

PRIME MINISTER

New Year's Eve Broadcasts

You have agreed to give, as last year, short (up to five minutes) news interviews for BBC radio and TV; ITN; and IRN. Arrangements have been made for Joan Price to come in at 10 a.m. and for a briefing at 10.45 prior to recording from 11.15.

In addition you have agreed at the end to give Martyn Lewis, of ITN, a 5-7 minute review of the year interview for an ITN/Sunday Times prestigious cassette series which they are preparing and which they propose to make an annual feature. We have a full hour for the five recordings and this should enable you to take them in a measured way.

You have then agreed with Caroline's suggestion that at 12.15 you give the reporters and their crews a pre-lunch drink. I would expect a maximum of 25.

Message

In my minute clearing these arrangements last week, I promised to produce a draft message (possibly (in liaison with CCO) for issue on New Year's Eve. In fact, CCO had already put out, under embargo, extracts from a New Year message which is contained in the January 1981 issue of Conservative News (see Annex I). Unfortunately, a copy of Conservative News found its way on to the Lobby notice board yesterday - hence the very extensive coverage in today's newspapers (including front page leads in the Daily Telegraph and the Guardian) and on radio and TV.

I cannot recommend you to put out yet another New Year message, even though a distinction can be drawn between a Prime Ministerial message and one from the Party leader. (In any case, there are no papers on New Year's Day so we are playing for radio, TV and New Year's Eve newspapers).

Instead, I suggest you go into each interview with a few simple messages to put over and that I invite the PA's Political Editor in

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to take a note of the interviews for release coincident with the news bulletins. This will, in effect, give us two bites at one New Year cherry. Content?

Points to get over - International

While you will wish to concentrate on the economy, I think it would be worth bringing out your international successes:

- Zimbabwe;
- > - UK Budget settlement;
- Efforts to improve relations with our European partners (notwithstanding fish and butter); conceivably
- the search, now beginning, for a better understanding and closer co-operation with the Republic of Ireland (partly as a means of drawing attention to the abandonment of the hunger strike); and
- your looking forward to working with President Reagan.

You may well wish to reiterate the need for Russia to get out of Afghanistan and, in the further interests of genuine detente, for Poland to be left to sort out its own destiny.

Points to get over - Home

Here, as the Paymaster General has indicated in his minute to you of December 22 (Annex II), we need to cut through the welter of forecasts which assail us (and all of which prove to be wrong in one way or another) and give people some hope, albeit tempered with realism.

In my view, the public have to be made to feel that the travail of transition which Britain is now going through will work and is beginning to work, even though unemployment is

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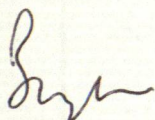
distressingly high and is likely to go higher before the transition is complete.

Consequently, now is not the time to change policies - as you say in "Conservative News": "If the Government sticks (as it will) to its determination to get inflation out of the economy, and if pay settlements this winter are reasonable, there is real hope that a year from now things will be looking distinctly brighter". It may be helpful in this context to be reminded of your peroration at the Wales CBI dinner (Annex III).

Futher Briefing

For the particular purpose of the Martyn Lewis interview, I have set out at Annex IV my own brief review of the year which may also be useful for the other interviews.

Nick Sanders has commissioned further briefing from Departments and this is set out at Annex V.



B. INGHAM

23 December, 1980

I

Conservative Central Office

NEWS SERVICE

Release time: 12.00 hours/TUESDAY, 30th DECEMBER, 1980

The Prime Minister

The Rt. Hon. Margaret Thatcher M.P (Barnet, Finchley)

cc ~~hesketh~~
949/80
Copied

Extracts from a New Year Message from the Prime Minister, Rt Hon Mrs Margaret Thatcher contained in the January 1981 issue of Conservative News

1981: OUR WAY FORWARD

"What can we look forward to in 1981?"

"It will be another hard year: but I believe that if the Government sticks (as it will) to its determination to get inflation out of the economy, and if pay settlements this winter are reasonable, there is real hope that a year from now things will be looking distinctly brighter.

"The worst of the recession - barring any upheavals in the rest of the world - should be over, and business should be looking up. It will take longer for the recovery to be reflected in the unemployment figures, but improvement there will certainly come in time.

"Of course we in Government are deeply concerned about the plight of the unemployed, and of those businesses which are suffering severely. We shall do everything we can to help them - short of changing our essential strategy. It would be no kindness to anyone to do that, for in the long run it would only make things worse for all...

"We do have a vision of the sort of society we want for Britain: one in which there will be no sharp differences in prosperity between one part of our country and another; in which the role of Government is more limited and there is more freedom of choice for consumers, for parents and for those seeking a home; in which we are able to do more for the old, the sick and the disabled.

"In short, a happier and more united country..."

END

Confidential



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

22 December 1980

Prime Minister

I regard the OECD forecast as almost the last straw, on top of the welter of conflicting - but nearly all unfavourable - economic forecasts with which we are afflicted.

Every time one comes out, the C.B.I., the T.U.C. and the Opposition use it as a peg on which to hang even gloomier forecasts and criticism of the Government's policies.

We really must have a coherent and confident-sounding presentation from the New Year on, to counter this.

It is no longer enough to go on talking only about the conquest of inflation, or the need to cut public borrowing and the level of pay settlements. People no longer listen to this - if only because they believe we are succeeding in it.

Somehow we must begin to offer some hope of recovery somewhere, some time. But I cannot persuade the Treasury to admit even a glimmer of hope into any briefing. Apart from John Nott, the Institute of Directors and myself, no one has been prepared even to suggest that we might be through the worst of the recession by mid - 1981.

We really cannot go on like this. Universal prophecies of doom can even work to destroy firms' confidence and hope of recovery, if no counter is forthcoming.

We may occasionally stick our necks out too far - but if we just say nothing, we shall sink farther and farther behind in public esteem, and the once widespread confidence that in the end our policies will work will be totally eroded.

I do not suggest that our policies should be changed. But we must have something more encouraging to say about the near future.

(Since writing this, I have now seen a flash of the Chancellor's statement today on OECD. This is better! Can we build on it?)

A.M.

Confidential

5111 GARDNER OFFICE
VENTNARD LONDON SW1A 1AT



22 DEC 1980
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~~Mr. Chairman, we fully understand the seriousness of the
problems in Wales.~~

~~Perhaps what Wales needs more than anything
else is confidence in all it has to offer.~~

I have always believed that a country's prosperity depended
on its people, their brains, their skills,
inventiveness, work ethic, capacity for saving,
organisation, co-operation.

Now the Welsh have all these qualities in full
measure, indeed, they are famed for them.

That is why we have real grounds for hope both
here and in the rest of the United Kingdom.

And there are real grounds for hope.

- Inflation is coming down.
- Interest rates are coming down.
- There is a new sense of realism in wage negotiation
- Exports are holding up well.
- Fewer days have been lost in strikes in the last
four months than in any comparable period since
the war.

/Attitudes are

Attitudes are changing.

- Attitudes - to restrictive practices and overmanning
- to the acceptance of new technology
 - to relating pay to productivity
 - to unofficial strikes and petty stoppages
 - to the need to deliver on time
 - to the need above all to compete, by producing the goods that the customer will buy.

Mr. Chairman, the burdens on companies who are efficient and creating wealth cannot for ever be increased by those who are not.

Subsidies are not meant to be permanent.

Their purpose is to put industries in a position where they can contribute to the creation of wealth rather than be a drain upon it.

/ Some will

REVIEW OF THE YEAR

The year 1980 began and ended with Afghanistan occupied by Russia and 52 US hostages held in Iran. Plus ça change.

In between there was an abortive attempt to rescue the US hostages and an Olympic boycott to bring home to Russia at least part of the world's condemnation of its occupation of Afghanistan. Russia's image was similarly battered at the CSCE conference in Madrid.

The world still holds its breath while Poland seeks to inject free trade unions and greater freedom for the Catholic Church into its Communist system. Russia has been warned that detente would be dead if it marches in.

Zimbabwe moved peacefully to democratic independence.

The world recession deepened; unemployment soared in most industrial countries; and OPEC raised its prices still further. But there is some prospect of the bottom of the trough being reached next year, provided, for example, the stalemated Iran/Iraq war does not disrupt the oil market again.

The United States elected itself a new President. Germany confirmed its Chancellor in office. And the UK acquired a new Leader of the Opposition heading a party committed by conference to leaving the EC, unilateral nuclear disarmament, abolition of the Lords and the ending of private education.

President Tito eventually died but Yugoslavia achieved a smooth transition of power. The Shah died in exile.

We solved our EC Budget problem for the time being and began to mend our fences with our partners.

The PIRA hunger strikers backed down in the face of the UK Government's firm refusal to grant them political status. For the moment, the terrorists appear to have called a truce for the

/festive

festive season.

In the years ahead the UK and the Republic of Ireland will be working to improve understanding and co-operation between the two countries.

Domestically, inflation falls rapidly; interest rates begin to decline; exports hold up remarkably well in spite of a strong pound; Britain's trade is strongly in the black; wage expectations and settlements tumble; strikes fall to a low level; and a new realism is abroad in industry which recognises the need to produce goods and services which people want to buy and in whose quality and delivery they can rely.

JANUARY

Steel strike begins.

FEBRUARY

Archbishop of Canterbury (Dr. Coggan) retires.

MARCH

Mr. Mugabe wins Zimbabwe election.

Parliament votes to support USA initiative to boycott Moscow Olympics over Afghanistan.

Dr. Runcie enthroned as new Archbishop of Canterbury.

APRIL

Steel strike ends.

MAY

Abortive US attempt to rescue US hostages.

British SAS team storms Iranian Embassy in UK to break siege.

TUC 'Day of Action' protest against Government policies flops.

Marshal Tito dies.

UK secures EC budget settlement.

/ JUNE ...

JUNE

Roy Jenkins announces decision to retire at end of year as President of the Euro Commission; allows his name to be associated with the idea of a Centre Party in the UK.

Sanjay Ghandi killed in plane crash.

JULY

Moscow Olympics and boycott.

AUGUST

Queen Mother's 80th Birthday.

Strikes break out in Poland in support of free trade unions and freedom of speech for Catholic Church.

Shah and Peter Sellers die.

Unemployment exceeds 2 million.

SEPTEMBER

Iran/Iraq war breaks out.

You find entente cordiale in good heart when you visit Giscard in Paris.

OCTOBER

Labour Party Conference commits itself to leaving EC, unilateral nuclear disarmament, abolition of the House of Lords and ending of private education.

Mini Metro launched.

Mr. Callaghan resigns.

NOVEMBER

Times Newspapers announce closure in March, 1981 if new buyer/s not found (in year in which London Evening News succumbs).

Governor Reagan wins American presidential election.

Michael Foot elected leader of the Labour Party.

Government discharges three-quarters of manifesto commitments in Session which ends this month.

Mae West dies.

Yorkshire Ripper claims 13th victim.

/DECEMBER ...

DECEMBER

Italian earthquake.

Poland on the brink.

Uganda General Election returns Obote.

John Lennon murdered.

Sir Oswald Mosley dies.

Introduction of six-monthly Anglo-Irish bilateral meetings in Dublin.

Terrorist hunger strikers call it off without winning any concessions.