

Britain today has a conviction government. Not a consensus government. Not a confrontation government.

But a Cabinet of unity and singleness of purpose to see us through the recession.

Mrs Thatcher spoke with pride about her new Ministerial team as we talked in her study at No 10 about the steps she had just taken to re-inforce her economic strategy:

- * A right wing Cabinet.
- * A credit squeeze
- * A 4 per cent pay limit for public sector workers next year.

Did it all amount to a fresh start for the Government?

No. This Cabinet is the next stage of the building, the foundations of which we have laid over the last two years.

I know I'm getting the blame for the difficulties faced by industry and our people.

But that's my job.

I don't mind taking a bit of stick provided we get through.

And we will win through, you know. It will work.

mf.

I have to do difficult things because I believe profoundly and fundamentally that Britain can do far better than she is at the moment.

If I didn't care about the future of my country I wouldn't bother to do the difficult things.

And I have not heard any alternative policy which will take Britain through to ~~the~~ prosperity and the ~~only~~ only future I see that is good enough for her.

If you have conviction, people are more likely to come out and support you.

Most of the great faiths upon which our own moral values are founded would never have got started if their prophets had gone out to the people and said: "Brothers I believe in consens^{2/5}~~us~~." ₄

They didn't. People wouldn't have known what they ~~were~~ were talking about.

Instead they declared: "Brothers, these are the things I believe in. This is why I hope you will agree and come with us."

What I am doing are ~~the~~ the things which absolutely had to be done. Things which have been ducked by ~~successive~~ one government after another for about 30 years.

mf.

Don't all the signs indicate that the
4 per cent pay limit proposal will lead to
confrontation and another winter of discontent?

Confrontation? This is not confrontation.
It is a positive policy to reduce unemployment
and create jobs.

Remember, it is the taxpayer who pays
these public sector wages. The taxpayer in
the private sector who is having to take
cuts in pay to be competitive, who has
already taken smaller increases in pay and
who, in some cases have lost their jobs.

If we pay a lot more for the same
amount of work in the public sector then
we will have less available for buying
new ~~equipment~~ ^{plant} building new roads, new
buildings, equipment for schools and
hospitals.

Every new order for equipment; Every
new order for roads; Every new order for defence,
means new jobs or jobs saved.

That is the way to end the recession ^{and} to
create jobs and help our young people.

So what I am saying to the public sector
workers is this: Look, you have a job. ~~PLEASE~~
~~XXXXXXXXXX~~ For all your jobs together we can
afford to pay an extra 4 per cent.

Some of you will get a lot more than
4 per cent. [I have not the slightest doubt
that the Firemen will]

~~XX~~

MP

Some of you will get less.

But if you ~~things~~ are all going to take more, please understand that it ~~will~~ will leave the Government without the cash to create new jobs.

If the Trade Unions tell me to reduce unemployment they must help with practical action. Talk is not enough.

Frankly I think the reaction of some trade union leaders has been ridiculous.

All the confrontation is coming from them.

And it would be far better if, instead of taking up the cudgel, they picked up the brickie's trowel and tried to help me ~~rebuild~~ build the Britain of the future.

~~by increasing the interest rate?~~

Isn't the interest rate increase a major blow to ~~the~~ firms?

It is indeed. And I am the last person to put up interest rates. That is why I hesitated so long to give my approval.

But, you know, we have had our interest rate below the United States - more than anyone else in Europe - for a long time.

The fact was, it was having an adverse effect on our exchange rate. The exchange rate had started to go down and it was vitally important we should not let it fall because of its effect on inflation.

When the exchange rate falls everything you have to pay for in dollars - like petrol - goes up.

rif

We had to stop it going down further.
The consequences would have had damaging
effects on many, many things.

A lot will depend now on whether the United
states can get its deficit under control and get
its interest rates down.

And don't think this is just President
Reggan. He inherited a high interest rate
from Carter.

Critics of your Cabinet reshuffle and
economic measures this week say you are "going
for broke" - pinning everything on your ~~economic~~
monetarist policies.

I'm not going for broke. I am going for
a sound and prosperous future for Britain.

Some of the critics were members of a
Government which had to go to the I.M.F.
because they hadn't got the guts to sort
out their own problems.

I haven't had to dash to the I.M.F. I am
going this way not only because I believe it to
be right - although that is the first and
foremost reason - but because it is the only
way for a long term future.

How anyone ~~with any~~ with any
moral values can stand up before an audience,
or say to the electorate, "I am an honest politician
but I am going for dishonest money because I
haven't got enough to spend so I am going to
print it", beats me.

If I were to print twice the amount of
money there is in circulation today what would
happen? ~~You would have twice as many pound notes~~
#15

~~XXX~~
You would have twice as many pound notes in your pocket. But prices would double and you would be no better off.

The same thing happens if you print just a little bit extra money.

Unless it is taken up in extra production it goes into ~~xxxxxxxxxxxx~~ increased prices.

Then who suffers? The people who saved in pounds. Those with their money in building societies, national savings, trustee savings banks and gilt edged stock.

Every single one of them would have their pound burgled by such a policy.

Can you win the next election? ~~xxxxx~~
Have you got time to get the economy right and ^{the} unemployment level falling.

Well, the only alternative is to reflate, which is a nice cosy cloak for saying print money and send inflation soaring.

It is absurd to think that would work.

There is no magic about what I am doing. None at all.

If we carry on with it long enough it will work. It will bring prosperity and higher wages through higher production and productivity per man .

You can see it working in Germany, Japan, Singapore, Taiwan, Hong Kong, and Switzerland.

It works, it works, it works. The alternative will not.

MF

What our supporters are saying is this.
We hope in the coming year there will be signs
of success.

There are some signs now. Not enough and
we want more.

My policies are based not 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 by a nest egg for
a rainy day. Pay your bills on time. Support
the police.

All these ~~things~~ are the things I am
doing. They are things I learned at home
and they apply to Governments as well as to
people.

Will it work in time? I believe it will.

Don't forget. When Denis Healey ~~wanted~~
had to go to the I.M.F. and they started to
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ do the things I
am doing ^{the situation} ~~things~~ got much better.

They ~~the~~ they threw it all away by the
policies of reflation. ~~and~~ And they lost.

* But Sir Ian Gilmour - your former
Minister - says you are "heading for the rocks"
and "don't stand a chance" on your present
course?

I think he was most unwise to say that.
After all, until two hours before he said
it he was one of the crew of the ship.

And he showed no signs of asking to
leave.

MIB

Should he be proved right, however,
and Britain ^{came to be} governed by a Benn Led
Labour Party, what would be the consequences?

Total and utter disaster. It would cease to be the Britain we know. What he is after would put our whole way of life and democracy in jeopardy.

And I believe the vast majority of people in Britain realise that.

Doesn't the distinguished group of
Conservatives now on the back benches -
Mr Heath, Sir Ian Gilmour, Norman St John Stevas,
Mark Carlisle, Lord Soams ~~H~~ seem like an
alternative Conservative Government in waiting?

Not at all. I think most of them hope we will win through and succeed.

After all - look at the record. There was massive reflation by Ted Heath's Government between 1970 and 1974.

Remember the property boom, the problems with the fringe banks and the massive inflation which followed?

If I may say so - it didn't win the election.

Then we had Mr Callaghan's reflation in 1978. That didn't win the election either.

Because, I think, people are very much shrewder than some politicians think.

mf.

Let me say again. I do not decide where the jobs are. It is the housewife who buys. It is the wage earner, the salary earner who, with his own pay, goes to buy goods in the market places who determines what shall be reproduced, and by whom.

Who should we admire: *the chap who says we have a* ~~The chap who says~~
~~we have a challenge. The whole of British~~
~~industry is under challenge from Germany, Japan~~
~~Hong Kong, the United States and France.~~

challenge, But who says: "Oh Brothers, we cannot rise to that challenge. Lets print a bit of money?"

Or ~~xxxxxx~~ the man who says: "Right we have a challenge. We can win through. We can show the Germans we are every bit as efficient as they are. And we will?"

We have to do three things:

- * Ensure that, by our policies, companies are competitive and their products so good British customers will buy them in preference to foreign goods.
- * Give as much help ~~to~~ as we can, as a Government, to new ^{up} businesses starting up and small businesses expanding.
- * Do everything we can to help the unemployed to train and provide opportunities for the young.

The worst thing possible for young people is to have nothing to do. ~~The things we have done in the employment package in the summer are based on the German model under which young people either stay at school, go into~~

Add PM.

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after "That was not inflexibility."

We really do need ^{very} closer co-operation
^{the Departments of} between Education and Employment. Because
these two, together with Industry, are
where we are going to train to get the
skills we will need in future.

Sir Keith Joseph is an idealist for
young people in education. He has worked
~~extremely~~ very closely with Norman Tebbit
and I think we are going to get close
co-operation.

end insert.

Our objective in the unemployment package this Summer was based on the German model, ~~is~~ under which young people either stay at school, go into further education until 17 or 18, ~~or~~ get a job or go into training in industry and commerce.

We are spending enormous sums on training people.

It is my dream that during the period of my administration we will reach a position ~~to~~ where unemployment is not an option for young people.

I am often accused of being inflexible. On the contrary. I am very flexible indeed - for example when we had to take the decision to provide a lot of money for British Leyland.

We took that decision with unemployment problems in mind; in the knowledge that a lot of small businesses depend ~~on~~ on the survival of big business.

That was not inflexibility.


Does the appointment of Mr Norman Tebitt as Employment Secretary indicate a tougher ~~approach to union reform?~~ approach to union reform?

Norman has been a ~~genuine~~ genuine member of a genuine trade union. He is not new to union matters. ~~XXXXXXXXXXXXXXXXXXXX~~

When he was an airline pilot he belonged to the pilots union. He is familiar with industry and the problems of trade.

We have a Bill in the coming session in which we shall have to go much further on the closed shop.

It will be up to Norman to decide and put to Cabinet how much further we should go.

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We have to have what Jim Prior called the step by step approach to redressing the balance of power with the unions.

That is what we were elected to do. That is what we will continue to do.

~~It~~ It is the protection of individual liberty and dignity that we seek. To protect the ~~union~~ union member in the workplace from the power of the union.

- - -

What did you say to Mr Jim Prior to prevent him resigning ?

Let me not say what I said to anyone. Jim Prior is a patriot and he wanted to serve his country.

And Northern Ireland is a tremendously important job. In his heart I think Jim really wanted to do it.

I could not understand how anyone could say or imply that ^{the} Northern Ireland job looked like banishment.

For the last few months it has been ^{the} heart of British politics.

It is now more important than it was at the beginning of my administration. It has acquired ~~a~~ an international dimension.

Jim will have the job of explaining the position in N. Ireland to other countries - its economic problem, social problem and law and order problem.

He has to try to find a way through the maze of events created by N. Ireland's history which are etched upon peoples minds

Now I don't know any other job which has such a breadth of opportunity as that.

We have got to make a new effort.

I am hoping now we will find a fresh way of getting through.

It is hard to understand how people can live in the same city and not automatically get together and say: "look, we have all suffered enough.

"For the sake of our children lets get together."

For ~~is~~ this is what motivates most people. The future of our children is what one lives for.

There is something that stops that, and I just hope we can get through that barrier.

Why did you wait so long to re-inforce your Cabinet?

I had to decide when ~~that~~ was the best time to act. I came to the conclusion we were having a very very busy time in Parliament.

And I got all the decisions through.

In our first year we did two lots of cuts in forecast spending plans. Thank goodness we did.

In the second year I did a small reshuffle.

But we did not lose any major expenditure battles.

The interesting thing is that no-one resigned because they disagreed with policy. Not one. And we got the policy through.

There is more to do. We ~~have~~ go on looking for economies. We have to.

But certainly we have to see that expenditure

PM 13.

Leak.

What further steps can be taken to
uphold the rule of law?

We are determined to see that the
rule of law is upheld in our society.

People are worried about law and order.

And it doesn't help if people attack
the police - I don't mean physically -
but attack them by words or try to undermine
them.

Freedom from mugging is just as
important ^a ~~an~~ freedom for the people of
our country as many others.

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Leader Page: PM.

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"Don't worry what people think now. Don't ever work for popularity. Above all, don't care what the newspapers say.

"What is important is that your decisions should be clear, and stand ~~the~~ up to history.

"All you have ~~to~~ got to think about is whether your children and grandchildren will think you have done well."

Advice to Earl Mountbatten of Burma from his mother -- which has now been adopted by Mrs Thatcher as a guiding text.

end panel.

Leader Page.

PM.

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Panel.

Humphrey Atkins did a splendid
job in Northern Ireland.

But Maggie Atkins has been
marvellous. She has been
wonderful.

Over there, out and about -
She has done wonders.

And I am sure Jane Prior
will do the same.

It is a job with tremendous
scope for the able wife of an
able Minister!

end panel.