

SECRET

1311

Jm

Confidential filing

Prime Ministers meetings with
RE Hon Margaret Thatcher

PRIME MINISTER

December 1990

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
31.1.91							
1.6.91							
5.2.92							
PREM 19/3890							

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CONSERVATIVE

CP/shrw

5th February, 1992

J. Judith

When I saw the Prime Minister last Thursday I undertook to let him have a note about what we would like his predecessor to do during an Election campaign before he sees her tomorrow evening.

As you probably know the Daily Express and maybe other newspapers know about this meeting - not, needless to say, from our end.

The Prime Minister will of course want to let Mrs. Thatcher know that we will be happy to provide any support for her election tour which she would like. We have imagined that she would want above all to visit her closest friends and I am seeing Peter Morrison and Gerald Howarth later today to discuss the sort of itinerary they may have in mind for her. In addition to this we are very keen that Mrs. Thatcher should speak at the Candidates' Conference which could be on 22nd March at the Q.E. II Centre, if the Election is on 9th April. We would hope that Margaret would speak during the televised morning session at which the Prime Minister will also address the candidates. This would mean from the outset of the campaign her support would be publicly known.

I understand that Margaret's entourage are letting it be known that if she were not invited to the final rally she would be "hurt". It may be that inviting her to a rally at the beginning of the campaign as we are proposing will get around this difficulty. I must say for the time being I would want to avoid any commitment about the final rally which I think should be as forward-looking as possible.

The Prime Minister may also want to make it plain to Margaret that we will welcome one or two strong speeches from her during the campaign, not least attacking Labour, and will give these occasions all the media support we can.

We would not propose inviting her to any of our press conferences: I do not imagine she will press us on this.

Chris Patten

Mrs. Judith Chaplin.



Recycled paper

**THE RIGHT HON. CHRISTOPHER PATTEN MP
CHAIRMAN OF THE PARTY**

PRIME MINISTER

YOUR MEETING WITH MRS THATCHER: FOREIGN POLICY

At your meeting with Mrs Thatcher tomorrow you may want to cover:

1. Former Soviet Union
 - Visit of President Yeltsin
 - Food/medical aid
 - IMF membership/long term economic aid.

2. Special Meeting of the UN Security Council
 - Your meeting with President Bush

3. Iraq
 - Action against Saddam Hussein (see separate minute in hot box) e.g. a stepping up covert propaganda campaign.
 - Maintenance of sanctions.
 - Countering the Iraqi blockade of Kurdish areas.
 - Possibility of extending the ban on Iraqi aviation from 36° to 35° north.

- 4) GATT

I doubt if you will want to raise Yugoslavia. Mrs Thatcher might, though we have done what she wanted in recognising Croatia.

Would you like notes on any of the above?


J.S. Wall

5 February 1992

c: thatcher (MJ)

PRIME MINISTER

cc. Mr. Turnbull

CALL BY VICE PRESIDENT QUAYLE ON MRS. THATCHER

Brent Scowcroft telephoned today to say that a call had been fixed by Vice President Quayle on Mrs. Thatcher during Mr. Quayle's forthcoming visit to London. For programming reasons the call had to take place before the Vice President's meeting with you. This was not how they would have wanted things, but Brent hoped this would not cause difficulties. I said that we had no problem with this arrangement. I said that, in private, Mrs. Thatcher had been critical of the British and American Governments for not doing enough for Russia, but none of this had emerged publicly during President Yeltsin's visit. [In fact, on television, Mrs. Thatcher said that the British Government had taken the lead in support for Russia.]



JSW

4 February 1992

jd a:quayle



10 DOWNING STREET

Prime Minister

You might like to
glance at these reports
before you see Mrs.
Thatcher.

Steph

1/10

Telegram
relevant to
Mrs T visits to
S.A + Moscow

S.A.

Good visit

Maddala

Sports program (^{Chair} / Tschwede).

Coach. Conference.

Ridley Book

Health Shows

No backing off.

Internal EC Transition

S.E.A. + its meaning.

Row

Vivian to EC

= Early list

In fractions proceedings. Trades.

Gooby

G + 9 + 1.

Summit. End of...
Japan/as well.

PMSP

R/W Press.

Election

Review

ANDREW TURNBULL

PRIME MINISTER'S MEETING WITH MRS THATCHER: 31 JANUARY

Westminster City Council are conferring the freedom of the City of Westminster on Mrs Thatcher, and (at her request they said) invited the Prime Minister to suggest a date in April on which he could attend the ceremony at 1200 noon, possibly staying on to lunch. The Prime Minister agreed to do this, and we offered Westminster City Council Monday 29 April (which would entail cancelling a colleagues' lunch slot). However, Westminster City Council said that, for important Council reasons which could not be disclosed, the ceremony had to take place before 24 April.

I explained to Amanda that it was virtually impossible for us to manage that sort of timing before 24 April, and wondered how strongly Mrs Thatcher felt about the Prime Minister's attendance at the ceremony. Amanda was unaware that Mrs Thatcher had suggested it (though Mrs Thatcher had dined with Lady Porter recently, when it may have been raised), and a little surprised that she would want to share the honours on a rather personal occasion. In any case, Amanda had no doubt that, given the timing difficulties, Mrs Thatcher would quite understand if the Prime Minister was unable to attend. I have, therefore, regretted the invitation.

Since the Prime Minister is seeing Mrs Thatcher tomorrow, he may wish to raise this briefly.


SANDRA PHILLIPS

30 January 1991

Mtg Record
Subject
CB
MASTER

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NOTE FOR THE RECORD

MEETING BETWEEN THE PRIME MINISTER AND MRS THATCHER

The Prime Minister met Mrs Thatcher this afternoon in his room at the House of Commons to brief her on current issues. He began by reporting on his trip to Washington and his meeting with King Hussein and then gave his own assessments of prospects for the Gulf.

The discussion then turned to the economy. Mrs Thatcher said conditions in the economy were very tough indeed, and she urged early and large cuts in interest rates. A reduction of one per cent would not be enough. She believed there was a danger of creating a mirror image of "Lawson" inflation - a recession created by excessively high interest rates created by a policy of targeting exchange rates (though in fact she did not mention the ERM explicitly). She believed there was a danger of repeating Winston Churchill's historic error of fixing the parity for the £ at too high a level. The Prime Minister pointed out that for Churchill's policy to have worked it would have been necessary to secure actual reductions in the price level. The current situation was not remotely comparable.

The Prime Minister agreed that economic conditions were tough but pointed out that the Government's fiscal position was deteriorating. Although the Budget might just be balanced in 1990/91, a deficit seemed unavoidable in 1991/92. Most of the problem lay in the shortfall of revenues as, apart from the Gulf, few additional expenditures had been agreed.

The Prime Minister hoped it would be possible to reduce interest rates before too long; as inflation differentials with Europe narrowed the market would accept such a move. But he warned against snatching at an interest rate reduction at the first opportunity. This would create the impression that the Government was determined to get interest rates down come-what-

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may and would only delay any further reductions. He believed the prospects for getting down inflation next year were good. The target of 5.5 per cent by the 4th Quarter could well be exceeded. Mrs Thatcher hoped the opportunity would then be taken to bring about a reform of the basis of the RPI.

The discussion then turned to the community charge. The Prime Minister said it was now likely that, on present policies, the average charge would exceed £400. He doubted whether this was politically sustainable. The difficulty was that the Government could not relieve the position in a way which made the fiscal prospect even worse.

He defined two problems. First, there was the general level of the charge. When the policy had been first considered Ministers had in mind a charge of £180 - 200. At such a level it would be accepted as reasonable for everyone to make a contribution. Secondly, the introduction of the Business Rate had increased the gearing of the community charge in response to changes in expenditure by local authorities. He did not think, however, that there could be any going back on the UBR. He said Ministers were looking at Community Charge Transitional Relief. In particular he was looking into whether it could be restructured in a way which would enable the statisticians to reclassify it so that increases in CCTR had the effect of reducing the RPI.

Mrs Thatcher pointed to the difficulty of criticising the principle of the community charge. Local authorities would draw the conclusion that it was such a bad tax they could put it up as much as they liked and blame the Government. Her solution would be to take education away from the local authorities and with it a large part of RSG and UBR. Local authorities would be left with a much smaller but more clearly identifiable group of functions which they would be able to finance largely from the revenues remaining to them through the community charge.

The Prime Minister said he saw the case for taking responsibility for education away from local authorities but preferred to do this

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through promoting Opting Out. Mrs Thatcher agreed with this, saying that this would enable schools to retain a much higher proportion of the funds available for education. The Prime Minister noted that such changes would call into question the existence of two-tier authorities.

Mrs Thatcher sought assurance that the Government was still going to press ahead with the health reforms. The Prime Minister said there was no question of back tracking on this. He mentioned that the increase in waiting lists might be a product of the new GPs' contract. It would be unfortunate if what was a major improvement in preventive medicine were over-shadowed by a negative side effect.

The Prime Minister reported that developments on EMU had been favourable. Support for the Delors' plan was beginning to fragment. The Germans, in particular, were expressing reservations. Herr Waigel had described the Delors' plan as "not a document on which we can begin to negotiate". The Prime Minister commented that M. Delors had made the mistake of attacking other countries as well as the UK.

ANDREW TURNBULL

3 January 1991

c\meeting (kw)

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PRIME MINISTER

MEETING WITH MRS THATCHER

You are seeing Mrs Thatcher tomorrow in your room at the House. The main subjects you will want to cover are:

The Gulf

You will want to bring her up to date following your visit to Washington and meeting with President Bush, and assure her that the Government remains unwavering in its determination to see Saddam Hussein withdraw from Kuwait. As you are aware, Mrs Thatcher had some aspiration to visit Saudi Arabia herself before 15 January, but I think now realises this is not feasible (and indeed that any visit must be postponed until much later).

Soviet Union

She will be much concerned about Shevardnadze's resignation and the implications for Gorbachev's revolution, and will be interested in the findings of the IMF report. You will have talked some of these matters through with Sir Percy Cradock and myself this afternoon. You may want to mention your intention to visit Moscow, possibly in the first week in March.

South Africa

She will be pleased at the European Community's decision to start lifting sanctions. I think she intends to visit South Africa in the Spring. There seems no harm in this.

Europe

You might give Mrs Thatcher your reflections on the Rome European Council and the prospects for the two IGCs. The press have tried to make a great deal of a change in style. But in reality the substance of policy - both on Europe and more widely - is very

much that which was endorsed by Cabinet during her time as Prime Minister.

Mrs Thatcher's visit to America

She is intending to visit the United States in early February, concentrating on the mid-West and California (where she will attend President Reagan's 80th birthday celebrations). I think she still intends to pass through Washington, but is coming to understand this is not really a very good time to be seeking out the President for a meeting.

Medal of Freedom

The President has now been in touch with Mrs Thatcher to tell her about the intention to award her the Medal of Freedom (and I see that someone has leaked it to today's Daily Express, which may not please the Americans). The President suggested that she might like to come to Washington "in the Spring", for a ceremony to receive the award, but no precise dates have yet been fixed. The Queen has given her consent.

Domestic Issues

You will know what you want to mention. But an obvious checklist would include the economy/interest rates, Community Charge and the activities of the No Turning Back Group.

There is one other point which I would like to mention to you orally before the meeting.

C.D.P.

C. D. POWELL

2 January 1991

A:\FOREIGN\THATCHER.DAS

file

889

MISS PHILLIPS

The Prime Minister hopes the meeting with
Mrs. Thatcher could be on 3 (rather than 4)
January.

Charles Powell
2 January 1991

Charles: Fixed for
3.30 pm.
tomorrow.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

Sy.

~~Sandra.~~

Re PM needs to
see Mrs. Thatcher or
3 James (apartment) or 4
James in his room in
the house. Mr. T. agrees.
Please fix exact time
with Amanda. C DP 20/12



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

Prime Minister

Good. The 3rd.
would be my preference
if that is OK,
for Mr. T.
A. 29-12

Mrs. Thatcher telephoned me
to say that she was
very grateful for your
letter (which we set round
this morning). She would
like to take up your
offer of a meeting, &
would prefer to do it before

you go to the City.

He agrees that your
room in the House would

be the appropriate place.

He returns from Switzerland

at lunch-time on 3

January, I would hope the

meeting could be over

afternoon or the Friday. I

said we would do our

best. C. D. P.



10 DOWNING STREET

26th. December.

1/2 Dear Margaret,

I would like to share with you the prevailing sentiment on the Gulf. I am in no doubt myself that:-

- (a) what Iraq has done is unforgivable
- (b) that it must be reversed (and reparations made)
- (c) this may involve conflict + we should not shrink from it
- (d) that a full withdrawal is necessary + half way measures won't do
- (e) that the dangers of no reversal are enormous;
(pretext for Saddam Hussein; danger to other small countries; a greater danger from Saddam at a later date; and a big loss of prestige for U.S. + ourselves).

None of these dangers are attractive. I found

THE ROYAL CANADIAN MOUNTED POLICE

the President very robust on all these points +
he has (as he put it) 'crossed the rubicon over
the use of force - if necessary.' I would like
to elaborate on this face to face - will ask Clark
or Andrew if they can arrange a meeting between us.

The Community charge is looking as bad
(if not worse) than we feared: - an average
of £420 which, as we discussed last Autumn, would
probably be unsustainable. But, equally, the fiscal
position is important (not least to internal rates)
& that cannot be worsened. The choices on the
charge are narrow and uncomfortable.

I am a little concerned at some of the

(2)



10 DOWNING STREET

Does comment on a 'new style' suit that suggests
new policies + I don't wish to change the drift of
policy. (Indeed, in some areas such as Education I wish
to push it further + we must press ahead with the
Health reforms).

I did, incidentally, have rather an odd note
from Edward Heath that we might talk about.

I hope you + Mrs had a lovely Christmas
+ look forward to seeing you shortly.

Yours Ever,
Alec