ANNEX I

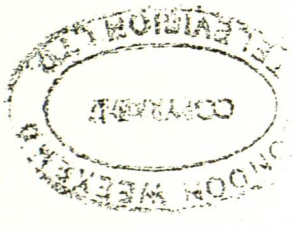
Annex 1.

WEEKEND WORLD

P/N 20507
9TH JANUARY 1983

THE RESOLUTE APPROACH.
AN ELECTION WINNER?

INTERVIEW WITH DAVID TRIPPIER, MP and
GERRARD NEALE, MP



NELSON MEWS

Hello and good afternoon. Brian Walden is suffering from a throat infection, but he's getting better and hopes to return next Sunday. For the British people the next year and a half promises to be a decisive period. The way in which Britain is governed till the late 1980's is likely to be determined by the General Election which must be held before the end of May next year. Already our political leaders are beginning to reveal their plans. In the last few weeks, Mrs. Thatcher in particular has begun to indicate what she intends to offer the electorate. She's promised to pursue what she's called the 'Resolute Approach' to restore greatness to Britain. The electorate, she seems to hope, will welcome this approach after its proven success in the Falklands crisis - a success of which the public are being firmly reminded by her visit there this weekend. But some of her supporters are expressing doubts. They fear that if Mrs. Thatcher tries to handle the major issues confronting us with the toughness she applied to the Falklands , large numbers of voters might shrink from the hardship and risks involved. So what would the resolute approach mean for Britain? Well, next Sunday, in an effort to find out we'll be devoting our whole programme to an interview with Mrs. Thatcher. The Prime Minister will be talking to Brian Walden live from Downing Street. Today we'll be looking at Mrs. Thatcher's options. We'll be trying to assess whether the approach she's outlined really is the election winner she hopes. And later in the programme Michael Wills will be asking two of Mrs. Thatcher's backbenchers for their views. First though, let's hear the latest news headlines from ITN and Norman Rees.

ITN NEWS WITH NORMAN REES

NELSON MEWS

Right from the start of Mrs. Thatcher's premiership it's been clear that she's a most unusual Prime Minister. Almost as soon as she took power, in May 1979, it seemed she was determined to set a new course quite different from that of any government since the war. Unlike the pragmatism of her predecessors, Thatcherism had a single goal. It stood for nothing less than the resurgence of Britain, to a point where once again it could be proud of its strength and prestige. And Thatcherism stood not only for this aim but also for the means. Britain's revival was to be achieved by what Mrs. Thatcher dubbed the Resolute Approach. It was to feature unprecedented toughness. The resolute endeavour to restore Britain'

standing she saw as an urgently-needed break from the politics of compromise and decline. No issue in the lifetime of Mrs. Thatcher's government better illustrates her resolute approach to restoring Britain's prestige than the way she chose to deal with the Falklands crisis. The Argentinian invasion of British territory she regarded as a direct challenge to her fundamental goal. The resolute approach dictated toughness, and the Task Force set sail for the South Atlantic. Despite the real dangers of trying to throw the Argentinians forcibly off the islands, Mrs. Thatcher remained firm in pursuit of the course she'd chosen. She appealed to people's national spirit to get them to accept the risks.

JOHN NOTT (25 April 1982)

"Be pleased to inform Her Majesty that the White Ensign flies alongside the Union Jack in South Georgia. God save the Queen!"

MRS. THATCHER

Rejoice at that news and congratulate our forces and the Marines. Goodnight gentlemen.

NELSON MEWS

With every military success from the Task Force Mrs. Thatcher's popularity climbed. By the time of the Argentine surrender in Port Stanley, it was unrivalled.

In the aftermath of the successful Falklands campaign there could be little doubt that Mrs. Thatcher's determined approach had gone down well with the majority of the British people. And from that Mrs. Thatcher drew an important lesson. At the Conservative Party Conference last September, speaking under a banner proclaiming the Resolute Approach, Mrs. Thatcher asserted that the public now shared her view that toughness pays dividends.

MRS. THATCHER (8 October 1982)

Mr. President. The only way we can achieve great things for Britain is by asking great things of Britain.
We will not disguise our purpose nor betray our principles. We will do what must be done. We will

tell the people the truth and the people will be our judge.

NELSON MEWS

Since then, in a series of speeches and statements Mrs. Thatcher has made it plain that she intends to make her resolute image the hallmark of all her future dealings. And she's also made it clear that should her resolute approach require hardship to be endured, she would ask people that they accept it by an appeal to their national pride. At a speech in Cheltenham she said; "We have to see that the spirit of the South Atlantic - the real spirit of Britain-is kindled not only by war but can now be fired by peace." It's sentiments like these which Mrs. Thatcher now seems determined to make central to her campaign in the coming General Election.

PATRICK COSGRAVE, AUTHOR 'MARGARET THATCHER - PRIME MINISTER'

I see her as going to the country and saying that she has achieved, albeit at the cost of a great deal of suffering, a breakthrough or a possible breakthrough on the domestic economic front. That she has restored Britain's international standing and that perhaps above all — and the Falklands is the obvious backdrop to this — she has restored Britain's self-respect. I see her as saying that she has again made Britain great and that the task of the next five years, even if there is some more suffering to come, will be to make Britain greater.

NELSON MEWS

If Mrs. Thatcher is to apply her Falklands approach to other issues, she will depend on being able to appeal to national spirit to get people to accept tough policies. On some other issues one can see it working again. For example, a tough nationalistic attitude towards the rest of the Common Market on the question of Britain's contribution to the EEC Budget might prove popular with the voters. But the likelihood of such success is by no means so evident in the more crucial issues that Mrs. Thatcher's approach will give rise to as she enters the coming campaign. It may have worked in the

Falklands only because it was relatively easy to rally patriotic sentiment over an issue in which the costs for the ordinary person were relatively slight. One of the most vital issues for Mrs. Thatcher's ambitions for Britain is defence - and in particular, policy on nuclear weapons. The nuclear weapons issue seems set to become more and more dominant. And it's one which may well put Mrs. Thatcher's resolute aproach to a stiff test. The most pressing problem for her is how to deal with what she sees as the Russian threat. The Russians are regarded by Mrs. Thatcher as the most dangerous of Britain's enemies and it's this new Russian missile, the SS-20, which Mrs. Thatcher regards as particularly threatening. Within the Soviet Union, these so-called theatre nuclear weapons are currently targetted on countries in Western Europe. To Mrs. Thatcher, this gives a huge advantage to the Soviet Union. She wants balance restored. It's for that reason that Mrs. Thatcher supports a NATO plan to threaten to deploy new American missiles in Western Europe in order to get the Russians to withdraw their SS-20s. 160 would be deployed in Britain. It's this missile, the Cruise, which NATO is threatening to install. So far, the Western threat has failed to work. But Mrs. Thatcher hopes that by the time the deployment of Cruise is due the Russians will give way. Neither sort of weapon would then exist in Europe. So the policy has been called the zero option. However, this plan carries grave dangers. Many people believe it will never work because the Russians take a quite different view of which side has the advantage.

DAVID HOLLOWAY, AUTHOR 'THE SOVIET UNION AND THE ARMS RACE'

The Soviet Union sees the nuclear balance in Europe very differently from the way the West sees it. They claim that there is parity at the moment and that by deploying the SS-20 they are merely maintaining parity by replacing older missiles that they've had for 20 years. They say that if they adopted the proposal that Mrs. Thatcher and the western governments have advanced they would put themselves at a very serious disadvantage. They've said

they're not prepared to put themselves at that kind of disadvantage, and consequently if Mrs. Thatcher, if the West insists on the zero option, there will be no agreement and NATO will end up by deploying the Cruise missile.

NELSON MEWS

Mrs. Thatcher may feel that even if the Russians don't withdraw their SS-20s the West would at least have achieved balance by having Cruise missiles in place. However, that well might not be the end of the story. Just before Christmas, the Soviet Leader Yuri Andropov emphasised the difference of view that exists. He made it clear that the Russians would regard the deployment of Cruise missiles as a major escalation of the arms race. And he warned that the Russians would respond by building even more weapons of their own.

DAVID HOLLOWAY

If the West goes ahead and deploys Cruise missiles in Europe then the Soviet Union will feel at a disadvantage, it will think that the balance has been broken in nuclear terms in Europe and it will feel that it has to take measures to restore the balance, and it has made it very clear that it will take measures, including the deployment of Cruise missiles of its own, and it's also dropped hints that it will take other measures too of an unspecified nature. The result of this will be that we'll be entering a new round of the arms race because western governments will feel that they in turn have to respond to the new Soviet moves.

NELSON MEWS

This threatened escalation in the numbers of nuclear weapons in Europe has aroused mounting opposition in Britain. At Greenham Common in Berkshire, one of the proposed sites for Cruise missiles, women have been camping for over a year in protest. And last month

it was the scene of one of the biggest of many rallies that have been organised in the past year by Britain's growing peace movement. The opposition to Cruise has grown up because in the view of many the presence of these American weapons makes it much more likely that the super-powers might fight a nuclear war in Europe. Already opinion polls show that more than half the population opposes the siting of the missiles. And as the date for their arrival nears, that opposition is likely to grow still further.

IVOR CREWE, PROFESSOR OF GOVERNMENT, ESSEX UNIVERSITY

Public fears about the consequences of Cruise missiles in Britain have spread rapidly over the last year, and it has now become a major electoral issue. According to the polls, the majority of the British public are against the siting of Cruise missiles in Britain, indeed a quarter of Conservative voters are against Cruise missiles. What this means is that an anti-Cruise missile position is now a vote winner. So, if Mrs. Thatcher insists on the deployment of Cruise missiles in Britain she faces quite a serious electoral threat.

NELSON MEWS

In view of this, Mrs. Thatcher, despite her resolute approach, may well want to reduce the electoral risk posed by the growing number of people in Britain who are worried about her commitment to Cruise. But she'll want to find ways of accommodating their fears while remaining as tough as possible in dealing with what she regards as the grave threat of the Russian SS-20s. The obvious way for Mrs. Thatcher to allay public fears would be to try and find a way of avoiding the deployment of Cruise despite the Soviet refusal to dismantle all their missiles. The most commonly-proffered suggestion for this is that Mrs. Thatcher should agree to

relax the zero option. This would mean allowing the Russians to keep some of their SS-20s without the West matching them with Cruise missiles . Mr. Andropov, the Soviet leader, has already indicated that he'd be interested in compromise. On Wednesday he suggested that the Warsaw Pact and NATO should sign a non-aggression treaty. And he's also offered to cut, by between 20 and 30 per cent, the number of his SS-20s provided the West cancelled plans for Cruise. Mrs. Thatcher's government has shown some interest in the idea of the peace treaty and last night it was announced that American Vice-President George Bush is to visit Europe to consult his NATO allies about a response. However, for all that the Russians may have said, to accept their actual offer on SS-20s would be a major climbdown for Mrs. Thatcher.

GERALD FROST, FORMER SECRETARY, CENTRE FOR POLICY STUDIES

I think it's quite clear that the Soviet leadership are very keen to convince sections of Western European opinion, meaning British opinion, they are men of peace. But if you look at the two proposals, the one for a reduction of missile strength in Europe, and the other for a non-aggression pact, I think there's very little of substance in them which will convince Mrs. Thatcher that they will go in any way to reducing the present nuclear arms imbalance, and since she has a long record, that goes back before the last General Election, to building up defences and to negotiating with the Soviets from a position of strength, I think it would be inconsistent, to say the least, for her to accept them or to accept any major part of them.

NELSON MEWS

So, Mrs. Thatcher may well find it very difficult to avoid the deployment of Cruise missiles while remaining true to the resolute approach. In that event, she'd need to find another way of defusing the electoral threat posed by anti-Cruise feeling, while still allowing the missiles to be sited in Britain. To do so she might look for a way of reassuring the missiles' opponents that the

likelihood of the weapons' eventual use could be minimised. The most common proposal for doing this is what's known as the dual key policy. It's a proposal for changing the present plan for controlling the missiles so that the Americans alone can not take the decision to launch them. The idea is that the launch mechanism of the missiles would be set up in such a way that they'd require two keys to trigger them. One key would be held by the Americans, the other by the British. This arrangement, it's claimed, would show the anti-Cruise movement that the Americans couldn't do what it fears - namely allow a limited nuclear war to take place in Europe. However, this option also has its disadvantages.

JONATHAN ALFORD, DEPUTY DIRECTOR INTERNATIONAL INSTITUTE OF STRATEGIC STUDIES

The problem with having a second finger on the trigger of nuclear weapon systems based in this country - particularly the Cruise missile -is that their deterrent effect would be lessened. Inevitably, if you have more than one government controlling a weapon system, those governments would have to agree before they're used, and it's natural I think that a government which has missiles based in this country, as we will, will be reluctant to use those weapons on the basis that it will invite retaliation from the Soviet Union. The Soviet Union, who which after all is a country we're trying to deter, will realise that a decision to use those weapons is going to be more difficult to arrive at, and therefore ultimately I am bound to say that the deterrent effect of Cruise missiles based in this country with our own finger on the trigger, in addition to an American finger, will lessen their deterrent value.

NELSON MEWS

So for Mrs. Thatcher, the result of this option too could leave her vulnerable to the charge that she was being less than resolute with the Russians.

To remain true to her approach she would probably have to go ahead with the deployment of Cruise missiles without any added safeguards.

But even if people were persuaded to accept what they would see as the risks of her policy on Cruise, Mrs. Thatcher would still only have secured her position on one of the major issues that face her.

It's the economy which is the other, possibly even more important issue, on which she has to rally support.

For essential to Mrs. Thatcher's hope of British resurgence is the requirement to bring about economic recovery. And she's always had a very clear idea about how this should be achieved.

Businessmen are the people who hold the key to a stronger economy, Mrs. Thatcher's always believed. They can make the economy expand by investing for growth. But in her view they can only do it if governments create the right conditions. In the past, she has believed, business profits have been too low to encourage businessmen to invest sufficiently. She's believed that to correct this, three main changes have to be made. First, businesses' total wage bills must be cut to enable more money to become available for profits; then the tax burden should be reduced so that individual workers have the incentive to become more productive and make businesses more profitable. And, most importantly, inflation must be brought down so that businessmen can enjoy a stable environment where they can be more certain of setting their prices at profitable levels. Only if all these changes are made will profits be adequate in Mrs. Thatcher's view.

NELSON MEWS

But if they are, businessmen will invest on a greater scale than before.

Businesses will be able to produce goods that are cheaper and better, so they'll be more competitive on world markets. Sales will rise, making Britain richer, our economy stronger, and putting people back to work.

Of these three objectives, it's the curbing of inflation to which Mrs. Thatcher has always given the greatest priority since coming to power in 1979.

12 months after Mrs Thatcher came to power the rate of inflation stood at a peak of nearly 22%. Since then, Mrs Thatcher and her Chancellor of the Exchequer, Sir Geofrey Howe, have applied policies designed to tackle inflation by squeezing it out of the economy. These policies involved a series of tough measures designed to reduce the amount of money available for spending in the economy. She believed that too much spending power forced prices up, so she hit private spending with record interest rates, which served to discourage people from borrowing in order to spend, and public spending plans have been cut in almost all government departments. This policy has dramatically reduced the rate of inflation. Last month's figures showed that the rate had fallen to 6.3%.

So Mrs Thatcher can claim to have had considerable success

NELSON MEWS

in achieving her first priority.

However, a heavy price has been paid for such a tough approach to inflation. Already the policies Mrs Thatcher's adopted, by cutting spending, have contributed to a very severe recession in the economy. Production has fallen and unemployment has more than doubled, although some of this has been due to recession in the world economy.

Nevertheless, Mrs Thatcher has already made it clear that she does not yet feel that inflation's been reduced enough. She could try to bring it down just a little further. But many of her close supporters and advisers believe that inflation must be wiped out altogether.

So we asked the London Business School to work out what the cost in jobs would be of achieving a target of zero inflation.

Their calculations showed that in addition to unemployment caused by other factors, half a million jobs would disappear as the anti-inflation policy took effect.

It's a prospect which people might be thought unlikely to vote for. Mrs Thatcher, however, may believe that she can appeal to them to let her finish the job. She's always argued that eliminating inflation, though vital for Britain's recovery, is not enough on its own.

Businessmen, she'll say, will put the unemployed back to work when her other economic objectives have also been achieved.

NELSON MEWS

In particular, she'll argue the tax burden will have to be reduced before recovery can come.

Without the productivity increases that that should bring, businessmen will not feel it's worth investing.

Mrs Thatcher believes that cutting taxes, by creating incentives for people to work harder, increases their productivity-- that is, the amount they produce in a given time.

Although productivity in Britain has improved recently, the amount produced by a British worker every hour still lags far behind that of our major competitors.

Last year, the average British worker produced goods and services worth £6 per hour. The West German worker produced £8.80 worth.

The French worker £9.30 worth. And the American worker £10 worth. So to get close to our main competitors, British productivity would have to increase by at least 40%.

Mrs Thatcher came to power determined to reduce the burden of taxation in order to bring this about. But in fact, the opposite has happened.

In 1979, when Mrs. Thatcher took office the share of national income taxed away by the government stood at 36%.

NELSON MEWS

Today, after 3½ years of her rule, that proportion stands at 39½% That's a very significant rise and a major set-back for her objectives.

The difficulty Mrs. Thatcher has found in cutting taxation is the difficulty of finding cuts in spending to make it possible.

Even to get taxes down where they were in 1979 would require major sacrifice.

At present, taxation finances public expenditure of 115 billion pounds. If taxation were cut to where it stood 3 years ago it would only finance expenditure of £102 billion pounds. So to make that tax cut would mean finding 13 billion pounds in public spending cuts.

This could be achieved, but only by drastic pruning.

Mrs Thatcher could cut the subsidies to loss-making nationalised industries like the Coal Board and the Railways.

She could impose charges for what are now mostly free services such as health care and student grants.

She could turn over to the private sector services like refuse collection or hospital cleaning, which she believes cost more when carried out by public employees.

Finally, in order to make big savings, cuts could be made in the welfare state to benefits like pensions and other social security payments.

NELSON MEWS

Last September, a report leaked from the government's think tank pointed out that just such measures might be necessary.

Mrs Thatcher shelved the report.

Now, however, many of her supporters believe that these proposals must be adopted to make possible the economic recovery she wants. However, as with the anti-inflation strategy, this element in the resolute approach to economic recovery would also impose a heavy price.

Most of these measures would cause many redundancies in the industries and services concerned. But more than that, considerable hardship would be inflicted on the old, the poor and the sick as publicly-provided services were cut back.

Nonetheless, advocates of the resolute approach say the price must be paid.

ALFRED SHERMAN
DIRECTOR - CENTRE FOR POLICY STUDIES

If you're going to give people a greater return for their effort in order to encourage greater effort, and I think that human nature demands that, you're going to have to cut state spending. Now whenever you cut State spending or you cut any benefit specific groups of people get, they will holler, they will react against it, and the general public in whose interests it's done has to be mobilised in order to overcome these special vested-interest groups. That is the purpose of politics.

NELSON MEWS

If Mrs Thatcher were to embark on this course, she'd have to persuade those who suffered by it that things would improve once all her economic aims had been realised.

And it's reducing the level of wages that employers have to pay, her final aim, that she believes would start to bring this about.

She believes that various mechanisms exist that hold wages artificially high and that businessmen will only start to invest to the degree necessary when these have been removed.

It's the power of the trade unions that is the main reason why, in the view of many of Mrs Thatcher's supporters, wages are kept uneconomically high.

They believe that power must be radically reduced.

In these people's view, the particular problem is trade union law.

They argue that the law has given unions far too much immunity to carry out damaging industrial action.

Mrs Thatcher opposes excessive trade union power for philosophical reasons too, because in her view it restricts the freedom of the individual. And so her government has taken some steps to curtail trade unions' immunities.

NELSON MEWS

The 1980 and 1982 Employment Acts gave employers the right to sue trade unions and their members for damages caused by some kinds of secondary industrial action.

However, in the view of many of Mrs Thatcher's closest supporters much more needs to be done.

They want all secondary action banned and they want to see removed the immunity of workers and unions from being sued by their own employers for damages caused by direct industrial action in breach of their contract of employment. Only this, they say, would sufficiently reduce the pressure for high wages.

Some of Mrs Thatcher's supporters also argue that the system of unemployment benefit must be changed in order to induce some unemployed people to accept low-paid jobs that at the moment there is no incentive to take.

Advocates of this change argue that rather than pay unemployment benefit at a flat rate as at present, a person's benefit should be cut to 70% of what they might earn in work. In this way, it's argued, such people would for the first time find it worthwhile to accept low-paid jobs. Even though many who remained on unemployment benefit would be substantially worse-off.

PATRICK MINFORD
PROFESSOR OF ECONOMICS
LIVERPOOL UNIVERSITY

The effect of this would be to make low-paid jobs much more attractive relative to unemployment benefit than they now are. Up until now these jobs have been

PATRICK MINFORD

very largely destroyed by the operation of the system. A lot more jobs would be created at low wages than are currently created, currently exist. And so it would bring down unemployment substantially, essentially by lowering wages in lower paid jobs.

NELSON MEWS

According to Mrs Thatcher's supporters, if she were able to carry through her whole economic programme resolutely and urgently she would at last have created conditions for recovery.

Businesses would expand and jobs would appear.

The economic basis would have been laid for Mrs Thatcher's dream of Britain resurgent and strong.

JOHN BURTON
LECTURER IN INDUSTRIAL ECONOMICS
BIRMINGHAM UNIVERSITY

I believe there will be economic regeneration in Britain if there are considerable cuts in public spending , leading to considerable cuts in taxation, if inflation is brought down and if there is a measure of reform in the labour market which makes a higher number of people employable in this country. But, I must point out, that the speed of the regeneration will critically depend upon the speed on which those three main elements of policy will be pursued. If the next Government pussyfoots around cutting public spending by 1% then we are not going to see economic regeneration. We have got to see a fast move and a considerable move on all those fronts.

NELSON MEWS

However, in the view of many people Mrs Thatcher's vision may well not attract the support she feels it deserves. On the contrary, it's likely to raise a political storm within her party as critics argue that it's a recipe for electoral disaster. Her opponents feel that the Britain she'd create would be a country drastically divided between rich and poor - a harsher society than any seen in Britain this century.

DERMONT GLEESON
FORMER ASSISTANT DIRECTOR
CONSERVATIVE RESEARCH DEPARTMENT

Even if the economic policies which Mrs Thatcher appears to have in mind are capable of achieving their economic objectives, and some Tories doubt that they are, it's nonetheless the case that the social and political cost is going to be very high indeed. For one thing it is impossible to see how there can be further cuts in public expenditure without a further reduction in the ability of the welfare state to protect the old, the sick and the disabled.
It's also clear that a further deflation is going to mean even higher unemployment. And higher unemployment is going to create the kind of social devisiveness that is not consistent with the Tory concern to maintain one nation. It would be quite wrong to suggest that higher unemployment is going to lead inevitably to revolution and chaos, but it will create circumstances in which rising crime, greater racial tension, and a return to urban rioting are much more likely than they would otherwise be.

NELSON MEWS

Some of Mrs Thatcher's supporters acknowledge that there are painful aspects to the resolute approach to economic recovery.

But they feel that British governments have for too long protected their people from harsh economic reality. The point about the resolute approach, they say, is that it's the only way, not only on the economy but on the other major issues like defence also, to make a break from the self-deceptions of governments in the past who have put the nation into its decline.

ALFRED SHERMAN

All political change has costs and failure to change has much higher costs. But even at the best, some people are going to feel threatened, they are going to feel that change imposes heavier burdens on them, therefore the task of political leadership is to bring people to see their own particular interests and problems in the light of the wider national problems, and indeed imperatives, and to think in terms of the nation past, present and future, what has to be done, and in particular that a great nation which wants to pay its way in the world must have an effective economy, and there's no alternative to telling the people the truth.

NELSON MEWS

So as Mrs Thatcher approaches the next election she faces a very clear choice. She could remain committed to the "Resolute Approach" with all the hardship for some that it may cause, and appeal to patriotism, or the Falklands spirit

NELSON MEWS

to make people accept it.

If she does that, however, she runs a considerable risk. Her opponents in the other parties will tirelessly emphasise the painful consequences of her policies. And even in the face of appeals to their patriotism, voters might well feel that the possible hardship and risks are more than they are prepared to vote for.

Alternatively, she could try to avoid that risk by showing more flexibility and readiness to compromise. But if she did that, she would in her view have joined the ranks of those Prime Ministers of the past who, she believes, by their failure to be resolute have caused the problems Britain now faces.

Politically perhaps, those most crucially affected by the decision Mrs Thatcher takes will be the younger Tory MP's who will constitute the Conservative Party of the future. So with Michael Wills today we have two such MP's, David Trippier, the Conservative Member for Rossendale and Gerrard Neale, the Member for North Cornwall.

We'll be back in a moment to hear what they think she should do.

PART TWO

MICHAEL WILLS:

Gentlemen, I'd like to ask you about the economy in a moment, but first I'd like to come to an issue which has risen to dramatic prominence in the last few months and one that is certain to play a very major role in the General Election, and that is nuclear weapons. Now the Prime Minister so far has taken a very firm and resolute stand on this, particularly over the question of deploying Cruise missiles in this country, but as you well know public opposition to this stance has been growing quite significantly recently, and as a result many people are now arguing that the Prime Minister and her NATO allies ought to adopt a more flexible position on this, that they ought to be prepared to compromise with the Soviet Union in the disarmament negotiations. And in particular, they ought to be prepared, and the Prime Minister ought to be prepared to shift away from the so-called 'zero option' disarmament proposal . Now Mr. Neale, I'd like to start with you. The Prime Minister will soon be discussing this very question with Vice-President Bush here in London. Now would you advise her to shift away now from the zero option?

GERRARD NEALE, M.P:

Well, I think first of all what has to be said is that, as you've shown in your film, that there is a very strong feeling of opposition to the use of nuclear weapons felt across the country, a feeling of repugnance about them, and that sense of repugnance is shared by certainly all the Conservative Members of Parliament as far as I'm aware, and most definitely by the government. They do not want the existence of these weapons, and I would have said that the Prime Minister has shown the commendable resolute approach to the removal of those, those weapons from the soil, Western soil, European soil by following the zero option, but in the meantime what she's saying is that we must nevertheless, with the existence of these SS-20s, we

GERRARD NEALE, M.P.....Cont'd:

must have adequate defences, and if the Russians will not agree to the removal of them then we must make sure that our forces are suitably balanced, but to say that she should move away from the zero option now while we have these proposals at last coming forward from the Soviet Union, I think would be very foolhardy. Yes, let's look at them and follow and discuss them, but we want the removal of these weapons the same as most sensible citizens in this country do.

MICHAEL WILLS:

Mr. Trippier, Mr. Neale has just made it very clear that he thinks the Prime Minister should stick very firmly with the zero option for the time being. Do you agree with him?

DAVID TRIPPIER, M.P:

I think it's the ultimate aim, I don't think at this stage it should be a sticking point. There isn't a single Conservative back-bencher in Parliament who disagrees with the zero option. We think it's very fair that on the Warsaw Pact side, not only SS-20s but the SS-4s and 5s should be dismantled, as well as Cruise and Pershing on our side. The difficulty is that whilst we're talking about new weaponry at the moment, so we're talking about not only Cruise and Pershing, but we're also talking about the renewal of the independent strategic nuclear deterrent, namely Trident. While we're talking about new weapons, the Russians appear to be talking about peace. Most of us believe that that is just propaganda, but the latest document which is in Francis Pym's hands, which is, he says is worthy of serious consideration, would be looked at very carefully, and I think that we should very carefully look at any offer which has been made by the Russians, because obviously we are in the business of talking at the moment. The international dangers of not talking are all too obvious.

MICHAEL WILLS:

So you are, you would advise the Prime Minister now to consider very seriously shifting away from the zero option?

DAVID TRIPPIER, M.P:

Well, as I say I think it should be the ultimate. The Prime Minister's already said, and John Nott when he was Secretary of State for Defence has also said, that they both believe that the Russians are more likely to negotiate a balanced and verifiable reduction of these limited-range nuclear weapons now than ever before, for the simple reason that they believe that the Russians have enormous problems at the moment, as indeed they do. Not only are they fighting a war in Afghanistan which they can't possibly win, they've also got increasing problems in Poland, with the economic stagnation that we see behind the Iron Curtain and a population which is very restive at the moment, wanting a better quality of life. There's a better chance now, this year, for them to negotiate with us. Now I share the Prime Minister's cynicism about the Russians, very much so, but we can't on the one hand say we're prepared to talk and negotiate and then seem to be rejecting every proposal that comes out.

MICHAEL WILLS:

Well, even if the Prime Minister were to follow your advice of course there's no guarantee that an agreement will be reached with the Russians, these things are always notoriously difficult to achieve, and I think that you'd both agree that there's a very good likelihood that at least some Cruise missiles will be deployed in this country this year. Now if that is the case, some people are now arguing that one way of allaying popular disquiet and public alarm about this issue is for a new system of control over these missiles to be instituted, the so-called 'dual key' control system, whereby the British Prime Minister would have to assent to the missiles ever being fired as well as an

MICHAEL WILLS...Cont'd:

American President, in other words a British finger as well as an American finger on the button. Now, do you think that the Prime Minister should now be arguing for a dual-key control system?

DAVID TRIPPIER, M.P:

Yes, I do. Arrangements for the joint decision between ourselves and America with regard to nuclear weapons which are already based in this country have been well-established for the last 30 years. This arrangement, whereby the Americans have the sole control, the only key at the moment, I think is very difficult for the simple reason that the joint decision process is very important. You see, I disagee with Jonathan Alford who you interviewed earlier on in the programme from the I.I.S.S., when he said it would confuse the situation. The whole point of us renewing the independant strategic nuclear deterrent, which is Trident, and having another decision centre, which is London as opposed to in America, means that that confuses the Soviet Union. It is another imponderable in the equation, and we are in the bsuiness of trying to confuse them on this issue. We would all, as Gerry Neale said earlier on, like to see a complete reduction of these nuclear weapons. If we can't get that at Geneva then this is the only alternative.

GERRARD NEALE, M.P:

Well I'll make this addition, if I could just say that there is a very strong feeling in this country too that we need some say in the use of these weapons. It is because we seem to be allowing them to be put on our soil and fired conveniently at somebody else's benest that frightens people, and so I too am very heartened by what the Foreign Secretary has said, that it is highly desirable that there is a dual key, and I would support any attempts that he makes to actually get those, that installed.

MICHAEL WILLS:

Well gentlemen, I think you've made your positions both very clear on this crucial issue of nuclear weapons. I detect a great deal of agreement between you on dual key although I see some striking differences between you on the question of what the Prime Minister should be doing about zero option. You, Mr. Neale, think she should resolutely stick by it, at least for the time being, and you think that's the way to proceed. You, Mr. Trippier, I detect are slightly alarmed about popular opposition to the present government's policy and feel that the government should show itself more open and more accommodating, more flexible in its negotiations with the Russians. Well, I'd like to move on now to something which is perhaps even more important to most people in this country, which of course is the economy, something that's bound to figure very prominently in the general election. Now, Mr. Neale, I'd like to start with you here. Many passionate supporters of the Prime Minister believe very firmly that the only real chance of a significant recovery in the British economy lies in the Prime Minister urgently and resolutely pursuing her present economic strategy. In other words, squeezing all inflation out of the economy altogether, making room for substantial tax cuts by significant cuts in public spending and through the mechanisms of further trade union reform and changes in the present system of unemployment benefits, bringing down wages and increasing employment. Now, are you one of those supporters of the Prime Minister who believes she should follow such a strategy so resolutely and urgently?

GERRARD NEALE, M.P:

Well, I think she should certainly follow it resolutely, as indeed she's done, but I think that it must be recalled that what she indicated at the last election was that it would take more than one Parliamentary sector, Parliamentary term to achieve it. I think what she has done so admirably is that she's fixed sights for the British

GERRARD NEALE, M.P:...Cont'd

people to aim at, and some of those sights as I say would need two Parliamentary terms to obtain. But each chance she has of taking a further move or step along the direction that she wants the country to go, she takes, and it is a, it's very much of a step-by-step approach.

MICHAEL WILLS:

Are you saying that she should do it all in the lifetime of the next Parliament if she's re-elected?

GERRARD NEALE, M.P:

There are certain things which politically you can achieve within a Parliament, and that you can, if you're willing to compromise and take an easy line on it you certainly don't achieve them, and what she's doing is she's saying that these are things which I feel that the country can commit itself to obtaining and we've got to aim at them, we've got to work to achieve them, and what she's stopped, the process she's stopped, which I think is admirable, is she's stopped this process of where politicians give a politician's answer and don't tell the truth, she's told the truth and she goes on telling the truth, and this is what we must do.

MICHAEL WILLS:

I see you're admirably resolute Mr. Neale, but I must point out to you as many supporters of the Prime Minister, as you've just seen in the earlier part of the programme, admit that there are very substantial costs attached to this, and I must put it to you that these costs could be very painful. increases in unemployment, greater inequality and poverty throughout the country. Now do you think these costs are really worth taking?

GERRARD NEALE, M.P:

Well it depends, it depends how draconian the changes are that you make. I mean obviously any government has got to obtain the consent of the people to changes, but the fact of the matter is that the pain is there, we have to

GERRARD NEALE, M.P....Cont'd:

accept it, we've had a very painful transition already, but if the Prime Minister continues, the government continues to tell people the truth and explain to them why these changes are necessary and where they're taking us, then I think the people will go on accepting them, but if we try and hedge and deceive then we, our cause is lost and so is the country's.

MICHAEL WILLS:

Mr. Trippier, I'd like to come to you now and put exactly the same set of questions I've just put to Mr. Neale. He seems to believe that the Prime Minister should press on resolutely and whatever pain it takes is worthwhile taking. Now can I put it to you, do you think the Prime Minister is right to have pursued her present strategy so far, and do you think she should pursue it in future as resolutely and urgently as Mr. Neale is suggesting?

DAVID TRIPPIER, M.P:

Well there are two questions there, the first part of the, I think I would say that I agree with all she has done so far, it has been extremely painful. I see the next five years as being a continuation of the commitments that the now present government gave to the electorate in 1979 with regard to the manifesto promises it made, albiet that we haven't managed to complete, as Gerry Neale suggested, all that we would have liked to have done in the space time we have been in government. It is a matter of change in emphasis that I am concerned about. The forthcoming budget is vitally important. I don't see it as being an election budget and in fact the Chancellor of the Exchequer has made it clear that it won't be an election budget, and so has the Prime Minister, but I see that the next budget is very crucial because it could in fact set the scene for the next five years. I would like to see in that budget for example that there should be an increase in personal tax

DAVID TRIPPIER, M.P....Cont'd:

allowance so that it removes an awful lot of people who are low-paid out of the tax net, therefore it does two things. One is we keep our pledge to the electorate and secondly you also restore the incentive to work.

MICHAEL WILLS:

Well, I must press you on that because you seem to be wholly in accord with Mr. Neale on the question of tax cuts therefore, but I must ask you, are you prepared to see substantial tax cuts at the expense of significant cuts in public spending? After all, thirteen billion pounds has to be lopped-off public spending even to reduce the tax burden to what it was at the beginning of this government.

DAVID TRIPPIER, M.P:

The Government, all of us within the government are very keen on seeing a reduction in public expenditure, it's the speed with which it's done. The word speed has been mentioned several times during this programme. It is very important before a general election anyway to make it clear to the electorate that we are still pledged to cut personal tax, but there is a difference here as to how it could be done, and we could make an absolute Horlicks of it. If we reduce the standard rate of tax in the forthcoming budget, as opposed to increasing personal tax allowances, that would in my view be very bad, very bad indeed. You've got to make sure that in the run-up to an election anyway you are still covering the middle ground and that we are all one nation. Now when Margaret came to power as the Prime Minister in '79 she thought that we could probably move a little quicker than we actually have dor , and this period of transition, which we all knew had to come about, could be done in a period of two governments. What's happened is the programme hasn't gone quite as quickly because we've had an international recession, as you have said on this programme. The truth is that the period of transition we've been going through has been much more painful, and taken longer the further North

you go in the country than it has done in the South, and that is a great problem.

GERRARD NEALE, M.P:

Can I add there that I think the important thing about the budget is that while we ....

MICHAEL WILLS:

Before we come to the budget, I'll come to you in just a moment because I do want to just press Mr. Trippier a little bit further on this, because it seems to me that underlying what you've just been saying to us is a feeling that really there is too much pain involved in this firm and resolute approach which Mr. Neale seems to be suggesting, that you are perfectly happy with what the Prime Minister has done so far, that you feel at bottom, if it's pushed through, if the programme is pushed through too quickly, too urgently, there will be just too much for the electorate to bear. Now is that your position?

DAVID TRIPPIER MP:

Yes. At the moment, you see, we find that in those areas where they have traditional industries which are labour-intensive and the further North you go you include industries like the textile industry, which is the second largest employer in the country, for example, I don't want in any way to be parochial but you know, this is a good example. You can't expect people who are employed in the textile industry, who have never been on strike in living memory, who've always accepted lower wages, never made irresponsible wage demands, suddenly to change into the jobs of the future, you know micro-technology , silicone chip and all that that means, in a week or in a year, so it's going to take longer and that means that the pain has got to be eased. Now Margaret has come to terms with that because she has actually eased the pain...

MICHAEL WILLS:

Mr.Neale, I'm going to have to come to you there, because we're running rapidly out of time. Let me just put this point to you. Mr. Trippier has made it clear that he feels that you should perhaps moderate your zeal for the economic strategy to take account of electoral sensitivities. Now the Prime Minister herself seems to think she can cope with this by appealing to people's national pride and nationalist sentiment which will out-weigh any pain that's caused by this strategy. Do you agree with her?

GERRARD NEALE, M.P:

I agree with her what she's doing, but I would say that she's appealing to their good sense, and I have the same problems in my constituency in higher levels of unemployment but there is nevertheless an expectation in people that she will go on applying the same commitment, the same conviction to her cause, she will go on being consistent in what she's doing so that people know where they stand; and most important that she will have the courage to see it through; and this is important.

MICHAEL WILLS:

And how are you going to persuade them though, if it seems that this approach isn't working, how are you going to persuade them that all this pain is really worth it?

GERRARD NEALE, M.P:

Well, I think that if you look round the country now you find that there are industries, you find companies, I mean she herself I know when she goes on her tours, she goes to companies that have made these changes and they've not made them just because the management have made them, they've made them because the unions have joined in and there are fine examples where people have said that they've realised that their job, their jobs in their individual factories, depend on what they do, how much effort they put in, how competitive their product is, how good the quality is and

GERRARD NEALE, M.P....Cont'd:

the delivery dates are...

MICHAEL WILLS:

Mr. Neale, I'm afraid I'm going to have to cut you off there, we're running out of time. Gentlemen , thank you both very much indeed.