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CONFIDENTIAL FILING.

Prime Minister's meeting with Conrad Black  
and the board of Hollinger. 6 September 1989

PRIME MINISTER

January 1989

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>22.9.89.</del>							
<del>30.8.89</del>							
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PRIME MINISTER

He's confirmed  
Monday at 1730  
CP

CONRAD BLACK

Conrad Black is quite keen to have a chat with you soon. The Telegraph has been very supportive in recent weeks and I think it would help if you could find time to talk to him for half an hour. He is going away at the end of the week for about three weeks, and it might be helpful to squeeze him in this Thursday. Agree to see him then?

RF 11

CP

Delayed to do so

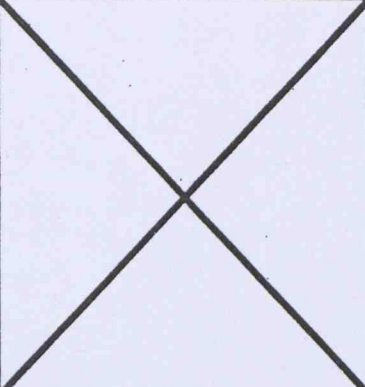
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(CHARLES POWELL)

2 April 1990

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# **A** The National Archives

DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>3114</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Letter from Knight to Powell          dated 21 September 1989</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
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THE GUARDIAN  
Wednesday September 20 1989

## Proprietor takes up the reins of the Telegraph

Georgina Henry

MR CONRAD Black, the Canadian owner of the Daily and Sunday Telegraph, is to take a full-time role in the running of the newspapers following the resignation of Mr Andrew Knight, his chief executive and editor-in-chief.

Mr Knight, who is the architect of plans to merge the resources of the two titles, announced yesterday that he is stepping down at the end of October. He will stay with the group as deputy chairman and plans to see through the editorial integration of the papers, which has been strongly opposed by journalists.

There is speculation that Mr Black's company, Hollinger, may be preparing to bid for United Newspapers, possibly with another group. Ingersoll, the North American owners of the Birmingham Post & Mail, has been tipped.

Mr Knight, a former editor of the Economist who was appointed in 1986, said he and Mr Black agreed the group needed an active proprietor. "We have created a kingdom, now we need the king to reign."

TONIGHT'S WEATHER: COLDER

# Evening Standard

LONDON, TUESDAY, 19 SEPTEMBER, 1989

20p

## 'King' Conrad to run the Telegraph



HANDS ON: Conrad Black

**CANADIAN** Conrad Black today became Britain's latest "hands-on" Press proprietor as he took over day-to-day control of the Daily and Sunday Telegraph.

Mr Black moved in as Andrew Knight stepped down as chief executive.

Mr Knight, former Economist editor and the man who introduced former owner Lord Hartwell to Conrad Black, said: "We've

by Valentine Low

created the kingdom. We want the king to take over.

"I've spent the last two-and-a-half years publicly badgering him to come here and do that. It's the most satisfactory possible outcome. I'm very happy about it. There are decisions which only an 80 per cent shareholder can take."

He added: "This gives me the ability to work for Con-

rad in the way I want to work for him—to help him with what is going to happen rather than what has happened. The Telegraph is going to make itself a major Press group—that's what I'm moving on to."

Black's Hollinger company acquired control of the Telegraph group in 1985 for £30 million. It is now valued at £420 million.

Mr Knight, who owns three per cent of the company's shares—worth

around £12,600,000 before tax—joins Sir Frank Rogers as deputy chairman. He is credited as author of the generally unpopular plan to merge the Daily and Sunday Telegraphs.

Mr Knight said he would work on the company's plans to become a major publishing group in the UK and Europe. It is widely believed that Mr Black will use his day-to-day control to expand his publishing interests on a much larger scale.

He has a 7.5 per cent shareholding in the United Newspapers group—publishers of the Daily and Sunday Express, the Star, Yorkshire Post and Punch—and persistent City speculation suggests he is stalking Lord Stevens' media group.

"We are not in a hostile takeover situation," Mr Knight said. "We just want to be there in case anything happens."

Mr Knight will not be replaced as chief executive. Mr Black said he was now "sufficiently in the UK to act as an executive chairman".

In a message to staff Mr Knight said: "In early August, I suggested to the chairman I should step down as chief executive and editor-in-chief once we had carried through the final phases of editorial integration and other changes in October.

"The company has returned to increasing profit, the senior management team is well established, and the last of the major changes I introduced earlier this year is almost complete. My primary contribution has been made and, taking the same rigorous attitude as we apply to every other level of the company, I believe I should now make my own job of chief executive redundant.

"Discussion of such a change usually gives rise to rumours, so I am putting out this statement to forestall them."

Mr Black said: "All those with an interest in the Daily Telegraph will be grateful to Andrew Knight for the important role he has played over the past three and a half years in the revival of corporate fortunes.

"Mr Knight has accepted my invitation to become a deputy chairman with closer involvement in the Daily Telegraph's increasing focus on strategic planning and corporate development.

"As his statement to the staff indicates, Mr Knight will continue to serve as editor-in-chief until the editorial initiatives with which he has been so intimately associated have been fully implemented."

# Black will take executive role at Daily Telegraph

By Raymond Snoddy

MR Conrad Black, the Canadian businessman, is to take over the executive chairmanship of The Daily Telegraph and spend about seven months of the year in London.

The new role for Mr Black comes as Mr Andrew Knight, chief executive of the paper, announced his decision to stand down from day-to-day control, although he will join Sir Frank Rogers as a deputy chairman of the company.

Mr Knight, a former editor of The Economist who was brought in to revive the Telegraph when it faced severe financial difficulties more than three years ago, has exercised Telegraph share options worth around £14m pre-tax.

Mr Black's company, Hollinger, controls 80 per cent of The Daily Telegraph. Mr Black, who until now has been chairman of the paper but has spent most of his time in Canada, said yesterday: "Andrew came to me and said we have completed most of what we wanted to do here."

Mr Black added that it was difficult to explain so natural a change without people raising conspiracy theories. "Conspiracy theory doesn't operate here," he said.

While Mr Knight has been chief executive, the Telegraph has been turned from a company close to bankruptcy to one expected to make pre-tax profits of £50m this year and £50m next

## Black's Telegraph move

The Daily Telegraph's Canadian publisher Conrad Black is to take over as executive chairman and will spend about seven months a year in London. Chief executive Andrew Knight is standing down from day-to-day control. FT's Tokyo plan, Page 10

Mr Knight said yesterday he felt his main job had been done and he had been trying to persuade Mr Black to take a more active involvement.

"Whereas one or two years ago we knew what the decisions were, turning the bloody thing round, that is no longer the situation," Mr Knight said. "We have created a kingdom. Now it is time the king took over."

Although the Telegraph chief executive was closely identified with the controversial move towards seven-day operation of the Daily and Sunday Telegraph, there is no sign that the issue had anything to do with yesterday's announcements.

Indeed, Mr Knight will stay in his role until the policy has been fully implemented. Journalists will be told on October 9 that the final piece in the jigsaw — the integration of the news staffs of the two papers and the introduction of five-day contracts across the board — will be announced.

It is also expected that there may be some redundancies among journalists.

The chief executive's job will not be filled at The Daily Telegraph. Mr Knight is likely to be involved in future developments there. Mr Black has ambitions to expand into continental Europe and he has also recently increased his stake in United Newspapers, owners of the Daily and Sunday Express.

THE INDEPENDENT Wednesday 20 September 1989

# Knight steps down as chief executive at 'Telegraph'

By Maggie Brown  
Media Editor

ANDREW Knight, the man credited with reviving the fortunes of the Daily Telegraph group for Canadian media entrepreneur Conrad Black since February 1986, announced yesterday that he will be stepping down as chief executive and editor-in-chief next month.

He becomes a non-executive chairman. Asked whether he had been sacked, Mr Knight, 49, replied: "I am surprised anyone thought that. I have spent the last seven weeks banging away at Conrad's door asking for this."

He said he intended to be involved in the group's development and expansion "provided Conrad finds enough for me to do". Mr Knight says he declared his own job redundant.

It follows Mr Knight's exercise this summer of £1 share options giving him the right to 5 per cent of the company's equity (6.6 million shares). This is the reward for spotting an opportunity and introducing Mr Black to the newspapers when they hit a financial crisis in 1985 under the previous proprietor, Lord Hartwell.

After sales to finance the purchase, Mr Knight now owns around 4.5 million dividend paying shares worth about £14.5m

currently (they are priced at £3.25 each) even before the stock market flotation envisaged eventually. "I am the only person of private means at Conrad's shoulder able to offer him truly independent advice," he said yesterday. But he will be taxed at 40 per cent on the share profit.

The former editor of The Economist for 11 years — who now intends to take a long holiday before returning in December — becomes a deputy chairman alongside Sir Frank Rogers, chairman of the EMAP publishing and newspaper group. In April this year the paper announced a return to profits of £29m for 1988. It made £19m in the first half of this year, and is on course for £40m for the full year.

The announcement coincides with the news that Mr Black, 45, described by those who know him as "restless and ambitious" with pronounced Thatcherite views, will act as executive chairman. He has moved his family to Britain from Toronto this summer.

"You can't have two bosses in

one office," a senior Telegraph executive said. Mr Knight had pressed Mr Black to move to England, believing it was right for someone who owned 80 per cent of two major newspapers to do so.

Mr Black is also stalking United Newspapers, owners of the Daily and Sunday Express and a strong stable of regional titles: he has built up a 7.5 per cent share stake this year. There is speculation that he may do a deal with Ralph Ingersoll, the American owner of the Birmingham Post & Mail Group, who, as yet, has made no move to purchase a national newspaper. It appears that several aspiring publishers have made approaches to Mr Black.

Mr Knight's responsibilities had already been streamlined, with the appointment of management consultant, Joe Cooke, as managing director in 1988, to handle non-editorial business.

The move coincides with a considerable decline in morale among journalists at the newspapers, which stems from the announcement of seven-day operations last March, though it is not clear whether there is any real link. They are currently taking industrial action over a pay dispute.

# The Daily Telegraph plc

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FROM CONRAD BLACK

*Prime Minister*  
*CON*

The Rt Hon Margaret Thatcher MP  
10 Downing Street  
London SW1A 2AA

*mb*

September 14, 1989

My Dear Prime Minister

It was most generous of you to receive my fellow directors and me for almost one hour last week.

I know that they all found it extremely informative and for those of them with investments in this country, or contemplating such investments, it was particularly encouraging.

Meeting you in the Cabinet Room under the portrait of one of the very few Prime Ministers who occupied office for longer than you have, helped to make even more powerful than it already was, my conviction that you should remain where you are for a long time yet.

Best wishes

Yours sincerely

*Conrad Black*

Conrad Black

PRIME MINISTER

MEETING WITH CONRAD BLACK AND THE BOARD OF HOLLINGER

You agreed to have a meeting tomorrow with Conrad Black's Board, most of whom are Canadians, but including also Lord Carrington. Unfortunately Henry Kissinger has had to drop out at the last minute because his mother is seriously ill. You will see that Paul Reichmann is one of those attending (list in folder).

You agreed to the meeting as a favour to Conrad Black and the Telegraph. You will remember that he also appears to be stalking the Express group of newspapers.

What they have in mind is an opportunity to put some questions to you and a round table discussion. Since the other main rooms are out of commission, you might like to hold the meeting in the Cabinet Room. Conrad Black could say a few words to open it and then you could deal with the questions.

C.D.P.

C. D. POWELL

5 September 1989

PM3ASS



Press Office  
The Daily Telegraph plc

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APS  
NT SR  
NT Press  
CF?

FROM CONRAD BLACK

Ms Amanda Ponsonby  
10 Downing Street  
London, SW1

119

August 30th 1989

Dear Ms Ponsonby,

I am enclosing the final list of Hollinger board members who will be calling on the Prime Minister on Wednesday, September 6th at 12 noon.

7 I wondered if you could help me with passes into Downing Street? The directors will be travelling in eight separate cars from different directions and I imagine that if each car had its own pass this would ease their progress considerably.

Can you please let me know if this is possible.

Yours sincerely,

Rosemary Millar  
Secretary to Conrad Black.

Hollinger Board - 12 noon September 6th 1989

Conrad Black

Edward G. Battle

G. Montegu Black

J A Boulton

Lord Carrington

Dixon S. Chant

Daniel W. Colson

Charles G. Cowan

Pierre des Marais II

Fredrik S. Eaton

Allan E. Gotlieb

Henry N R Jackman

(Dr Henry A. Kissinger)

The Hon. W. John McKeag

F. David Radler

Paul Reichmann

Ronald T. Riley

Trumbull Warren



MRN

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

25 July 1989

Further to our telephone conversation,  
I am writing to confirm your appointment  
with the Prime Minister for 1600 on Wednesday  
2 August. Unless I hear to the contrary,  
I will assume this suits your diary.

MRS. AMANDA PONSONBY

Conrad M. Black, Esq.

A handwritten signature, possibly 'A.P.', located in the bottom right corner of the page.



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

22 February 1989

I am sorry not to have got back to you before about your letter of 7 February. I think that the Prime Minister would be prepared to see a group of you for half an hour or so that day, probably at about 1600. I am sure she would prefer a small group. Perhaps we could have a word about who would come. Meanwhile I have put it in the diary.

(CHARLES POWELL)

Mr. Conrad Black

1600-1645

6<sup>th</sup> Sept

①

PRIME MINISTER

Conrad Black recently asked you whether you would be prepared to have lunch or dinner with the main board of Hollinger (which includes Henry Kissinger, Peter Carrington and Paul Reichmann) at the Daily Telegraph on 6 September. You commented: 'not at the Daily Telegraph'. I subsequently replied that you must decline the invitation.

Conrad Black has now returned to the charge to ask whether you could possibly receive the board for thirty minutes. There is something to be said for this, provided it does not include any Daily Telegraph editorial staff. The board are distinguished and we need to keep the management of the Telegraph on side (particularly now there are rumours that Conrad Black is thinking of buying the Express Group).

Agree to see them here?

*Yes - unless we are abroad*

OR

Maintain refusal?

C D P

C. D. POWELL

14 February 1989

SL3BHF

1219/2

# Argus Corporation

Limited

10 Toronto Street  
Toronto, Canada  
M5C 2B7

CONRAD M. BLACK  
CHAIRMAN

February 7, 1989.

Mr. C. D. Powell,  
Private Secretary to the Prime Minister,  
No. 10 Downing Street,  
LONDON SW1,  
England.

Dear Charles:

Thank you for your note of February 1 which has been transmitted to me here.

I note that the Prime Minister is unable to dine with us, but at the risk of importunity, I am moved to ask you if you think there is any chance that she would be prepared to receive us, even if only for about twenty minutes. If this is too inconvenient to be bothered with, please don't raise it with her, but I take the liberty of assuming that she would be happy enough to see our directors if she had any time available to do so.

I emphasize that I am relying on your good judgement, and if you think that she would be nettled to have the matter raised again in this way, please don't bother with it.

Best wishes.

Yours sincerely,

CMB/jea



Res. BLACK

Final  
DA



10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

1 February 1989

Dear Conrad,

The Prime Minister was grateful for your letter of 27 January, and the invitation to lunch or dinner with the Directors of Hollinger and members of the Telegraph and Spectator staff on 6 September. She regrets that she must decline the invitation. She is already committed to addressing the Inter-Parliamentary Union conference that day, and will be leaving shortly afterwards for Scotland.

The Prime Minister was very grateful for your good wishes.

Yours,  
C.D. Powell

(C.D. POWELL)

Conrad Black, Esq.

alg

# The Daily Telegraph plc

R31/1

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DIRECT LINE: 01-538 6219 FAX: 01-515 4780

FROM CONRAD BLACK

The Prime Minister  
10 Downing Street  
London, SW1A 2AA

January 27th 1989

*Noted at  
Daily Telegraph  
ml*

Prime Minister  
*Is this something which  
you would want to do?  
Yes the day before  
you leave for Scotland.  
con.*

Dear Prime Minister

Our Hollinger directors including Henry Kissinger, Peter Carrington, Paul Reichmann and a number of other noteworthy admirers and acquaintances of yours will be meeting here at the Daily Telegraph on September 6th 1989 and Charles Powell has emboldened me to ask if you would consent to have lunch or dinner with us on that day. In either case there would be no formality and while I would be delighted if you would say something to our group, which I would expand for the occasion to include some Telegraph and Spectator personnel, you need not feel any obligation to do that.

I am sure that you cannot possibly accept most invitations of this kind that you receive, but we would all be honoured if you could join us and I could assure you of an extremely cordial welcome from a gathering composed of long time friends and supporters of yours. Ideally we would meet at the Daily Telegraph but if that were not convenient for you we could select an alternative venue anywhere in the Greater London area.

I hope that the New Year finds you in good health and spirits and wish you every success in all your endeavours.

Yours sincerely

Conrad Black.



21 June 1988

Grateful for invitation and chance  
to meet so many of the people who are  
responsible for creating Canada's present  
prosperity.

Glad that Britain is playing its part  
in that prosperity through the profits  
which the Daily Telegraph is contributing  
to Hollinger, as a result of a remarkable  
turn-round.

Of course we are used to Canadians  
in Fleet Street (Lord Beaverbrook and  
Lord Thomson) and Conrad Black is continuing  
in a great tradition.

Particular tribute to the role he has played together with Rupert Murdoch in helping to turn round a loss-making industry by adopting new technology and challenging union power.

Grateful also for his part in the renewal of the London Docklands by moving the Telegraph offices down there. Other Canadians here tonight are also playing a major part by taking on the development of Canary Wharf.

Tribute to Canada's remarkable economic success. Highest growth rate in OECD, declining inflation, declining unemployment, growing investment, rising incomes. It shows that an economy responds well to being set free.

That has been our experience too.

21 June 1988

## POINTS FOR SPEECH TO CONRAD BLACK DINNER

- grateful for invitation and chance to meet so many of the people who are responsible for creating Canada's present prosperity.
- glad that Britain is playing its part in that prosperity through the profits which the Daily Telegraph is contributing to Hollinger, as a result of a remarkable turn-round.
- of course we are used to Canadians in Fleet Street (Lord Beaverbrook and Lord Thomson) and Conrad Black is continuing in a great tradition.
- particular tribute to the role he has played together with Rupert Murdoch in helping to turn round a loss-making industry by adopting new technology and challenging union power.
- grateful also for his part in the renewal of the London Docklands by moving the Telegraph offices down there. Other Canadians here tonight are also playing a major part by taking on the development of Canary Wharf.
- tribute to Canada's remarkable economic success. Highest growth rate in OECD, declining inflation, declining unemployment, growing investment, rising incomes. It shows that an economy responds well to being set free.
- that has been our experience too.

Government's Role

- government doesn't know what the jobs of tomorrow will be. But if government gets the conditions right, the jobs will follow. Government's role is to set the economic and political framework by pursuing sound and consistent policies.

## The Principles

We have followed four principles - sound money and low inflation, prudent finance and living within your means, removing the obstacles to enterprise and free-trade - as the key to sustained growth.

### Sound Money

- first we showed that you cannot buy sustained growth with higher inflation. No economy can thrive if the Government debases the coinage. No society can be fair or stable when inflation eats up savings.

### Prudent Finance

- second we ran our finances prudently. In the difficult days of 1981 we made a substantial cut in our own deficit. 364 economists wrote to The Times saying it wouldn't work. They were wrong: it was the starting point for six years of growth. A country has to run its finances soundly, which means financing public expenditure honestly.

### Removing the Obstacles to Enterprise

- third we have restrained government and liberated men and women. We have set them free from controls of wages, free from restrictions on enterprise, free from penalties on investment, free from exchange control, free from punitive taxes on effort, free from the shackles that socialism imposed on the work and imagination of the people.

### Incentives

- fourth we show that the priority has to be incentives to create wealth, not taxes to redistribute it. That is the great divide in politics. High taxes don't redistribute

income, they redistribute taxpayers - from high tax countries to low-tax countries. They redistribute accountants - from improving efficiency to avoiding tax. They redistribute work - from honest employment to the black economy. They redistribute economic success as Britain learned to its cost in the 1960s and 1970s.

Too many politicians assume someone will create the wealth for them to redistribute. They concentrate on the distribution, not on providing the conditions for creating it. We understood that first you have to create the wealth that tax cuts produce which pays for higher benefits. All based on simple but fundamental truth in Abraham Lincoln's words: 'you cannot strengthen the weak by weakening the strong'. If you are going to keep the engine of prosperity going, you do it by incentives, you do it by people who want to profit from their own efforts to better their families. You give people something to go for. Where socialism levels down, we say the sky's the limit. There is the ladder: climb as high as you can.

#### People who earn want to own

- We also understood that as people earn more so they want to own more. We have created a property-owning democracy. Two thirds of people now own their own homes. Nine million individual shareholders, three times more than 1979. For the first time most families have a substantial legacy to pass on to their children. We are the first post-socialist society.

#### The Result

- the result is clear:
- the British economy is booming, one of the most successful, growing faster than any other economy in Europe. New products, new technologies, new jobs are

springing up in every corner of the land.

- 500 new businesses opened each week since 1979, 1.7 million new jobs since 1983, 3 million self-employed compared with 1 million ten years ago. The people of Britain are prospering again.
- The recovery is soundly based. We are not piling up deficits for future generations to pay. We are in surplus, we are repaying debts. We have cut taxes, increased public spending, cut public borrowing and ended up with a surplus.
- We have struck a better balance in society. The ideal society is one in which the correct balance is struck between the rights of the individual and the needs of the community. The individual has the right to freedom to realise his full potential. The community needs the resources to look after the weak, the sick and the vulnerable. If you lean too far towards the individual you get an insensitive society. If you lean too far towards the community, you get a suffocating one. Release the individual and the community benefits as well.

### Conclusion

- It has been our experience that whenever a socialist government attempts to increase human wealth and happiness, grass never grows again. Instead we have encouraged the values of hard work, self-reliance, thrift, enterprise; the relishing of challenges, the seizing of opportunities. We have extended opportunity and choice to those so far denied them. The result has been success, not because the character of the British people has changed over the last eight years. It's their perception of what they can achieve with a government on their side. They always wanted to succeed: now they expect to succeed, and they do succeed.

21 June 1988

POINTS FOR SPEECH TO CONRAD BLACK DINNER

DOMESTIC ISSUES

- In the last nine years our economy has been transformed.
- new products, new technologies, new jobs are springing up in every corner of the land
- 500 new businesses opened each week since 1979
- 1.7 million new jobs since 1983
- 3 million self-employed compared with 1 million ten years ago
- the people of Britain are prospering again
- the recovery is soundly based
- we are not piling up deficits for future generations to pay
- we are in surplus, we are repaying debts
- the British miracle did not happen by change
- we believed that the most powerful force in economics is the liberated energies of a free people
- sound money, lower taxes and freedom for enterprise are the only solid foundations for growth without inflation
- abolished exchange control, deregulated financial services industry
- all based on simple but fundamental truth in Abraham Lincoln's words: "you cannot strengthen the weak by weakening the strong"
- tax cuts produce the wealth which pays for higher benefits.
  
- created a more stable society: a property-owning democracy
- two-thirds of people now own their own homes
- nine million individual shareholders, three times more than 1979
- for the first time most families have a substantial legacy to pass on to their children
- we are the first post-socialist society
- self-reliance is the first step towards helping others
- John Wesley: "gain all you can, save all you can, give all you can"



- self-reliance and self-respect are precious commodities: the sources of all endeavour
- spending £4 for every £3 spent by Labour, even allowing for inflation
- conservative values: self-reliance, personal responsibility, good neighbourliness and generosity to others
  
- it's not government which creates wealth, it's people
- people do best when they pursue their own vision
- restrain government and liberate men and women
- set free from controls of wages, free from restrictions on enterprise, free from penalties on investment, free from punitive taxes on effort, free from the shackles that socialism imposed on the work and imagination of the people.
  
- we believe in incentives to create wealth, not taxes to redistribute it. That is the great divide in politics.
- high taxes don't redistribute income, they redistribute taxpayers - from high tax countries to low-tax countries
- they redistribute accountants - from improving efficiency to avoiding tax
- they redistribute work - from honest employment to the black economy
- they redistribute economic success as we learned in the 1960s and 1970s
  
- the government doesn't know what the jobs of tomorrow will be. But if government gets the conditions right, the jobs will follow
- in our experience, whenever a socialist government attempts to increase human wealth and happiness, grass never grows again.
- values of hard work, self-reliance, thrift, enterprise; the relishing of challenges, the seizing of opportunities
- you cannot have policies which favour the poor unless you first create the wealth

- the British economy is booming, one of the most successful, growing faster than any other economy in Europe
- too many politicians assume some-one will create the wealth for them to redistribute. They concentrate on the distribution, not on providing the conditions for creating it.
- if you believe in freedom, you must take on responsibilities
- if you are going to keep the engine of prosperity going, you do it by incentives, you do it by people who want to profit from their own efforts to better their families
  
- a country has to run its finances soundly, which means financing public expenditure honestly
- you get the right framework of law, you enlarge opportunity and you get your taxation fair: then having put the ball at people's feet, you hope they kick it
- determination not to be deflected, singleness of purpose
- success has to be earned. Remember Goethe: "that which thy father bequeathed thee, earn it anew if thou wouldst possess it"
- pennies don't come from heaven, they have to be earned on earth
- the key to economic resurgence is getting the fundamentals right
- the Government's role is to set the economic and political framework by pursuing sound and consistent policies
- our fundamental principles have been:
  - sound money and low inflation
  - keeping spending down low
  - encouraging enterprise
  - cutting our bureaucracy and red tap
- government is not about regulating lives, it's about giving greater freedom and transferring decisions from the State to individual people
- you don't make the poor rich by making the rich poor
- eighth year of continuing growth. Unemployment down for

20 successive months. We have cut taxes, increasing public spending, cut public borrowing and ended up with a surplus

- sound policies are sound for all times
- you cannot buy sustained growth with higher inflation
- current account surpluses cannot be achieved by all countries simultaneously. No country should seek to run its economy and society in such a way as to entrench a massive and permanent balance in its favour
- four principles - sound money and low inflation, prudent finance and living within your means, removing the obstacles to enterprise and free-trade - are the key to sustained growth
- in the difficult days of 1981 we made a substantial cut in our own deficit. 364 economists wrote to The Times saying it wouldn't work. They were wrong: it was the starting point for six years of growth
- countries with a large trade surplus have a special responsibility to expand their economies
- agriculture is another area where there are damaging distortions in world trade, caused by countries competing with each other to give bigger and bigger subsidies. Japan's farmers are being paid eight times the world price for rice. The State of Iowa received more loans and other aid from Washington last year than all the nations in Africa get from the World Bank. In Europe the subsidy per cow is greater than the personal income of half the world's people
- "history teaches us that men and nations behave wisely once they have exhausted all other alternatives".
- it's not the character of the British people that has changed over the last eight years. It's their perception of what they can achieve with a government on their side. They always wanted to succeed: now they expect to succeed, and they do succeed.
- you give people something to go for. Where labour levels down, we say the sky's the limit. There is the ladder: climb as high as you can
- our experience of high taxes: up went taxes, off went

talented people. They ended up paying no taxes at all -  
in Britain. Our competitors gained

- taxes are no longer a punishment for success
- the ideal society is one in which the correct balance is struck between the rights of the individual and the needs of the community. The individual has the right to freedom to realise his full potential. The community needs the resources to look after the weak, the sick and the vulnerable. If you lean too far towards the individual you get an insensitive society. If you lean too far towards the community, you get a suffocating one. Release the individual and the community benefits as well.
- no economy can thrive if the Government debases the coinage. No society can be fair or stable when inflation eats up savings.
- as people earn more, they want to own more
- our purpose is to extend opportunity and choice to those who have so far been denied them.

*High level debt reduction via  
- low pay  
for high level*

The Principles

We have followed four principles - sound money and low inflation, prudent finance and living within your means, removing the obstacles to enterprise and free-trade - as the key to sustained growth.

Government's Role

- government doesn't know what the jobs of tomorrow will be. But if government gets the conditions right, the jobs will follow. Government's role is to set the economic and political framework by pursuing sound and consistent policies.

Sound Money

- first we showed that you cannot buy sustained growth with higher inflation. No economy can thrive if the Government debases the coinage. No society can be fair or stable when inflation eats up savings.

## Prudent Finance

③

- second we ran our finances prudently. In the difficult days of 1981 we made a substantial cut in our own deficit. 364 economists wrote to The Times saying it wouldn't work. They were wrong: it was the starting point for six years of growth. A country has to run its finances soundly, which means financing public expenditure honestly.

## Removing the Obstacles to Enterprise

- third we have restrained government and liberated men and women. We have set them free from controls of wages, free from restrictions on enterprise, free from penalties on investment, free from exchange control, free from punitive taxes on effort, free from the shackles that socialism imposed on the work and imagination of the people.

## Incentives

④

- fourth we show that the priority has to be incentives to create wealth, not taxes to redistribute it. That is the great divide in politics. High taxes don't redistribute income, they redistribute taxpayers - from high tax countries to low-tax countries. They redistribute accountants - from improving efficiency to avoiding tax. They redistribute work - from honest employment to the black economy. They redistribute economic success as Britain learned to its cost in the 1960s and 1970s.

5

Too many politicians assume someone will create the wealth for them to redistribute. They concentrate on the distribution, not on providing the conditions for creating it. We understood that first you have to create the wealth that tax cuts produce which pays for higher benefits. All based on simple but fundamental truth in Abraham Lincoln's words: 'you cannot strengthen the weak by weakening the strong'. If you are going to keep the engine of prosperity going, you do it by incentives, you do it by people who want to profit from their own efforts to better their families. You give people something to go for. Where socialism levels down, we say the sky's the limit. There is the ladder: climb as high as you can.

6

People who earn want to own

- We also understood that as people earn more so they want to own more. We have created a property-owning democracy. Two thirds of people now own their own homes. Nine million individual shareholders, three times more than 1979. For the first time most families have a substantial legacy to pass on to their children. We are the first post-socialist society.

The Result

- the result is clear:
- the British economy is booming, one of the most successful, growing faster than any other economy in Europe. New products, new technologies, new jobs are springing up in every corner of the land.
- 500 new businesses opened each week since 1979, 1.7 million new jobs since 1983, 3 million self-employed compared with 1 million ten years ago. The people of Britain are prospering again.

- The recovery is soundly based. We are not piling up deficits for future generations to pay. We are in surplus, we are repaying debts. We have cut taxes, increased public spending, cut public borrowing and ended up with a surplus.
- We have struck a better balance in society. The ideal society is one in which the correct balance is struck between the rights of the individual and the needs of the community. The individual has the right to freedom to realise his full potential. The community needs the resources to look after the weak, the sick and the vulnerable. If you lean too far towards the individual you get an insensitive society. If you lean too far towards the community, you get a suffocating one. Release the individual and the community benefits as well.



Conclusion

- It has been our experience that whenever a socialist government attempts to increase human wealth and happiness, grass never grows again. Instead we have encouraged the values of hard work, self-reliance, thrift, enterprise; the relishing of challenges, the seizing of opportunities. We have extended opportunity and choice to those so far denied them. The result has been success, not because the character of the British people has changed over the last eight years. It's their perception of what they can achieve with a government on their side. They always wanted to succeed: now they expect to succeed, and they do succeed.



IT8.7/2-1993

2009:02

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