the mastheads of foreign newspapers, with headlines or very short extracts - translated in most cases - underneath. These would show how the foreign press recognises the strength of the British economy and the transformation in recent years.

I am grateful to you for agreeing to look for suitable material. It would be helpful to have this by Friday 19 February, at the latest, in time for our next meeting on Tuesday 23 February.

I am copying this to Michael Jay in Paris, Adrian Forbes in Bonn, and Stephen Gomersall in Tokyo, with a similar request.

Yours sincerely,

Andrew Hudson

A P HUDSON

SECRET

pup

FROM: S J PICKFORD  
DATE: 12 FEBRUARY 1988

MR HUDSON

cc Mr Culpin  
~~Mr A C S Allan~~  
Mr R I G Allen

**BUDGET BROADCAST: POSSIBLE OPENING**

Your minute of 12 February.

2. On a quick read through, I have some reservations about the draft opening. I should say that none of these reservations are clinching arguments for not using it, but I would be happier if it were not quite so up front. My problems are:

- i. There is a perfectly respectable argument for Governments to borrow to finance investment. After all, most companies do it. And, in this day and age of easy credit, most people do not balance their budgets either - indeed many borrow in order to finance consumption;
- ii. whatever happened to the "modern version of the balance budget doctrine"?
- iii. it raises questions about why the Government has not balanced its budget before, if it is so desirable;
- iv. it implies that the Government will try to carry on balancing its budget in future years, whereas we will no doubt be arguing that the PSBR path in the MTFs is only a projection at this stage and not binding on future Budgets.

3 There are easy answers to at least some of these points. But if this argument is used at the beginning of the broadcast, as opposed to somewhere in the middle, it will set the tone for the whole presentation. And when so many people seem quite prepared to spend some more money on eg health, and pay for it in higher taxation or even more so by borrowing, is that the message you want to lead on?

4. On a more mundane point, we will be submitting the revised broadcast charts on Monday.

*Stephen Pickford*

S J PICKFORD

ps4/18H

UNCLASSIFIED

*PWP*



FROM: A P HUDSON

DATE: 12 February 1988

MR R I G ALLEN

cc PS/Sir P Middleton  
Mr Michie

**PURDAH CONTACT WITH JOURNALISTS**

I spoke to Philip Stephens yesterday evening, to sort out a detail of the FT's report of the Chancellor's speech at the Centenary Dinner. Nothing was said about budgetary matters.

*APH*

A P HUDSON

FROM: MARK CALL  
DATE: 12 FEBRUARY 1988

CHIEF SECRETARY

cc Chancellor  
Financial Secretary  
Paymaster General  
Economic Secretary  
Mr Forman, MP  
Mr Cropper  
Mr Tyrie

CHIEF SECRETARY'S BACKBENCH BUDGET SOUNDINGS: 11 FEBRUARY

Those Present: Michael Shersby, MP  
Cyril Townsend, MP  
Peter Temple-Morris, MP  
Ann Widdecombe, MP  
David Madel, MP  
Hugo Summerson, MP

Michael Shersby saw this as one of a series of Budgets. He agreed that there should be room for reduction in income tax this year but tax cuts should not be overemphasised. He favoured reform of married women's taxation. Current arrangements for MIR which encouraged sin should be changed. The Land Registry's income from conveyancing had grown considerably, and some of this should be given back to its customers, especially young people. The Give-As-You-Earn scheme for payroll giving to charity needed more publicity. The chocolate biscuit industry was being held back by the burden of VAT, and this should be removed from confectionery. He gave you the attached submission to this effect from the Biscuit, Cake, Chocolate and Confectionery Alliance. He made a plea for more encouragement to small firms. Regarding the NHS, he said more emphasis should be put on the money which had already been provided. However, people wanted to know where the Government was going on the NHS, so it should give a clue that the nurses pay award would be funded in full. Spending increases should take into account the relative price indices.

Cyril Townsend said he was in favour of tax cuts, but that they should not become an obsession. He was in favour of a 1p reduction in the basic rate rather than 2p. Thresholds should be increased to ease the poverty trap, and counter any allegations that this was a rich man's Budget. He was disappointed that little progress

had been made on independent taxation for married women, and urged that the opportunity be taken this time. Duty on cigarettes should be raised. As a lollipop, he would like to see an increased Christmas bonus. On the NHS, he believed there was a need to inject money up front while the review was in progress. NHS spending should be hypothecated, and end-year flexibility allowed.

Peter Temple-Morris said the perception was that there was a lot to give away. He wanted a 25p basic rate and reduced higher rates. These moves would have to be countered with changes at the bottom end. VED should be abolished altogether, and the tax burden transferred to petrol. His lollipops were better pensions for War Widows, and improved pension recognition for the War service of Colonial Civil Servants (Ivor Stanbrook's proposal). Regarding the NHS, he believed the fiscal and public expenditure aspects should be linked. The NHS would need propping up in the short term, and the Government's commitment to this had to be made clear. Some commitment on pay would draw most of the sting.

Ann Widdecombe said the higher rate threshold for income tax was much too low, and the gap between the 27p basic rate and the first higher rate, too wide. VAT should not be introduced on books or periodicals. MIR should not give favourable treatment to sharers. On funding of the NHS, the Government should formalise what had happened this year, and introduce a mechanism to provide for unexpected levels of activity. People were worried that the NHS was not being propped up. She believed that under-funding of pay awards, even by 7%, put excessive strain on Health Authorities. The Government should announce, not that it will accept all the Review Body recommends, but that it would fund in full that part it does accept. She did not believe this would be seen as a blank cheque by the Review Body. She was against hypothecation of NHS spending, and tax relief for private health insurance.

David Madel said the Budget should introduce measures which would encourage the retraining of employees to meet future skill shortages. The higher rate income tax threshold should be raised. Car tax should be abolished, and differential rates of VED introduced, varying according to engine size. VAT should not be

put on newspapers or books. His lollipop was the extension of the Christmas bonus to disabled people. The Government should not give an undertaking that it will fund in full the Review Body's recommendation, as this would have an unfortunate impact on other Review Bodies.

Hugo Summerson asked that the National Non-Domestic Rate be phased in over 5 years. The rate of Stamp Duty should be reduced, or the threshold increased. MIR should be abolished. Too great an increase in Tobacco Duty would only encourage imports. Anything that could be done for pensioners would be a good thing. Lollipop: increase War Widows pensions. His only comment on the NHS was that they were sitting on a lot of unused property, which they should be encouraged to sell.

Significantly, just about all the lollipop suggestions were public expenditure measures rather than Budget measures.

Mc  
MARK CALL



CONFIDENTIAL

FROM: R I G ALLEN  
 DATE: 15 FEBRUARY 1988

MR CULPIN

C.  
 Looks OK on the face  
 of it, RIGA specifically  
 asks for PEM's views.

ec  
 new. The  
 main  
 sub-  
 scription, with  
 TV advert  
 campaign.  
 Principal Private Secretary  
 Sir P Middleton  
 Mr Scholar  
 Mr Hudson

## BUDGET DAY PAMPHLETS

I promised to look into the question of propriety.

2. I think the answer lies in the so-called "Widdicombe conventions", notes from the Prime Minister and the Cabinet Office on which are attached: see in particular paragraph 4 of the Cabinet Office note which spells out the rules in some detail.

3. My reading of these documents is that pamphlets of the kind envisaged should be acceptable, but we would need to exercise particular care in drafting and cost control:

- (i) the subject matter is clearly "relevant to Government responsibilities";
- (ii) we should have to ensure that the "content, tone and presentation" is as objective as possible and cannot be interpreted as "party political";
- (iii) the rules state that leaflets may be issued "to organisations or those [individuals] with a known interest"; and
- (iv) the costs have to be "justifiable".

4. Paragraph 8 of the Cabinet Office note - dealing with the presentation of new policy proposals - observes that in recent years "leaflets dealing with typical questions" have been distributed on Government proposals on subjects such as live animal experiments, the privatisation of British Telecom and the abolition of the GLC and the Metropolitan County Councils. There are also examples of "popular versions" of Command papers on subjects such as Britain's

The principles of what we are doing, if not the details, will be less controversial than either of these.

application to join the EC and counter-inflation policy. Paragraph 9 adds that both kinds of publicity:

"... may be criticised, and presentation and handling are therefore looked at particularly carefully. [The leaflets] are usually written in a more popular style than ... traditional Government papers ... but, like them, they follow the conventions on content and presentation. The emphasis is on facts and explanation rather than on the political merits of the proposals. And titles are carefully chosen to be as neutral as possible."

And paragraph 10 explains that:

"...the justification of such publicity is that it enables the Government to explain its policies and the reasons for them to the general public in a cost-effective way, in circumstances where the traditional means of exposition - statements in Parliament and press notices - may not be sufficient for the purpose. There should be a reasonable relation between the cost of the publication and the likely cost of public funds in terms of enquiries from the public etc if it were not produced. The extra cost of printing the material (as distinct from simply photocopying it) must also be justifiable."

5. It is worth noting that there is currently a good deal of sensitivity in this area because of TCSC interest in publicity conventions following the publication last year of the DOE booklet on the community charge. The sensitivity arises particularly over so-called "paid publicity" (involving payments to private sector advertising agencies, television companies and so forth), as distinct from "unpaid publicity" into which category, I suspect, any Budget pamphlets will fall. The Widdicombe Conventions seem to require that any proposals which raise the slightest doubts as to propriety should be cleared in the first instance by COI (impracticable in the case of Budget documents) and, ultimately, by the Chief Secretary, in his capacity as the new Government publicity supremo.

6. This may all now be less important because, at our meeting with the Chancellor on Friday evening, we appeared to be sliding away from the idea of issuing leaflets per se and towards some rather

CONFIDENTIAL

glossier form of the traditional press release. Nevertheless, it would be sensible to guard our flanks on this front. Sir Peter Middleton may well have views.

*RIG*

R I G ALLEN

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

C(P) (88) 1  
January 1988

Copy No.

CABINET: PROCEDURE

**CONVENTIONS ON GOVERNMENT PUBLICITY AND ADVERTISING**

NOTE BY THE PRIME MINISTER

It is important that the conventions governing Government publicity developed over successive administrations are scrupulously observed. This would be so at any time: it is particularly so at a time when the Government is seeking to prevent the use by other public authorities of public money for party political purposes.

2. These conventions were set out in a memorandum submitted by the Cabinet Office to the Committee of Inquiry into Conduct of Local Authority Business (the Widdicombe Committee) in 1985, and in oral evidence given to the Committee by the Secretary of the Cabinet and the Director General of the Central Office of Information. A copy of the memorandum submitted to the Widdicombe Committee is attached herewith.

3. In summary these conventions require that Government publicity:
- (a) should be relevant to Government responsibilities;
  - (b) should be objective and explanatory, not tendentious or polemical;
  - (c) should not be, or be liable to misrepresentation as being party political;
  - (d) should be produced and distributed in an economic and relevant way, having regard to the need to be able to justify the costs as expenditure of public funds.

4. Especial care is needed where it is envisaged that Government publicity should be given to proposals which are, or are to become, the subject of legislation in Parliament. Until such measures have become law, any Government publicity should neither assume nor anticipate Parliamentary approval. This is a particularly sensitive area, in respect of which the machinery for ensuring compliance with the conventions needs to be reinforced.

5. Ministers should therefore ensure that all proposals for paid publicity about the contents of legislation in advance of Parliamentary approval, together with the proposed distribution of the material, are referred to the ~~Lord President of the Council~~ for his consideration. c.s.T

6. It is also clear that there is increasing pressure from the public relations industry for Ministers to employ their services in a consultancy capacity. Again it has been the stated policy of successive Administrations to rely upon the expertise and experience of the Government's own advisers and to decline offers from commercial public relations companies. I do not believe that Ministers could, as a general rule, justify to Parliament the use of public relations consultants, and I consider it important that the well established conventions in this area should also continue to be observed.

M. H. T.

10 Downing Street  
January 1988

## CENTRAL GOVERNMENT CONVENTIONS ON PUBLICITY AND ADVERTISING

### NOTE BY THE CABINET OFFICE

This note sets out the conventions which successive governments have applied to their publicity and advertising. There have been changes over the years in the type and quantity of what may be broadly described as publicity. Methods of communication change or develop, and Governments have increasingly put out more information about their policies and activities, but the basic conventions have remained. They are in general terms, but have in practice provided a satisfactory basis for the exercise of judgment in individual cases.

### The Main Conventions

2. It is right and proper for Governments to use public funds for publicity and advertising to explain their policies and to inform the public of the Government services available to them and of their rights and liabilities. Public funds may not, however, be used to finance publicity for party political purposes; this rule governs not only decisions about what is or is not to be published but also the content, style and distribution of what is published. This basic rule covering all Government publicity and advertising has been accepted under successive Administrations.

3. The conventions apply to both "paid" and "unpaid" publicity. "Paid" publicity includes paid advertising in the press, on radio and on television, leaflet campaigns, exhibitions etc. "Unpaid" publicity includes papers presented to Parliament as White and Green Papers and other consultation documents (which are sold to the public at prices intended to defray the costs of printing, publication and distribution), press notices and other official briefing material (all of which may never the less involve some cost to public funds in Civil Service costs).

4. The conventions are:

- (i) subject matter should be relevant to Government responsibilities. The specific matters dealt with should be ones in which Government has direct and substantial responsibilities;
- (ii) content, tone and presentation should not be "party political". The treatment should be as objective as possible, should not be personalised, should avoid political slogans and should not directly attack (though it may implicitly respond to) the policies and opinions of opposition parties or groups;
- (iii) distribution of unsolicited material should be carefully controlled. As a general rule, publicity touching on politically controversial issues should not reach members of the public unsolicited, except where the information clearly and directly affects their interests. The level of intrusion is highest for television, newspapers and poster advertising and material delivered to people's homes, and lowest for material available only on request. The general rule is that leaflets etc may be issued:
  - (a) in response to individual requests, or enclosed with replies to related correspondence;
  - (b) to organisations or those with a known interest or, with the organisation's agreement, in bulk for distribution at their own expense to their membership only.

- (iv) costs should be justifiable. The Government are accountable to Parliament for the use they make of public funds for publicity, as for any other purpose. The Accounting Officer for the Vote concerned has a particular responsibility to the Public Accounts Committee.

### Detailed Application

5. The following paragraphs set out how these conventions are applied to the main kinds of Government publicity. Some specific examples of publicity in potentially politically controversial areas are given at Annex A.

### New Policy Proposals

6. The main forum for the presentation and discussion of Government policies is Parliament. Major policy proposals are usually presented to Parliament as Command Papers which are sold to the public at a price designed to cover the costs of printing and distribution. Thus the cost to public funds usually consists only of the costs of preparing the text. Other proposals on which comments are invited may be set out in less formal documents in printed or typescript form. These are sometimes priced and sometimes provided free of charge. They are deposited in the Libraries of the House of Lords and the House of Commons at the time of publication and may be sent unsolicited to those with a known interest (not as a rule to the general public, although copies may be provided on request). The public will also get information free of charge through the official information machinery (Departmental Press Offices and the Central Office of Information) by means of press notices or other briefing.

7. Command Papers, consultative documents, official press notices and briefing material may well cover matters which are the subject of party political controversy. Such material will set out what the Government is doing and what they want to achieve. But content, tone and presentation follow the conventions set out in paragraph 4. The emphasis is on exposition and the arguments.

8. Public funds have been used in recent years to supplement this kind of "unpaid" publicity in two ways:

- (i) popular versions of Command Papers. These are simplified versions of White Papers etc which are supplied freed of charge and intended to reach and answer the questions of those who are unlikely to buy or read the on-sale document. Examples are Britain's application to join the EC (1971), devolution (1976), counter-inflation (1975), buses (1984).
- (ii) leaflets dealing with typical questions. These are handed out in place of, or enclosed with, replies to letters from MPs or the public and may be given wider distribution if appropriate and cover the main questions which may be raised about a particular policy proposal. Examples are leaflets explaining and answering points on the Government's proposals on live animal experiments (1983-84), the privatisation of British Telecom (1983) and the abolition of the GLC and the Metropolitan County Councils (1985).

9. Both kinds of publicity may be criticised, and presentation and handling are therefore looked at particularly carefully. They are usually written in a more popular style than the traditional Government papers which they supplement. But, like them, they follow the conventions on content and presentation. The emphasis is on facts and

explanation rather than on the political merits of the proposals. And titles are carefully chosen to be as neutral as possible. For example the recent leaflets on abolition of certain local authorities are simply headed 'After the GLC' and 'After the Metropolitan County Councils'.

10. The justification for such publicity is that it enables the Government to explain its policies and the reasons for them to the general public in a cost-effective way, in circumstances where the traditional means of exposition—statements in Parliament and press notices—may not be sufficient for the purpose. There should be a reasonable relation between the cost of the publication and the likely cost of public funds in terms of enquiries from the public etc if it were not produced. The extra cost of printing the material (as distinct from simply photocopying it) must also be justifiable.

### **Explanation and Discussion of Existing Policies**

11. The same general conventions apply to publicity for existing policies. Paid publicity may be used where the Government believes that a direct approach to the public is needed to give more information about particular issues and policies or to clear up misconceptions. Examples include advertising campaigns on counter-inflation policies (1975), and leaflets and films on defence and disarmament issues (since 1979) and a variety of departmental reports.

12. In such cases subject matter, presentation and handling are again critical, particularly when publicity deals with issues on which there is no consensus. The presentation of arguments and counter-arguments takes account of the need to avoid criticism that public funds are being used to disseminate party political propaganda. The emphasis is on the factual basis and exposition of Government policies rather than on partisan argument.

### **Information about Rights, Obligations, Liabilities and Government Services**

13. This kind of publicity covers a wide range. It may follow legislation which has given the public new entitlements or obligations. It may remind the public of entitlements which the Government would like to see taken up more widely. Or it may be used to encourage the public to adopt certain kinds of social behaviour. It has been accepted under successive administrations that the Government has a clear duty to inform the public in this way. There is no question about the public's need to be informed of their legal entitlements and obligations, and the services available to them. The Government also has a clear right to use publicity to encourage behaviour which is generally regarded as being in the public interest (eg road safety advertising). Most publicity of this kind consists of leaflets, posters and newspaper advertisements. Some of these simply provide factual information and practical advice but others need to be more persuasive in content and presentation. Similar publicity is used to explain changes in the law which affect individuals or businesses, or the work of their professional advisers, Citizens' Advice Bureaux etc.

14. There may be some sensitivity where the matters publicised are the product of controversial legislation or potentially controversial policies. Examples include "Fair Rents" (1972-73), "Right to Buy" council houses (1980-82), "Right to Buy" (1984), "Right to Buy" in Scotland (1984), and the "Switch Off Something" campaign in 1974. Care has been taken in the "Fair Rents" and "Right to Buy" cases to present the information in a way that concentrates on informing the public about the content of legislation and how it affects them. Material of this kind is justified in

principle by the need of members of the public to be informed of what entitlements are available to them under legislation. In the second case, the "Switch Off Something" campaign was generally accepted as necessary because it bore directly on maintaining the life of the community in a national emergency. Its continuation during the February 1974 Election campaign was specifically agreed with the Opposition Chief Whip.

### **Recruitment**

15. Paid publicity is used extensively by the Government to recruit people in various public services. This is generally non-controversial, but the cost must still be justified.

### **Legal Position**

16. Departments of central Government, unlike local authorities, do not rely on any specific statutory authority to spend money on advertising and publicity. Their use of publicity is covered by the principle that the Crown—and Ministers of the Crown as its agents—can do anything an ordinary person can do provided that there is no statute to the contrary and Parliament has voted the money. The safeguard is of course the Government's accountability to Parliament for all that they do and spend.

### **Criticism of Government Publicity**

17. Government practice on the basis of the convention has occasionally been criticised in Parliament and in the press, but seems to have been subject to only rare formal challenge in recent years. Three instances are:

- (a) In August 1971 an injunction was sought in the High Court against the distribution of a shortened White Paper on Britain's application to join the EC. The injunction was not granted, and Mr Justice Griffiths (*Jenkins v Attorney General and another*, 1971; 115 *Solicitors Journal*, Part II p 674) "could not accept the submission that the prerogative power of the Crown to issue free information was limited . . . to information about Government executive action pursuant to law and excluded the power to inform the public of Government proposals . . .".
- (b) In 1973 the IBA objected to the term "fair rents" in the Government's advertising following the Housing Finance Act 1972 (even though it had been used in the legislation), and the wording had to be changed.
- (c) In 1982 advertisements in the press of current pay offers to the NHS, though entirely factual, were ruled by the Advertising Standards Authority to be political and therefore outside the scope of its code.



LEAKS

Tuesday, February 16, 1988



Evening Standard

MONDAY, 15 FEBRUARY, 1988

# Closing the loopholes

7

**S**EMI-OFFICIAL leaks before Budget Day of what the Chancellor is planning have become a habit with this Government. They allow Nigel Lawson to spring last-minute surprises on the Opposition. What seems certain is that the Chancellor has in mind to streamline Britain's cumbersome tax structure along American lines—simplifying the number of tax bands from six to perhaps three, and reducing the number of tax reliefs—and for this he deserves every encouragement.

The two measures have to go together. Politically there is no way in which Mr Lawson can cut the top rate of tax without mounting an assault on all the perks and allowances which permit the rich to become richer still. He should be thinking not just about mortgage tax reliefs, which are as much a middle-income perk, but about incentives and benefits-in-kind such as share option schemes and company cars. Add to these business expansion schemes and reliefs on farming and forestry and a pattern emerges whereby the very rich can reduce their tax liability almost to zero, at a cost to the Treasury (and hence to the taxpayer) of billions of pounds each year.

Forestry plantation in the Highlands is one example of an outrageous tax loophole which the Chancellor should close in his Budget (and will, unless the most cynical considerations of losing Tory votes in Scotland prevail). The 60 per cent write-off which this scheme allows costs the Treasury more than £10,000,000 a year. Apart from the fact that millions of acres of conifer-planted moorlands are a blot on the landscape and destroy the local ecological balance, the trees give such a low return in both quantity and quality that they are economically almost a dead loss.

By removing reliefs and exemptions like these, and thereby releasing enough revenue to reduce income tax across the board, the Chancellor would create a fairer system for all.

STAR

# ANOTHER ONE FOR THE ROAD!

£10 LETTER

WITH the budget looming, road fund licences are again news.

Should the Chancellor scrap road tax and put more tax on petrol?

The argument is that he who uses the road most, or has the bigger car, should pay most. But what about motorcycles and three-wheelers?

If a change should be made, why not go back to taxing vehicles on the horse power or cubic capacity?

C. BROOK, March, Cambs.

*prop*

*Plse ask PM to let me have a note about it. W. is v. worried.*

DAILY EXPRESS

## Price of marriage

□ BEFORE altering the road tax the Chancellor should concentrate on income tax. He should cancel the married woman's earned income allowance, and increase a married man's allowance to at least double that of a single person.

With high unemployment, there is no need to encourage married women to go out to work. It is grossly unfair that a married man, whose wife is not working, should pay £679 per year more tax than a working couple on an identical income.

F. M. Croman, Leeds, Yorkshire.

□ NO DOUBT many pensioners who have found it necessary to change their reading glasses in the past few months will have received an unpleasant shock on being told they will have to pay the full cost. My previous glasses cost me £25.40 but my new pair supplied last week cost £109.50.

A. Main, Sheffield, Yorkshire.

3/2.

PICKFORD  
16 FEB.

*Puf*

RESTRICTED & PERSONAL

FROM: S J PICKFORD  
DATE: 16 FEBRUARY 1988

CHANCELLOR

*Many thanks.  
I have scribbled my  
comments on each chart,  
& wd like them of others  
(if they have views - wd  
compulsory!) ASAP - esp  
Sir A Jan. n..*

- cc Sir P Middleton
- Mr Scholar
- Mr Culpin
- Mr Odling-Smee
- Mr F I G Allen
- Mr A C S Allan
- Mr Bush
- Miss C Evans
- Mr Hudson
- Mr Curwen
- Mr Tyrie

Sir Anthony Jay  
A/013

BUDGET BROADCAST CHARTS

*(X on this note = on sheet  
list: 10, for wh. wd mark  
choose 6)*

At your meeting on 2 February we were commissiioned to present a new set of charts for possible use in the Budget broadcast. I attach a selection of graphics prepared by Mr Curwen.

2. This set of graphics covers:

X

1a. European league tables of output growth - this was used in last year's broadcast. Adding the OECD forecast for 1987 means the UK remains at the top of the league;

1b. G7 league tables of output growth - this shows the UK at the bottom in the 60s and the 70s, but only midway up the table in the 80s;

X

2a. bar chart of GDP levels - as used in last year's broadcast, but updated with the Autumn Statement forecast for 1987 and 1988;

2b. as 2a. but starting in 1960 instead of 1970. Because growth was unbroken in the 60s, this chart makes the performance of the 80s look less remarkable;

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- X
- 3a. line chart of RPI inflation - this chart was used in last year's broadcast, and updating with the Autumn Statement (unpublished) forecast for calendar year 1988 shows a slight fall in the inflation rate in the last year of the chart;
- 3b. as in 3a but a bar chart - to match the text in Sir Anthony's draft speech;
4. bar chart of inflation and GDP since 1970 - again to match the draft text. It may contain too much information and has the disadvantage of comparing rates and levels. Also the scales would need adjusting to make the chart easier to understand;
5. world league tables of manufacturing productivity growth - unchanged from previous version, apart from minor changes to the lower rankings as a result of updating;
6. bar chart of change in employment<sup>m</sup> in France, Italy, Germany and UK - this was used in last year's broadcast, and you decided should be kept on the reserve list for this year;
7. line chart of UK unemployment since beginning of 1986 also matches the draft text and highlights the fall over the past 18 months but may be provocative in not giving a longer run of figures;
- 8a. changes in G7 unemployment rates over the year to 1987Q3 - we have rotated the chart to try to get round the problem of "falling bars". This also differs from the chart considered at your last meeting because it uses OECD standardised unemployment rates - although it leaves the ranking largely unchanged. It avoids the problem in the previous version that some countries show no change, but excludes Italy for which no standardised rates have been calculated since the third quarter of 1986;
- X

*try September  
of 3a or 2a*

8b. as 8a. but showing the changes over the two years to 1987Q3 - on this basis the UK is only second in the league;

9a. UK and EC unemployment rates since 1970 - this chart again uses standardised unemployment rates. A plus point is that it shows the UK rate crossing over the EC rate. However these lines disguise a break in the UK series in 1983 and breaks in the EC series in 1982 and 1983. As a consequence it also has the disadvantage that it shows the UK unemployment rate falling since 1983. This is likely to confuse the audience, who will probably be used to the national definition of the claimant count;

9b. as 9a. but using national definitions as published by OECD - this gets round the problem of 9a. But it has the problem that the UK unemployment rate is shown as below the EC rate throughout the period, which is also likely to run counter to people's perceptions;

10a. employed labour force since 1980 - shows the large fall from 1980 to 1983 and subsequent rise in employment. If you use this chart it would be necessary to explain the pre-1983 behaviour;

10b. as 10a. but starting in 1970 - this rather unhelpfully shows that employment in 1979 was higher than in 1974, while 1987 employment was still somewhat below the 1979 level;

11a. employment and unemployment since 1971 (this starts in 1971 rather than 1970 because of the break in the unemployment series) - this chart was asked for to illustrate that unemployment carried on rising from 1983 to 1986 despite rising employment during that period. I suspect the chart is too complicated for the broadcast;

Not only that, we can't tell a plausible story over it.

X  
(if starts in 1977!)

- 11b. as 11a. but reversing employment and unemployment in the bars -I think this would be even more difficult to assimilate than 11a;
12. manufacturing output and exports - the chart is designed to show the level of exports roughly proportional to their weight in total manufacturing output. Although this is unavoidable for a chart of levels, it downplays the strong growth in output since 1981 and in exports since 1983;
13. business investment since 1970 - this chart highlights the strong recovery in investment since 1981. The temporary drop in 1986 was associated with the restructuring of the corporation tax regime;
14. real take home pay - this is unchanged from the previous set of charts, apart from putting the cash value of take home pay, rather than index numbers, on the Y-axis. You decided that this chart should be on the reserve list;
- 15a. PSBR as a proportion of GDP - this chart shows the PSBR/GDP ratio for the 1950s, 1960s, 1970s, first half of the 1980s, last financial year and this financial year. It includes privatisation proceeds. No figure is shown for 1987-88 - this would have to be updated at the last minute to incorporate the Budget forecast. We have not at this stage tried to make the high levels of the 1970s look "menacing";
- 15b. general Government receipts and expenditure in real terms - although not commissioned at your meeting, this chart is an alternative way of illustrating the "disappearing PSBR". The gap between the two lines is not strictly the PSBR - it is instead the PSBR less public corporations' market and overseas borrowing (which was forecast as a repayment of £0.7 billion in 1987-88 in the Autumn Statement). The chart also

See maroon  
card!  
W?

(We'd have to  
simplify for the TV!)

RESTRICTED & PERSONAL

usefully makes the point that expenditure has continued to rise in real terms at the same time as the PSBR has been shrinking.

*Stephen Pickford*

S J PICKFORD



**British Embassy**  
Counsellor (Economic)  
Friedrich-Ebert Allee 77. 5300 Bonn 1  
Telex 0886 887 Telephone 234061

A P Hudson Esq  
Private Office  
HM Treasury  
Parliament Street  
LONDON

Your reference

Our reference

Date 16 February 1988

*Dear Hudson,*

CHANCELLOR'S BUDGET BROADCAST

1. I refer to our telephone conversation of 5 February and to your letter of 10 February to Richard Pratt in Washington, copied to me.
2. I enclose a set of recent cuttings from the German press giving the sort of positive picture of the British economy and national finances which I think you are looking for. In each case I have provided a photocopy of the paper's masthead, with typed below that a translation of the headline and other lead-in material of the article. In nearly every case you will then find a copy of our daily press summary with the reference to the article (brief in most cases) marked in red.
3. I hope this gives you what you need. If you want further material please let me know. I must add that the recent wave of strikes in the UK has meant that the latest press comment has been less favourable.

*Yours ever,*

*A C Thorpe*

A C Thorpe

**CONFIDENTIAL**

From: S D H SARGENT

Date: 17 February 1988

MR R I G ALLEN

cc PPS  
Mr Scholar  
Mr Culpin  
Mr HudsonBUDGET DAY PAMPHLETS

Sir Peter Middleton has seen your minute of 15 February to Mr Culpin. He believes that what is proposed following the Chancellor's meeting on 15 February is quite acceptable in terms of propriety.

**S D H SARGENT**

Private Secretary

~~C.~~  
~~Good.~~  
~~AH~~

pus



R.I.G. ALLEN  
18 FEB.

RESTRICTED AND PERSONAL

*RLA*

FROM: R I G ALLEN  
DATE: 18 FEBRUARY 1988

CHANCELLOR

*Thanks. With  
consideration  
own, but  
will do. n.*  
*Daily Mirror on its  
own page  
was the ones*

- cc Sir P Middleton
- Mr Scholar
- Mr Culpin
- Mr Odling-Smee
- Mr Pickford
- Mr A C S Allan
- Mr Bush
- Miss C Evans
- Mr Flitton
- Mr Curwen
- Mr Hudson
- Mr Tyrie

**BUDGET BROADCAST**

At your meeting on 2 February, I was asked to look out some headlines from British newspapers that might be used in the Budget broadcast. These are attached.

*Daily Mirror the best?*

2. The five extracts are the fruits of searching the Press back to November (as far back as IDT holds newspapers). Ideally, I should have liked to have offered a larger selection but finding upbeat headlines following the stock market collapse has proved difficult. We can if you wish look back to the summer months on the library's microfiche (FT, Times and Telegraph only).

3. We can discuss further at the meeting on 23 February.

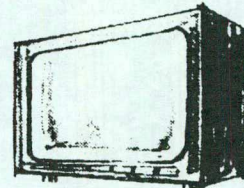
*RLA*

R I G ALLEN

# Life in 1988



Beer: A favourite



TV: Addictive



Homes: Better



Shares: Taking off

BRITAIN is riding the crest of a wave with its population better off, better housed and having a better time, according to the most comprehensive look of the country currently available.

A massive set of Government statistics out today shows that Mr and Mrs Average:

- Are getting richer — as long as they are still in work.
- Spend more of their money on consumer goods and having fun.
- Like beer, gambling and fast food.
- Have a good chance of owning their own home.
- Have taken to buying shares in a big way.
- Are living longer and getting married more often.
- And when they are not doing any of those things are likely to be watching TV.

The exhaustive set of figures put together in a handbook by the Central Office of Information, some of which have been published before, paint a picture of *Britain 1988*.

In its new look at the British, the COI reveals that our addiction to television is getting worse.

Figures released last year showed 98 per cent of homes with at least one television. The latest figures, for 1985, show more than 50 per cent of households with more than one set, average viewing hours up to 27 per week and the proportion of house-

# It's booming Br

## You've never had it so good

holds with a video recorder up to 31 per cent.

Living standards in Britain are continuing to rise, with more than 60 per cent owning or buying their own home — 14 million in 1985 compared to 13.5 million in 1984 and only four million in 1951.

The homes we have are also continuing to improve, with some 97 per cent of Britons having exclusive use of a bath or shower and 69 per cent having central heating, compared with 65 per cent in 1984.

More than 80 per cent of homes possess a telephone, 96 per cent have a refrigerator and 82 per cent have a washing machine.

One household in two has some kind of car. As well as the 56.8 million people in Britain in 1986, there were six million registered dogs and one million cats.

Car ownership continued to grow, with 62 per cent of households

having use of at least one car or van, compared with 61 per cent in 1984.

Beer is Mr Average's favourite drink, gambling likely to figure prominently in his leisure activities and fast food in his diet.

But those cooking for themselves are cooking more poultry and pork and less red meat, potatoes, bread, dairy produce and sugar.

### Smoking down

The average Briton is also smoking less — in 1984, 36 per cent of men smoked compared to 46 per cent in 1976; among women it fell from 38 per cent in 1976 to 32 per cent in 1984.

Another big change was in share ownership. As a result of the Government's privatisation drive by mid-1987 — before the October crash — 19.5 per cent of Britons held shares, compared to only seven per cent in 1979.

Personal disposable income in 1986 was 4.3 per cent higher in real terms than in 1985.

Increased real incomes, and time available, are providing more opportunities for leisure pursuits and when the average Briton manages to pull himself away from the television he is taking advantage of them.

Most popular are participation sports, especially walking and swimming, with some spectator sports losing their following.

Holiday entitlements have increased for most full-time employees and by the end of 1986, 99 per cent of manual workers had four weeks or more, nearly a quarter had five weeks or more.

British residents took over 17 million holidays overseas in 1986, compared with 15.75 million in 1985, but the most popular destinations were unchanged — Spain, France

and Greece.

More than 90 per cent of those who gambled at some time or other in 1986, and 40 per cent gambled regularly, staking a total of £6,870m in 1986, compared with £6,000m the year before.

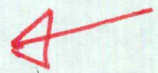
### Longer life

Life expectancy is continuing to increase. On average in 1986 it was 74 years for a man — up from 73 in 1985 — and 77 for a woman — up from 76 in 1985.

People are living longer because of better nutrition, advances in medical science and health education, better working conditions and improvements in the standard of living.

Deaths resulting from infectious diseases like tuberculosis have fallen or less disappeared, but by the end of June 1987, 870 cases of deaths from AIDS had been recorded.

**BUT HERE'S THE  
BAD NEWS**

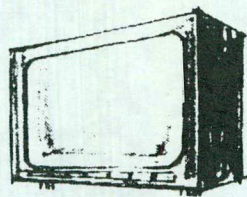


1988

a wave with its population  
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k of the country currently



Beer: A favourite



TV: Addictive



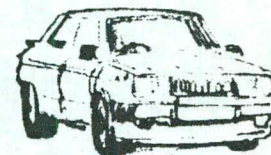
Homes: Better



Shares: Taking off



Fast food: Popular



Cars: Newer

# It's booming Britain

## You've never had it so good

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### Longer life

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previous year — and 77 for a woman,  
also up by one year from 1985.

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cal science and health education,  
better working conditions and  
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living.

Deaths resulting from infectious  
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or less disappeared, but by the end of  
June 1987, 870 cases of deaths from  
AIDS had been recorded.

Marriage is slowly coming back  
into fashion from a low point in 1982  
when the number of marriages had  
declined to 387,000 from 480,300 ten  
years before.

In 1986, 394,000 couples decided to  
tie the knot, compared with 393,249  
the year before.

The divorce rate has been rising  
steadily as well, with 154,000 granted  
in Britain in 1986.

But so, too, has the rate of  
re-marriage. One or both of the  
partners had been married before in  
35 per cent of all marriages in 1986,  
compared to 20 per cent in 1971 and  
14 per cent in 1961.

For those with jobs the pattern of  
their work is changing.

While established manufacturing  
industries are recovering from the  
recession of the early 80s, the fastest  
growth is in service industries and  
industries making use of new tech-  
nology.

Hi-tech industries grew in output  
by 31 per cent from 1980 to 1986,  
while manufacturing industry on  
average grew by five per cent.

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BUSINESS NEWS

City

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R. D. Modes

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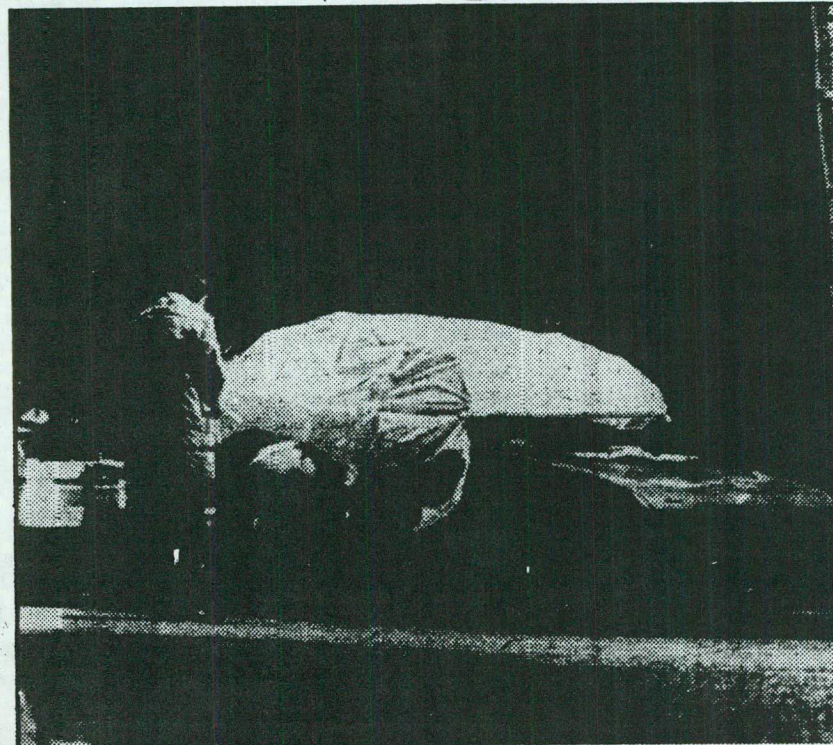
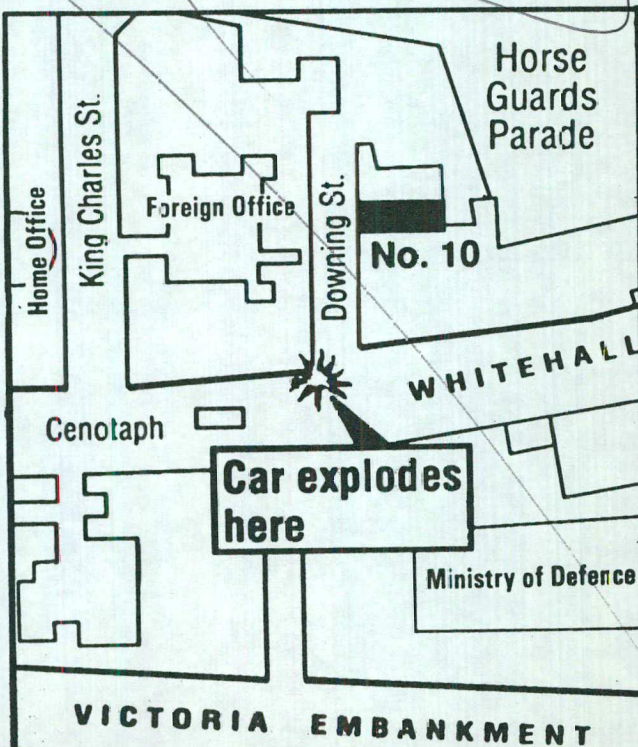
Price: 18p

## 3.8pc water rates rise hock

John Stone  
Business Editor

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announced  
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3 per cent.  
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ounty chamber of

## Driver dies in blazing car drama



In your  
new-look  
Mercury



Patric  
Walker

PAGE 4

# TV

Page 2

# £350

LINK Word

**MERCURY INTERNATIONAL**



# Boom time for Britain

**THE OUTPUT from Britain's factories soared by 5.5 per cent last year, according to Government figures out today.**

Manufacturing production has been growing at its fastest rate since the so-called Barber boom of the early 1970s, the Central Statistical Office said.

And so far there have been no knock-on effects from the dramatic plunge in share prices last October. The CSO's production industries index shows no signs of manufacturing sliding into recession, with figures for output in October, November and December relatively stable.

The final quarter of 1987 showed a 1.5 per cent rise on the previous three

months and a 5.5 per cent jump on the final three months of 1986.

Officials believe this actually underestimates the growth rate, which they put at nearer 6.5 per cent.

Today's figures show that manufacturing output is now 3 per cent above the last peak in 1979, but still 2 per cent below the 1974 high.

During the course of 1987 there was a 6.1 per cent increase in output from the metals sector, 5.7 per cent from chemicals and 5.8 per cent from engineering.

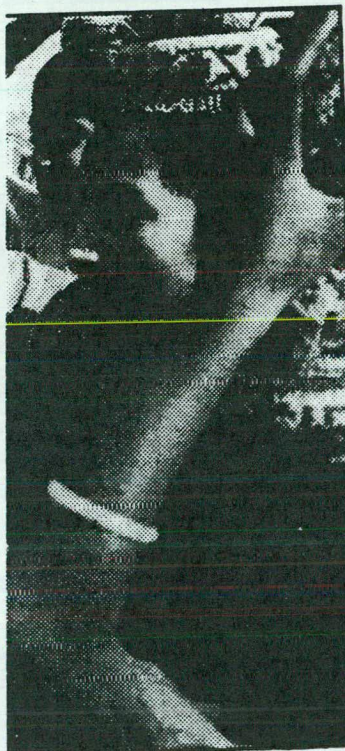
But while 1987 was a boom year for manufacturing, it was a different story for the energy sector.

North Sea oil production peaked in 1986, and energy output fell as a result by 2 per cent last year, the CSO said.

and



fed at Rajkot.



home village.



## Satellite witness

WITNESSES in countries on the other side of the world could soon be giving evidence in British courts by live satellite link. This provision would be discussed during the Commons Standing Committee on the Criminal Justice Bill later this week, Home Office Minister Mr. John Patten said last night.

## Leader shot

A SRI Lankan opposition party leader who is also a film star was shot dead today. Vijaya Kumarantunga, leader of the leftist Sri Lankan Mahajana Party (People's Party), died in hospital.

## Nuclear sea war fears

BRITISH forces would be in the forefront of any nuclear war at sea, the environmental group Greenpeace says today.

The group claims that NATO has developed plans which in time of crisis would involve Royal Navy and US ships and submarines surging north in readiness to contain and destroy Soviet military targets, at sea and on land.

## Killer got wrong house

A MAN apparently bent on killing his former wife's boyfriend mistakenly went to the home of another man in Florida with the same last name, killing one woman and wounding two other people, police said last night. "It was a one in a million case of mistaken identity," said Pasco County Sheriff Jim Gillum after arresting John Edward Boggs, 55.

## Moscow law

TOP British lawyers are to fly to Moscow this summer to take part in an international legal conference which will include discussions on human rights.

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# THE GUARDIAN

Published in London and Manchester

Saturday 19 December 1987 25p

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PREMIUM  
BELHA

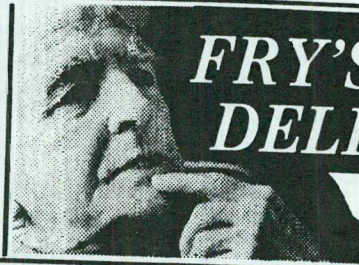
GRASSROOTS, PAGE 9

ARTS, PAGES 10, 11

SPORT, PAGES 13-16

PAGE

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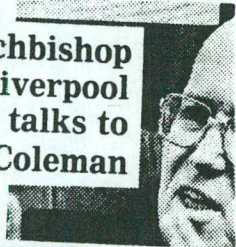


FRY'S  
DELIGHT

Sporting  
writes  
Frank  
Keating



The Archbishop  
of Liverpool  
talks to  
Terry Coleman



Boost for living standards in 5.2 pc rise in output

## Economy runs at record pace

Christopher Huhne  
Economics Editor  
The economy is growing  
more quickly than at any  
time since the boom in 1973  
before the first oil shock,  
and government figures showed  
a surge of 5.2 per cent in  
national output over the year  
and the third quarter took place

alone, one of the fastest quarterly growth rates recorded for years.  
The different measures — by income, expenditure and output — should in theory show the same figures, but in practice have tended to differ. However, all of them now point to growth exceeding 5 per cent over the year to the third quarter.

Further information becomes available, so that the present 5.2 per cent rise in the average measure is likely to be consistent with growth of between 5 and 6.75 per cent, officials say.  
Moreover, the growth of the non-oil economy where most jobs are created is even more rapid than the average figure, which is depressed by falling



Gunfire  
and remark  
mark  
Benazir  
wedding

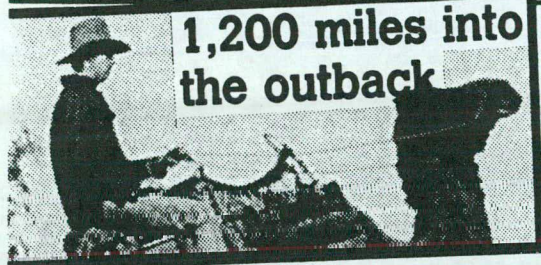
From George Arne  
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marked the marriage  
Benazir Bhutto  
Zardari in Karachi

Published in London and Manchester

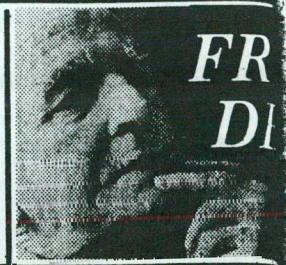
TRAVEL, PAGE 8

GRASSROOTS, PAGE 9

ARTS, PA



**1,200 miles into the outback**



## Next week

### Monday

Simmering in Suva: Matthew Engel reports from Colonel Rabuka's tropical islands

It's high time the left began thinking about English nationalism, argues Plaid Cymru MP

### Tuesday

Teachers and politicians suggest what they would put in Kenneth Baker's stocking

### Wednesday

What's been going on at Greenham's Yellow gate?

### Thursday

Boost for living standards in 5.2 pc rise in output

# Economy runs at record pace

By Christopher Huhne  
 Economics Editor

The economy is growing more quickly than at any time since the boom in 1973 before the first oil shock. Government figures showed yesterday.

The surge of 5.2 per cent in national output over the year to the third quarter took place before the October 19 stock market crash, but the momentum of growth is so strong that it will not continue into next year.

The figures are thus good news for living standards and for hopes of continued falls in unemployment, which tend to lag behind growth by between six and nine months. They also suggest the black economy has been growing.

The growth is broadly spread across the economy, with the exception of North Sea oil output, which is declining. Manufacturing output is rising particularly strongly. The sharp growth reflects buoyant consumer spending (up 5.7 per cent in the year to the third quarter) and exports (up 7.4 per cent). Tax cuts, the credit boom, and a fall in the pound last year all helped.

Yesterday's figures showed that the average rise in the three different ways of measuring Gross Domestic Product was 2.2 per cent between the second and third quarters

alone, one of the fastest quarterly growth rates recorded for years.

The different measures — by income, expenditure and output — should in theory show the same figures, but in practice have tended to differ. However, all of them now point to growth exceeding 5 per cent over the year to the third quarter.

Officials say that 5 per cent annual rise may be erratically high, since they tend to see some bunching into one quarter rather than another. They assess that the underlying rate is given by the rise over the year to the first three quarters, which shows 4 per cent growth, in line with the Treasury's latest forecast.

However, the first estimates of Gross Domestic Product also tend to be revised upwards as

further information becomes available, so that the present 5.2 per cent rise in the average measure is likely to be consistent with growth of between 5 and 6.75 per cent, officials say.

Moreover, the growth of the non-oil economy where most jobs are created is even more rapid than the average figure, which is depressed by falling oil output.

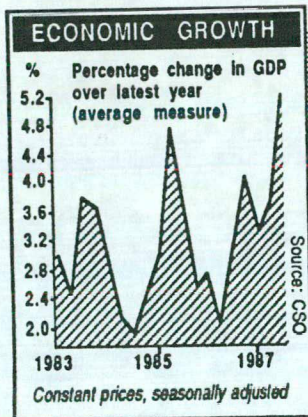
The rise over the last year exceeds even the surge following the end of the miners' strike. There has been nothing quite like it since the rise in GDP over the year to the first quarter of 1973 worth 10.1 per cent in real terms — the Barber boom.

The high growth rate also appears to be benefiting the black economy. The statisticians have revised upwards their allowance within the income measure for tax evasion to 1.25 per cent — putting the black economy in services at around £4 billion.

This is higher than the recent estimate of 1 per cent, but still lower than the allowance of some 2.5 per cent made during the incomes policy period of the mid-70s.

Unlike the period of boom in 1973, there is little evidence that the economy's underlying inflation rate is rising.

The rise in prices of all domestic spending (not just consumer spending) appears to be fairly stable at around 4 per cent.



# Here's to success in '88

**WITH the minimum of luck and a lot of hard work, 1988 will be a year of success for Britain.**

Not for one party or one politician or for one privileged section of the people. But for all of us.

For too long, success has been a dirty word for the British. They treat it with suspicion. It is something that foreigners have

## Industry

But there is nothing to be ashamed of in success, any more than there is anything to be proud of in being a failure.

Success as a nation means we don't have foreign bankers telling us what to do. That we don't have to suffer pitying lectures from other countries. That we are no longer known as the "sick man of Europe".

Success in industry means that small

## MIRROR COMMENT

and medium-sized companies become bigger. That more jobs are created. That there is more money in the pay packet at the end of the week or month.

Success for individuals means a better life for the family.

Success is worth working for. Worth achieving.

But success is not an end in itself. It is a means to an end.

Selfish success leads to personal and national failure in the end.

We must use our industrial, financial and economic success to succour the

needy. To find productive work for those without it. To recognise that better education is an investment, not a burden. That a better National Health Service is an enrichment of life, not a handicap.

When industry is successful, pension funds also grow wealthier and that strengthens security in old age for those millions who have private pensions. We should welcome it.

## Nation

But it is also our duty to ensure that those without private benefits do not lapse into public paupers. They, too, must share the benefits of national success.

So as the nation — or most of it — goes back to work this morning, our message is simple:

**We wish you a Happy, Prosperous and Successful 1988.**

**'New jobs, more in the pay packet and a better life'**

**Miracle  
baby**

○ From Page One

**FLOOD SOS AS KILLER  
STORM HITS BRITAIN**



**City**

ADDRESS: New Carmelite House, Carmelite Street, London EC4Y OJA. TELEPHONE: 01-606 1234 or 01-353 0841

# Pundits paint bright UK picture for 1988

**T**HE SMOKE OF 1987's financial meltdown has cleared just enough for the more intrepid to come close enough to assess the damage. Their conclusions — judging by a batch of forecasts for 1988 issued today — are reassuring. Shareholders have taken a hammering. Confidence has been knocked and the weaknesses of the U.S. have been starkly exposed. They could trigger an international recession in which everyone else would suffer.

This is the bad news. Now for the good. The gains to holders of gilts and fixed interest stocks since Black Monday have helped offset the fall in shares. The fall in shares in any case has still left them 2pc above the level of a year ago.

There is still much danger of a world recession. But the picture is not all black. Japan has put on a spurt (Kleinwort Grieverson economists see it growing fastest of all Group of Seven countries this year). And the UK economy is still shining like a beacon amid the surrounding murk.

What does it all mean for the stock market? Lloyds Bank economists, taking their courage in both hands (or should I say, in the one hand and in the other hand) today boldly opine that 'earnings yields are now at sustainable yields relative to bond yields.

'The market may fall further if bond yields rise, but any further fall is unlikely to be so severe.'

As Black Monday dawned, equities were yielding 3pc on dividend, gilts close to 10½pc. Today shares yield 4.2pc and gilts more like 9½pc. The gap



**BY BRIAN O'CONNOR**

has certainly narrowed significantly.

The catch is that it could widen again if interest rates rise. That is just what the 310 brokers and fund managers surveyed by Shearson Lehman expect: they see base rates at 9¼pc at the end of the year, compared with 8½pc today.

## Difficult

But that would only push gilt yields up half a point and should still leave room for an improvement in share prices, pushing the Footsie index from 1715 to nearly 1850 next December.

Consensus forecasts are rarely reliable — especially when they predict that the market will move only fractionally over twelve months.

If the share market is difficult to predict, what about the real world?

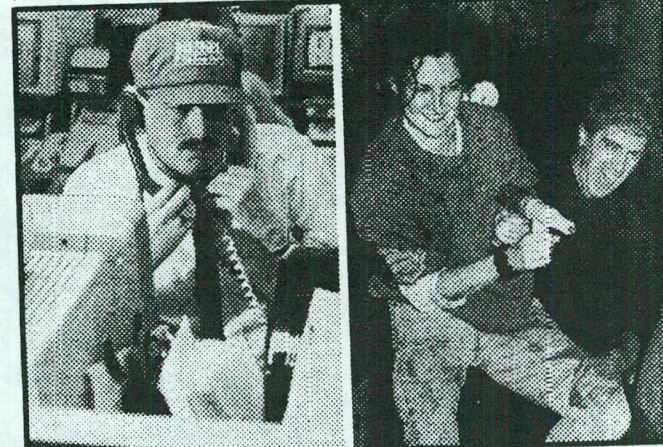
The UK economy appears to have recorded, in 1987, its fastest growth for many a long year. Economists at James Capel put it at 4.25pc — a rate of expansion not seen since the days of Reginald Maudling.

The momentum built up in 1987 should carry us impressively through 1988 even if there is a gradual slowing down over the year. Up to now most of the forecasts for this year have been of a slowing down to 2pc or thereabouts: but Capel believes it will be a highly respectable 3pc.

That should help unemployment to fall a further 250,000 to just under 2½m in the second half of 1988. Inflation is forecast to fall from 4pc to 3.7pc.

The public finances are in excellent order. Even the BP fiasco should not hurt too much — thanks to the Kuwaitis' enthusiasm for BP which has cut in half the Bank of England's potential bill for the rescue.

Public sector borrowing for the first two thirds of the fiscal



Will City yuppies strike it rich, spray it for laughs this year?

£3bn to £3.5bn and still limit PSBR to £1bn — tiny by historical standards.

That would make room for 2p off income tax and a cut in top rates to 50pc: though Mr Lawson still has to decide whether to take the opportunity to change the tax treatment of husband and wife in favour of those wives who do not work.

## Uneasy

Kleinwort economists are still optimistic, believing Mr Lawson could have as much as £5bn to give away. But however optimistically one views 1988, it is hardly the year to slam down the accelerator.

We have already argued the need for prudence with the world economy jittery and the UK moving into larger external

Doing better than the U.S., in this context, is hardly reassuring. But with net external assets of £90bn we are much better placed to fund any deficit.

This is all very well, you will say, but surely the share crash will spoil the party.

Not so, say Lloyds Bank. The fall has cost personal shareholders £50bn — but other forms of wealth, like gilts and houses, have gained and even today shares are worth more than a year ago.

Besides, the 1½pc fall in base rates will push economic activity forward more than the share crash will hold it back.

There are gloomy thoughts for those who wish to think them. The markets are still distinctly uneasy. Tokio looks vulnerable and the White

## Where is Reagan's resolve?

IF President Reagan did indeed make any New Year resolutions, support for his critically weak dollar does not appear to have been among them.

Leading Washington economists were yesterday predicting the White House will turn a deaf ear to pleas from world trading partners for an immediate rise in U.S. interest rates.

Any short-term rise would risk a further slowing in the potentially weak U.S. economy. The primary goal, they say, is to keep out of recession until the election later this year.

The dollar ended 1987 at its lowest point since the war. Last night all eyes were on Tokio to see how it reacts to the news.

## Daily Mail SHARE CALL

Update action from the Daily Mail City Team

**SHARE BUYS**

0077 100 275

(Outside London 0898 100 275)

**SHARE SELLS**

0077 100 276

(Outside London 0898 100 276)

**MARKET OUTLOOK**

0077 100 278

(Outside London 0898 100 278)

**EUROTUNNEL**

0077 100 272

(Outside London 0898 100 272)

**MARKET UPDATE**

0077 100 270

(Outside London 0898 100 270)

**TOP TIPS**

0077 100 271

(Outside London 0898 100 271)

**BP LINE**

0077 100 277

(Outside London 0898 100 277)

SUNDAY NEWSPAPER TIPS

FROM: MICHAEL GUNTON  
DATE: 18 FEBRUARY 1988

*Item 4 is particularly important: you might want to discuss at prayers.*

*on Monday?*

- 1. MR ALLEN
- 2. CHANCELLOR

*RA*

cc Mrs Lawson  
Mr Bush

*18/2*

*Handed this in*

**BUDGET PUBLICITY**

There are one or two matters which have to be resolved in the next few days so that Budget media arrangements can progress.

I would appreciate your comments on the following matters:

1. Saturday, 12 March 1988

*WRL*

I understand that you have now agreed to a birthday cake cutting ceremony at No 11 as the family photographic opportunity this year.

*OK*

An Operational Note for the photographic arrangements for 12 March needs to be sent out as soon as possible. A draft note is attached at Annex A for your approval.

2. Farming News

*Is this a set-up job for attack on £550?*

Farming News has requested the opportunity to take a photograph of you on a farm in your constituency on Saturday, 5 March. I understand that you will be in your constituency on that day. Your agent, Mr Graham Smith has agreed with Farming News to make arrangements with a local farmer. Are you agreeable to this?

*Certainly Mr. I will be with the Budget Speech.*

3. Budget Day

When you leave No 11 for the House to make your Budget Speech will you allow:

*OK*

(a) a light-weight BBC TV camera in the entrance hall as usual?

(b) a Financial Times photographer in the entrance hall to take still photo's? I believe that this has been allowed in the past.

*No: discussion Task given to Mr. [unclear] review*

*18/2*

4. Post-Budget media bids

It would greatly expedite matters if you and other Ministers would decide on the apportioning of post-Budget radio and television duties.

We have already received a number of bids for post Budget Day programmes, some of which need to know as soon as possible whether they are successful in case they have to make other arrangements.

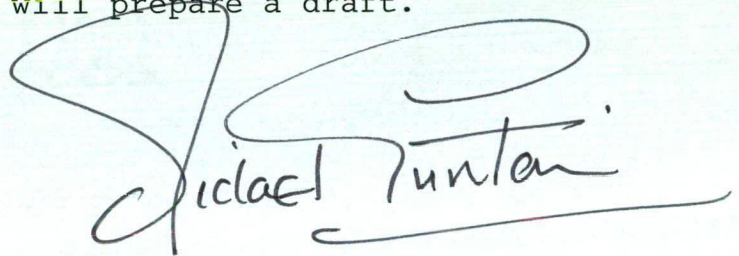
Others, mostly those on Budget Day, are news programmes so that they will not put in their bids until nearer the time. But they are certain to do so.

A full list of programmes giving bid details, and the Minister who appeared on the programme last year, is attached at Annex "B".

If you are content, I would suggest that we circulate a copy of the broadcasting schedule to other Ministers. I believe that last year the allocation of responsibilities was discussed at Prayers.

5. Sunday Express

*Roll*  
You have already agreed, with Mr Allen, to contribute an 800-1000 word article on the Budget for the leader page of the Sunday Express' 20 March edition. Mr Hudson will prepare a draft.



MICHAEL GUNTON

DRAFT OPERATIONAL NOTE.

TO NEWS EDITORS AND TV NEWS PLANNERS

CHANCELLOR OF THE EXCHEQUER  
PRE-BUDGET PHOTOGRAPHIC FACILITY

Additional to the photographic opportunities detailed in the Treasury Operational Note dated 15 February 1988, there will be an opportunity to photograph the Chancellor with his family at 11 Downing Street on SATURDAY, 12 MARCH, when he cuts a cake to celebrate his birthday (11 March).

Photographers are invited to attend the ceremony which will take place at 11.0 am.

Those wishing to attend should report to 11 Downing Street between 10.15 am and 10.30 am. Reporters are not invited and will not be allowed access.

PRESS OFFICE  
HM TREASURY  
PARLIAMENT STREET  
LONDON SW1P 3AG  
01-270-5238

NOTES TO EDITORS

If you wish to be represented you must let the Treasury Press Office know as soon as possible, certainly by Wednesday 9 March, by telephoning Mrs Joyce Hatter, 01-270-5238 or Miss Janet Bailey 01-270-5241.

Those attending will be subject to security searches by the police. Photographers and TV crews should have identification cards.

**BUDGET SECRET: TASK FORCE LIST**

Copy No. 7 of 11  
**FROM: ROBERT CULPIN**  
**DATE: 19 February 1988**

**CHANCELLOR**

cc Sir P Middleton  
Mr Scholar  
Mr Odling-Smee  
Mr RIG Allen  
Mr Pickford  
Mr ACS Allan  
Miss Evans  
Mr Tyrie

**BUDGET BROADCAST**

You asked me to draft the passage on Budget measures. Here is a first go.

2. It is always short. What we need to discuss is not so much how, precisely, to draft it as which measures or arguments to use.

3. I have started with something very simple. But you may want, for example, the respectable face of Lafferism, or CGT, or simplification, or whatnot.



**ROBERT CULPIN**

**BUDGET SECRET: TASK FORCE LIST****DRAFT****BUDGET BROADCAST: BUDGET MEASURES**

This year I've concentrated on income tax. I want to leave people more of their own money, to save or spend as they see fit. So I've brought down the basic rate for everyone, taken a lot of people out of tax, and completely reformed the higher rates.

Income tax will be simpler and fairer, with just two rates instead of six.

But in a fairer system, people have to pay their full whack. So I shall be taking a bit more from the company car, and ending the nonsense that the rich can avoid tax by planting trees no-one wants in places no-one wants them.

I am determined, too, to give married women a fairer deal. The tax rules haven't changed since 1805. They assume that everything a married woman has, or earns for herself, belongs to her husband. The time has come to end that. So from 1990, married women will have the same privacy and independence as anyone else, and I shall be sweeping away all the ludicrous tax penalties on marriage.

CONFIDENTIAL

*PDP*  
*(APH)*

FROM: P D P BARNES  
DATE: 19 February 1988



MR ALLEN, C & E

cc: PS/Chancellor  
PS/Chief Secretary  
PS/Financial Secretary  
PS/Paymaster General  
Sir P Middleton  
Mr Scholar  
Mr Odling-Smee  
Mr Pickford  
Miss Sinclair  
Mr Riley  
Miss Evans  
Mr Hudson  
Mr Knox, C&E  
Ms French, C&E  
PS/C&E

**BUDGET DAY PRESS NOTICES**

I understand that Ministers discussed your submission of 16 February to the Chancellor this morning.

2. They decided that the press notice on disclosure of importers' details should be released not on Budget Day but instead when the announcement is made in the Budget Debate.

*hp*

P D P BARNES  
Private Secretary

**IDT BUDGET ARRANGEMENTS**

I attach IDT's Budget Day programme for 15 March.

**P J EDWARDS**  
**(9 FEBRUARY 1988**

**Distribution**

**IDT**

Mr Allen  
Mrs McDowell  
Mr Bush  
Mrs Moody  
Miss Edwards  
Mr Evans  
Mr Towers  
Mr Segal  
Mr Gunton  
Mr Flitton  
Mr Hannaford  
Mr Buckley  
Mrs Hatter  
Miss Bailey

**Private Offices**

Mr A Allan  
Mr Taylor  
Miss Wallace  
Mr Dight  
Miss Rutter  
Miss Everest Phillips  
Mr Heywood  
Miss Feest  
Mr Barnes  
Mr Westhead  
Mr Judge  
Mrs Chadwick  
Mrs Daly  
Mr Nicholls

Miss Bogan (EC)  
Miss Finnegan (DM)  
Mr Houmann (HE)  
Miss Russell (MG)  
Mr Haydon (FIM)  
Mr Fray (IAE)  
Miss Wallis (FP)

**EB**

Miss L Hooson

**EOG**

Mr Porteous  
Mr Rawlings  
Mr Bobsin  
Mrs E Dunn  
Miss Titmuss

**Library**

Mrs P Wilkins

**Parliamentary Section**

Mr Dyer

**FP**

Miss C Evans  
Mrs Burnhams

**No 10**

Mr B Ingham (2 copies)

**Inland Revenue**

Miss F McFarlane

**Customs and Excise**

Mr G Hammond

**No 11**

Mr Wooley



IDT

RA Mr R Allen

HB Mr H Bush

JB Miss J Bailey

EE Miss E Edwards

PE Mr P Edwards

RE Mr R Evans

JF Mr J Flitton

MG Mr M Gunton

JH Mrs J Hatter

GM Mrs G McDowell

SM Mrs S Moody

GS Mr G Segal

NT Mr N Towers

BUDGET 1988 - 15 MARCH

MAIN ALLOCATION OF IDT RESPONSIBILITIES

Overall responsibility of IDT's administrative preparations for, and performance on, Budget day.

JF

Photocalls

1. Chancellor's photocalls and TV coverage.

MG

2. Chancellor's departure from No 11.

MG

Broadcasts

3. Chancellor's COI "London line" (overseas broadcast) recording.

MG

4. Media bid collation for Ministerial TV/Radio slots on Budget evening and the following morning (excluding Chancellor).

MG

5. Organisation of sectional releases of the speech in TV/Radio studios and newsrooms (including recruitment of volunteers).

PE/JF

6. Chancellor's TV Budget broadcast:

(a) Script.

RA

(b) Organising of TV crew.

JF

7. Installation of monitoring equipment.

PE

8. Monitoring of Budget transmissions.

GS/NT

## Document Preparation

9. Collation of bids for documents from press/non-press; organisation, collection, packaging and release. PE
10. FT - electronic package. JF
11. Supervision of callers at front door PE
12. Supplement/Budget in Brief. EE \*
- Tuesday 8 March - Draft supplement to Chancellor.
  - Wednesday 9 March - Chancellor comments.
  - Thursday 10 March - Supplement to printer.
  - Friday 11 March - proof to Chancellor.
  - Saturday 12 March - (a.m.) proof with Chancellor's comments to printer
  - Tuesday 15 March - (Budget Day) - supplement published,

## General Administrative Arrangements

13. Preparation of Budget snapshot. RE \*
14. IDT switchboard. JH/JB/GM/SM
15. Anchor person. HB
16. Home duty. RE

\* Miss Edwards and Mr Evans to be added to Budget Security List on 8 March and will be situated in IDT Conference Room, Rm 92/2, from that date.

## PRE-BUDGET

Mr Flitton to check with Stella Thomas the arrangements at the House of Commons on Budget day. Mr Edwards to contact security and messengers who will be involved on Budget day to make certain that they have House passes and know where and when they are needed.

Mr Edwards to confirm with Mr Rawlings that the planned numbers of documents including Command Papers are available.

Mr Edwards to check television and direct lines to Studios in the respective monitoring rooms.

Mr Edwards to finalise document distribution lists. (NB. FP co-ordinate ODPNs.)

Mr Flitton to supply Mr Bobsin with names of BBC crew preparing Chancellor's budget broadcast from No 11 and to ensure that he posts a security guard at No 11 throughout Budget day.

Miss Edwards to liase with HMSO etc. over printing of Budget EPR.

## BUDGET MORNING

Mr Gunton to supervise "walk in the park" photocall for Chancellor and Mrs Lawson and "Tigger" for 8.45.

Mr Evans and Mr Bush to ensure that headlines and sidelines are provided for the unstapled copies of the speech and pass to EB for a final check.

At noon, Mr Edwards to collect 12 copies of Budget speech, snapshot, Financial Statement and Budget Report (FSBR), Command Papers, and all the press notices from Committee Section.

Mr Evans to bring 12 copies of the Brief on return to IDT from EB.

Mr Allen  
Mr Bush  
Mr Segal (plus 2 extra copies for monitoring teams)  
Mr Evans  
Mr Towers (plus 4 extra copies, 2 for monitoring teams,  
2 for No 10.)  
Mr Flitton  
Miss Edwards  
Mr Gunton

One additional set without EB brief for delivery to Mr Samuel Brittan in the Press Gallery at the end of the speech.

Around 1 o'clock Mr Allen to brief IDT and hand them their personal Budget documents.

At 12.30pm, Mrs Hatter will switch the three main press office telephone lines to the answering machine with the following message recorded:

"The Press Office is closed until the end of the Chancellor's speech in the House of Commons. If you have an enquiry on this month's PSBR figures please call the Central Statistical Office on [270 5739]. For any other urgent enquiries you should ring Mr Bush on 270 5252."

Following the briefing meeting, the press officers retain their copies of the Budget papers and remain without telephone contact until the end of the speech.

Mr Bush takes up duty as "anchor man" in room 95/2.  
Treasury representatives collect packages from Mr Dight room 14/2 at about 2.30 pm

At about 2.40 pm, Treasury representatives depart to studio/newsrooms to release Chancellor's speech.

## IN STUDIO RELEASES - BUDGET DAY 15th MARCH 1988

Jonathan Crane (576 1112)  
BBC TV  
Lime Grove

Mrs Chadwick  
(x5118)

Miss Wallis  
(x4916)

Jack Regan (580 4468)  
BBC Radio  
Broadcasting House

Miss Feest (APS/FST) (x5104)

Sue Tinson (637 2424)  
ITN  
Wells Street

Miss Bogan  
(x4438)

Mr Nicholls  
(x4453)

Douglas Moffitt (353 1010)  
IRN/LBC  
Gough Street

Miss Everest-Phillips (APS/CST) (x5086)

David Walker (248 8000)  
FT  
Bracken House

Mr Haydon (x4647)

Reuters (250 1122)  
Fleet Street

Mr Houmann (x4722)

PA  
House of Commons

Miss Russell(x4653)

Gallery (outside)

Mrs J Daly (x5583)

Gallery (inside)

Mr Flitton (x5188)

David Wilson (576 7393)  
Ceefax

Miss Finnegan (x4802)

Peter Hall (637 2424 x 2572)  
Oracle

Mr Fray (x5683)

J Hitchcock (353 8171)  
AP Dow Jones

Mrs P Wilkins (x5300)

At 2.40 pm Mr Gunton to go to No 11 to control photographers at Chancellor's departure.

At 3 pm monitoring team to assemble in their respective rooms (BBC [rooms 111/2], ITN room [110/2]) where Mr Segal and Mr Towers will give them their documents and introduce the media representatives to the monitoring officials.

At around 3 pm Mr Edwards and Janiss Daly assisted by four messengers and a security officer take 30 copies of the speech in sections, 105 copies of the complete speech and 130 copies of the "snapshot" and 70 each of FSBR, Command Papers and related Press Notices (Mr Rawlings will provide 12 satchels for this) to Miss Stella Thomas in the Press Gallery. They will also have a separate package of 10 copies of the speech and 10 copies of the snapshot for Stella Thomas, for the overseas press. Mrs Daly (and the security guard) will remain behind the barrier in the Gallery throughout the speech and release the sections of the speech to the Secretary of the Gallery, Mr John Deans, by listening to R4 broadcast of the speech. At the conclusion of the speech she will release the final packages of the complete speech. Mr Flitton will hand over the standard package of documents to Mr Samuel Brittan before leaving the press gallery.

As soon as the remaining Budget documents have been packaged (see Annex A for total copies) by Committee Section, Mr Edwards will take them to EOG interview room to await end of Chancellor's speech. Mr Rawlings will provide five trolleys for this operation. Mr Hannaford and Mr Buckley will release documents once Chancellor has sat down.

**END OF SPEECH**

House of Commons

Mr Allen will escort the Chancellor (after backbenchers briefing) to the Lobby meeting led by "guidedog" Mr Flitton.

## Facsimiles to Embassies etc

Mrs Hatter will arrange for the relevant Budget documents to be facsimiled to our Embassies in Washington and BIS New York.

### Distribution of documents at Treasury

Callers invited to arrive for "about 4.30". Security staff will provide escort.

They will be asked to present their order form/letter.

Press and non-press callers will be escorted to room 29/2 to await release of documents. They should be seated in the areas clearly marked "press" and "non-press".

Official callers (Whitehall departments, embassies etc) will be directed to Enquiry Room.

Any difficult callers who have not ordered copies should be referred to Mr Edwards.

### Press Office

Telephone services to be restored in IDT press office.

COI (Radio) to join Mr Allen at No 11 for the Chancellor's "London line" recording.

### The next morning

Mr Bouldon will arrive early to start work on preparing transcripts of the previous evenings broadcasts. Press officers who have noted points of special interest should guide him in his selection.

All Treasury press notices to be issued on Budget day to be sent to those on the appropriate mailing list.



## ANNEX A

BUDGET 1988 : 15 MARCH

## IDT'S CONSOLIDATED REQUIREMENTS (Supplied by CRU)

	Speech	Snapshot/ Summary	FSBR	Budget in Brief	Other Cmd Papers	HMT PNs	OGD PNs
Press Gallery	105	130	70	70	70	70	70
Overseas Reps	10	10	-	-	-	-	-
Fleet St Press	165	165	165	165	165	165	165
Non Press	220	220	220	220	220	220	220
Department's Press Office's	18	18	18	18	18	18	18
HMT Mail List	-	-	-	116	-	116	-
IDT, Spares, inc. Enquiry Room	15	20	30	-	10	50	30
FFJG	20	20	20	20	20	20	20
<b>TOTAL</b>	<b>553</b>	<b>583</b>	<b>523</b>	<b>609</b>	<b>503</b>	<b>659</b>	<b>523</b>

All texts are stapled, and should be made available to IDT as early as possible on Budget Day.



Ch

Diary shows Weekend  
World pulled out from  
diary last year. You had  
accepted (see X) and  
Gunter's note has you down  
as doing it last year (XX);  
but, from memory, I think  
Weekend World decided  
budget was tooing and  
cancelled you.

AA



FROM: A C S ALLAN  
DATE: 22 February 1988

*Przy*

MR GUNTON

cc Mr R I G Allen  
Mr Bush

### BUDGET PUBLICITY

The Chancellor was grateful for your minute of 18 February.

2. Saturday 12 March

He is content for you to send out your Operational Note. He needs to be at Dorneywood for lunch and would be grateful if you could ensure the timing is set appropriately.

3. Farming News

The Chancellor does not wish to do this: he will be working on his Budget Speech.

4. Budget Day

The Chancellor is content for the light-weight BBC TV camera to be in the entrance hall as usual. But the Financial Times photographer was discontinued last year, and need not be revived.

5. Post-Budget Media Bids

The Chancellor has decided on an allocation of the various bids, and I am circulating them separately to all Ministers.

6. Sunday Express

"Right."

*ACSA*

A C S ALLAN



FROM: A C S ALLAN

DATE: 22 February 1988

PS/CHIEF SECRETARY

cc PS/Financial Secretary  
 PS/Paymaster General  
 PS/Economic Secretary  
 Mr R I G Allen  
 Mr Bush  
 Mr Gunton  
 Mr Cropper  
 Mr Tyrie  
 Mr Call

### POST-BUDGET MEDIA BIDS

The Chancellor proposes the following allocation for Budget Day and Post-Budget media programmes. He would be grateful for any comments. If anyone has any points, we can put this on the Prayers' agenda for Wednesday.

#### 2. Budget Day 15 March

- ITN Budget Special at Norman Shaw: FST.
- BBC Budget Special at Norman Shaw: FST.
- Channel 4 News at 7.00 at Norman Shaw: EST.
- BBC Radio 4 at Norman Shaw: PMG.
- BBC Local Radio, Bridge Street: PMG.
- News Night, BBC TV Centre, 10.30pm: CST.
- Financial World Tonight, HMT: EST.

#### 3. Wednesday, 16 March

- Breakfast Time, Lime Grove, 8.00am: CST.
- TV AM, Camden Lock, 8.00am: FST.
- Radio 4 'Today', Downing Street, 8.05am: Chancellor.
- LBC AM, Downing Street, 8.30am: Chancellor.
- Kilroy, BBC TV Centre, 9.00am: EST. (If at all).



- Business Daily, HMT: PMG.

4. Thursday 17 March

- Jimmy Young Prog, Broadcasting House, 11.00am: Chancellor.
- BBC 1, Question Time, London, evening: CST.

6. Sunday, 20 March

- BBC 2 Money Programme, TV Centre: FST.
- Channel 4 Business Programme, South Bank: EST.
- BBC 1 This Week Next Week, TV Centre: CST.
- ITV Weekend World, South Bank: Chancellor.
- Radio 4, World This Weekend, Broadcasting House: PMG.

*ACSA*

A C S ALLAN

PERSONAL

*Aut*



FROM: A P HUDSON

DATE: 22 February 1988

MR PICKFORD

cc Sir P Middleton  
Sir Antony Jay  
Mr Scholar  
Mr Culpin  
Mr Odling-Smee  
Mr A C S Allan  
Mr Bush  
Miss C Evans  
Mr Flitton  
Mr Curwen  
Mr Tyrie

**BUDGET BROADCAST: FOREIGN PRESS**

... I attach the offerings from the G5 Embassies for the Budget Broadcast.

*AH*

A P HUDSON

## Thatcher remaking the face of Britain

As she sets record for time in office, she towers over her potential rivals

By Matthew C. Vita  
Journal-Constitution Correspondent

LONDON — Margaret Thatcher, Britain's first woman prime minister, stood on the Royal Air Force base tarmac last month with Soviet leader Mikhail Gorbachev.

Gorbachev, on his way to Washington for his summit with President Reagan, was bundled in a gray overcoat, scarf and hat against a biting wind. His wife, Yelena, wore a fur.

But Mrs. Thatcher stood coatless in a navy-blue business suit, her pocketbook held in a gloveless left hand, as the two leaders said goodbye.

"I got very cold," she told reporters moments later in a rare admission of human fallibility.

She quickly stiffened and added, "I hope I didn't show it."

Anyone who knows or watches Mrs. Thatcher would have known she did not.

Mrs. Thatcher this month became the longest-serving British prime minister this century, overtaking Lord Herbert Henry Asquith, the Liberal who led Britain from 1908 to 1916. Her achievement was as much by her toughness and determination as by her considerable political skills.

Mrs. Thatcher, 62, passed the milestone seemingly at the height of her power. The Conservative

Party leader dominates British government and politics more than any prime minister since Winston Churchill during World War II.

"She is by a wide margin the most powerful prime minister this century, save for Churchill during the darkest hours of the war," said Anthony King, a professor of political science at the University of Essex.

So formidable is her power that her achievement was used by some former associates, members of her own party, as occasion to criticize her domineering style. A few even described her as ruthless and dictatorial.

Nevertheless, Mrs. Thatcher's third term — which began with a historic re-election in June — has gotten off to a shaky start. The reason: her attempt to expand the conservative, free-market principles — principles that sparked Britain's economic recovery — into the realm of social policy.

Last month, she was forced into a rare public reversal in the House of Commons when she authorized an emergency appropriation of \$153 million to the financially troubled National Health Service. The decision went against the grain of her drive to force the country's socialized medicine sector to cut costs.

That decision came soon after a



**IN CONTROL:** Margaret Thatcher celebrates last Sunday, the day she became the longest-serving British prime minister of the century. She does not have to call another election until 1992.

Conservative rebellion over her controversial plan to alter the system of collecting local taxes, which is widely perceived as regressive. It was the most serious break with Mrs. Thatcher's policies by fellow Tory lawmakers since she came to power in 1979.

Still, no one is suggesting Thatcher is remotely near fiscal trouble. Her 101-seat majority in Parliament is secure, she does not have to call another election.

See **THATCHER**

## Thatcher

FROM 17A

lection until June 1992, and the two opposition parties remain divided and indecisive.

As it stands now, Margaret Thatcher can call the shots in British politics for some time to come. She is, says political columnist Robert Harris, "the political phenomenon of our age."

In her first 8½ years in office, Mrs. Thatcher has brought fundamental and permanent change to British society. So powerful has been her effect on the country that it is already clear she has established the political, economic and social agenda for the nation into the next century.

She is credited with turning the economy around from what many in the 1970s thought was in a state of irreversible decline. She has helped restore respect for Britain around the world.

"She, more powerfully than any one else, has articulated the moral doubts and yearnings of her age," wrote political commentator Peter Jenkins in his new book, "Mrs Thatcher's Revolution: The Ending of the Socialist Era."

"For what people wanted, surely, was an end to decline, release from the corrosive sense of failure, a government which governed, and a country to begin to be proud of once again," Jenkins wrote.

What she did was offer hope to a nation long burdened by a sclerotic class system and a stifling welfare state that had discouraged initiative.

In what may be her most lasting achievement, Mrs. Thatcher took on and crippled if not eliminated labor unions as a force in British politics. In so doing, she has called into question the postwar social contract long accepted by Conservative and labor governments alike, guaranteeing full employment and the welfare state.

Her goal, she said shortly after

erty-owning, capital-owning democracy" in which "socialism with its class warfare has no relevance whatsoever."

## Most people have benefited

She is known to have a special fondness for the United States and its values of individual freedom and private enterprise. Mrs. Thatcher found an economic and ideological soul mate in President Reagan, and the two leaders have developed a close relationship.

In a British Broadcasting Corp. TV program on Mrs. Thatcher's first 3,167 days in office, Reagan expressed his admiration for her. "You can't help but notice the respect [she gets] when she addresses a subject," Reagan said.

The impact of Thatcherism on Britain is clear.

Trade union membership is down from 30 percent of the electorate when she took office to 22 percent today.

By privatizing state industries, she has tripled the number of corporate shareholders to more than 8.5 million people, 20 percent of the electorate.

By selling off publicly owned rental apartments to their occupants, she has increased the number of adult homeowners from 52 percent of the population in 1979 to 68 percent today.

Most people are better off. Average earnings have nearly doubled since 1980, and those with jobs are 22 percent wealthier in real terms.

That's for the haves. But for the have-nots, Thatcherism takes on a different glow.

As she imposed her regime of tight money and privatized bloated state-run industries, unemployment soared from 1.1 million at the time of her first election to nearly 3 million today.

While the rich have gotten richer under Mrs. Thatcher, the poor are getting poorer. Those in the top 10 percent income bracket now earn 10 times the amount of the lowest paid 10 percent.

The country is divided between

poor and stagnating north. Many inner cities have become decayed ghettos of crime and festering resentment.

Ironically, Mrs. Thatcher has been successful politically even though she never has been popular personally. Only 45 percent of the respondents to a Gallup Poll released in December rated her likable, compared with a 60 percent personal approval rating for Neil Kinnock, the leader of the opposition Labor Party.

The nation has never loved her, nor ever will. All the same, no leader can last this long unless she speaks for some deep national sentiments.

— Hugo Young,  
Political columnist

## Not loved, but respected

"She would like to be Churchillian," wrote Hugo Young, a respected political columnist, but unlike Churchill, "the nation has never loved her, nor ever will."

"All the same," Young added, "no leader can last this long unless she speaks for some deep national sentiments."

"In Ronald Reagan terms, she has been very unimpressive," said King of the University of Essex. "People do not like her, whereas people like Ronald Reagan."

"On the other hand, in Margaret Thatcher terms she has been enormously successful where Reagan has not. She got her program through while Reagan has not. She runs a tight ship while Reagan's government is in disarray."

"Her huge achievement has been to take government by the scruff of its neck and to get it to produce policy that is really changing the face of Britain."

The underpinnings of Mrs. Thatcher's political philosophy can be found in her upbringing. She was

who instilled in her the values she still holds.

"My policies," she once said, "are not based on some economic theory but on things I and millions like me were brought up with: an honest day's work for an honest day's pay; live within your means; put a nest egg by for a rainy day; pay your bills on time; support the police."

Although Mrs. Thatcher escaped her lower-middle class upbringing — graduating from Oxford with a degree in chemistry, raising two children and working as a lawyer before turning to politics — she comes from outside the traditional Conservative Party voter base. That base has historically centered around the nation's paternalistic upper-class society.

"The prime minister is not a Tory in the traditional sense of the word," said a close adviser. "She is a radical conservative with a small 'c.'"

By many accounts, Mrs. Thatcher and Gorbachev have developed a healthy admiration and respect for each other in their three meetings, the most recent in England on Dec. 7 as Gorbachev was on his way to Washington. In many ways, they both are pursuing "radical" domestic programs, shaking the economic and social foundations of their societies.

She was the first Western leader to take the measure of Gorbachev, stating after their first meeting in late 1984 — a few months before Gorbachev took power — that he was a man with whom the West could "do business."

Mrs. Thatcher reportedly has offered encouragement to the Soviet leader, and compared notes on her experiences over the past eight years in attacking economic shibboleths in Britain.

Although much has been made of late of Mrs. Thatcher's "senior statesman" role — she is the West's longest-serving leader — her priority remains domestic policy.

Her third-term agenda is centered on an assault on some of the remaining temples of the welfare

through taxation.

## Targeting the tax system

The proposed changes in education would give parents greater choice in where their children go to school, allowing them to opt out of the control of local governments, which tend to be dominated by the Labor Party.

In health, she wants to increase privatization in the National Health Service, the country's socialized medicine system that has run into financial difficulties.

The most controversial proposal is to replace the progressive property tax system with a community fee, or flat rate tax, in which everyone living in the same district would pay the same amount — regardless of income.

All three proposals have been met by stiff criticism in Parliament, by the media and among the public.

"My policies are not based on some economic theory but on things I and millions like me were brought up with: an honest day's work for an honest day's pay; live within your means."

— Margaret Thatcher

A survey to be released today by Market & Opinion Research International, a leading British polling firm, indicates growing public opposition to Mrs. Thatcher's taxation and health plans.

But Robert Worcester, the American who founded the survey firm and polls regularly for the Labor Party, said that although Mrs. Thatcher for the first time is on the wrong side of the issues, her position is not threatened.

"People base their voting decisions by a trade-off between the leader's image, the party's image and the issues," Worcester said. "Clearly the prime minister does not have the issues image on her

party that is united and under control."

The primary reasons Mrs. Thatcher is in such a formidable position are the breakdown of the Labor Party as a viable opposition and the failure of the Alliance — the combined Liberal and Social Democratic parties — to pose a credible alternative.

"There's been an almost total collapse of traditional working class solidarity that was the heart of Labor's vote," said Anthony Sampson, author of "The Changing Anatomy of Britain."

Sampson, a founding member of the Social Democrats, is among many of Mrs. Thatcher's political opponents who point to her good fortune in coming along at a time when the opposition parties were weak and divided.

They note that in June, the Tories received just 43 percent of the popular vote. Labor and the Alliance split the rest. She was re-elected in 1983 with just over 42 percent.

"The Tory Party is not overwhelmingly popular," said Professor King. "She owes her success to the weakness of the opposition."

But by most accounts, and barring unforeseen catastrophe — such as a severe economic downturn — the political constellations favoring the prime minister show no signs of changing. She already is the odds-on favorite to win re-election to a fourth term, should she choose to run again.

"There is still so much more to do," she told reporters outside her 10 Downing Street home Jan. 3, the day she passed Lord Asquith for longevity in office.

Many believe only the wishes of her husband, Denis, a retired businessman 10 years her senior, could lead her to step down should he opt for a quieter life.

Although she has not made up her mind about the future and has four years in which to do so — the words she uttered during last year's campaign tend to reverberate forcefully around the halls of power in London.



# Thatcher Leads a Transformation

**SUMMARY: Margaret Thatcher is changing the way Great Britain views its economic and social systems. Since 1979 the prime minister has moved from state ownership to popular capitalism, selling off public companies and housing projects on the way. The cost has been high. Unemployment soared at first and remains a problem for some. But the economy is better: It is growing, productivity is up, inflation is down.**

**D**uring the course of a children's party held in Parliament, so the story goes, Margaret Thatcher did her best to see to the comfort of her young guests. Nonetheless, a tearful 4-year-old objected to the quivering dessert on his plate: "Miss, Miss. They have given me blancmange and I don't like blancmange."

"That," the British prime minister firmly admonished him, "is what parties are all about: eating food you don't like."

If the episode has the ring of folklore, it is only fitting. For Margaret Thatcher has become something of a mythic figure. With a 101-seat majority in Parliament and a string of three election victories, she has touched a record set by Lord Liverpool in the early 19th century. Indeed, early next year, she will become the longest-reigning British prime minister of the 20th century.

In an era when the two-term U.S. presidency is the exception rather than the norm, when the current occupant of that office has seen his power wane precipitously and when other West European leaders seem only to be muddling through, Thatcher has gone from victory to victory and has become the senior Western statesman. As she put it in June, after her most recent victory: "I think I have become a bit of an institution — you know, the sort of thing people expect to see around the place." In conversation, a civil servant recently referred to the prime minister as "her majesty," which somehow seems an understandable slip.

Like the hostess hectoring her young guest, the prime minister often has had occasion since assuming power in 1979 to ask the British to do things they decidedly didn't like. That they should nevertheless

elect her for a third time, and this despite a poorly fought election campaign, is seen by political commentator Brian Walden as a sign of political maturity.

David Butler, a leading elections expert and coauthor of a series of books on the subject, notes that while Thatcher has benefited to some degree from being attuned to a general disillusionment with the ability of a centralized state to solve all problems, she for the most part has been the author of her own success. Says Butler, "I think many people would argue that she has made more difference than any postwar prime minister by sheer effort of will."

Most observers in Britain agree that she

has shown herself to be a different kind of leader. Her postwar predecessors, Tory and Labor alike, basically saw themselves as managers of Britain's unavoidable decline, whose worst effects were to be cushioned by the welfare state. This meant adapting to "the winds of change," as the late Harold Macmillan, a Conservative, used to put it.

Thatcher, in contrast, saw herself as someone who could turn this decline around. "She has changed the parameters of British politics," says Tony Baldry, Conservative member of Parliament for Banbury. He describes how, as a young election aide in 1974, he found himself alone in Macmillan's library on the former prime minister's 80th birthday. Reflecting on the way Prime Minister Edward Heath handled the 1974 miners strike, which forced the Conservatives to call an election they subsequently lost, Macmillan stared half-seriously, "There are three organizations the British government ought never to take on:



INSIGHT / DECEMBER 14, 1987

# An Agenda Based on Selling the Concept of Self-Destiny

**SUMMARY:** Margaret Thatcher's Conservatives face a challenging third-term agenda. They want to make people take more responsibility for their futures by weaning them from the welfare state. They hope to help inner cities with capital investments, not social projects, and to improve public education by offering schools more autonomy. Another of their goals is to trim government spending on health care.

rying out policies that could be seen to have an immediately beneficial effect for a large number of people, such as selling public housing at favorable prices. The third presents more difficult challenges.

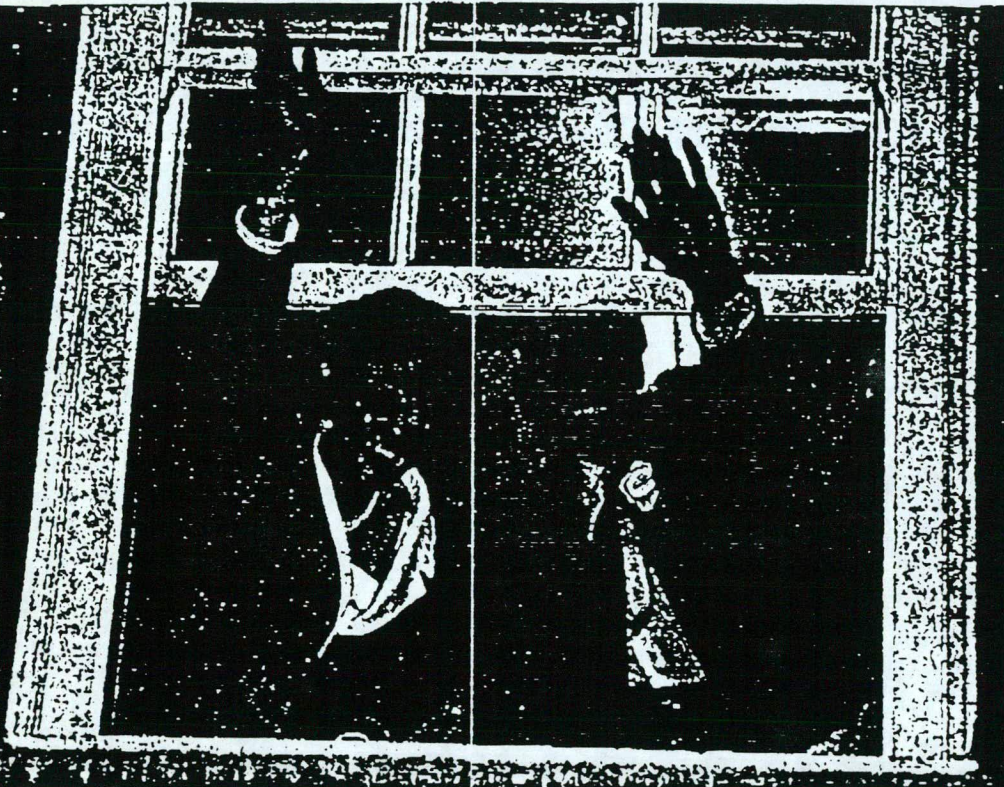
According to Tony Baldry, Conservative member of Parliament for Banbury, "The third Parliament is going to call upon individuals to take greater responsibility for their own lives and for the communities in which they find themselves." It has therefore been dubbed "the social affairs Parliament." Two of the priorities will be inner cities and education, both of them areas where, in the nature of things, results have to be long-term and no immediate political benefit can be expected. Much of the new legislation in these areas will concentrate on doing away with the last bastions of the left, the municipal power centers in places such as London and Liverpool.

The precepts behind much of the new legislation proposed by the Conservatives are the increase of competition and the extension of individual choice in matters of local services, most significantly in education and housing.

Much of the discussion in the field of education centers on how to restore standards and quality in the schools. Some critics of the present system look back longingly to the grammar school system, which was determinedly meritocratic, separating by tests at age 11 those who eventually would go to college and those who would not. This system was abolished by law in 1976 by Labor. The grammar schools, it was said, were too geared to middle-class values. To fail the exam was to fail a class test. Mention of Shirley Williams, the controversial minister of education charged with implementing the law, still brings horror to some Tory faces.

In its place, Labor established the comprehensive school, which everybody attends after age 11. The result, critics claim, was to make state education equally poor for all students, the clever being bored, the thick still unable to cope and the wealthy going off to private schools instead.

Though the Thatcher government has no intention of restoring the old system, and indeed does not even talk of it, its proposals are clearly premised on the notion that there is widespread dissatisfaction with things as they are. Instead, Conservatives propose to raise standards throughout the country by



Thatcher and Norman Tebbit, then Conservative Party chairman, after June win

**A**round 3 o'clock in the morning following the June 11 election, Margaret Thatcher arrived at Conservative Party headquarters in London's Smith Square. On the doorstep, she was received by Norman Tebbit, then the party chairman, with a bouquet of 100 red roses, symbolic of the size of the Tory victory. Relief and exhaustion prevailed at the gathering within, but as the prime minister stopped halfway up the stairs inside, she reminded them that this was no time to relax. To general laughter and some groans she told them, "There's plenty for us to do now. There'll be no slacking!"

For those in the party who favor a period

of consolidation and a slower pace of reform, the prime minister had only scorn at the Conservative Party conference in Blackpool in October. "Would 'consolidate' be the word that we stitched on our banners?" she inquired witheringly. "Whose blood would run faster at the prospect of five years of consolidation?"

Clearly not Margaret Thatcher's. The tasks set for themselves in the Conservatives' third term include the extension of existing policies. Trade union legislation will be introduced that would protect union members who break strikes from retaliation. Studies on the possible privatization of electricity and water will continue.

This time, however, the government is going further. For the first two Parliaments, the Conservatives had the advantage of cur-

LABOR FRASER: SIPA PRESS



British Embassy  
PARIS

A P Hudson Esq  
HM Treasury  
Parliament Street  
LONDON SW1

16 February 1988

*Dear Andrew,*

CHANCELLOR'S BUDGET BROADCAST

/ 1. As requested in your letter of 10 February I enclose a  
/ selection of French press reports on the British economy with  
particularly favourable headlines. I also enclose our  
translations of the headlines. The headline in the 21 December  
edition of the Tribune de l'Economie (now retitled Tribune  
de l'Expansion) seems to me particularly suitable for the  
Chancellor's broadcast.

2. As I mentioned to you when we spoke on the telephone,  
we sent Stephen Mathews a couple of batches of similar  
cuttings in the second half of last year, which you may by  
now have tracked down. There may be some useful quotes  
there too. They reflect, as do the cuttings enclosed with  
this letter, a notable change for the better in the nature  
of French press reporting on the British economy since the  
spring of 1987 when the success of the government's economic  
policy suddenly seemed to strike home. Not everything is  
as we would wish: Le Monde continue to be grudging in its  
praise, and nearly all French papers have given quite wide  
coverage to the recent strikes in Britain. But there is  
a much more widespread appreciation than a year ago of the real  
progress the British economy has made in recent years.

*Yours sincerely,*  
*Michael Jay*

M H Jay



La Tribune de l'Economie

21 December 1987

A cascade of positive results.

The British economy is booming. Faster growth, falling unemployment. Forecasts for investment substantially higher, all the lights are green.

Libération

16 October 1987

Falling unemployment in Britain for 15 consecutive months.

Les Echos

January 1988

1987 a brilliant year for the UK.

5 December 1987

Great Britain

Strong growth in 1988. The UK should have the fastest rate of growth in Europe at 2.6% with inflation falling to 3.5%.

12 January 1988

Great Britain

Encouraging prospects.

29 April 1987

Rolls Royce announces record profits.

Undated

British Airways and KLM European champions of competitiveness.

Le Figaro

August 1987

Great Britain

The economy on the right track.

20 November 1987

Great Britain

4.1% growth in a year.

Cascade d'indices positifs

# L'économie britannique en plein boom

*Croissance en hausse, chômage en baisse. Prévisions d'investissement en gros progrès, les feux sont au vert*

■ Au palmarès des indicateurs économiques, le Royaume-Uni a encore « tout bon ». La dernière cascade d'indices publiés en fin de semaine montre en effet que la croissance britannique s'accélère, que l'inflation se ralentit et que le chômage continue de diminuer tandis que les prévisions d'investissement sont au zénith.

Au troisième trimestre, le PIB « moyen » (mesuré à la fois à partir de la production, du revenu et de la dépense) s'est accru en termes réels de 2,2 % par rapport au trimestre précédent et de 5,2 % par rapport au troisième trimestre de 1986. Même si cette croissance apparaît comme un peu exceptionnelle, l'Office cen-

tral de statistiques précise que la hausse moyenne du PIB des trois premiers trimestres par rapport à la période équivalente de 1986 ressort à 4 %. Soit exactement l'objectif de croissance du gouvernement pour 1987.

En novembre, les prix à la consommation ont certes accusé une hausse mensuelle non négligeable de 0,5 %, équivalente à celle d'octobre. Sur douze mois cependant, il se confirme que la hausse se ralentit puisqu'elle atteignait 4,1 % le mois dernier contre 4,5 % en octobre. Reste que les prix auront du mal à se modérer beaucoup plus en Grande-Bretagne, compte tenu du rythme très élevé des hausses

salariales : 8 % sur douze mois en octobre, contre une moyenne de 7,75 % au cours des quatre mois précédents.

Mais l'accroissement du revenu disponible découlant de ces largesses salariales a pour avantage de soutenir la vigueur de l'activité productive. Du coup, le nombre de chômeurs se réduit comme une peau de chagrin. Ils ont été 63.500 de moins en novembre qu'en octobre, cette 17<sup>e</sup> baisse mensuelle consécutive ramenant à 2,65 millions le nombre de demandeurs d'emploi, soit un taux de chômage de 9,5 % au lieu de 9,8 % le mois précédent.

Pas étonnant, dans ces conditions, que les milieux industriels d'outre-Manche aient euphoriques. Ainsi, une récente enquête du ministère du Commerce et de l'Industrie indique-t-elle que les chefs d'entreprise britanniques prévoient d'accroître de 8 % en termes réels leurs dépenses d'investissement en 1988. L'investissement dans les industries manufacturières augmenterait même de 11,1 % après une hausse de 6,2 % en 1987. A n'en pas douter, de tels résultats sont de nature à faire pâlir d'envie de nombreux homologues de Margaret Thatcher !

Daniel Vigneron

LE CHIFFRE

15

Mois consécutifs de baisse du chômage britannique

Pour le quinzième mois consécutif, le nombre de chômeurs a diminué en Grande-Bretagne, avec une baisse record en septembre. Le mois dernier, on recensait 2,7 millions de Britanniques au chômage (en données corrigées des variations saisonnières), soit 53 000 personnes de moins qu'en août. Grâce à ce record de baisse, qui a surpris les analystes, le taux de chômage est tombé à 10 % de la population active contre 10,2 % un mois plus tôt. Le chômage, dit-il régulièrement en Grande-Bretagne, était de 11,5 millions en août 1987 et de 11,4 millions en septembre.

Le chômage en Grande-Bretagne a continué de baisser en septembre, pour atteindre 2,7 millions de personnes, soit 53 000 de moins qu'en août. Le taux de chômage est tombé à 10 % de la population active, contre 10,2 % un mois plus tôt. Le chômage, dit-il régulièrement en Grande-Bretagne, était de 11,5 millions en août 1987 et de 11,4 millions en septembre.

## Au Royaume-Uni : « la lumineuse année 1987 »

**L'EFFONDREMENT** du Stock Exchange ne devrait avoir que peu d'impact sur une industrie de la construction dont le développement a été spectaculaire cette année au Royaume-Uni. C'est ce qu'affirme, dans sa conclusion, une étude que vient de publier le National Economic Development Office (NEDO).

Les spécialistes de NEDO soulignent qu'à décevoir par le boom enregistré dans le domaine de la construction de bureaux commerciaux dans le centre de Londres et par une très forte demande pour les maisons individuelles privées, l'industrie du bâtiment outre-Manche a progressé de 7,5 % en 1987, ce qui la place de ce point de vue, très largement en tête en Europe occidentale comparée notamment aux résultats obtenus par ses concurrents de France et d'Allemagne fédérale.

NEDO, qui décrit comme « lumineuse » l'année 1987, la meil-

(De notre correspondant.)

leure depuis vingt ans, note que le secteur de la construction commerciale a connu un taux de croissance remarquable de 20 % et a agi comme une locomotive à l'égard des autres secteurs. Ce secteur devrait encore progresser l'an prochain de 10 % du fait des projets en cours et de ceux dont la réalisation a déjà encore débuté, comme celui par exemple de l'érection par Olympia and York du plus grand centre commercial d'Europe à Canary Wharf dans l'ancienne zone des docks londoniens.

Quant aux travaux publics, non compris le tunnel sous la Manche, ils devraient voir leur chiffre d'affaires progresser cette année de 9 % de 5 % l'an prochain et de 1 % en 1989. Pour leur part, les maisons individuelles du secteur privé ont

connu un taux de progression de 6,5 % cette année, le plus élevé depuis 1970. Mais le taux de croissance devrait décliner à 3,5 % l'an prochain pour retomber à 5,5 % en 1989.

### Ralentissement l'an prochain

Enfin, les constructions du dépendent du secteur public, et notamment les municipales, représentent le secteur le plus prometteur, notamment du fait des restrictions budgétaires imposées aux autorités locales par le gouvernement. Ce secteur qui a déjà chuté de 5,5 % cette année, devrait enregistrer une nouvelle régression de 16,5 % l'an prochain et de 12 % en 1989.

Globalement, le taux de croissance de l'ensemble de l'industrie du BTP devrait se ralentir aux alentours de 3 % l'an prochain et de 0,5 % l'année suivante.

**Pierre LURO.**

(CIT)  
(L.F.T.C.)

15 DEC 1988

Grande-Bretagne

# Taux de croissance soutenu en 1988

*Le Royaume-Uni devrait avoir l'année prochaine le taux de croissance le plus élevé d'Europe à 2,6 % et voir son inflation se contracter à 3,5 %.*

**M**ALGRE l'effondrement du Stock Exchange, les industriels britanniques restent confiants et constatent un accroissement très satisfaisant tant de leurs carnets de commandes que de leur production. C'est là, la conclusion du dernier rapport mensuel de prospective de la confédération de l'industrie britannique (CBI), le second à voir le jour après les deux lundis noirs d'octobre qu'a connus le marché boursier. Et ce point de vue est largement partagé par trois firmes financières de la City, James Capel, Merrill Lynch et la branche britannique de Goldman Sachs.

Selon la conférence, l'économie britannique, malgré un certain ralentissement comparé à 1987, connaîtra en 1988 le taux de croissance le plus élevé d'Europe, puisqu'il atteindra 2,6 % (3,7 % actuellement) contre une moyenne européenne de 1,8 % (2,2 % actuellement). Ce chiffre de 2,6 % est très proche de celui avancé par le gouvernement qui, pour l'an prochain, table sur un taux de croissance de 2,5 %. Cette croissance continue devrait permettre à la trésorerie de pouvoir procéder, lors du prochain budget de mars 1988, à de nouvelles réductions d'impôt de l'ordre de 3 milliards de livres.

En ce qui concerne le taux d'inflation qui est tombé de 4,5 % à 4,1 % d'octobre à novembre, il devrait s'établir, selon James Capel et Merrill Lynch, aux alentours de 3 % à 3,5 % l'an prochain. Cependant malgré cette chute, le Royaume-Uni restera encore très marginalement au-dessus de la moyenne européenne qui, elle, devrait se situer dans une fourchette comprise entre 3 et 3,2 %.

Deux points noirs à signaler dans un tableau finalement assez optimiste : les investissements productifs et la balance des paie-

(De notre correspondant.)

ments. Sur le premier point, David Wiggelsworth de la CBI a affirmé que pour vaincre une certaine réticence des chefs d'entreprise à investir massivement au cours de l'année qui vient une nouvelle baisse substantielle des taux d'intérêt sera non seulement nécessaire mais indispensable.

Quant à la balance des paiements gravement compromise par la montée rapide de la livre par rapport au dollar et à la plupart des monnaies européennes (à l'exception du mark allemand), elle pourrait, selon Goldman Sachs, afficher un déficit - alarmant - au cours du second semestre de l'an prochain, une opinion partagée par la CBI.

Pierre LURO.



CLT)

C(F+C)

Grande-Bretagne

## Perspectives encourageantes

**CAMBRIDGE ECONOMETRICS**, la branche commerciale du département d'économie appliquée de la célèbre université britannique conclut, dans ses prévisions économiques publiées hier que, d'ici à la fin du siècle, le produit national brut progressera en moyenne de 2 % par an au Royaume-Uni, c'est-à-dire d'un pourcentage plus faible que celui enregistré ces dernières années mais, malgré tout, plus qu'honorable si l'on prend comme référence la progression moyenne du PNB depuis la fin de la Seconde Guerre mondiale.

De plus, la croissance de secteurs comme les services et la construction devrait être nettement plus forte que cette moyenne.

Pour 1988, Cambridge Econometrics prévoit une progression de 3 % de la production manufacturière, mais seulement de 1,4 % de la production industrielle dans son ensemble, du fait du déclin continu des ressources énergétiques de la mer du Nord.

Quant à la réduction importante du nombre de chômeurs enregistrée en 1987, elle ne devrait pas se poursuivre compte tenu du ralentissement de la croissance économique prévu cette année. Dans ces conditions, le nombre de demandeurs d'emploi devrait remonter à 2,8 millions vers 1989-1990, pour

ne retomber à 2,5 millions qu'au début de la prochaine décennie.

Enfin, la balance des paiements continuera sans doute à se détériorer, la progression des importations (+ 4,3 %) étant plus forte que celle des exporta-

tions (+ 2,8 %). Mais, dans l'ensemble, une récession mondiale ferait probablement moins sentir ses effets au Royaume-Uni que dans les autres pays industrialisés d'Europe occidentale.

P. L.

29 APR 1987

*Le Hobbes*

## TRANSPORTS

A la veille de sa privatisation

# Rolls Royce annonce des bénéfices « records »

■ Le gouvernement britannique a annoncé, hier, le prix auquel sera privatisé très prochainement Rolls Royce, le constructeur de

Londres : de notre envoyé spécial permanent

moteurs d'avions (qui n'a plus rien à voir avec les fameuses voitures du même nom). Le prix de vente de l'action a été fixé à 170 pence, ce qui correspond à une capitalisation totale de 1,36 milliard de livres. La souscription se fera en deux fois, à partir de demain, et les transactions commenceront le 19 mai.

En fixant le prix de l'action à 170 pence — soit au-delà des prévisions les plus élevées des analystes de la City —, le gouvernement Thatcher a voulu éviter d'être accusé de brader les avoirs publics. Souvent formulé, lors des privatisations précédentes, ce reproche aurait pu ternir l'image du cabinet conservateur à l'approche des élections législatives. Plusieurs analystes jugeaient, hier, le prix de vente légèrement trop élevé compte tenu de la nervosité du marché boursier.

Néanmoins, le prix retenu par le gouvernement ne devrait pas

compromettre le succès de l'offre de vente. Le public manifeste un vif intérêt pour la privatisation depuis quelques semaines ; les analystes s'attendent à ce que le titre produise rapidement une prime « raisonnable », bien que probablement très inférieure aux superbénéfices réalisés lors des dénationalisations antérieures ; et les institutions financières, auxquelles ont été réservés 60 % du capital, ont été l'objet d'une intense campagne de séduction. Au cas où la partie de l'offre réservée au public (40 % du capital) serait couverte deux fois, la part des institutionnels sera réduite au profit du petit investisseur.

### Des carnets de commandes bien remplis

Les analystes considèrent généralement que Rolls Royce se trouve maintenant dans une situation financière saine, après avoir connu de graves difficultés au début de la décennie passée. « Rolls Royce a su se développer en prenant appui sur son moteur RB211 à usage civil — dont le développement problématique avait mené la compagnie à la

faillite et à la nationalisation en 1971 —, ainsi que sur son moteur « jump jet » Pegasus à usage militaire. Nous prévoyons une augmentation régulière du chiffre d'affaires et des bénéfices, grâce à des carnets de commandes bien remplis, tant en ce qui concerne les moteurs déjà établis que les nouveaux appareils », estime le courtier Greenwell Montagu.

A la fin du mois de mars, Rolls Royce a annoncé des bénéfices records pour 1986, en hausse de 48 % par rapport à 1985, à 120 millions avant impôt, pour un chiffre d'affaires de 1,8 milliard de livres. Les moteurs d'avions représentent 83 % du chiffre d'affaires de l'année dernière, le solde étant dû aux autres activités du groupe, notamment la production de moteurs pour l'industrie et la marine. La compagnie avait réalisé 26 millions de bénéfices en 1984 et 81 millions en 1985 pour un chiffre d'affaires respectivement de 1,4 et 1,6 milliard de livres.

Certains analystes prévoient entre 140 et 150 millions de bénéfices cette année. Ils font remarquer que les risques inhérents à la production de moteurs d'avions, dans un contexte de compétition accentuée, ont été réduits grâce à l'élargissement de

la gamme de produits, à un recours accru à l'informatique dans le développement des nouveaux appareils et à une collaboration systématique avec d'autres constructeurs en ce qui concerne la création de modèles radicalement nouveaux.

### Une gestion rigoureuse

Après la crise de 1971, aidé par les subventions de l'Etat, Rolls Royce a poursuivi un programme d'expansion qui lui a permis d'assurer sa position sur le marché mondial des moteurs d'avions, face aux deux ténors américains, General Electric et Pratt and Whitney (United Technologies), dont la taille est double de la sienne. Depuis le début de la décennie en cours, la compagnie britannique aurait amélioré sa productivité de 43 % grâce à l'informatisation et à de fortes compressions de personnel (36.000 employés aujourd'hui au Royaume-Uni contre 57.000 en 1980).

Il reste maintenant à voir si Rolls Royce sera capable de tenir la route sans l'aide de l'Etat, sur un marché réputé pour son instabilité et face à une concurrence sévère.

Jean-Marie Macabrey

Une étude de la BUE

# British Airways et KLM, championnes européennes de la compétitivité

**B**RITISH AIRWAYS et KLM (Pays-Bas) semblent, à moyen terme, les compagnies européennes les mieux placées pour faire face à l'évolution future du transport aérien, selon une étude économique réalisée par la Banque de l'Union Européenne.

British Airways (qui vient d'être pri-

vatisée) dispose d'un aéroport qui est au tout premier rang mondial pour le trafic international (Heathrow), un réseau large et équilibré et un management dynamique, souligne l'étude. KLM a choisi d'adopter une politique tarifaire très compétitive, la situation financière reste très saine (mais une dé-

gradation des résultats est attendue à court terme) et la modernisation de la flotte est presque entièrement achevée.

En France, UTA, qui dispose d'une petite flotte et de bonnes positions sur l'Asie-Pacifique, apparaît bien placée sur le créneau des long-courriers,

échappant aux risques de surcapacité sur l'Europe notamment.

En revanche, Swissair et Lufthansa sont « handicapées » par des coûts d'exploitation élevés, notamment dans le domaine de la productivité du travail, ce qui rend nécessaire une stratégie axée sur des tarifs élevés. « Ces

compagnies, qui s'adressent plus particulièrement à une clientèle d'affaires, ont des coefficients de remplissage plus faibles et redoutent toute guerre des tarifs ».

L'étude de la BUE estime qu'Air Inter devrait connaître une croissance ralentie à partir de 1987, mais « la réglementation du marché européen ouvre de nouvelles possibilités d'expansion » à la compagnie intérieure française « qui dispose de solides arguments pour en profiter ».

Ce n'est pas un hasard si British Airways et KLM sont les deux championnes européennes de la compétitivité, de la même façon que ces deux compagnies sont les plus actives protagonistes de la libéralisation du transport aérien dans la CEE. Les deux caractéristiques vont de pair, notamment KLM qui ne réalise que 18 % de ses recettes en Europe (contre 40 % pour British Airways), est certainement la compagnie qui rêve le plus d'en découler sur un marché plein de potentialités.

Données 1986 et 1987	Coefficient de remplissage	Chiffre d'affaires (millions \$) 1986	Durée d'amortissement	Frais de personnel/CA	Capacité d'autofinancement CA
Air France	65,2 %	4 633	8 ans	30 %	9,4 %
Air Inter	68,5 %	1 038,3	8 ans	32 %	10,3 % (87*)
UTA	68,0 %	1 065,5	8 ans	30 %	15 % (87*)
Lufthansa	62,5 %	5 495,0	9 ans	32,5 %	8,1 %
KLM (31/03) (86/87*)	66,7 %	2 488,0	15 ans	30 %	12 %
Swissair	62,2 %	2 652,0	9 ans	35,3 %	10 %
British Airways (86/87*) (au 31/03)	64,0 %	4 993,5	14 ans	23 %	9,3 %

(Source : BUE)

## GRANDE-BRETAGNE

# L'économie anglaise sur la bonne voie

*L'OCDE pense que l'économie britannique est sur une pente favorable, mais prévoit une aggravation du déficit des comptes extérieurs.*

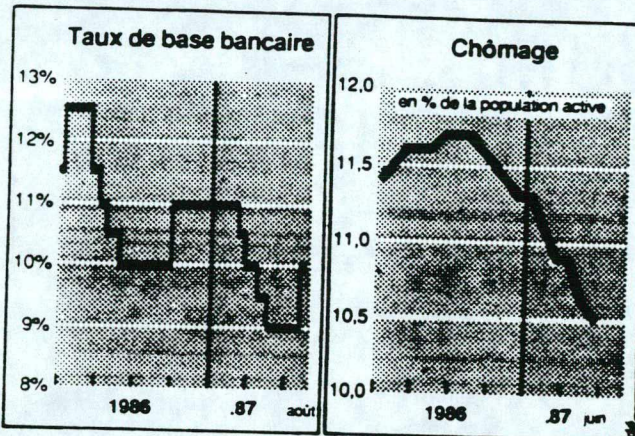
LONDRES :  
Vincent GÉRARD

« La phase de reprise dure maintenant depuis six ans : c'est la plus longue depuis la guerre. La croissance avait semblé s'essouffler au second trimestre de 1985, mais elle est repartie de l'avant en 1986, avec de bonnes chances de se poursuivre encore une septième année. » L'Organisation de coopération et de développement économique (OCDE) est décidément optimiste vis-à-vis de la Grande-Bretagne. Le rapport publié aujourd'hui même ne tient pas compte, bien sûr, de la hausse des taux d'intérêt intervenue jeudi et de son impact négatif sur le cours des actions cotées au Stock Exchange.

Le rapport a été rédigé il y a au moins deux mois et sa publication a été délibérément retardée. C'est que, en période électorale, l'OCDE s'abstient de publier des rapports sur les perspectives économiques des pays membres.

Les textes en question pourraient être utilisés dans un sens ou dans l'autre, au profit du gouvernement en place ou au profit de l'opposition, et les prévisionnistes et conjoncturistes du château de la Muette à Paris détestent être utilisés à des fins politiques. La publication du rapport a été retardée en raison de l'échéance du 11 juin, remportée, on s'en souvient, par Margaret Thatcher à la tête du parti conservateur.

L'étude des experts de l'OCDE aurait rempli d'aise la Dame de fer puisque les experts écrivaient : « L'évolution économique au Royaume-Uni dans la période récente se compare favorablement à la fois par rapport au passé et par rapport aux autres pays. »



Mais l'OCDE met tout de même un peu d'eau dans le vin du premier ministre de Sa Majesté. « Il n'y a cependant pas lieu d'afficher une satisfaction excessive, car ces résultats appréciables viennent après une longue période de déclin relatif et doivent être replacés, de plus, dans le contexte de l'évolution peu satisfaisante enregistrée dans les grands pays. »

Viennent maintenant les prévisions : le taux de chômage baissera ; le déficit de la balance des paiements s'aggravera ; l'inflation augmentera légèrement. Quant à la croissance, elle sera favorablement influencée par les exportations. Elle devrait atteindre 3 % en 1987 et seulement 2 % en 1988.

Les ventes à l'étranger du Royaume-Uni devraient croître de 4,5 % au cours des dix-huit prochains mois, plus rapidement donc que le commerce mondial. Mais l'OCDE n'oublie pas, dans ses calculs, que les salaires ont tendance à galoper de deux à trois fois au-dessus du rythme de l'inflation.

Aussi, la compétitivité du Royaume-Uni « devrait se dégrader, puisque ses coûts unitaires, considérés en moyenne, augmenteront probablement plus rapidement que chez ses partenaires commerciaux ».

C'est cette dégradation des performances relatives des entreprises britanniques qui pourrait principalement entraîner le ralentissement de la croissance en 1988. Cependant, note encore l'organisation des vingt-quatre pays créée en 1961, le Royaume-Uni est sur une meilleure pente qu'au cours des deux dernières décennies.

« Le profil actuel de la croissance de l'économie du Royaume-Uni est plus favorable que dans les années 60 et 70, lorsque le pays ne cessait de perdre du terrain sur ses partenaires industrialisés. » Un peu plus loin dans son rapport, l'OCDE écrit aussi : « Le redressement des taux de rendement du capital depuis quelques années et le raffermissement visible de la croissance de la productivité globale des facteurs peuvent être considérés comme de premiers signes encourageants : l'économie est maintenant sur la bonne voie. »

Nul doute que les banques et les milieux financiers britanniques ne partageaient pas ce bel optimisme en ce vendredi soir. La valeur totale de la capitalisation boursière a perdu, au cours de la dernière semaine, quelque 300 milliards de francs.

V. G.

23 02 1987

□ **GRANDE-BRETAGNE**  
**4,1 % de croissance**  
**en un an**

Le produit intérieur brut (PIB) britannique s'est accru de 1,6 % au troisième trimestre par rapport au trimestre précédent, indiquent les statistiques provisoires publiées par l'Office central de la statistique.

Le PIB a augmenté de 4,1 % au troisième trimestre 1987 par rapport au même trimestre 1986.

Ces chiffres sont supérieurs aux prévisions des analystes qui attendaient un gain de 1 % seulement sur le trimestre précédent et de 3,8 % sur un an.

L'accélération du troisième trimestre, qui s'est produite malgré une baisse sensible de la production de pétrole, avec les travaux d'entretien saisonniers des plates-formes en mer du Nord, reflète la vigueur de l'industrie manufacturière pendant cette période.



**British Embassy**  
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A P Hudson Esq  
Private Office  
HM Treasury  
Parliament Street  
LONDON

Your reference

Our reference

Date 16 February 1988

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*Dear Hudson,*

CHANCELLOR'S BUDGET BROADCAST

1. I refer to our telephone conversation of 5 February and to your letter of 10 February to Richard Pratt in Washington, copied to me.
2. I enclose a set of recent cuttings from the German press giving the sort of positive picture of the British economy and national finances which I think you are looking for. In each case I have provided a photocopy of the paper's masthead, with typed below that a translation of the headline and other lead-in material of the article. In nearly every case you will then find a copy of our daily press summary with the reference to the article (brief in most cases) marked in red.
3. I hope this gives you what you need. If you want further material please let me know. I must add that the recent wave of strikes in the UK has meant that the latest press comment has been less favourable.

*Yours ever,*

*A C Thorpe*

A C Thorpe

# Kölner Stadt-Anzeiger

British Treasury overflowing

Tax reduction expected - first balanced budget for 20 years?

# Britische Staatskasse quillt über

Steuersenkung erwartet – Seit 20 Jahren der erste ausgeglichene Haushalt?

Von Wilfried Kratz

London – Mit einer fühlbaren Senkung der Einkommensteuer im Rahmen einer Steuerreform wird in Großbritannien gerechnet, wenn die konservative Regierung Thatcher am 15. März ihr Budget vorlegt. Eine überquellende Staatskasse und eine relativ günstige Projektion der konjunkturellen Entwicklung und damit der Einnahmen und Ausgaben des Staates nähren diese Erwartung.

Das starke wirtschaftliche Wachstum von etwa vier Prozent im Jahr 1987 läßt die Steuereinnahmen anschwellen. Mittels zusätzlicher Hilfe durch die Einnahmen aus der Privatisierung liegt die staatliche Neuverschuldung daher weit unter der ursprünglichen Planziffer von vier Milliarden Pfund für das laufende Finanzjahr, das Ende März abschließt. Ein ausgeglichener Haushalt wird nun für möglich gehalten. Das wäre das

erstmal seit bald zwanzig Jahren. In diesem Jahr dürfte die britische Wirtschaft schwächer wachsen, gleichwohl sieht man ausreichenden Spielraum für eine Steuersenkung.

Eine lebhafte Diskussion ist darüber im Gange, wie „radikal“ die Regierung wohl sein wird. Eine Senkung des Anfangssatzes der Einkommensteuer um zwei auf 25 Prozent oder gar stärker ist der „beste Tip“. Eine Herabsetzung der höheren Sätze gilt als wahrscheinlich. Der im internationalen Vergleich hohe Spitzensatz von 60 Prozent, so wird spekuliert, werde auf 50 Prozent zurückgenommen. Großbritannien würde sich damit einem internationalen Trend anschließen. Die konservative Regierung hat stets argumentiert, die Belastung durch die Einkommensteuer müsse man senken, um persönliche Anstrengung und unternehmerische Initiative zu fördern.

Ein weiterreichender Umbau des Steuersystems liegt im Bereich des Möglichen, zum Beispiel ein Wegfall von Subventionen und eine Verbreiterung der Basis für die Mehrwertsteuer. Hier mag die Regierung in Konflikt kommen mit alten Versprechungen, bestimmte Vergünstigungen nicht anzutasten. Außerdem würde sie Konfrontation mit Interessengruppen riskieren. Es wird jedoch die Meinung vertreten, die Regierung könne in einer Reform auch Unpopuläres unterbringen, denn sie habe mehr zu geben als sie nehme.

Es gibt allerdings auch Widerstände gegen eine Steuersenkung. Dieses Lager argumentiert, man solle die vorhandenen Mittel lieber ausgegeben, zum Beispiel im öffentlichen Gesundheitswesen, dessen Mängel seit geraumer Zeit das vorrangige innenpolitische Thema sind. Der Gesundheitsdienst wird in Großbritannien allein aus dem Steuertopf finanziert.

KSTA 20-1-88



# GUIDE TO THE GERMAN PRESS

Wednesday 20 January 1988

ARD 8.00pm: Stoltenberg & Ael discuss budget deficit

BRITISH INFORMATION SERVICES  
BRITISH EMBASSY BONN

1] Shevardnadze in Bonn: (9 out of 12 main items). Headlines mainly on Kohl-Gorbachev meeting: No date; open; in 2nd half of year at earliest. Possible (SZ) decision in the second half of the year, agree Kohl & Shevardnadze "in view of engagements on both sides" (GA, FAZ). K & S describe a K-G meeting as very desirable and useful (GA), necessary (FAZ). S: Genscher visit to Moscow first (GA). K-G meeting also reportedly broached in G's message to K (FR). Venue will be either Bonn or Moscow (FAZ, FR). Chancellery's announcement last week that there were no doubts about G's visit to the FRG, it had been arranged, was based on an agreement with Kvizinski after the Bundestag election 1987 (FAZ). Personal disappointment for Kohl who had repeatedly suggested date during German EC presidency (SZ). Fears already last week that K. was going out on a limb (FR with a box of Kohl-quotes beforehand). Hints by Chancellor's Office about visit to Moscow obviously not to Soviets' liking (SZ).

Kohl-Shevardnadze meeting lasted 2 1/2 hours (GA, Welt), S conveys detailed message from Gorbachev on bilateral and international questions (GA), in answer to Kohl letter on eve of Washington summit (Welt). Both K & S stress readiness to further confidence building between E & W by means of wide, practical cooperation (GA). S agrees with K's suggestion to strive for progress in fields of training & further education, medicine, reactor safety, youth- and cultural exchange (GA, Welt, FAZ). K-S agreement that there should be no pause in disarmament process (GA).

Shevardnadze-Genscher meeting: 3 agreements signed (most papers), identical statements on CW: quick agreement! (KSTA). Genscher sees talks as step forward (KSTA, SZ).

Shevardnadze press conference: talks in Bonn were very positive, interesting, rich in content; S. welcomes great interest in perestroika (GA). Result of his talks "extremely useful & successful", above all results of meeting with Kohl are to be assessed positively (Welt). In his statements on disarmament, S says British & French nukes i.a. can only be excluded 'only to a certain degree and for certain time' (FAZ). S is dissatisfied that many politicians complain about conventional imbalance between E & W but show no hurry to tackle the practical problems (StZ). Praises Bonn: not one of those in the W. advocating a pause in disarmament in order to modernise arsenals (KSTA). Praise work of 3 working groups - procedure to be adopted for the regular consultations (KSTA). Equates Moscow's ties to FRG with those to W.Berlin (FAZ). Puzzlement at passage in dinner speech: "What cannot yet be subject of practical policy should be left to history. But it (history) has not sworn loyalty to any particular constitution" This was a substitution for something else that was deleted. If Bondarenko is responsible, the hints bode nothing good (Bergdoll in SZ). The sentence bears various interpretations: may be against the Basic Law, the Preamble, the Constitutional Court rulings - or a reference to some constitution that does not yet exist. He spoke of logic of realities that change constitutions and laws. And Sov. leaders speak a lot of vicissitudes of history these days. Kremlin still wondering about the Germans, whether old tendencies will resurface (Riedmiller in SZ editorial). Inclusion of Berlin in agreements on environment & cultural exchange not solved (GA, Welt).

Features: Gennrich in FAZ: S proves to be cool politician who knows how to use grand words. With smooth terms he gave the impression at first of Moscow concession regarding Berlin but there was not the slightest convergence later in talks on unsigned agreements. And so the talk about Berlin was disappointing for Bonn. S's words about complete removal of tactical nukes is seen by AA as reference to Gorbachev's target to remove all nuclear arms. The words about nuclear powers "not being ripe" for such a solution is seen as reference to GB & France which would not scrap such weapons. S confirms the trend: in the long term USSR is striving for denuclearisation of Europe. Genscher is backing harmony with France all the more since some US strategists reveal tendency to decouple; G could not praise Mitterrand enough in talk with S. Bonn does not indicate any euphoric expectations. SZ (Bergdoll): Diplomats and journalists have impression that Gorbachev and his team have yet to address selves seriously to Deutschlandpolitik. Genscher & von Weizsäcker had confidential talk afterward the Shev-Genscher talk. Presence of Wolfgang Leonhardt at dinner with Shev. reflects transformation in Sov. style. FR: New-leaf policy in glaring contrast to meagre results.

# Handelsblatt

1. Great Britain/Room for tax reduction  
London expects a surplus in the current budget
2. Great Britain/Importance of consumption falls slightly  
Growth rates continue to lead the world
3. Great Britain/Foreign investments up almost four times  
[Foreign] firms nearly all give excellent marks to both country  
and economy

# GUIDE TO THE GERMAN PRESS

BRITISH INFORMATION SERVICES  
BRITISH EMBASSY BONN.

Thursday 21 January 1988

Main items: Nukem: No proof of NPT violation (3 papers); Kohl speech (2); Genscher's speech in Strasbourg (1); Row in Union about children's allowances i.a. (2); 7,000 steelworkers demonstrated in Duisburg (NRZ); Reservists must go on exercise every 2 years (WAZ).

1] Kohl speech at Tutzing (half-page of excerpts in SZ) offers E. Bloc aid in economic restructuring ("perestroika opens up new ways & means for econ. cooperation"), stresses human rights as focal point of ties; freedom of religion; criticism of church policy in Czechoslovakia (Welt, SZ, i.a.). Welt comments approvingly on plain talk.

2] USSR: Diplomatic circles make it clear that Shevardnadze did not suggest 3rd zero option during his Bonn visit; on the contrary, he signalled Soviet flexibility regarding planned E-W negotiations on conventional disarmament in Europe & W. wishes to keep nuclear weapons separate (Bell in GA who refers to S's statement that the W. should not only take Soviet superiority into account but also Moscow's concern regarding French & British nuclear potential as well as USA's forward-based systems). Invitations: Gorbachev (in message to Kohl) invites K. to USSR and K. may go in 2nd half of 88, he hints in Cabinet that autumn date is favourable (Gennrich in FAZ: now there are 2 invitations). K. wants concrete bilateral agreements beforehand: given scheduling difficulties outlined by Shevardnadze, Chancellor's Office says that in Kohl's view "when and where is not vitally important"; he would go to Moscow if need be (Conrad in Welt). "Kohl turned down Shev. invitation to visit Moscow soon:" Confirmed by K on Wed. in Tutzing: Visit to Moscow would make sense only if we could settle concrete things (dpa in KSTA). Bonn wondering why the obscurity on Gorbachev's travel plans, which allows inference that G. wants to snub Kohl: Under these circumstances K had no choice but to postpone visit-topic, especially since G. may visit other European countries soon. Chancellor's Office cannot work out motives for apparent Gorbachev change of mind: Signals just before Shev. visit were different, say K's people, that's why K. stuck his neck out. By contrast, invitation to Genscher seems ostentatious. G. said on Wed. he had not counted on Gorb. visit anyway and thus was not disappointed. He had other expectations than Teltschik, who is charged with misreading Moscow signals. Word in Bonn is that Genscher is moving away from Kohl again (Zirngibl in WAZ). Rühe: S's visit brings no new aspects on SNF: Soviet & W. positions unchanged. One can talk about some items on the Cocom list but S. gives a false impression if he establishes a connection between list & Soviet economy: political & econ. reform is key to modernising USSR, not Cocom. S can soon show if his words about "unused possibilities in Berlin" have a concrete background: namely if the visit of Bundestag foreign affairs committee to USSR is made possible. This visit & reaction to W. Allies' proposals will be test cases. Bonn not under any kind of time pressure regarding Kohl-Gorbachev meeting (GA interview). FAZ comment: Main purpose of Shevardnadze's visit became clear, namely to make it more difficult for NATO to reach agreement on further disarmament. Moscow is trying to persuade FRG to adopt some of its views; even if these hopes are disappointed in the end, USSR can cause squabbling, confusion & indecisiveness in NATO. Text of S's statements shows clearly that USSR is aiming above all at denuclearisation of Europe which would force France & Britain to renounce nukes in the end. S. was clever enough to ask some apparently minor thing from the FRG first i.e. not to modernise SNF, above all Lance missiles. It is to be hoped that Fed Gov realises that this is not modest request; it would be a serious mistake if NATO were to renounce right & possibility to modernise (Gillessen).

3] Franco-German relations: Cabinet okays annexe to Elysee Agreement including Finance and Econ. Council as well as Defence & Security C. Must be ratified by the parliaments (GA, FAZ). In Paris, Cultural Council will also be launched (GA). Ost & MoD on Franco-German Brigade (GA, Welt, SZ). Kohl, Genscher, Wörner, Stoltenberg, Bengemann, Süßmuth, Klein and Späth to Paris on Friday for summit and signing (FAZ).

4] Europe: In his speech to European Parliament yesterday, Genscher explains aims of German EC Presidency (Welt, GA), declares Bonn's support of Delors package (FAZ), stresses that EC needs new élan (StZ), supports extended EMS (Welt), European central bank (HB main item, SZ, FAZ), underlines need for firm relations between Europe & USA (GA), favours reappraisal of Cocom list (FR). CAP talks unsuccessful, setback for Kiechle, resumption on Sat., row between Kiechle and Commissioner Andriessen, British Minister MacGreger charges K with playing up farmland "set aside" schemes, British sources indicate that Thatcher will not

GROSSBRITANNIEN / Konsum verliert leicht an Gewicht

## Die Wachstumsraten sind weiterhin Weltspitze

HANDELSBLATT, Donnerstag, 7.1.1988  
**bf LONDON.** Das Wachstum der britischen Wirtschaft wird sich in diesem Jahr zwar verlangsamen, aber wahrscheinlich immer noch die Expansionsraten der meisten anderen Industrieländer übertreffen. Der scharfe Börseneinbruch seit Mitte Oktober wird nach überwiegender Meinung der Experten den zyklischen Abschwung nur ganz wenig, wenn überhaupt, beschleunigen.

Professor Alan Budd von der London Business School schätzt, ein 30prozentiger Rückgang der Aktienurse könnte die Konsumnachfrage um 0,5 % dämpfen, ein Wohlstands-Effekt, der durch die bisherige Zinssenkung um einen Prozentpunkt leicht neutralisiert werden dürfte. Die Furcht, durch den Börsenkrach werde die gute Stimmung in den Firmen verdorben und die Investitionsneigung beeinträchtigt, scheint ebenfalls wenig begründet zu sein. Die vom Unternehmer Verband CBI ermittelten Stimmungsbilder in der Industrie lassen nicht den Schluß auf eine durch die Börse verursachte Verunsicherung zu. Unternehmen in der verarbeitenden Industrie beabsichtigen nach Ermittlungen des Industrie- und Handelsministeriums, in diesem Jahr real 11 % mehr als 1987 für Anlagen und Maschinen auszugeben.

Die für 1988 erwartete Wachstumsverlangsamung wird in Großbritannien keineswegs mit Besorgnis verfolgt, sondern von einigen Experten nach dem gerade abgelaufenen Boom-Jahr geradezu für notwendig erachtet. Auf Grund der bisher verfügbaren Zahlen kann man - vorsichtig geschätzt - für 1987 auf einen Zuwachs von 4 bis 4,25 % des Bruttoinlandsprodukts schließen, optimistischer vielleicht gar auf 4,5 bis 5 %. Nur in den drei Jahren 1960, 1964 und 1973 wuchs das britische Sozialprodukt nach dem Kriege schneller als im letzten Jahr. Klammert man die rückläufige Förderung von Nordseeöl aus, könnten Wachstumsraten von 5 bis 5,5 % oder gar 6 % für das gerade abgelaufene

Jahr verblieben sein. Die Ökonomen von Phillips & Drew rechnen die Expansion in der Sechsmonats-Periode bis Ende September auf einen Jahreszuwachs von 7 oder 8 % hoch. "Das ist gefährlich schnell", heißt es. Wenn dieses Tempo bleibe, drohe die Gefahr der Überhitzung mit anschließendem Kollaps.

Dies ist freilich kaum zu befürchten, da nach Meinung der Konjunktur-Forscher der Höhepunkt des Zyklus überschritten ist und der "Lawson-Boom" auslaufen wird. Dies zeichnete sich bereits vor dem Börsenkrach ab. Aber die Briten bleiben auch 1988 noch die Wachstums-Lokomotive in der westlichen Welt mit prognostiziertem volkswirtschaftlichen Zuwachsraten von 2 bis 3 %.

Der Konsum ist nach wie vor ein starker wachstumsfördernder Faktor, der aber etwas an Einfluß verliert. Der bisherige Verbrauchsanstieg ging zu Lasten der Ersparnisse und wurde auch durch Kredite finanziert. Die geplanten Steuersenkungen und ein weiteres Wachstum der Realeinkommen dürften jedoch sicher stellen, daß die Konsumneigung beachtlich bleibt. Professor Alan Budd rechnet mit einer Erhöhung der Verbrauchsausgaben von 4 % gegenüber rund 5 % im abgelaufenen Jahr.

Der Boom wurde von einem Rückgang der Arbeitslosigkeit begleitet. Die Zahl der Arbeitslosen sank seit Januar um rund 600000 auf knapp 2,7 Millionen, ein Trend, der sich in schwächerer Form 1988 fortsetzen dürfte. Dagegen haben die lebhaften Aktivitäten sich noch nicht in einer stärkeren Inflationierung ausgewirkt. Die bei 4 % liegende Inflationsrate wird vermutlich nicht nennenswert steigen. Der sinkende Zinstrend mit der Verbilligung der Hypotheken, die wegen der großen Bedeutung des Hausbesitzes Bestandteil des britischen Warenkorb bilden, und die Pfundaufwertung dämpfen. Anlaß zur Beunruhigung könnte die anhaltend hohen Einkommenszuschläge liefern, wenn sie nicht zu einem großen Teil aus verbesserter Produktivität finanziert würden.

## Konjunkturdaten Großbritannien

Monatsangaben	1985	1986	1987				
			1. HJ.	3. Quart.	Okt.	Nov.	Dez.
Industrieproduktion (1980 = 100 <sup>1)</sup> )	108,0	110,0	112,1	114,6	115,4		
Index Bruttoinlandsprodukt in konstanten Faktorkosten (1980 = 100)	110,3	113,7	116,8	119,8			
Einzelhandelspreise (12-Monatsvergleich in %)	6,1	3,5	4,0	4,3	4,5	4,1	
Zahl der Arbeitslosen (Mill.)	3,27	3,27	3,09	2,80	2,75	2,68	
In % der arbeitenden Bevölkerung	11,9	11,8	11,2	10,4	9,9	9,7	
Index der Durchschnittseinkommen (Januar 1980 = 100)	171,7	185,3	195,0				
Index der Einzelhandelsumsätze (1980 = 100)	116,4	122,6	126,8	131,8	133,0		
Staatlicher Kreditbedarf (Mill. £) <sup>2)</sup>	- 7 526	- 2 298	+ 219	+ 413	- 984	- 1 552	
Sterling-Kredite an Inländer (Privater Sektor, Mill. £) <sup>3)</sup>	+ 19 790	+ 26 473	+ 23 384	+ 10 813	+ 3 124	+ 2 448	
Geldmarktzinsen (3 Monate, jeweils letzter Arbeitstag)	11,9	11,2	9,09	10,1	9,0	9,0	8,8
Sterling-Index (1975 = 100, jeweils letzter Arbeitstag)	77,9	69,2	72,2	73,0	74,6	76,0	75,6
Geldmenge Sterling M 3 (Zuwachsraten in %)	12,6	17,4				21,3 <sup>4)</sup>	

	1984	1985	1986	1987		
				1. Quart.	2. Quart.	3. Quart.
Lagerhaltung (Veränderung in Mill. £)	+ 280	+ 610	+ 660	- 277	+ 102	
Industrie-Investitionen (Mrd. £ Sterling) (Produktion + Bau)	11,89	12,15	11,84	2,91	2,93	

	Zahlungsbilanz in Milliarden £				
	Saldo Leistungsbilanz	Warenhandel			
		Exporte	Importe	Saldo	Saldo o. ÖI
1985	+ 2,88	78,11	80,28	- 2,17	- 10,28
1986	- 0,94	72,84	81,30	- 8,46	- 12,51
1987 (Jan.-Nov.)	- 2,11	73,20	81,47	- 8,64	- 12,49

<sup>1)</sup> einschl. Energie; <sup>2)</sup> Defizit + Überschuß/Haushaltsjahr 1. 4. bis 31. 3.; <sup>3)</sup> einschl. Handelseinkäufe durch Zentralbank; <sup>4)</sup> 12-Monatsvergleich  
 Quelle: Bank of England, amtliche Statistik

# GUIDE TO THE GERMAN PRESS

BRITISH INFORMATION SERVICES  
BRITISH EMBASSY BONN

Friday 8 January 1988

Main items: Stoltenberg's press conference (9 papers); Bundesbank Central Council (HB); Rheinhausen (NRZ).

1] Economic: Stoltenberg press conference: PSBR rise to DM40,000m confirmed (4 papers), consumer taxes will be raised in 1989 (4). Stoltenberg gives reasons for higher PSBR (front pages), announces lower deficit in 89 (Welt headline); Cabinet decision on this (GA i.a.). No VAT rise in 88 (SZ), 89 (Welt). S. wants talk stopped on moving up tax reform, no plans to curtail the reforms (Welt, KSTA). SPD moves for Bundestag debate next week (Welt). Apel calls for S.-resignation or dismissal (SZ, FAZ i.a.). Most papers comment. Boost not ruled out in Kohl-Strauss talk (WAZ). Chirac criticises Bundesbank for supporting \$ and refusing to buy French francs (GA, SZ). Balladur on EMS: not complete, almost limited to Franco-German cooperation; must be extended to other countries, above all Britain (SZ).

2] Berlin, DCR: W.Allies suggest Berlin as venue of follow-up CSCE conference; Fed Gov involved from the beginning in these deliberations, supports the proposal. Berlin Senate has appealed to USSR to respond to W. offer of talks & to react positively; it is also thinking of sounding the chances of a visit to Moscow by Diepgen (all in Welt). Allied move on Berlin: Picture of reluctant Allies moving only after pressure by Bonn or Berlin Senate is false. Varying prospects for Reagan's proposals: International conferences in E&W Berlin? At best, UN sub-sub-committees founded in Berlin, 1 E., 1 W. But air traffic plans realistic, could effect improvements as substantial as those brought by QA or the surprising E-W Berlin agreement on W. operation of metro transit [Nawrocki in Zeit p.4]. Senator Scholz writes in FAZ: All chances of developing ties between Berlin & Bund should be used but the legal framework of status must be observed in the interest of Berlin & the whole of Germany. W.Berlin cannot achieve the full status of a Land, nor can there be an substantial changes in such questions as voting rights of Berlin MPs. Berlin FDP leader Rasch: Diepgen-Honecker meeting imminent, I hear. There seem to have been some Allied misgivings. Sceptical on W.Allied move to improve Berlin situation. Berlin could be centre for E-W German youth exchange, site of office for regular meetings between heads of Gov. of E & W.Germany, ideal venue for planned German-German Econ. Commission (Welt interview). Elbe: Last summer, DDR began to remove pillars of disused railway bridge on the E. side of the river; the fact that these were on FRG territory did not disturb Bonn politicians or ministerial officials in transit commission (RM).

3] CSU, Coalition foreign policy: CSU Kreuth meeting, aim at more influence on Bonn foreign policy (WAZ, GA, NRZ), points in common with FDP (SZ). Waigel-Genscher telephone conversation on this (GA, SZ), W. confirms Strauss-Kohl talk (GA). Strauss talk to journalists (GA). RM main item on Strauss' visit to Moscow is critical of S's euphoria: until there is proof of change in Soviet policy (e.g. in Afghanistan), W.German politicians should be realistic, objective. Genscher is already tampering with Cocom lists. What can we expect when Moscow starts wooing Bonn? Will all dams break when Gorbachev comes? (Neumaier). Strauss shift on Moscow as important as 1966 Adenauer statement ("Soviets have joined those who want peace"): Latter paved way for CDU and SPD-FDP Ostpolitik, and Strauss statement could make possible 2nd phase (Strauss also pulling with Genscher on relaxing Cocom embargo list) - Sommer in Zeit p.1. Will Strauss trigger new irritations in his party? FDP worried about being upstaged on detente policy. On balance, relief in Bonn, and maybe foreign policy disputes will calm down: no more fear of Strauss sulking in his tent [Kaiser in Zeit p.5]. Soviet Politbureau approves results of Gorbachev-Strauss meeting, comes out in favour of closer dialogue with Bonn (Welt). Coalition foreign policy: Rivalry at home (+ Genscher's aim to find common ground with SPD), challenges abroad, EC presidency Kohl's last chance to fulfil dream of being "Europe-Chancellor"? (KSTA main leader by Meyer).

4] British affairs: Thatcher criticised in Nigeria because of her S.Africa policy (Welt); anti-British demonstrations (brief in GA, FR, WAZ). GB economic growth will slow down this year but will still probably be higher than in other industrial countries

# Die Firmen geben Land und Wirtschaft überwiegend hervorragende Noten

HANDELSBLATT, Donnerstag, 10.12.1987  
LONDON. Ausländische Firmen mit Töchtern in Großbritannien sind überwiegend mit ihrem Gastland zufrieden und beabsichtigen zu expandieren. Dies geht aus einer Umfrage des "Invest in Britain Bureau" hervor.

Das Bureau, eine Nebenstelle des Industrie- und Handelsministeriums in London, ließ über 300 Auslands-Unternehmen anlässlich seines zehnjährigen Bestehens nach Beweggründen der Direktinvestitionen, ihren Absichten und Meinungen befragen. Fazit: Die meisten kamen nach Großbritannien, um entweder Zugang zu diesem Markt selbst oder zu Europa (überseeische Firmen) zu erhalten. Es geht ihnen im allgemeinen gut. Man lobt das bessere Marktklima und insbesondere die wesentlich verbesserten Beziehungen zu den Arbeitnehmern und beabsichtigt weitere Investitionen.

Nach Angaben des parlamentarischen Staatssekretärs John Butcher sind während der bisher zehnjährigen

Existenz des "Invest in Britain Bureau" 2000 ausländische Direkt-Investitionen mit 230000 Arbeitsplätzen vorgenommen worden. Der Umfang der gesamten Direktinvestitionen hat sich in dieser Zeit von 14 Mrd. Pfund auf 49 Mrd. Pfund erhöht, von denen 41 Mrd. Pfund auf Industrie- und Handels-Projekte entfallen.

Britische Firmen ihrerseits haben in der selben Zeit weitaus mehr im Ausland investiert. Butcher beziffert den Umfang ihrer Direktinvestitionen auf 91 Mrd. Pfund gegenüber 24 Mrd. Pfund vor einem Jahrzehnt. "Die Zahlen spiegeln deutlich den internationalen Charakter der britischen Industrie- und Wirtschaft wider", sagte er.

Butcher glaubt, daß ausländische Firmen gut sind für den Wettbewerb und zu einem allgemein besseren Management, besseren Produktions-Methoden und einem höheren Produktstandard führen. Mehr als die Hälfte der befragten Auslandsfirmen betreiben Forschung und Entwicklung in Großbritannien. Der Politiker widersprach der Ansicht, daß ausländische Industrie-Firmen nur Montage, aber keine echten Produktions-Anlagen betreiben.

Der Umfrage zufolge betrachten vier Fünftel der Auslands-Unternehmen das Ergebnis ihrer Aktivitäten als den Erwartungen entsprechend oder besser. Drei Viertel sagen, ihre Erfahrungen seien so positiv, daß sie weitere Investitionen planen, über deren Umfang freilich keine Angaben gemacht werden. Neun von zehn versichern, die britischen Töchter seien mindestens so erfolgreich wie ihre anderen Auslands-Töchter, ein ebenso großer Anteil exportiert auch von der britischen Basis. Vier von fünf nicht-europäischen Investoren glauben, sie hätten über Großbritannien ausgezeichneten Zugang auch zum übrigen Europa. Nach Darstellung des Bureau führt das Land als Basis für Firmen, die von außerhalb Europas zuziehen.

Nahezu alle loben die erhebliche Verbesserung der Arbeitsverhältnisse. Zwei Drittel sehen die Inflation unter Kontrolle, ebenso hoch ist der Anteil derer, die mit der Qualität örtlicher Zulieferungen zufrieden sind. Nur über Mangel an Technikern und Ingenieuren wird geklagt.

HR 11-12-87

# GUIDE TO THE GERMAN PRESS

Fri 11 December 1987

BRITISH INFORMATION SERVICES  
BRITISH EMBASSY BONN

Main items: Steelworkers demonstrate (7 papers); E-W summit (3 + RM); US trade deficit hits collar (HB).

1] Economic: "Action Day" - steelworkers' protest in Ruhr: Roadblocks, barricades, traffic jams, "like general strike" (main items in Welt, FAZ, NRZ, RP i.a.), 100,000 take part, solidarity never so strong (NRZ i.a.). No violence (FAZ). Kohl had not answered telex from Beitz yesterday asking for a talk on future of Krupp steel concern (Bild). Bundestag debate yesterday on coal policy (FAZ, Welt, GA) accompanied by token strikes by miners (Welt, FR). Coal round in Bonn today (KSTA). Murmann, Pres. of Employers' Assoc., calls for more investments in public sector (GA). Under: 'France wants to mediate between Bonn & Washington', HB reports on OECD working group meeting which showed that FRG's DM 21md economic programme is not being taken very seriously by other countries.

2] E-W summit: Headlines: Progress in strategic sector, no breakthrough, Gorbachev defends himself against Reagan's human rights charges. US to publish memo (annexe to treaty) on eliminating INF and naming bases etc. (GA) and revealing that there were more US missiles (and fewer Sov. ones) deployed in Europe than previously on record (FAZ, KSTA).

Comment: Reifenberg in FAZ main leader: Inspection arrangements sensational...Arms control can't remain central and almost only content of E-W relations. INF agreement challenges Europe to realise its role. Nothing would be more mistaken than to congratulate oneself for being the initiator of what came about in Washington. "New start" must also mean that W.Europe (while maintaining vital ties to USA) creates own security, increases its weight enough to share in determining developments between the superpowers. Zeit main article: A giant step, especially for Reagan, but disarmament isn't everything - the superpowers must put their relationship on a broader foundation...Europeans pathetic (see Copenhagen). E.Europe's energy absorbed by bread prices, W. by wheat surpluses (Sommer). Kielinger in RM's main item: After INF treaty, there must be agreement on disarmament priorities. W. can have no interest in being dragged into the debate on the next zero option. Instead, W. must try to get Moscow involved in the debate on conventional disarm. Will the W. Europeans be fit to face the challenge resulting from the dynamic "bilateralism" of the superpowers? Squabbling allies will not be able to make an impression or exert influence on the USA in the long term. Allies should take Reagan's determination seriously and take part in this historic process intelligently and in good time.

3] Defence: Kohl's Gov. Declaration in the Bundestag: K. sees chance for further disarmament (FR heading), thanks Reagan & Gorbachev for INF treaty (GA), calls the treaty a success for which FRG had been working, says signing of INF proves the SPD wrong (FAZ), K. attacks SPD and above all Vogel (Welt). K. speaks of NATO design for future arms control (GA), says short-range missiles should be included: without using the term "modernisation", K. says: Fed Gov reserves final decisions (FAZ). K. speaks of negotiations on 'clear, verifiable reduction of short-range nukes which leads to equal ceilings'; a balance between conventional & nuclear arms remains necessary; US troops must stay in Europe; K. repeats his suggestion of E-W econ. conference (FAZ). Bundestag debate lasts 5 hours, all parties welcome INF agreement (KSTA, GA, FAZ, SZ). Trend towards consensus (Bell in GA). Vogel's consensus offer rejected by Kohl and Rühle, taken up by Genscher: "Government will come to need this offer, we should utilise it"; SPD and FDP applaud, CDU-CSU refrain (Bergholl in SZ). Vogel sees disingenuous Kohl attempts to advertise self as father of the double-zero option whereas it was bitterly opposed in CDU-CSU (KSTA, FAZ, SZ i.a.); no credit goes to Bonn Gov. (KSTA) and it is arguable that INF success was not due to arms modernisation as K. has it but to change in Sov. leadership, peace movement, Reagan change of mind (KSTA, SZ, FAZ). Backing SPD argument, Genscher says that a fundamental change in Soviet attitude was necessary for the success of the Washington summit; W. had also learnt something and new ideas had also been necessary in its own camp, as Reagan's behaviour shows (SZ). G. (and Rühle) against committal on modernisation of short-range missiles; R. recommends drastic reduction of nuclear artillery to which G. agrees (FAZ). Rühle adopts Kohl's tone when he warns against "pseudo common interests" with the Opposition (Welt). Rühle writes in RM on INF, need for NATO design, short-range nukes (modernisation not on the agenda). Wörner, "one of the most competent experts on security policy in the W. world", faces great challenge as NATO Sec. General (GA); will not have an easy start, his strong

# DIE WELT

More [German] investments overseas

Great Britain has become a preferred area for the investments  
of the German economy



# Mehr Investitionen im Ausland <sup>2-2-88</sup> WELT

Großbritannien wurde zu einem bevorzugten Anlageland der deutschen Wirtschaft

HEINZ HECK, Bonn  
Wirtschaftsminister Bangemann hat an die deutschen Unternehmen appelliert, sich auf den 1992 geplanten europäischen Binnenmarkt einzustellen, die Investitionsplanungen darauf auszurichten und nicht die Chancen der ersten Stunde zu verpassen. Bangemann, der sich in Bonn zur deutsch-britischen wirtschaftlichen Zusammenarbeit äußerte, sieht immer mehr Anzeichen dafür, daß der Produktionsstandort Bundesrepublik an Reiz verloren habe.

„Seit Mitte der 70er Jahre investiert die Bundesrepublik mehr in Unternehmen im Ausland als das Ausland bei uns.“ Von 1976 bis 1985 habe sich das deutsche Beteiligungsvermögen im Ausland verdreifacht, während das entsprechende ausländische Vermögen in der Bundesrepublik nur um 40 Prozent zugenommen habe.

Gerade Großbritannien habe in den letzten Jahren auf deutsche Inve-

stitionen hohe Attraktivität ausgeübt. Offensichtlich würden die Investitionsbedingungen dort als besonders günstig empfunden. Auch japanische Investitionen in Großbritannien hätten sehr viel stärker zugenommen als in der Bundesrepublik.

Nach Angaben des Präsidenten der Deutsch-Britischen Industrie- und Handelskammer, Habel, haben die deutschen Investitionen auf der britischen Insel inzwischen 9,5 Milliarden Mark erreicht. Davon stammten allein sieben Milliarden aus den 80er Jahren. In Großbritannien gebe es heute rund 600 Verkaufsniederlassungen und 250 Produktionsstätten deutscher Unternehmen. Als „Schlüsselemente“ günstiger britischer Investitionsentscheidungen bezeichnete Habel die um 40 Prozent niedrigeren Arbeitskosten und die rund halb so hohe steuerliche Belastung der Unternehmensgewinne.

Nach Auffassung des britischen

Wirtschaftsministers Lord Young kommt es bei der Vollendung des Binnenmarktes darauf an, Europa als Ganzes wettbewerbsfähig zu machen. Europa sei für die britische Wirtschaft ein „home market“. Großbritannien habe sich im Vergleich zu den EG-Partnern mit mehr als jährlich drei Prozent realem Wachstum seit 1981 überdurchschnittlich gut entwickelt. Dies sei auch eine Voraussetzung für die gestiegenen Auslandsinvestitionen.

Bangemann sieht eine politische Herausforderung darin, daß andere Länder hinsichtlich wichtiger Standortbedingungen günstiger dastünden als die Bundesrepublik. Neben Lohnkosten und Unternehmensbesteuerung nannte er die Stichworte Regulierungsdickicht und steigende Umweltschutzzlasten. Auch die unbefriedigende inländische Investitionsdynamik bei sehr guter Ertragslage „deutet auf Versäumnisse hin“.

# GUIDE TO THE GERMAN PRESS

BRITISH INFORMATION SERVICES  
BRITISH EMBASSY BONN

Tuesday 2 February 1988

WDR 10.45am: Talkshow with Blüm

Main headlines: More DDR prison sentences (4 papers), Strauss trip to Africa (4), early retirement scheme (STZ), AIDS, public fear growing (NRZ quoting FORSA poll).

1] Row about Strauss' trip to southern Africa: Main headlines stress Kohl's statement reaffirming Bonn's (GA), Coalition's (SZ) policy towards S.Africa. K. also makes it clear that Namibia policy will remain unchanged as well (Welt). K. speaks to journalists after a meeting of CDU Executive at which Strauss' visit was not discussed (Welt, FAZ). K. says S's trips to Namibia & homelands were private (GA), points to "good results" of S's talks in S.A. & Mozambique & good chance of securing release of black prisoners; K reaffirms Bonn's demand for release of Mandela (GA). K: foreign policy is not the policy of one Ministry but of the Government (Welt). FDP annoyance concerning Namibia is not his problem, says K. (GA). K on Genscher: If G. disagrees, it will have to be discussed - later (KSTA suggesting that K. is acting unconcerned about the Foreign Minister). Kohl will speak to Genscher about possibilities for Bonn policy on southern Africa, says Ost (FAZ). Genscher sure to bring up in Cabinet on wed. (Welt).

Bundestag debate this week, on Wed or Thursday (reports vary): Gov. Declaration (GA), no Declaration possible this week owing to Genscher's absence; most probably, Kohl will make a statement, say Gov sources (Casdorff in SZ).

FDP: Haussmann after meeting of Presidium & Executive: FDP will not accept undermining of Bonn's policy, welcomes Kohl's statement that policy remains unchanged; Constitution does not allow responsibility for foreign policy outside Cabinet - this must be observed (Welt, FAZ, FR). K-statement seen as clear support of Genscher's policy (GA). H. announces meeting between Bangemann & Kohl which will also deal with role of StS Lengel during Strauss' trip; it will depend on B-K meeting whether one must demand L's dismissal (FAZ). Bangemann: K. (in Bundestag) will make clear that the existing distribution of responsibilities still holds and that things like the Strauss trip cannot become a rule (SZ).

Contacts: Strauss briefed Kohl by telephone on Monday, Kohl-Bangemann talk was on Monday, K & Genscher have not spoken yet, Strauss to brief PP today (Welt, KSTA, SZ, FAZ). AA learnt of Strauss' trip from the press (Welt, FAZ, GA), has not been briefed by S. yet (FAZ).

Numerous African & S.African organisations condemn S's performance & there is concern in Bonn about setbacks to the aim to activate policy towards Africa (which includes v Weizsäcker's visit in March) -GA. Winnie Mandela: Arrogant Strauss appearance with the oppressors is intolerable; Bonn Gov. and especially Kohl are accountable (KSTA). [Bremen awards its "Solidarity Prize" to Mandela couple; member of "Release Mandela" Committee in S.A. will be at the ceremony on 24 Feb. in Bremen -Welt.]

Blüm to S.Africa? After meeting of CDU Executive, Kohl announces without comment B-plans to go this year (FAZ), K. says topic is not up for discussion now (NRZ); when Blüm told CDU Executive of his plans to go in 88, no objections were voiced (Welt).

Features: FR (Schreitter): In contrast to Genscher & Geissler, Strauss & his followers have been banking on white regime's will for reforms, have cultivated relations with S.A. Embassy & have made deals behind the scenes. Blueprints for submarines were delivered to S.A.; parl. investigation committee was unable to cast light on the 'dark relationship à trois between Kohl-Strauss-Botha'. Bonn's Amb. in S.A. has reported that Opposition there demands Kohl's dissociation from Strauss' mission. Bergdoll in SZ:

No insider doubts any more that Kohl's aim (regarding Strauss trip) was to put Genscher in his place. G. has privately made clear that the trip was challenge to K., not him.

Analysis runs like this: The stir over the trip is relished by Kohl: "Strauss got Genscher, and now Kohl can get Strauss"...FDP sees Coalition in advanced state of disintegration anyway, not just in foreign policy but in econ.and tax policy, to say nothing of internal security....Europe would have also served as bone of contention: Chancellor's Office is trying to upstage Adam-Schwaetzer by giving Stavenhagen special tasks. AA says that's all right, send S. around - Europeans know where the real decisions are made. Genscher's team concerned about summit because there will be times when everything will depend on heads of Govs' negotiating skill - and "Thatcher at any rate has everything in her head". NRZ (Finke): AA suspicious about Chancellor Office activities just before EC summit, fear poaching by Stavenhagen. FDP and especially Genscher consider it important to nail down foreign policy not only because of activities by Kohl and Strauss but also those of the Länder PMs. And since Kohl made

# • Frankfurter Rundschau

London competes with its hat held out

The British Ministry of the Economy [ie DTI] counts on the initiative of enterprises

# London wirbt mit dem Hut in der Hand

Britisches Wirtschaftsministerium setzt auf die Initiative der Unternehmer

Von Klaus Ganz

Die britische Wirtschaft verspürt Rückenwind: „Noch in diesem Jahr werden wir es den anderen europäischen Ländern zeigen“, resümiert geradezu triumphierend eines der renommierten Wirtschaftsinstitute Großbritanniens, das Cambridge Econometrics, in seinem neuesten Bericht über die Wirtschaftsentwicklung bis zum Jahr 2000. Wenn auch zwei Punkte unter dem Vorjahresergebnis, so werden doch für dieses Jahr wenigstens drei Prozent Wachstum prophezeit, „das Doppelte dessen, was in der Bundesrepublik erwartet wird“. Der Bausektor werde sogar sechs Punkte zulegen, und selbst die Arbeitslosigkeit soll, nach einem Rückgang im letzten Jahr, nicht mehr über die Drei-Millionen-Grenze steigen.

Bei diesem Frühlingserwachen will Lord Young, der britische Wirtschaftsminister, der einen Teil dieses Aufschwungs mit Sicherheit seiner Politik zuschreibt, nicht abseits stehen. Das Ministerium für Handel und Industrie, wie die Youngsche Behörde richtig heißt, wurde, als Ausdruck für diesen frischen Schwung, mit einem Beinamen versehen: Künftig firmiert man – der Thatcherismus setzt seine Duftmarken – unter „Ministerium für Unternehmen“.

Die Imagepflege läßt sich die Regierung etwas kosten. Fünf Millionen Pfund investiert Lord Young in bunte Broschüren über die Arbeit seines Ministeriums und in aufwendige Werbespots in den britischen Kommerzfernsehsendern. „Obwohl sich die britische Wirtschaftsstruktur schon stark verändert hat“, umreißt Lord Young die neue Zielrichtung, „braucht das unternehmerische Klima und der Wettbewerb neue Impulse.“ Schwerpunkt: Das Wirtschaftsministerium und die Regierung sollen, mit ihren Mitteln nicht mehr „die unternehmerischen Entscheidungen vorbestimmen“, sondern sich künftig stärker auf die Funktion als „Berater“ einrichten.

Mit diesem Ziel vor Augen, wurden gleich zwei Programme zur Regionalförderung gestrichen: Die „Enterprize Zones“, geographisch eng umgrenzte Gebiete, in denen vorübergehend Planungs- und Bauauflagen aufgehoben werden und die Unternehmer zehn Jahre lang keine Abgaben zahlen müssen, laufen aus. Aber noch entscheidender: Die Regional Development Grants (RDG), Zuschüsse, auf die jeder Unternehmer, der in ein Fördergebiet investieren wollte, Anspruch hat, wurden gestrichen.

Dabei haben in sozialer wie wirtschaftlicher Hinsicht einige Ecken in Großbritannien Beistand dringend nötig: Etwa die gesamte Provinz Nordirland, halb Wales, Teile der West Midlands um Birmingham, ein gutes Stück von Yorkshire und Humber, der Nordosten Englands, nämlich Northumberland und große Teile Schottlands sind als „Entwicklungsgebiete“ ausgewiesen.

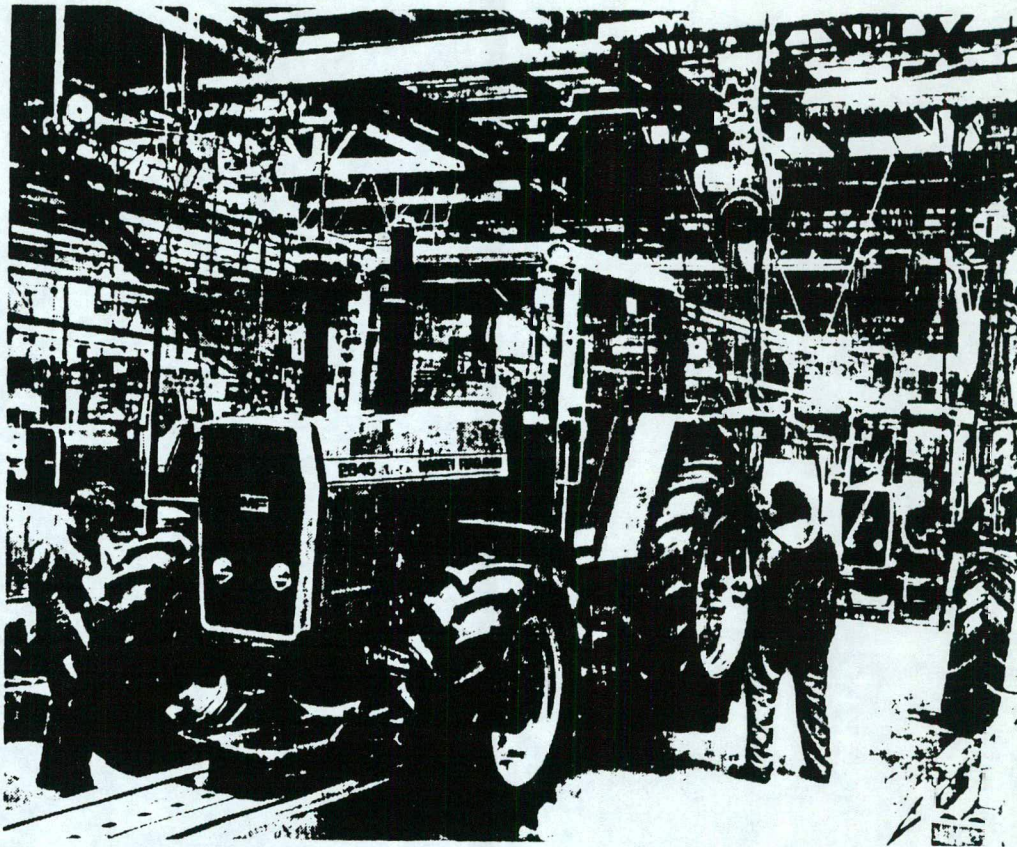
Unzweifelhaft haben viele neue Unternehmen in den traditionellen Industrie-

vieren Wurzeln geschlagen, und trotzdem häufen sich bestimmte Eindrücke: geschlossene Bergwerke, kilometerlange Ruinen ehemaliger Stahlwerke, verfallene Werften oder Reste ehemaliger Autowerke, die Wohngebiete in einem ähnlichen Zustand. Die Arbeitslosigkeit dort ist fast überall doppelt so hoch wie der Landesdurchschnitt, in Middlesborough, im Nordosten, erreicht sie auch lokal mal die 40-Prozent-Marke. Selbst die unternehmerfreundliche Tageszeitung Financial Times kam in einer Serie über die Zukunft der Regionen (noch mit den bisherigen Fördermitteln) zu dem Ergebnis: deprimierend.

Viele Regionen suchen ihre Investoren verstärkt im Ausland. Die Grafschaft Yorkshire etwa unterhält Büros in den USA, Japan und in der Schweiz. Verschiedene Städte beziehen bei ihren Werbekampagnen wegen ihren ausländischen Zielgruppen Unternehmensberater aus den entsprechenden Ländern mit ein. Auch das Wirtschaftsministerium hat über sein „Invest in Britain Bureau“ (IBB) bei den Konsulaten Vertreter sitzen, wie etwa in Frankfurt und in Düsseldorf.

Das Angebot ist ja auch verlockend: „Eine ~~Wiedereröffnung~~ oder ein Betrieb in Großbritannien macht Sinn“, versucht Berndt Atenstaedt von der Deutschen Industrie- und Handelskammer in London seit Jahren Interessenten zu überzeugen, „vor allem ist man eben von hier aus ein ganzes Stück näher am britischen Markt.“ Neben dieser (fast) Binsenwahrheit ködern professionelle Makler in Sachen Industriean siedlung in Großbritannien, wie etwa Werner Haude am Konsulat in Düsseldorf, noch mit profitableren Argumenten: „Ein Unternehmer, der in Großbritannien arbeiten läßt, spart im Vergleich zur Bundesrepublik rund 40 Prozent an den Lohnnebenkosten.“

Zusätzlich überzeugend, bis jetzt jedenfalls, waren die großzügigen Investitions-hilfen. In den Fördergebieten steuerte der britische Staat 15 Prozent der Investitionssumme oder maximal 10 000 Pfund pro Arbeitsplatz bei. Und in vielen Regionen bewegte sich tatsächlich was: Der Chemieriese ICI erstellte ein großes



Die britische Industrie hat inzwischen bei der Modernisierung ihrer Anlagen etwas im internationalen Wettbewerb aufgeholt. Doch die Traktorenhersteller von Massey Ferguson in Coventry spüren ebenfalls den weltweiten Einbruch im Geschäft mit Landmaschinen.

Werk in Northumberland, der japanische Automobilkonzern Nissan plazierte ebenfalls im Nordosten Englands einen Musterbetrieb, in Wales baut Hitachi Fern-sehgeräte, und NEC produziert Drucker für Rechnersysteme.

Auch deutsche Unternehmen nutzen die Vorteile der Regionalpolitik: „Seit Beginn der 80er Jahre hat sich die Zahl der deutschen Unternehmen in Großbritannien von 450 auf über 800 Betriebe erhöht“, stellt Berndt Atenstaedt fest. „das Investitionsvolumen hat längst die Zehn-Milliarden-Mark-Grenze überschritten.“ Investitionen aus der Bundesrepublik liegen in Zahl und Umfang an dritter Stelle hinter denen der USA und Japans.

Lord Young jedoch hält die Förderprogramme zur Wiederbelebung der Regionen für ausgereizt. „Wer investieren will, weil er es aus unternehmerischen Gründen tun muß“, dozierte der Wirtschaftsminister bei der Verkündung der neuen Marschrichtung, „der tut dies auch ohne staatliche Beihilfe.“ Zumindest Großkonzerne stimmen dem Minister in diesem Punkt zu. „Wir hätten sowieso unser Werk im Nordosten gebaut“, gesteht heu-

te der ehemalige Vorsitzende von ICI, Sir Harvey Jones. „Aber wenn man mir schon Geld anbietet, dann schlag' ich das nie aus.“

Ob die neue Wirtschaftspolitik dazu beiträgt, den Rückstand der Regionen aufzuholen, bleibt offen. Lord Young jedenfalls behauptet, daß die Mittel 1988 um die 900 Millionen (Pfund) weiterhin zur Verfügung stünden, jetzt aber eben nur als „Besondere Zuschüsse“. Um ah die anzukommen, muß ein Unternehmer vor allem seine Bedürftigkeit nachweisen, und sein Projekt muß für die Region und das Land „nützlich“ sein.

Die Labour Party sieht in diesen Auflagen gar den Ursprung von Korruption und Begünstigung, und Norman Tebbit, Amtsvorgänger von Lord Young im Wirtschaftsministerium, schwang gar die Geburtsstunde einer neuen Bürokratie: „Das führt mit Sicherheit zu einem aufgeblähten Verwaltungsapparat, wenn die Unternehmer mit dem Hut in der Hand um Fördermittel nachkommen müssen.“ Lange Antragsprozeduren können die Folge sein – zu umständlich und aufwendig für kleine und mittlere Unterneh-

men. „Aber die fehlen in diesem Land eben am meisten“, meint Berndt Atenstaedt von der IHK, „denn die großen Unternehmen sind sowieso alle hier.“

Was die neue Politik für die rückständigen Regionen abwirft, wagt noch niemand vorauszusagen. Vorfahrt hat etzt auf jeden Fall die neue „Unternehmenspolitik“. Aus welcher Richtung künftig der Wind weht und welche Prioritäten die Regionen eingeräumt bekommen, ist im Wirtschaftsministerium kein Geheimnis. „Die Unternehmer sollen hierherkommen, um Geschäfte zu machen, nicht wegen der Zuschüsse“, meint der Direktor des IBB, Michael Gooch, „und für diese Geschäfte haben wir das richtige Klima geschaffen.“ Er meint damit die geringere Steuerlast für Unternehmer im europäischen Vergleich, geringe Lohnkosten und damit auch bessere Gewinne und gewerkschaftsfreie Betriebe. Ein anderer Beamter in der gleichen Abteilung gibt halb im Scherz noch eins drauf: „Das Klima für gute Geschäfte ist hier mittlerweile so gut, daß wir von denen, die hier investieren wollen, End Gebühren erheben müssen.“

# GUIDE TO THE GERMAN PRESS

BRITISH INFORMATION SERVICES  
BRITISH EMBASSY BONN

Wednesday 3 February 1988

ARD 10cm: Who's in charge of Bonn's S.Africa policy?

1] DDR releases prisoners including Krafwoczvk and his wife - first ones are already in FRG; K. expatriated, DDR claims that he applied for exit permit (9 out of 12 main items). Bonn parties welcome (SZ); concern (SZ), relief (KStA) expressed. Ost welcomes but cannot overlook that many left homes because human rights were denied them (KStA). DDR lawyer Vogel: There were no quid pro quos (Welt). Editorials. Bahr calls for 2 peace treaties with the 2 German states (Welt refers to B's book: 'European Peace', extracts of which appear in 'Stern'). Question of Honecker successor may be resolved earlier than planned (Kahl in Welt).

2] Kohl-Thatcher meeting in London: Front page reports, front page photos (GA, HB, RP). Headlines stress: 'No solution in sight to EC problems - K-T meeting & Foreign Ministers without breakthrough' (Welt, WAZ), 'K & T do not move any closer' (StZ), 'Fresh dampeners for Bonn before summit: Talk with T. and conclave bring nothing' (FR), 'Kohl cannot make T. change her mind - still disagreement about over-production' (SZ).

Kohl statements on 2 1/2 hour meeting with Thatcher: Good atmosphere, admits disagreement, got to know mutual views, pre-summit mood is like pre-Christmas - the less you expect, the bigger the surprise; firmly committed to making summit a success; we need our farmers, whatever happens, the social implications must be acceptable; denies reports on basic bilateral differences on SNF - "this wasn't broached"; denies flirt with USSR (SZ; FAZ; Welt, KStA, NRZ).

Thatcher: Talk "rather tough" but some progress (FAZ). Certain progress but considerable differences which must be removed: still a long way to go; German set-aside proposal plays some role but lowering guarantee prices for farmers and production ceilings are essential (FR, StZ). Grudinski in FAZ report: View in London that FRG will give way at summit "as has always been the case". GB observers had not expected agreement between K & T, say now that summit will be tough, but chances of success have improved. Both leaders oppose putting off problems, want to try for successful special summit (KStA; SZ). Personal relations: K. can only shake his head at the press reports (SZ). "Margaret turned on all her charm" - K. pointedly uses her Christian name (KStA, Welt). Bild has K-quote on T's charm, has photo of them both smiling: 'A smile with gritted teeth'. Thatcher points to 5 meetings last year with K., calls relations "constructive" (SZ). K. at pains to achieve at least atmospheric improvement....Downing St. does not confirm or deny "Sunday Times" report on origin of rift. (In 1984, Kohl breaks off meeting with Thatcher in Salzburg, pleads other urgent engagements; shortly afterwards, she spots him in a café reading newspaper and eating creamcake) - KStA.

Comment: Kremp in Welt: No convergence in London, fronts stiffen. Chances deteriorating for EC summit. German Presidency not off to a good start. The attempt, above all by Genscher, to make GB accept German solution by means of isolation has failed. This loss of prestige is increased by the certainty that GB has a clear design for economy measures. One can argue that Thatcher has an easy task with farm policy; for every 1 farmer in UK there are 2 in the FRG & 6 in Mediterranean countries. But idea of settling CAP problem with set-aside & relatively mild sanctions for over-production is an illusion & politically a poor excuse. The 10 countries who have ganged up against GB & Holland must now think of something new. They do not have much time and hardly any latitude. P.Nonnenmacher in FR under 'Cool Companions': Kohl not able to agree with Thatcher on CAP reform, nor did he manage to thaw the ice which covers Anglo-German relations. Personal reasons are partially responsible for friction but there are also varying national interests & political perspectives. The impression that the Germans were trying to isolate & to blackmail UK in connection with CAP & rebate has awakened bad feelings on British side. One cannot say that Kohl is particularly sensitive about such widespread feelings in UK. In security policy, Thatcher has herself to blame for isolation; despite all advice from her own Foreign Secretary, PM opposes stronger 'European identity' within NATO. Her charge of "sub-structures" in connection with Franco-German cooperation angered Kohl and caused head-shaking in Paris. There are also differences between London & Bonn on other issues: SNF in Germany, or way to deal with Arab kidnappers. Clear that such differences cannot be settled in such a short K-T meeting. More time, more patience, more interest needed for Anglo-German relations. Kuballa in RP: Kohl calls T 'Margaret' in order to stress friendly relations but PM rebuffs

# DIE ZEIT

Great Britain

The curse of success

Chancellor Lawson's full Treasury arouses expectations of  
social politicians

Großbritannien

# Fluch des Erfolgs

Schatzkanzler Lawsons volle Kasse weckt die Begehrlichkeit der Sozialpolitiker / Von Wilfried Kratz

Großbritanniens Finanzminister Nigel Lawson ist in einer Position, um die ihn sein deutscher Kollege Gerhard Stoltenberg nur beneiden kann: Er schwimmt in Geld. Die öffentlichen Haushalte werden im laufenden Finanzjahr ausgeglichen sein, vielleicht sogar mit einem Überschuss abschließen. So etwas hat es in Großbritannien seit bald zwanzig Jahren nicht gegeben.

Die überquellenden Kassen wecken Verlangen. Aus allen Richtungen kommen Rufe, die Regierung solle das Geld ausgeben, vor allem zur Stärkung des öffentlichen Gesundheitsdienstes, aber auch für die vernachlässigte Infrastruktur des Landes. Jetzt könne die Regierung nicht mehr mit dem Hinweis kneifen, ihre Taschen seien leer.

Aber Lawson scheint ganz andere Pläne zu haben. Er möchte das Geld in Form einer Senkung der Einkommensteuer zurückgeben oder besser gesagt: gar nicht erst einnehmen. Obendrein erscheint eine Reform des Steuersystems möglich, denn der große Spielraum macht es politisch einfacher, Vergünstigungen wegzunehmen und Belastungen vorzunehmen, da man per Saldo immer noch entlasten kann.

Seit Monaten gibt es in Großbritannien nur ein Thema: der öffentliche Gesundheitsdienst und seine Mängel. Die ganz überwiegend aus Steuern finanzierte allgemeine Krankenversorgung hat immer wieder die Gemüter erregt. Diesmal ist die Aufregung ganz besonders heftig. Regierung und Opposition liefern sich Redeschlachten im Parlament, während tagen, tagaus neue Schreckensmeldungen einlaufen. Von dem jungen, dessen Herzoperation immer wieder verschoben werden mußte, weil das Krankenhaus nicht genug Personal hat. Von den Stationen, die geschlossen werden, weil der Etat des Hospitals erschöpft ist. Von den Schwestern, die in dieser Woche zum erstenmal in der Geschichte des Gesundheitsdienstes zum Mittel des Warnstreiks griffen, um auf ihre schlechte Bezahlung aufmerksam zu machen. „Mehr Geld“, rufen die Kritiker wie aus einem Munde.

## Regierung in der Defensive

Die Regierung rasselt zu ihrer Verteidigung herunter: Sie habe den Etat für den Gesundheitsdienst erhöht, mehr Schwestern, mehr Ärzte würden heute beschäftigt. Im übrigen sei den Problemen im Gesundheitsdienst mit Geld allein nicht beizukommen. Man müsse das Management verbessern. Und warum sollte man nicht das private Element in der Krankenversorgung stärken?

Aber die Regierung ist sichtlich in der Defensive. Die Briten lesen in ihren Zeitungen, daß dem Finanzminister „das Geld nur so aus den Ohren quillt“, wie es der Sprecher der Labour-Opposi-

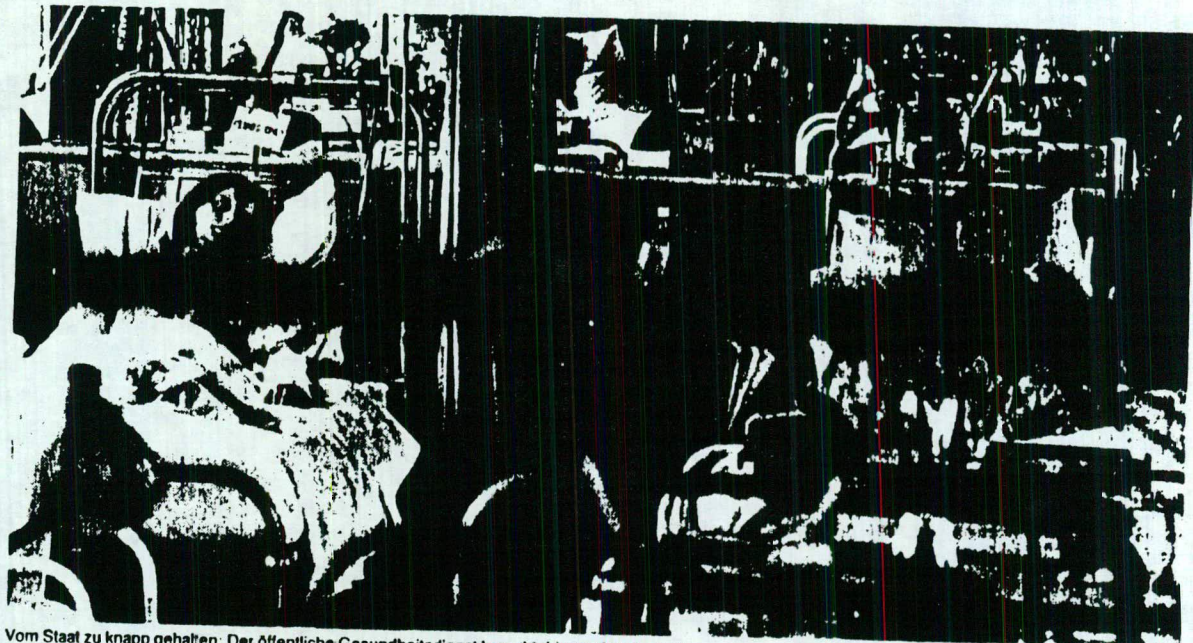
tion formuliert. Was hindere die Regierung daran, es auszugeben für die vielen öffentlichen Aufgaben, voran den Gesundheitsdienst?

Die hitzige Kontroverse um die Krankenversorgung fügt sich ein in die größere Frage: Welche Haushaltspolitik soll Großbritannien betreiben? Hausväterlich, knauserig. Schulden tilgen und Steuern senken? Generös, ausgabefreudig, ohne Angst vor Verschuldung? Oder einen Mittelkurs, der das eine tut und das andere nicht läßt?

Es gehört zu den Besonderheiten britischer Politik, daß diese Diskussion ohne die volle Beteiligung der Regierung geführt wird, denn das Land hat auch im Jahre 1988 seine Planungen für Einnahmen und Ausgaben noch nicht zusammengezogen. Es gibt keinen Haushaltsplan, der beide Seiten zeigt – ein oft kritisiertes Ärgernis, das den Regierungen gleichwohl angenehm ist. Im Herbst erstellt die Regierung einen Rahmenplan für die Ausgaben, der bis Januar ausgefüllt wird, über der Einnahmeseite ruht großes Schweigen, bis dann am berühmten *budget day* im März der Finanzminister sein abgewetztes Köfferchen ins Unterhaus trägt, um daraus seine streng geheimen Pläne für Besteuerung und Verschuldung zu entnehmen. Bis zuletzt hat er die Freiheit, in aller Stille seine Annahmen für den Gang der Konjunktur, Wechselkurs, Ölpreis und so weiter zu wählen und darauf seine Entscheidungen über Steuern und Kreditaufnahme aufzubauen. Britische Finanzminister arbeiten in enger Verbindung mit dem Premierminister aus, legen es dem Kabinett aber erst am Vorabend des Budget-Tages vor. Sie schätzen das Element der politischen Überraschung, des machtvollen Eindrucks und des großen Auftritts.

Die Öffentlichkeit ist jedoch nicht völlig im dunkeln. Sie verfolgt die Daten der kräftigen Konjunktur und die gesunde Entwicklung der öffentlichen Haushalte. Und sie kennt das politische Credo der Regierung, über Senkung der Einkommensteuer Anreize zu geben und private Vorsorge zu Lasten der staatlichen zu ermuntern. Im Januar erfährt sie auch die Planung der Ausgaben. Diese sollen über die nächsten drei Jahre nach Abzug der Preissteigerungen um jährlich einviertel Prozent steigen. Es gibt also eine beträchtliche Basis für Spekulationen, die mit dem Näherücken des Budget-Tages intensiver werden.

Großbritannien ist in einer komfortablen Finanzlage. Vorbei ist die Zeit der Haushaltskrisen, der chronischen Defizite, der Sonderabgaben und Sparmaßnahmen, als die fast schon zur Schablone gewordenen Schlagzeilen verkündeten: Briten müssen den Gürtel enger schnallen. Die Steuerträge vom Nordseel und die Einnahmen aus den Privatisierungen haben hier ordentlich geholfen und auf der Ausgabenseite straffere Haushaltsfüh-



Vom Staat zu knapp gehalten: Der öffentliche Gesundheitsdienst braucht dringend mehr Geld

Aufnahme Stern

rung und Kürzungen in einigen Etats. Im laufenden Finanzjahr, das Ende März abschließt, dürfte keine Nettoverschuldung notwendig sein, da kräftiges Wirtschaftswachstum (vier Prozent im vergangenen Jahr) die Steuereinnahmen über Erwar-ten hat steigen lassen.

Lawson hat für das kommende Finanzjahr bei einem angenommenen Wirtschaftswachstum von zweieinhalb Prozent beträchtlichen Spielraum für die Planung der Einnahmeseite. Es wird weiterhin damit gerechnet, daß er die Einkommensteuer nennenswert senken wird, ohne netto zusätzlichen Kredit aufzunehmen. Die Werten stehen auf eine Herabsetzung des Eingangssatzes der Einkommensteuer um zwei auf 25 Prozent und eine Senkung des Spitzensatzes um zehn auf fünfzig Prozent.

Manche erwarten weiterreichende Reformen, zum Beispiel in der Besteuerung der Ehegatten, und die Abschaffung von Vergünstigungen. Aber

hier hat sich die Regierung selbst Fesseln angelegt, etwa durch das Versprechen, die Abzugsfähigkeit von Hypothekenzinsen nicht anzutasten.

## Ordnung im Haus

Auch eine weitere Verschiebung der Last von den direkten zu den indirekten Steuern, ein Charakteristikum der Thatcher Jahre, erscheint möglich. Die Mehrwertsteuer in Großbritannien hat eine schmale Basis. Weniger als sechzig Prozent der Ausgaben der Verbraucher sind mit dem Standardsatz von fünfzehn Prozent belegt. Viele Produkte und Leistungen wie Nahrungsmittel und Energie, Kinderkleidung, Finanzdienste und Verkehrstarife sind nicht mit Steuern belastet. Hier müßte sich die Regierung über die unausweichlichen Proteste hinwegsetzen, sollte sie das Fangnetz der Mehrwertsteuer weiter auswerfen.

Viele glauben, Lawson könne mit Leichtigkeit

die Einnahmen jonglieren und zum zweiten Mal hintereinander ein Defizit im Staatshaushalt – und dieser bezieht die Gemeinden und öffentlichen Unternehmen ein – vermeiden. Ein im internationalen Vergleich immer noch respektables Wirtschaftswachstum, möglicherweise weiter fallende Arbeitslosigkeit, ein ausgeglichener Haushalt und Steuersenkungen – das wäre für die Regierung Thatcher der Beweis, daß sie das eigene Haus in Ordnung gebracht und die Voraussetzung geschaffen hat, in internationalen Gremien kraftvoller aufzutreten. Die britische Stimme klang jahrelang verhalten. Sie wurde gedämpft durch Finanzmiseren und Pfundkrisen, industriellen Niedergang und Streiks. Nach mehr als acht Jahren konservativer Regierung unter ihrer Ägide, so erwartet Margaret Thatcher, soll sich die Welt daran gewöhnen, daß Großbritannien nicht mehr der kranke Mann in Europa ist, sondern die Berechtigung hat, anderen auch mal Rat und Lehren zu erteilen.

# GUIDE TO THE GERMAN PRESS

BRITISH INFORMATION SERVICES  
BRITISH EMBASSY BONN

Friday 5 February 1988

IDF Auslandsjournal 730cm: British NHS

Main items: More than 2.5m unemployed in January (3 papers); DDR (1 + RM); Kohl Gov. Declaration (1); US decision v. funds for Contras (Welt).

1] Franco-German ties - Kohl Government Declaration & Bundestag debate: (Decl. also included visits to Paris & Prague.) F-G military cooperation not against NATO, to strengthen NATO and stabilise European peace, ultimate aim European army, F-G cooperation designed as engine of European policy, any other interc. is erroneous (Welt, GA). K: No doubt about priority on W. policy (FAZ headline); F-G rapprochement could lead to coordination of next stage of Ostpolitik (Welt). SPD support of F-G relations (Welt, FAZ, FR); Brandt speech in KStA. Dregger repeats call for Euro-defence union: WEU suitable, F-G defence council should develop proposals (GA), should deal with French pre-strategic nukes (FAZ). [Moniac in Welt on tasks of F-G brigade].

2] S.Africa policy, Bundestag debate: Kohl and Genscher reaffirm existing policy, no change (SZ, KSTA). Kohl: Policy fundamentals valid; re Strauss, combines defence ("success", no departure from policy) with distance (e.g. excursion to Namibia) - FAZ, Welt, GA. Amused at SPD digs at S. (KSTA), backs UN plan on Namibia (SZ), advises keeping S.A. out of party disputes, Opposition amused here (KSTA).. Genscher cites Kohl guarantees on S.Africa policy. Better relations with front-line states! Abolish apartheid! FRG policy must be clear. Takes revenge on Strauss by silence on him (KSTA, SZ). When silence is censured by the Opposition, FDP MP Irmer says: "With this Foreign Minister, you must learn to listen between the ears" (KSTA, GA). "According to my knowledge, Blüm will leave Cabinet if K. vetos S.Af. trip" says SPD MP Toetemeyer (FAZ). Comment: SZ (Bergdoll): Genscher dressed Strauss down like a schoolboy (even though not by name), declared his performance in Namibia and Bophuthatswana to be null & void. CDU-CSU speeches were defensive and diffuse, FDP and SPD agreement was almost word for word....But S.Africa won't destroy the Coalition, would take econ. policy to put it on the skids. FAZ (Nonnenmacher): K. more emphatically drew line between official and private part of Str.trip. At EC summit he will have to show that German foreign policy is being vigorously waged.

3] Editorials on Europe: Wahl in RM: German shortcomings in the past re Euro-policy; 'EC expects political long-term strategy from Germans' (sub-heading). Kohl has not same responsibility for Euro-policy in his own office as his counterparts in London or Paris. Bonn's policy administered by Genscher; admittedly, he is not bad and his Minister of State Adam-Schwaetzer has earned respect in the past few weeks. But F-G symbols or "polished pathos" in tussle with "national-egoistic" Thatcher are not enough and are also harmful in dealing with smaller EC states. T, who wants to put GB stamp on Europe & has never really accepted the supra-national philosophy of EC Treaties, couldn't care less about idea of solidarity (e.g. structural fund) and regards GB officials at EC as managers of GB econ. interests. One cannot blame Iron Lady for this but Bonn & other larger EC founder states should make her realise that political union is an aim which she cannot prevent. Kohl should have made it clear that Bonn & others will march on towards pol. union if British do not want to follow. Then they will follow. Wisdorff in HB: Delors expected in Bonn today to discuss last possibilities of compromise. Cabinet will not have drawn an encouraging balance after Kohl's talks in London & Genscher's report on "conclave". But agreement at EC summit does not appear to be ruled out.

4] Anglo-German relations, British affairs: Commenting on Kohl-Thatcher meeting, Rulf in RM goes into reports on their cool relationship, mutual praise of each other after their talk, A-G differences about Europe, economic policy, mentions T's anger about FRG's alleged yielding to terrorists: London shocked at Schäuble's admission that Bonn let itself be put under pressure by Lebanese blackmailers. Rudolph writes in FAZ on NHS, notes unfavourable comparison with health care in other countries. FR talks to Bishop of Durham. Lawson's budget surplus prompts calls for more money for NHS or infrastructure but he seems to be concentrating on lowering income tax. For months the main topic in UK has been the ailing NHS. Gov. quotes figures but is clearly on the defensive. The heated dispute about health insurance flows into the bigger question: what budget policy should UK pursue? GB is in a comfortable financial position....After more than 8 years of Tory Gov., Thatcher expects the world to get used to fact that UK is no longer the sick man in Europe but has the right to give others advice and instruction [Kratz in Zeit p.25].



# Frankfurter Allgemeine

London: no downturn in the economy

Doubts over the effect of exchange rate falls on welfare/  
Oil prices a risk

Rudolph in Frankfurter Allgemeine Zeitung 23/12/87

## London: Kein Rückschlag für die Wirtschaft

Wohlstandseffekt der Kursverluste bezweifelt / Ölpreis-Risiken

J.Rh. LONDON, 22. Dezember. Der Börsensturz wird das gute Wachstum der britischen Wirtschaft kaum beeinträchtigen, und was die Pessimisten sich an Einbußen ausrechnen, ist statistisch schwach gegründet. Dieses Bild hat sich in den letzten Wochen aus Äußerungen von Nationalökonomern und Beobachtern in der Londoner City ergeben. Das Bild ist jedoch nicht völlig einheitlich. Manche sehen Gefahr von anderer Seite, zum Beispiel von dem Verfall der Ölpreise.

Die derzeitige innere Stärke der britischen Wirtschaft zeigt sich besonders eindringlich an den Statistiken des gesamtwirtschaftlichen Wachstums und der Arbeitslosigkeit. Im dritten Quartal ist das Bruttoinlandsprodukt real um über fünf Prozent höher gewesen als zur Vorjahreszeit. In den ersten drei Quartalen wurde eine reale Steigerung gegenüber 1986 von vier Prozent errechnet. Die Zahl der Arbeitslosen ist im November um rund 65 000 niedriger gewesen als im Oktober und um rund eine halbe Million kleiner als vor einem Jahr. Beachtlich daran ist, daß der Rückgang zuletzt nicht nur in dem relativ gut beschäftigten Südost-England beobachtet wurde, sondern in allen Landesteilen, auch in den besonders wirtschaftsschwachen, so in Nordengland, Schottland und Wales. Aber im Landesdurchschnitt sind damit immer noch 9,6 Prozent der Erwerbsbevölkerung ohne Arbeit

In der Regierung nahestehenden Kreisen ist Skepsis zu hören über die verschiedenen Versuche, die Einbußen an Wachstum durch den Sturz der Aktienkurse vorherzusagen. Prozentsätze von 0,2 bis etwa 0,5 sind zu hören gewesen. Jene Skeptiker meinen, die zugrundeliegenden Annahmen seien ziemlich wacklig. Der sogenannte „Wohlstandseffekt“, also die Einschränkung des privaten Konsums wegen der Vermögensverluste, werde möglicherweise ausbleiben oder nahezu unbedeutend sein. Es wird zum Beispiel für möglich gehalten, daß viele Verbraucher aus Enttäuschung über die Entwicklung ihrer Wertpapiere zeitweilig weniger Geld darin investieren und sich statt dessen, gleichsam zum Trost, mehr Konsum gönnen.

Die Exporte wachsen vorläufig noch spürbar. Die Industrie wird, wie aus Umfragen bekannt ist, in den kommenden Monaten mehr produzieren und über die nächsten zwölf Monate ihre Anlageinvestitionen steigern. Manche Londoner Beobachter schließen jedoch einen Fall des Pfundes an den Devisenmärkten nicht aus. Der bisherige Auftrieb des Pfundes, vor allem im Verhältnis zur D-Mark, könnte ein baldiges Ende nehmen, wenn der Ölpreis mittelfristig etwa auf 15 Dollar je Faß oder gar darunter fällt. Die Einnahmen aus dem britischen Ölexport würden sinken und das Defizit in der Leistungsbilanz größer werden.

# GUIDE TO THE GERMAN PRESS

BRITISH INFORMATION SERVICES  
BRITISH EMBASSY BONN.

Tuesday 22 December 1987

Main headlines: Transnuklear (5 papers), ship collision off Philippines, 1500 dead (5) police uncover terrorist network, attack on Dornier cleared up (Welt).

1] Transnuklear scandal: Main item in FAZ, SZ, GA, FR, KStA. After special meeting of Bundestag environment committee which lasted more than 3 hours (SZ), Töpfer told the press that he wants to send barrels with radioactive nuclear waste back to Mol centre in Belgium (main headline in GA), says Mol is ready to take them but permission must be granted by Belgian authorities (FAZ, RP, HB). T. promises to clear up the scandal (FAZ leading headline) assumes that at least 321 barrels contain waste with plutonium in it (GA). Transnuklear speaks of a total of 1089 barrels transported from Belgium to FRG (SZ main item i.a.). Hanau Public Prosecutor speaks of 700 barrels (FR lead story), more than 600 in Baden-Württemberg (StZ), some have been discovered in Munich (Welt). Transnuklear firm: "No danger" (KStA) radiation weak (Welt). Töpfer: radiation ceilings not exceeded (KStA), by contrast with Belgian statements T. says highly radioactive waste is not involved (SZ). At the Bundestag Committee meeting all parties called for better checks (GA), gov. and Opp. agree here, CDU-CSU warning against scare-mongering (Welt), and satisfied with Töpfer's report whereas SPD is appalled (SZ). Investigation? Greens want one both in Bundestag and Hessian parl. but are not strong enough to force one, and the SPD is stalling (SZ). Green MP Wollny says she cannot imagine that scandal is limited to exchanged barrels in view of DM 25m paid in bribes and 2 suicides; it was not impossible that plutonium was put aside via uncontrolled channels (StZ). Hesse's Environment Minister speaks of indications of the sniffting by Transnuklear of material from which nuclear weapons could be made (Welt). Union spokesman Laufs points to responsibility of Länder, not the Bund (Welt which notes that, like the SPD, the Union favours investigation committee but at European level; Union MEPs call for European directives on radioactive waste). Comment (selection): KStA: If the rules can be flouted for years in this way, what are we to think of the whole system of rules designed to keep atomic energy under control? SZ (Urban): The real menace is the intermingling of interests - those of the nuclear energy industry and of the politicians, civil servants and control institutions interested in its wellbeing.

2] FDP: Kohl critical of (GA), regrets (FAZ) discussion about Bangemann, sees it as harmful (SZ, HB). Ost: Chancellor feels timing is wrong (GA); Kohl will conduct the necessary talks with the Parties, FDP and EC partners in connection with filling posts in Brussels "at suitable time" (GA, FAZ; Welt says this is taken as indirect confirmation that Bangemann wants to move to Brussels and that Kohl supports him). Genscher (in his Wuppertal constituency) warns against leadership discussion at wrong time (FAZ); Bangemann a good chm. and it is desirable for him to continue (Welt). Mischnick warns against early starts (this in context of Lambsdorff bid), but it would make sense for FRG to register option for EC Commission Presidency (FAZ), M. says it's FRG's turn now for the Presidency (KStA). Lambsdorff: Bangemann is dead set on the EC job; it's the FRG's turn; the question must be cleared up at the beginning of 88 (FAZ). Comment: HB: Lambsdorff has already declared his readiness to stand for job as FDP Chm should B. go to the EC. FDP should realise that it can hardly do without L's political leadership whether as Chm. or floorleader. Feddersen in NRZ doesn't think much of B. as Commission chm.: a burnt-out case.

3] Berlin, DDR: Compared with past few months, the number of resettlers from the DDR has risen sharply in December (Welt with figures). StS Hennig expects new record number of visits from DDR in 1988 (Welt). Between 22 -31 Dec. transit travellers between W.Berlin & Hamburg can use two crossings (KStA, RP); Welt has a feature on the Heiligensee/Stolpe one (the other is Heerstrasse/Staaken).

4] Defence: Norwegian PM Brundtland positive on stronger Bundeswehr presence in Norway, indirect response to question of replacing Canadian CAST Brigade (which has regularly participated in NATO RDF exercises and which was withdrawn this year for money reasons) - SZ, Welt, GA, FAZ, FR. First time she is on record as welcoming German soldiers in Norway (Welt). Dregger in "Express": US & USSR should cut more than half of their intercontinental nukes, should cut down to combined total of French & British nukes - that would be ample deterrent (FR).

# RHEINISCHE POST •

Great Britain has come through the worst  
Britons enter the New Year optimistically

# Briten gehen optimistisch in das kommende Jahr

Von RP-Korrespondent  
WOLFGANG KUBALLA

LONDON. Frau Thatcher kann mit dem abgelaufenen Jahr äußerst zufrieden sein. Im Juni errang sie für die konservative Partei den dritten aufeinanderfolgenden Wahlsieg und am 3. Januar 1988 wird sie mit acht Jahren und 244 Tagen im Amt alle ihre männlichen Vorgänger dieses Jahrhunderts in den Schatten stellen. Schon jetzt hat sie das wirtschaftliche, gesellschaftliche und soziale Leben im Inselstaat nachhaltiger umgekrempelt, als andere Premiers, und mit ihrer konservativen Revolution die Weichen bis über die neunziger Jahre hinaus gestellt. Die Veränderungen sind spürbar und sichtbar. Während bei ihrem Amtsantritt im Frühjahr 1979 Großbritannien als kranker Mann Europas galt und wegen der vielen Streiks und der Willkürherrschaft der Gewerkschaften als unregierbar angesehen wurde, herrschen jetzt wieder Selbstvertrauen und Optimismus. Das Wirtschaftswachstum liegt mit fünf Prozent höher, als in vergleichbaren Industriestaaten, die Inflation hat sich bei vier Prozent eingependelt, die Arbeitslosenzahl, die mit über drei Millionen einen besorgniserregenden Rekordstand erreicht hatte, ist auf 2,65 Millionen gesunken.

Nicht alle positiven Veränderungen sind auf Frau Thatcher zurückzuführen. Mit ihrer Regierungszeit fällt der Ölboom zusammen, der die Briten zu den Scheichs Europas macht und ihnen bei der Energieversorgung gegenüber den EG-Partnern eine viel beneidete Sonderstellung gibt. Großbritannien deckt nicht nur seinen eigenen Ölbedarf, sondern erwirtschaftet durch Exporte wertvolle Devisen. Milliarden von Pfund fließen jährlich aus den Öleinnahmen in das Staatsäckel. Auch durch den Verkauf staatseigener Unternehmen konnte die Premierministerin zusätzliche Geldquellen erschließen. Ohne dieses Zubrot hätte sie kaum die Staatsverschuldung so drastisch senken können und ohne das Nordseeöl wären die Briten nicht derartig rasch aus der Rezession herausgekommen.

Auch jetzt haben sie in punkto Lebensstandard etwa im Vergleich zu den deutschen Bundesbürgern noch einiges aufzuholen. Doch abgesehen von dieser günstigen Wirtschaftslage hat Frau Thatcher ein politisches Klima geschaffen, in dem sich der einzelne, weitgehend von staatlichen Fesseln befreit, wieder entfalten kann. Falls die Krise des Dollar und der Börsen nicht zu einer weltweiten Rezession führt, dürfte die an ein

Wirtschaftswunder grenzende Entwicklung im Inselstaat auch im kommenden Jahr anhalten.

Es mag paradox klingen, doch Frau Thatchers Stärke ist zugleich ihre Schwäche. Die politische Opposition wurde durch den dritten Wahlsieg der Konservativen völlig demoralisiert und versucht verzweifelt, wieder Tritt zu fassen. Mit einer Mehrheit von einhundert Unterhausmandaten kann die Premierministerin alle Gesetze durchs Parlament bringen, auch wenn gelegentlich Abgeordnete in ihren eigenen Reihen aufmucken sollten. Im Kabinett ist die „Eiserne Lady“ von getreuen Ausführungsgehilfen umgeben. Sie besitzt damit eine Allmacht, wie sie kaum ein männlicher Vorgänger hatte, und umstrittene Reformwerke, wie die Einführung einer „Kopfsteuer“ zur Finanzierung der Kommunalausgaben, bei der ein Millionär genau so viel zahlen wird, wie seine Haushälterin, kann sie durchsetzen, auch wenn ihre Kritiker dagegen Sturm laufen. Die britische Presse, die ihrer Kontrollfunktion wegen der strengen Geheimhaltungsvorschriften ohnehin kaum nachkommen kann, wird weiter gegängelt. In den optimistischen Chor mischen sich daher zum Jahreswechsel manch warnende Stimmen.



**British Embassy**  
No 1 Ichiban-Cho Chiyoda-ku Tokyo

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Telephone 265-5511

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A Hudson Esq  
Office of the Chancellor  
of the Exchequer  
HM Treasury  
Great George Street  
Whitehall LONDON SW1

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Your reference

Our reference

Date 15 February 1988

*Dear Hudson,*

PRESS CUTTINGS ABOUT THE UK ECONOMY

/ Further to your telephone call, I enclose the most appropriate selection we could find of recent Japanese press articles about the UK economy.

In each case, I have included the cleanest available copy for reproduction purposes, together with a further copy with brief translations of captions and summaries which can be adapted as necessary. I hope that the enclosed is sufficient. Should you need any further assistance I am sure that FED in the Foreign Office would be happy to help.

*Your ever*  
*S J Gomersall*

S J Gomersall  
Economic Counsellor

cc: P Dimond Esq, FED, FCO

### 三派連合政府の 「分裂」の危険も

【バンコク二十一日電】三派連合政府の「分裂」の危険も、シナマーク提案

### レーガン大統領 検診で異状なし

【ワシントン二十一日電】レーガン大統領の検診で、異状なしと報告された。

### 28日に直接停戦交渉

【ワシントン二十一日電】米ソ両国は、28日に直接停戦交渉を行うと発表した。

### 5千万、援助 議会に要請

【ワシントン二十一日電】米議会は、5千万の援助を要請する法案を提出した。

### レーガン大統領 検診で異状なし

【ワシントン二十一日電】レーガン大統領の検診で、異状なしと報告された。

## ニュース 幕情

【ワシントン二十一日電】米議会は、5千万の援助を要請する法案を提出した。

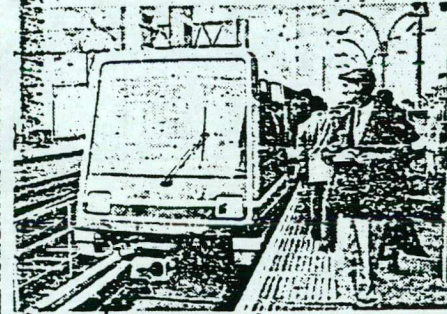
【ワシントン二十一日電】米議会は、5千万の援助を要請する法案を提出した。

【ワシントン二十一日電】米議会は、5千万の援助を要請する法案を提出した。

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DOCKLANDS  
ドックランド

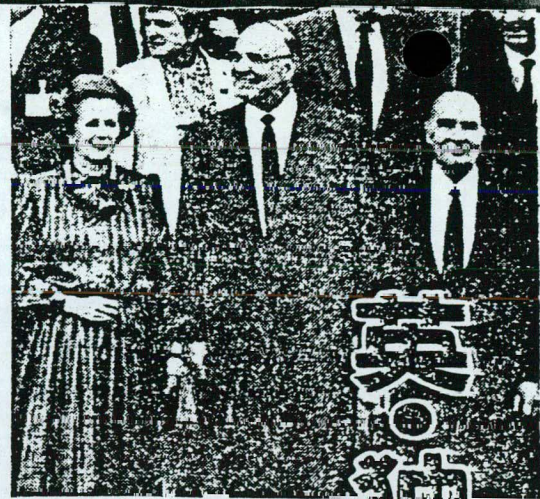
スマートな車体で人気のあるドック  
ランド。最新鋭の電車は、

経済の成功の象徴  
ドックランドの発展は、

ドックランドの発展は、

The smart docklands  
light railway is the symbol  
of the success of the British  
economy

BRITAIN



経済政策に悩む(?)英・独・仏首脳

# 英・独・仏経済の現状を分析する

十月十九日、ニューヨーク証券取引所から巻き起こった、世界同時株価大暴落は、すわ大恐慌の再来かと騒がれたが、証券市場の上げすぎは正にとどまって産業界への波及などはなかった。確かに一九二九年当時と類似した点は多々あるうえに世界最大の経済を誇る米国が貿易・財政両面の赤字から抜け出せないでいるのが気がかりだが、他の主要国経済のファンダメンタルズはそんなに悪くない。ここに英独仏の欧州主要三カ国経済の実情を紹介する。

ようだ。

英政府は、一年間に及んだ長期炭鉱ストを八五年春、力でねじ伏せ、同年は三・七％の成長を達成した。八六年は三・一％とやや鈍化した。今年四％の高成長を達成できるとすれば、「落日のヨーロッパ」の汚名を返上するのに十分だろう。だからこそ、英国民はさる六月の総選挙で、サッチャー保守党政権に野党側に百一議席もの大差をつけて単独過半数を制し、歴史的な三選を果たすことを認めたわけだ。

ローソン蔵相は、保守党大会での演説の中で、同国経済が今年、主要先進国中最も高い成長が達成できる見通しとなったことについて、①インフレ抑制を最優先に財政・金融政策両面で規律を保った運営を進めてきた、②所得税減税や国営企業民営化の効果が表れ、国民経済の活力が増した—などの理由を挙げた。設備投資や個人消費の伸びに加え生活推進の効果が表れ、同国経済を押し上

## イギリス

### 個人消費が伸び、好調を継続

PRIVATE CONSUMPTION GROWING, FAVOURABLE TRENDS IN ECONOMY SET TO CONTINUE

伊藤修

英国経済は順調に上向いている。ローソン蔵相は、十月上旬の保守党の年次大会で演説し、今年の国内総生産(GDP)の実質伸び率が、政府が今春予算編成時に見通した三％を大幅に上回り、四％に達すると上方修正、胸を張ってみせた。この数字は欧州共同体(EEC)加盟の西欧諸国だけでなく、日米を含む西側の主要先進各

国の中で最も高い数字。しかし、一方ではインフレの再燃が懸念され、来年以降は成長率が鈍化するとの予測もある。

### DEFEAT OF INFLATION THE GOVERNMENT'S FIRST PRIORITY

#### インフレ抑制を最優先

かつては「英国病」に陥っていた同国が、四％もの高い経済成長を達

成するのは一九七三年以来、実に十四年ぶりのことである。それだけにローソン蔵相は「英国経済は変ぼうを遂げた。第二次世界大戦後最もよい姿になっている」と強調、過去八年余りにわたるサッチャー政権の経済運営の正当性を誇示している。ヤング貿易産業相などは「大英帝国は再び偉大になった」と手放しの喜び

げているのは間違いない。同相は、今年度二九％から二七％に引き下げた所得税の基本税率を来年度予算ではさらに二五％に引き下げると公約、一方、残された国営企業の民営

百人になった。失業率は一〇％。こうした数字は一九八二年七月以来最も低い水準で、雇用情勢の好転ぶりがうかがえる。昨年半ばのピーク時には三百二十万人、率にして一三％

十六万人となつてはいるが、女性が多いのは週十六時間以下のパートタイムが主だからだ。ともあれ、かつての「英国病」などどこ吹く風、いまや

しかし、一方では、景気過熱の心配が出てきている。インフレは八月の年率四・四％が九月には四・二％に低下、いまのところ沈静化してい

1987.11.3

世界週報 26

1987.11.3

An article about the fundamentals of the British, French and German economies after the October 20 crash. Highlights continuing growth in the economy



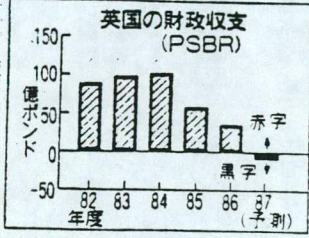


BENEFIT OF  
INCREASED TAX REVENUES AND  
PRIVATISATION PROGRAMME

(1) 14版

第36745号

(明治25年3月29日第三種郵便物認可)



英中央統計局 (CSO) の調査によると、財政赤字を返済するPSBR(公共部門の借入所費総額)

# 88年度、大幅な減税

## 87年度 税収増や民営化奏功

# 英財政、18年ぶり黒字

【ロンドン二十八日ロイター記者】英国の一九八七年度(八七年四月一八八年三月)の財政収支が十八年ぶりに黒字に転換する見通しとなった。景気拡大を背景に税収が好調なのに加え、国営企業の民営化に伴う売却益などもあり、歳入の伸びが歳出の伸びを大幅に上回っているためだ。「小さな政府」を掲げ、財政を立て直しを進めてきたサッチャー首相は、政権担当九年目での目標を達成、来年度は大幅な減税を実施する方針だ。

は八七年四月一十二月にマイナス四億千六百万ポンドとなり、財政が黒字になった事を示した。今年一三月は企業の法人税の納付が膨らむことから、八七年度累計のPSBRはマイナス十億ポンド程度と見込まれている。PSBRが年度ベースで財政黒字を表すマイナスを記録するのはウィルソン労働党政権下の六九年度以来。最近のピークだった八四年度はPSBRが百億ポンドを超えていた。

財政収支好転の最大のけん引役は景気拡大に伴う税収の増加。個人消費ブームを支えられ、VAT(付加価値税)を中心に消費関連税収が拡大、好調な企業収益を背景に法人税収も急増している。この結果、八七年四月一十二月の国庫収入は前年同期比一・一%増と、今年度の政府予算見通しの伸び率七%を大幅に上回っている。

BA(英国航空)など有力国営企業の一連の民営化が成功し

MAJOR TAX CUTS FOR FY 1988

な影響も大きい。同四月一十二月の民営化による国家収入は前年

同期比五・五%増の五十一億ポンドに達し、今年度の政府目標である五十億ポンドを突破した。一方で同期間の公共部門の支出の伸び率は前年同期比四・五%増にとどまっている。



サッチャー首相

サッチャー首相は財政の黒字の転換をとらえて、三月に決める八八年度予算案に大型減税を盛り込む。所得税の最低税率の

引き下げを柱に、減税額は三十億一千五百億ポンドの見通し。前労働党内閣の高福祉政策で悪化した財政を立て直したとアピールされた。

NICKEL 30

(7) (国際2) ★14版

【第三種郵便物認可】

"Thatcherism" bears fruit

British government spending in the black for the first time in 18 years

# サッチャリズム 実を結ぶ



good stimulus to the developed economies

英国の八七年度（八七年四月一八八年三月）財政収支が十八年ぶりに黒字に転換する見通しが強まり、九月目を迎えたサッチャー首相の経済政策（サッチャリズム）は最大の目標である財政健全化に大きく近づいた。米国のレーガノミクス（レーガン政権の経済政策）や日本の行政改革が色あせるなかで、大きな政府から「小さな政府」への大胆な移行を柱としたサッチャリズムの成果は、財政赤字に苦しむ先進国の経済運営に大きな影響を与えそうだ。

## 英財政、18年ぶり黒字に▶▶

サッチャー首相はかねて「十年は昔相でいたい」と公言してきた。「英国病」との本名を代名詞と呼ばれていた経済危機を克服し、数々の公約を実現するには少なくとも十年の期間が必要と判断していたからだ。

最低税率でも成果  
今年三月に決まる八七年度

# 先進諸国によい刺激

下野編成で、サッチャー首相はその公約の一つを達成する。所得税の最低（基本）税率、五％への引き下げだ。七九年の政権発足当時、英国の最低税率は三〇％と先進国の中で高い水準にあった。サッチャー首相はこれを段階的に引き下げ、フランス、西独とはほぼ肩を並べる「二五％」を最終目標として掲げた。

英国の主要経済指標  
(財政収支は億ポンド、その他は億米ドル)

	79年度	87年度
実質経済成長率(%)	2.0	3.4
インフレ率(同)	13.4	3.7
失業率(同)	5.1	9.4
財政収支(億ポンド)	198	110
貿易収支(同)	194	198

PSBR（公共部門の借入所）を削減し、財政赤字を減らすこと、つまり「一億人」の目標を達成する余地もできた。

中期展望が奏功  
サッチャー首相は「自働努力」という言葉を好んで口にしている。この間五％から九％台に上昇したが、これも労働生産性の上昇など企業に自働努力を求めるサッチャリズムの真意が、財政健全化という最大の目標の達成に近づくにつれて明らかになっていこう。

常にも自働努力迫る  
八七年度の英国の主要経済成長率は四％に達し、日本、米

企業に自働努力を求めたため、B A（英国航機）など航空工業も一掃を遂げた。日本や米国が九月日経

（ロンドン）藤本記者

Summary "hits the probability that government spending in FY 1987 will be in the black for the first time in 18 years, Mrs Thatcher's objective of restoring sound government finances has come closer to realisation. While 'Reaganomics' and the Japanese government's Administrative reform appear to have lost impetus, Mrs Thatcher's success in bringing about a bold change to 'small government' seems likely to have a significant influence on the economic management of the developed economies."



In Europe it is the cold season, but in England in the fifth year of Mrs Thatcher's government the economy is looking up and there is an atmosphere of Spring. Is Mrs Thatcher's revolution through tough medicine really shake Britain out of the grips of the "British disease"? We present a cross section of reviving Britain through the rich and varied lives of the ordinary people of London" (12-part series)

LONGING FOR THE DREAMS: THE BRITISH ROAD



「テムズ慕情」は、テムズ川を流れるロンドン市街の風景を、作者の独特な視点から描き写した。テムズ川は、ロンドンの命脈を司る。この川を流れる水は、ロンドンの歴史を刻み、ロンドンの未来を照らす。作者は、テムズ川を流れる水を通して、ロンドンの歴史と未来を語り、ロンドンの魂を表現している。

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イーストエンドの花

イーストエンドの花  
「敵ながらあっぱれ」  
イーストエンドの花は、ロンドン市街の風景を、作者の独特な視点から描き写した。イーストエンドは、ロンドンの歴史を刻み、ロンドンの未来を照らす。作者は、イーストエンドを流れる水を通して、ロンドンの歴史と未来を語り、ロンドンの魂を表現している。

ハイチ  
大統領選投票始まる  
武装兵が警戒 首都で放火

【ポルト・フランス(ハイチ)十八日電】大統領選投票が始まった。ハイチ十八日、大統領選投票が始まった。首都ポルト・フランスで、武装兵が警戒を敷き、首都で放火が発生した。投票は午後五時から始まり、午後八時までに完了した。投票率は約六十パーセントと見られる。選挙結果は二月三日までに発表される予定だ。

比統一選きょう投票

【ブリュッセル十八日電】ベルギーの大統領選投票が十八日、全国で実施された。投票率は約七十パーセントと見られる。選挙結果は二月三日までに発表される予定だ。

私はルアーを西ドイツで買った。西ドイツの約道員で教えられて、バイエルンの高原で試してみた。一人でドイツであったから、これがホントの「独学」。

開高 鐘  
ちよつと短かい鐘  
その10



SUNTORY WHISKY ROYAL

1988年1月18日

*PHJ*

FROM: A P HUDSON

DATE: 22 February 1988

MR PICKFORD

cc Sir P Middleton  
Mr Scholar  
Mr Culpin  
Mr Odling-Smee  
Mr R I G Allen  
Mr A C S Allan  
Mr Bush  
Miss C Evans  
Mr Flitton  
Mr Curwen  
Mr Tyrie  
Sir Antony Jay

**BUDGET BROADCAST CHARTS**

The Chancellor was most grateful for your 16 February minute. He would be grateful if copy recipients could come to tomorrow's meeting ready to comment on each chart. The Chancellor's own shortlist is as follows: 1a, 2a, 3a, 5, 8a, 10b, 13, 14, and 15b. Instead of 4, to show inflation and growth on the same chart, he suggests you try superimposing 3a on 2a. For the broadcast, we shall need 6 charts.

A handwritten signature in black ink, appearing to be "APH", with a long horizontal stroke extending to the left.

A P HUDSON

BROADCAST 23 Feb.

Next Thurs,  
3 March,  
4.30 pm

C, Sir AJ, RPC, MCS, ~~RP~~ RIGA, SJP, PC, CE, ACSA,  
AHT, AGT, PJC, JF.

Charts

C Not odd-shaped frame. ~~Don't~~ Don't like dappled effect.  
Nor line graph with shadow.

JF Tech. possible to adapt.

C Shortlist

✓ 1a

2a

3a

- Def. runner.
- ① [1a] Euro growth
  - ② 2a GDP
  - ③ 3a Infl.
  - ④ Superimp.
  - ⑤ 11a Real take home pay
  - ⑥ Exports.
  - ⑦ ~~15b~~ 15BR
- + Montage

Then superimpose 3a on 2a. Line on bar.

OR have red bar & blue bar.

Superimposition is good: shows inflation as spectre at least.  
Have to be careful how we animate.

Growth surge - infl spike - growth surge - infl spike - growth surge - infl stays low.

Left thick line in red; bars in blue. Need to go rap on the text early, & not change it. Do trial in advance.

C Shortlist (Cont'd)

5

Says some thing as (1a) for most people

Unhappy with all Emp charts. Don't like 1977 start even. Cd we get 8a in a form people can take in? If we have a V chart, either show this country or int. comparisons.

Urge rethink on Chart 7. Cd say "toughest to crack, took longest, now succeeded."

Perhaps give up chart & have really good words.

C Shortlist (Cont'd)

13

Get report chart for C from last time.

AJ 13 "otiose: out it goes"

BC Pat 14 in.

RPC Worried.

MCS Less worried.

JOS Cd say "living stds" not RTHP.

C Keep in

C 15 b in.

ACSA Have gap in deep red.

SJP Moving into the black.

AJ Worried chart too complex.

C Balanced bgt a v. strong opening. Cd AJ draft it? Don't want chart too near beginning.

Use term "budget deficit".

Last had balanced bgt in 69-70.

Cf. 75-6 - £[39]bn in today's terms.

C Rest needs changing only to fit pictures.

Montage

AJ C will have to translate, say words over screen.  
C "Unlikely sources." Japs last but one, then D. Murri

French: maîne boom

German: Mehr... Aufwand

Japs. Prob last one.

AJ Get 4 or 5 " draft, & look at it.

C So get US.

Text

C Lost "weathering the storm", prob ~~str~~ add at end.

(Tidy up drafting later.)

JOS On 3, play down cause & effect. Cd expand a bit on money growth.

C Stick with "paid for". Redraft "money" to "it couldn't last".

JOS Don't like "inflation killed..."

C Or Always ended in tears.

AJ Show red mll line right across line.



p 2 Redraft "nearly 25%."

Peak 1980 not 1981.

Have to decide what to. ~~Lowest~~ Drop "now" & say  
"lowest levels for 20 years".

✓ Caption 4 Delete "Real" ~~is at~~ ~~His~~

~~Thought~~ Don't like "all-time high". Thought is living  
std way above they were.

✓ Shorten the 3rd sentence to "That's what led to and lead to  
infl. as in past"

Final sentence on p 3 oversimplified.

Shd be: ~~control inflation~~ ~~plus supply side~~ strong economy  
only way to ↓ V.

✓ May change V slightly ∴ no graphs. But

Not "on record" - "since the war" & delete "sustained".

Montage - got to see if it works.

Redraft lead-in to measures section once written measures.

## BUDGET BROADCAST: DRAFT OPENING SECTION

Put  
Pl. type on  
plain.

~~It took time, but now we are <sup>reaping the reward.</sup> ~~seeing the result~~~~

~~unemployment~~

~~balanced budget. Old days good.~~

Once upon a time, governments used to believe that it was their job to balance their budget; not to spend any more than they could raise from taxes. But taxes aren't popular. So governments found a clever way out. They borrowed. That meant they could spend more. But it also meant that they were loading interest payments on future years, and future generations. In a way they were taxing our future.

Obviously a small amount of borrowing doesn't matter ~~so~~ much. The trouble is, it's addictive.

And by the <sup>mid</sup> 1970s Britain was seriously hooked.

So much so that borrowing was nearly 10% <sup>low</sup>

of the nation's total output. Today, that would represent forty billion pounds.

~~That~~ For nine years this government has fought to free Britain from that terrible burden. And the result is that tonight, for the first time in nearly 20 years, I as chancellor can tell you, with pleasure and pride, that once again Britain has a balanced budget. Last year the figure for government borrowing was nil. And that's where I intend to keep it.

~~has been~~ Controlling expenditure in this way  
Balancing the budget always  
hasn't been easy and it hasn't been popular.

~~But the results, for all of us, have been~~  
~~spectacular.~~

But in conjunction with all our measures to liberate initiative & reward enterprise, it has produced spectacular results for Britain.

# Independent Television News Limited

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23 February 1988

*ppp*

I'm pleased to enclose your complimentary copy of the ITN Budget Factbook. This year it is available in bookshops for the first time (price 3.95).

The fact book sets out the choices open to the Chancellor on March 15th, when he presents his fifth Budget to Parliament. The book was originally designed as a guide for ITN journalists and guests appearing on ITN's Budget programmes. Since 1973 it has been sent to a wider range of people including MPs, trade unionists and businessmen. We hope that you will find your copy useful.

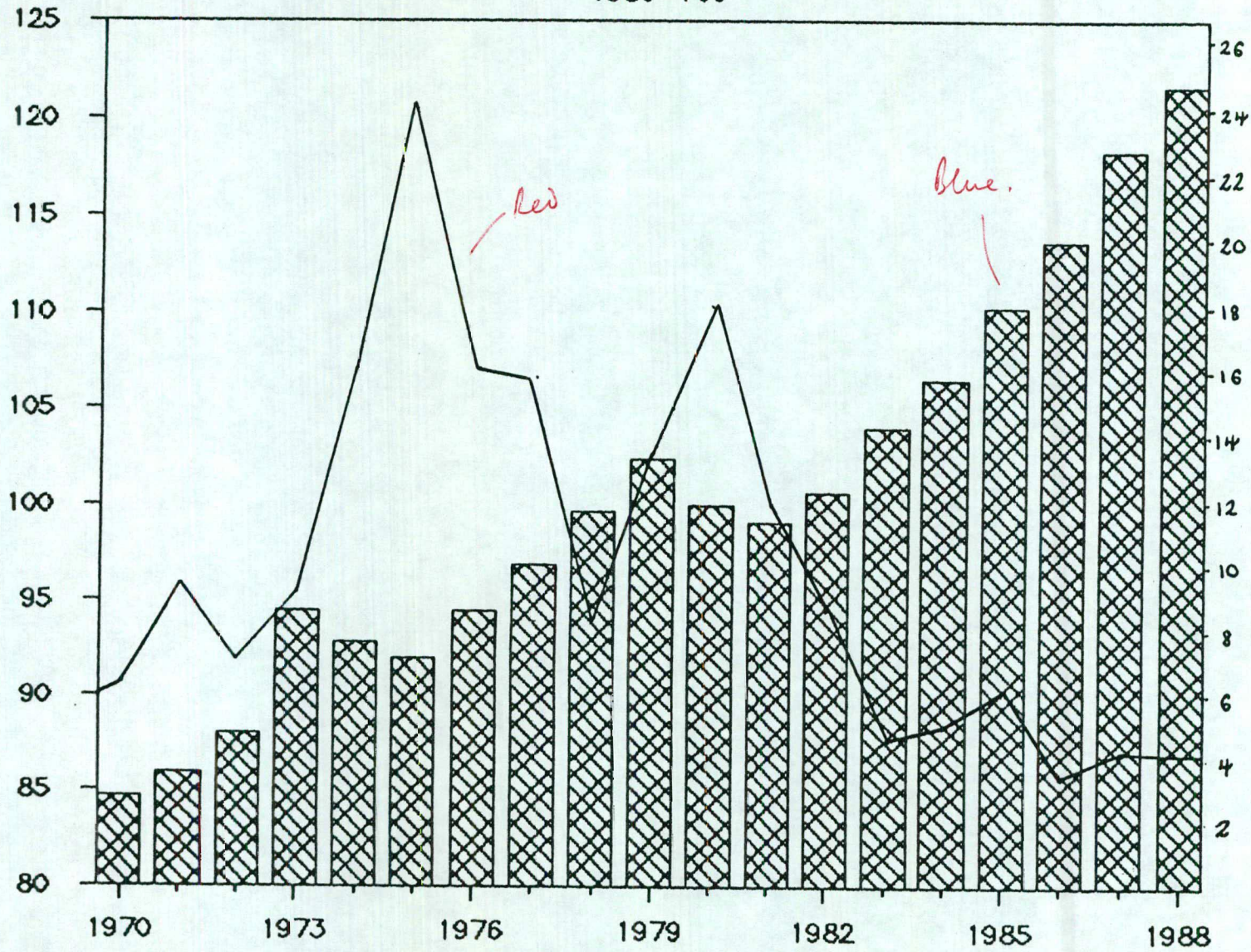
ITN's special programme, BUDGET '88 will be presented by Alastair Stewart, Carol Barnes and Ed Mitchell and will be on air from 3 pm to 5.45 pm on Budget Day.

*Yours sincerely*  
*Geraldine Sharpe Newton*

Geraldine Sharpe Newton  
HEAD OF PUBLIC RELATIONS

# GDP (Average measure)

1980=100

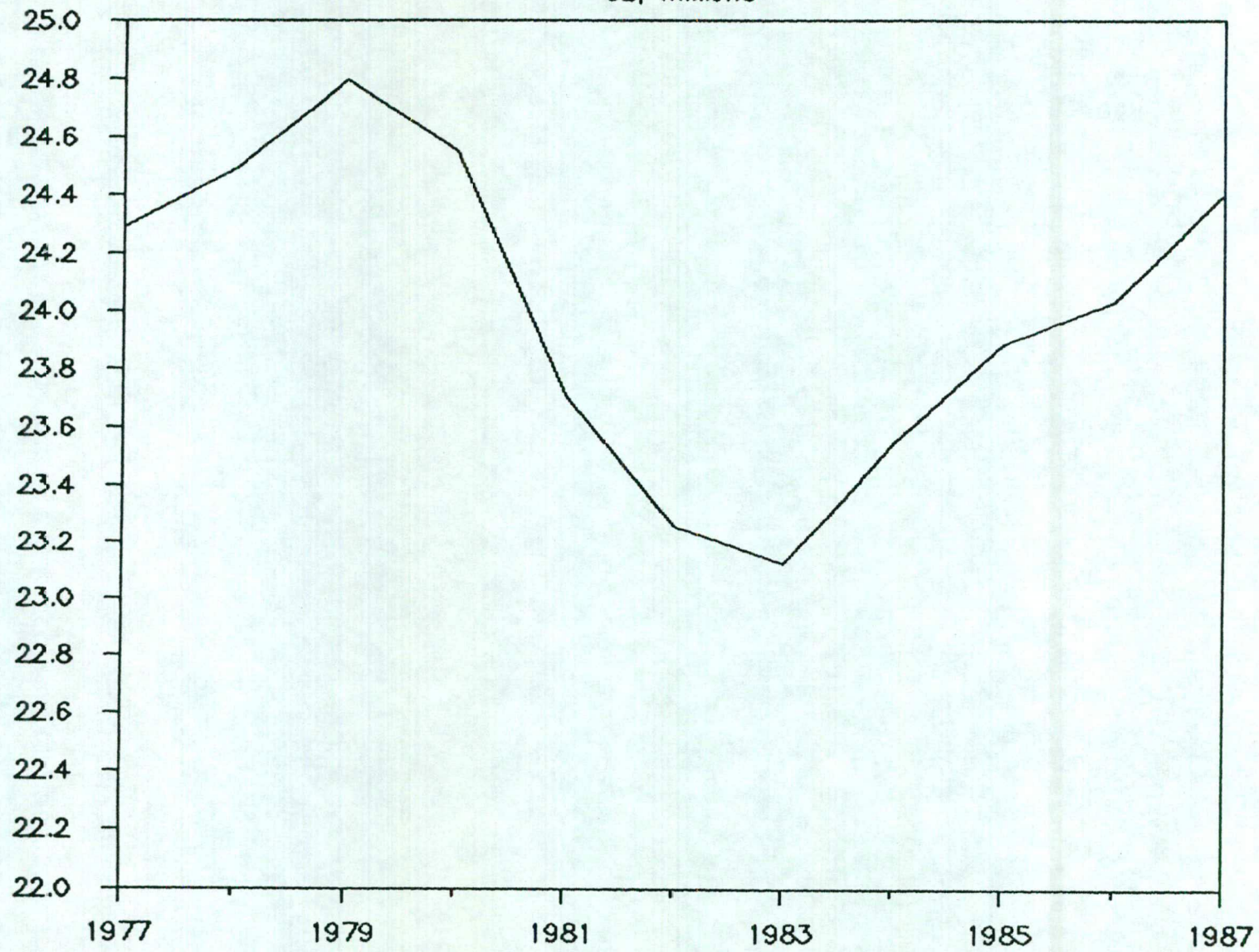


INFLATION RATE ; per cent

1987 & 1988 - AS forecast

# EMPLOYED LABOUR FORCE

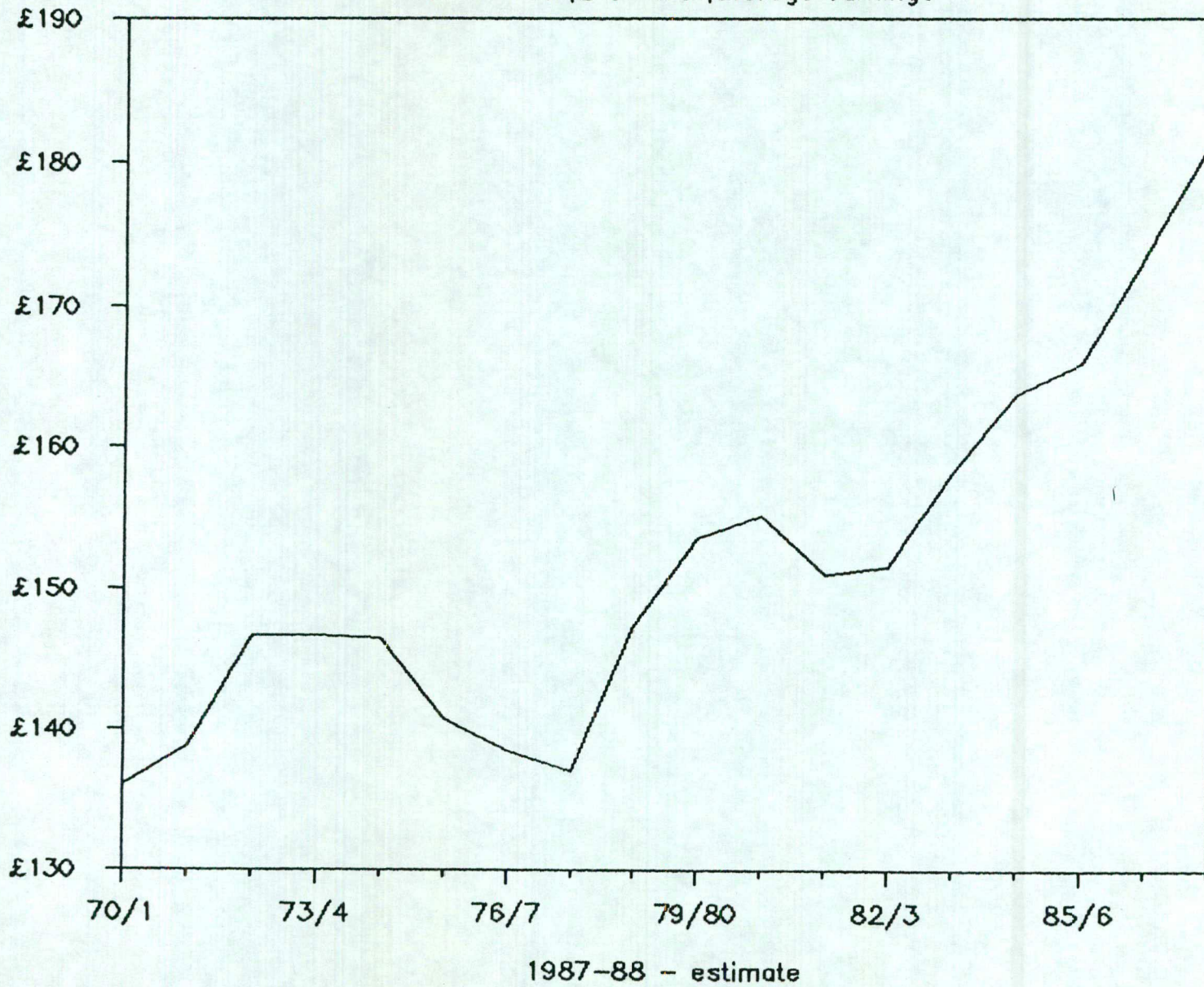
GB, millions



# REAL WEEKLY TAKE HOME PAY

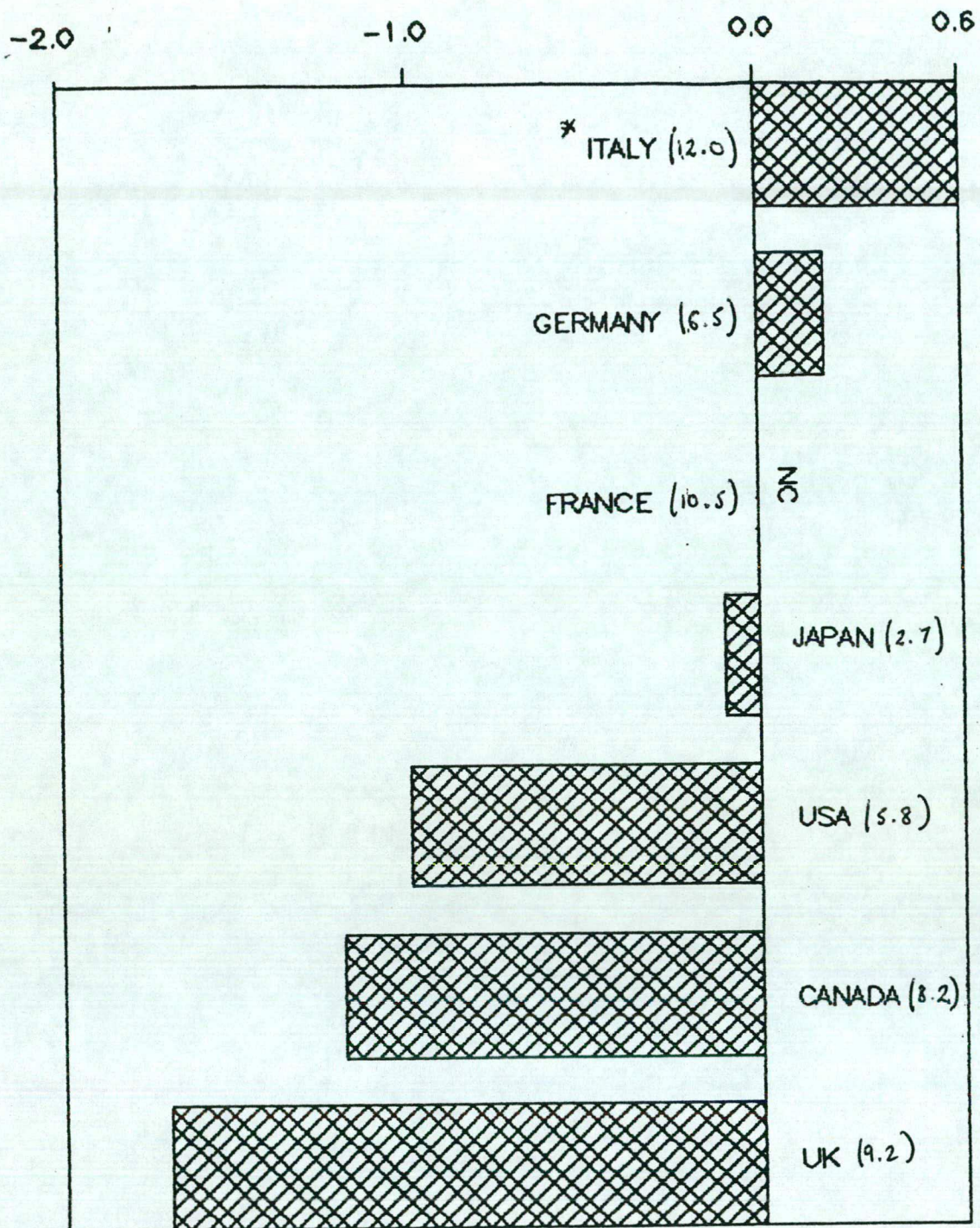
Married man; 2 children; average earnings

1987-88 prices



# OECD STANDARDISED UNEMPLOYMENT RATES

Change in year to 1987Q4



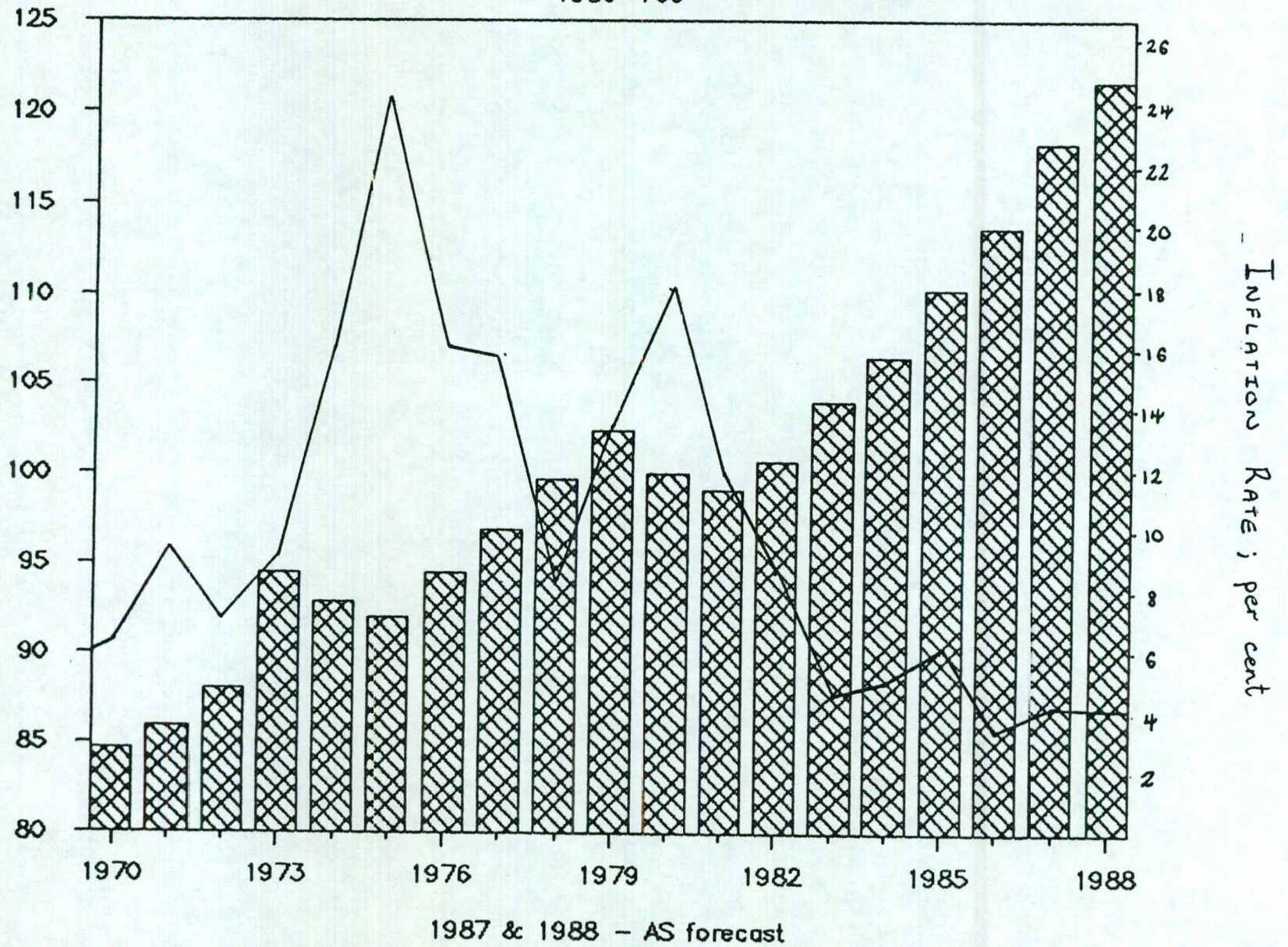
( Unemployment rate In 1987Q4 )

\* year to 1987Q3



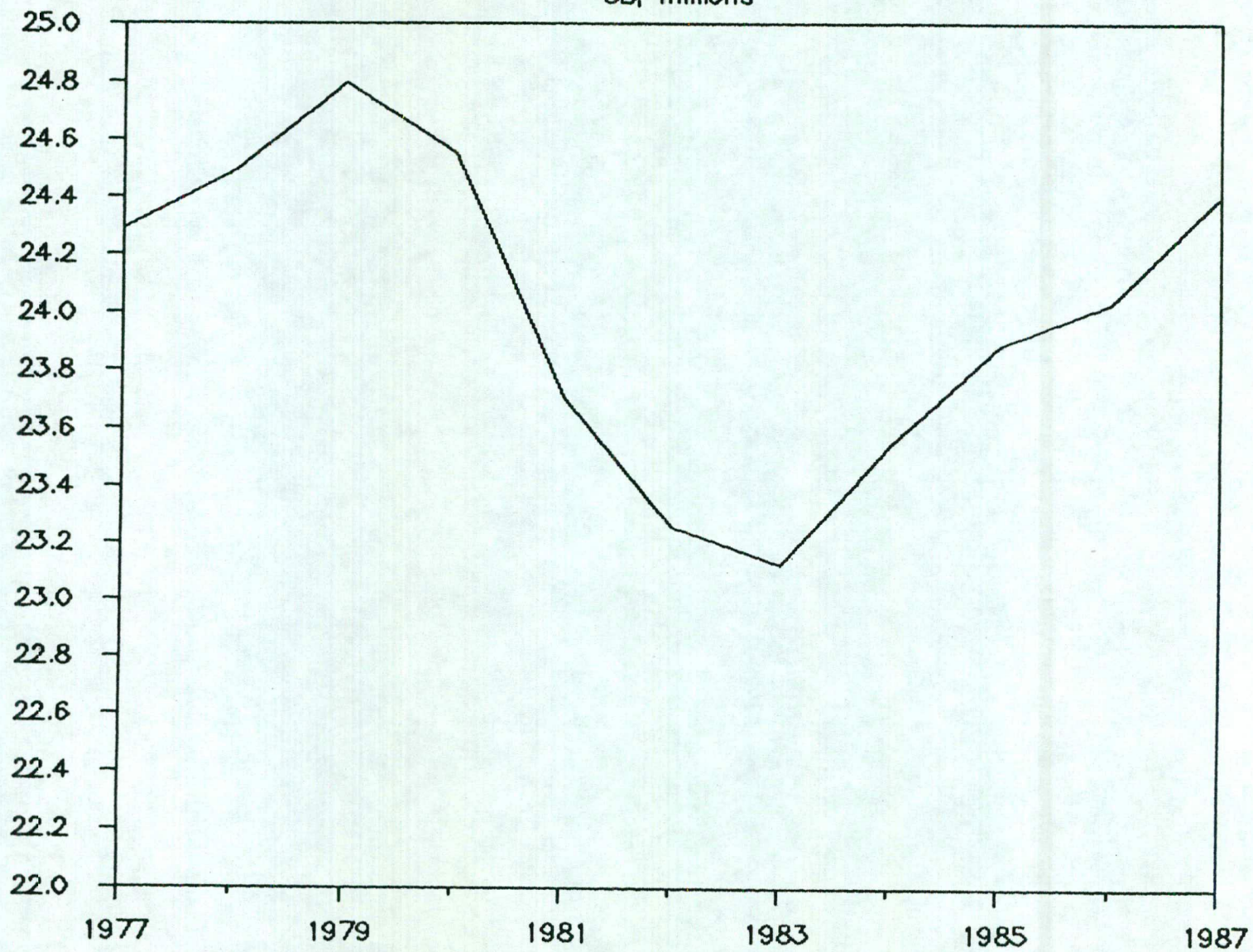
# GDP (Average measure)

1980=100



# EMPLOYED LABOUR FORCE

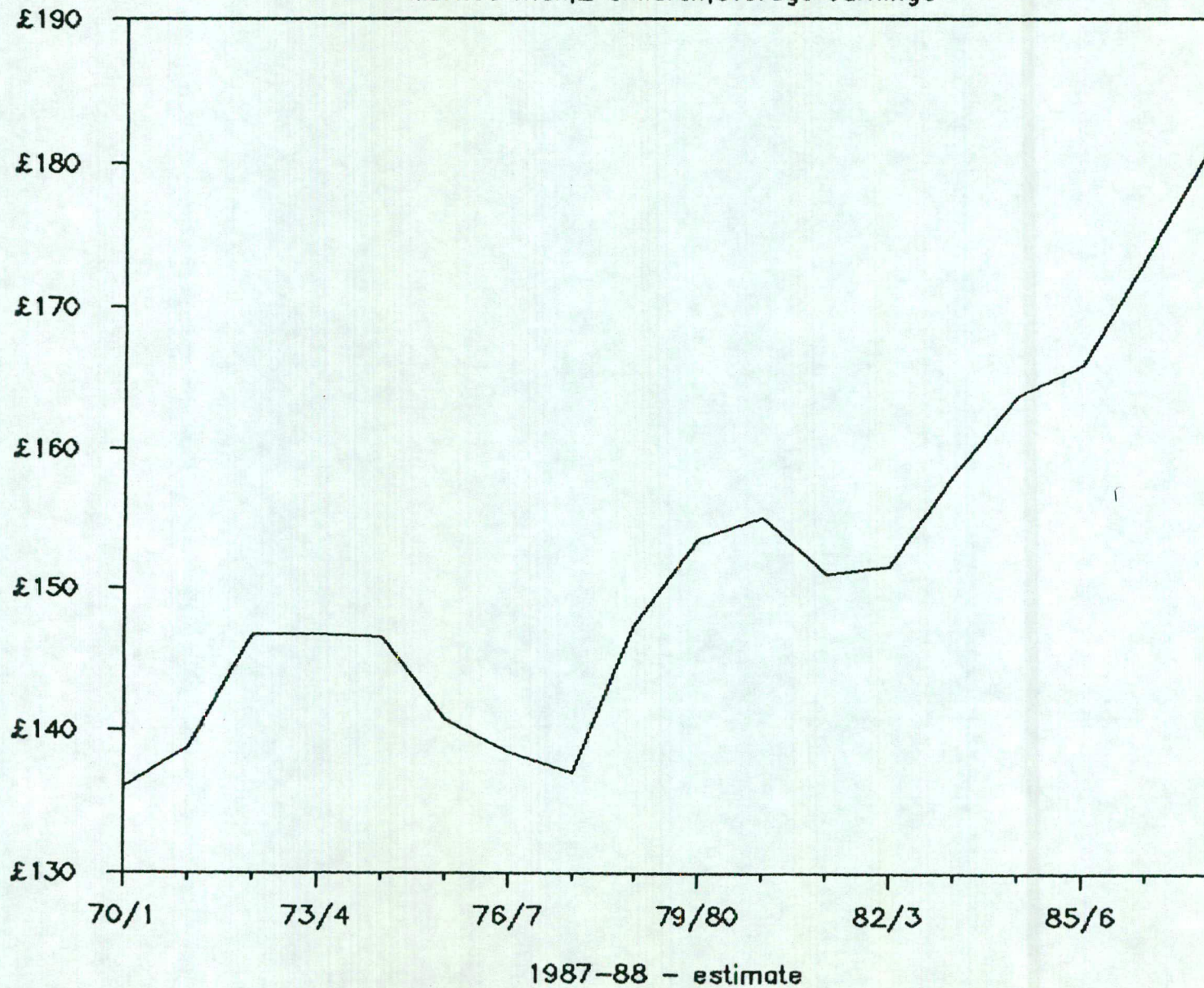
GB, millions



# REAL WEEKLY TAKE HOME PAY

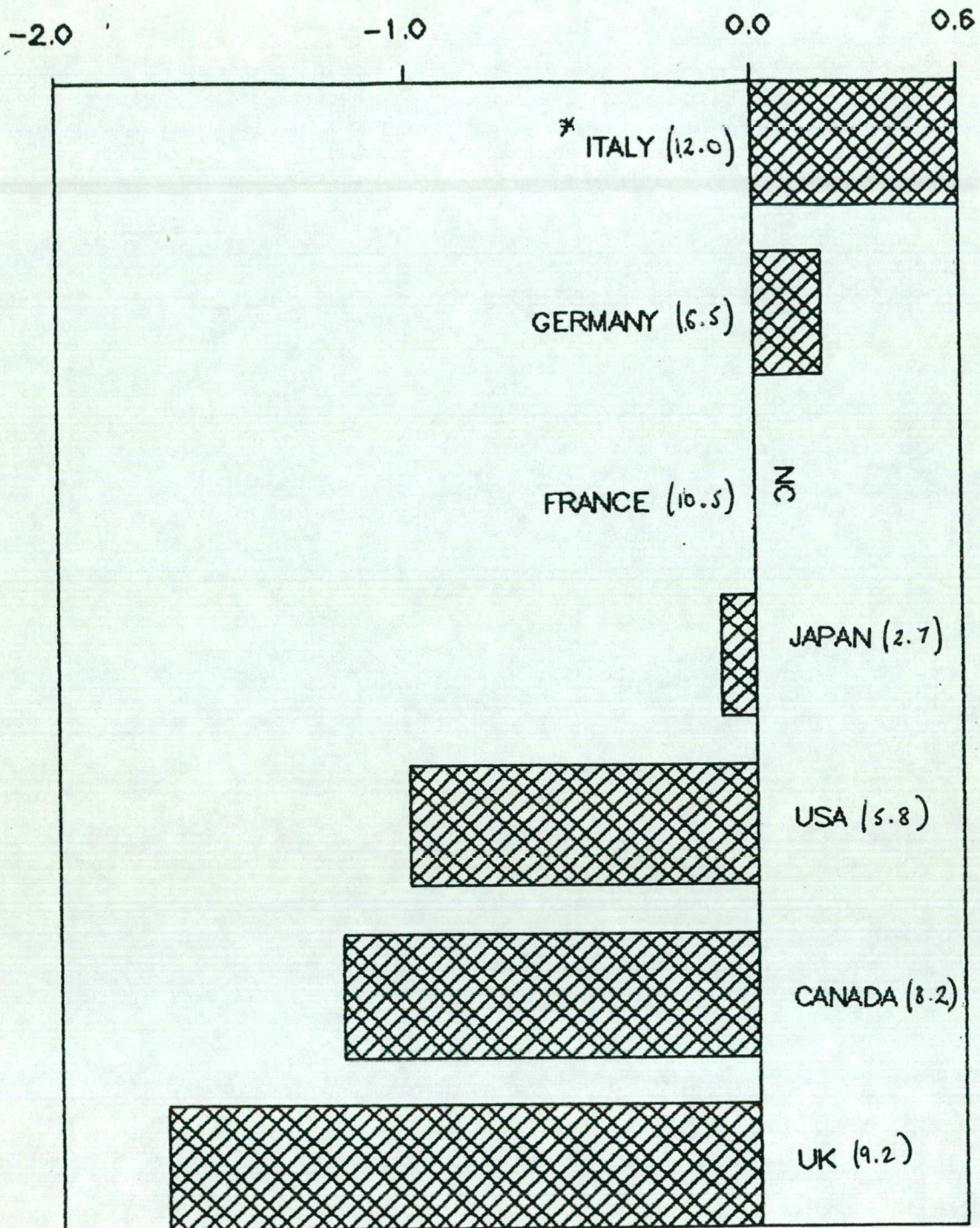
Married man; 2 children; average earnings

1987-88 prices



# OECD STANDARDISED UNEMPLOYMENT RATES

Change in year to 1987Q4



( Unemployment rate in 1987Q4 )

\* year to 1987Q3