

Q: You told the Welsh Conservative Party Conference in Swansea last year that people in Wales without a job might like to move to find one. People in Wales have called such an attitude inhuman, so do you still stand by your views expressed then and what advice do you have for those people who are unemployed in the Welsh valleys - where there is a more than 20% jobless rate - and who have strong ties and perhaps dependent relatives who simply cannot move?

A: The health of Wales's economy depends on the health of the economy of the United Kingdom. That is what we have to get right. Industry must adapt to change and be competitive, and mobility of labour is essential, and by that I mean mobility within Wales as well as within the UK. There is nothing new in changing one's place of work.

What I went on to say at Swansea - after speaking about the need for mobility - was that we also recognise that it's Government's job to try to mitigate the effects of change, to try to give people a chance and opportunity to take new jobs.

The Government have helped areas affected by steel closures. We have made an extra £2¼ million over 3 to 4 years available for factory building in the Shotton area - which, with Wrexham, we upgraded to Special Development Area - and £48 million - at November 1979 prices - over two years for the areas surrounding Port Talbot and Llanwern. North East and South Wales are - thanks to the work of central and local government - attractive areas to invest in, and I am sure new jobs will come as the world recession ends.

Q: Other parts of Britain have a much firmer manufacturing base on which to build after the recession than South Wales. The economy here rests in great part on two sickly heavy industries, steel and coal, together with dozens of branch factories set up recently by big firms from outside which have been first to close in the recession.

How would you describe the present state of the South Wales economy, what hope is there for it in the future and how can we attract enough major industry - rather than branch factories - to bring about real prosperity unless the Government takes positive action beyond that presently available for aid to industry?

A: Of course things are tough in South Wales as elsewhere - especially so in steel closure areas. But let us look on the positive side. Wales has already attracted a great deal of foreign investment and will attract more. Nicholas Edwards has found this to be so on his recent inward investment missions to the United States and Japan. American firms already employ 1 in 7 in the manufacturing sector; and that is more jobs than the coal industry provides in Wales.

South Wales is becoming attractive to high technology industry - witness INMOS and MITEL, who are coming to the Newport area. Home investors are also interested. In 1980, 131 advance factories were formally allocated, with promise of 4,000 jobs (on a par with the record set in 1979). All depends on whether we can squeeze inflation out of the economy and so bring down interest rates and provide a stable basis for investment - and, by the way, we certainly must not forget that the Budget brought considerable relief to industry in the shape of a 2% reduction in MLR. If we succeed - as we will - then I believe that, with the help of improved infrastructure and regional aids, Wales will take full advantage of the upturn when it comes; and a more diversified and healthy industrial base will be the result, bringing with it a real prospect of future prosperity.

Q: There was perhaps a lot of unnecessary fat to trim off British industry when you came to power in terms of overmanning, restrictive practices and low productivity.

Do you believe most of this has now been shed and how can we ensure - at a time of the strong pound and high interest rates - that the heart is not cut out of the country's industrial base before the upturn in the economy comes?

A: Most people would accept that high inflation, overmanning, restrictive practices and low productivity have been the biggest problems facing us for many years.

Unfortunately we chose to ignore the facts for too long. But any analysis will show how we have fallen behind our major competitors, left our economy vulnerable and reduced our ability as a nation to compete at home and abroad.

The recession and competition from overseas compelled the action necessary to correct these weaknesses. It simply had to be taken if we were to retain secure jobs now, and have a chance of genuine, new jobs, for the future. I believe industry will be much better placed to take advantage of the economic upturn when it comes, as it surely will.

Industry and the unions were calling last autumn for a 4% cut in MLR and this we have achieved and that means that industry now has to find £1,400 Bn. less in interest. That is a real benefit for industry. Since this Government came to office the £ has been very strong and that is a measure of standing in the world. I realise that the strong £ has imposed real difficulties on some firms and industries, particularly those which were still overmanned, but it has also benefited British industry through cheaper raw materials.

I should like to pay tribute, too, to the exporters who have done very well indeed during these difficult times and kept our trade with the rest of the world 'in the black.'

Our aim, which was set out by the Chancellor in his Budget, is to secure the prospect of lower interest rates so that private enterprise may borrow to invest and prosper. That is the best way to provide more, secure jobs throughout the U.K.

4.

Q: To get the money supply under better control in the way you desire will require further large scale public spending cuts.

Exactly where can Government agencies and local authorities - many of whom already believe they have cut to the bone - cut next and do you believe they can make further substantial economies without dismantling large parts of our welfare, education and social services system?

A: The basic reason for control of the money supply is to reduce the rate of inflation, and a tight control of public spending is a necessary part of this strategy. We must put our money to the best possible use.

We have given heavy support to British Leyland, British Steel, the NCB and other industries - industries upon which Wales is heavily dependent - in a period of intense world recession. This requires that other areas of public spending must be reduced, including local authority spending. We are aware of the difficulties this raises for local authorities but the conquest of inflation and the improvement of our nation's competitiveness must take priority.

You should not take emotive phrases like "cut to the bone" at their face value. There is no doubt that central and local government can make substantial economies without affecting the levels of essential services to the public. Although it is for local authorities to determine how savings should be achieved, I would expect them to do everything possible to improve efficiency and reduce waste so that the impact on services is minimised. We are asking local authorities to reduce their level of spending to only slightly less than in 1977/78 when the Labour Government was in office. Nobody suggested then that local services in Wales were grinding to a halt or were being dismantled.

5.

Q: The Social Democrats may be in their honeymoon period at the moment but they are enjoying huge popularity in the opinion poles - particularly among Conservative voters - which surely cannot be completely dismissed.

How seriously do you take the threat of the new Party towards the Conservatives and what can you do to make your Party more attractive to the electorate in the face of that threat?

A: At the end of the day, the only poll that really matters is a General Election. We were elected with a programme for a full Parliament: our commitment to the creation of an environment in which private enterprise can flourish cannot be carried out overnight. We knew that it would be a long, hard road, and our task has not been made easier by the suddenness and severity of the world recession and rises in the price of oil.

It is hard for me, just as it is for the ordinary voter, to criticise in detail a Political Party that does not have a defined set of policies. But, on their record, their Parliamentary representation basically comprises a group of Socialist dissenters, who have acquiesced in the past in policies of extravagance and nationalisation.

People in South Wales are only too aware of how nationalisation has failed to sustain jobs and the creation of wealth. No, I cannot believe that the answer to our problems lies either in the creeping Socialism of the Social Democrats - or in the extreme Socialism which is now official Labour policy.

6.

Q: You must agree that, even in public, your present Cabinet is hardly completely united. Leaks, aside remarks and even public speeches by some Ministers giving less than wholehearted support to Government policy seem to stand in the face of the doctrine of collective Cabinet responsibility.

Why don't you impress your authority by sacking the so called "Wets" who do not seem able to give you 100% support all the time and thereby make it easier to get your policies through Cabinet?

A: I do not accept the premise of the question. Cabinet Government consists of discussing and in deciding jointly in which direction we should go. Naturally, in what is a committee of 22 people, there will be some diversity of view, some discussion of tactics, but we are all united on our strategy and the aims we share.