

LOBBY BRIEFING

time: 12.30 pm date: 2/9/85

BY CHIEF PRESS SECRETARY

We stressed to the Lobby that we were quite unable to help them with details of the reshuffle which they knew to be underway until about 6 pm, when we hoped to be able to announce most, if not all, of the changes. We could not be sure that it would be completed today, as there were always consequential. We described it as a moderate sized reshuffle.

We confirmed that the PM had this morning seen John Selwyn Gummer (09.00-9.30 am), Adam Butler (9.30-10 am), Patrick Jenkin (10-10.30 am), Tom King (10.30-11.30 am), Neil MacFarlane (11.30-11.50 am), Peter Rees (12-12.15 pm), and Alex Fletcher (12.30-12.45 pm). We said that the Lobby should not draw any inferences from Lords Whitelaw and Denham arriving at No 10 this morning. We confirmed that she had seen Leon Brittan at Chequers yesterday, and may well have spoken to other people by phone but we had no intention of giving the Lobby a list of such calls. We dismissed the idea that a reshuffle could be conducted entirely by phone although we agreed that some appointments could be made known to the recipients by phone under certain circumstances. It was suggested that all sackings were done on a face to face rather than by phone, to which we said, not necessarily, and ruled out any suggestion that Messrs Brittan and King would not remain in the Cabinet.

We repeated the guidance given last night, that we would not be able to announce the details until about 6 this evening, that Cecil Parkinson would not be returning to the Cabinet, and that the thrust of the changes would be to strengthen the Government's performance in the area of employment and enterprise. The Government's view remained very firmly that development and recovery would come through an enterprise economy. We agreed that there could be some structural changes to create an employment/enterprise department, but we could not help as to whether a super ministry would be created, or whether a super minister would be in the Lords or the Commons. We said that the PM had not yet seen Lord Young.

We agreed that it might be reasonable to assume that this would be the PM's last reshuffle before an election, and we also noted that she was not in the business of by-elections. We said that she had spoken to Norman Tebbit over the weekend, and we were not aware whether or not she had been in touch with Peter Walker; in the course of a reshuffle we said that she would probably have to talk to every member of the Cabinet, and that it was useless to speculate as to who she had or had not or ought to be seeing. Asked about Jeffrey Archer, we said that he was not a Member of the House and as to whether or not his name was a red herring in the present speculation, we said that whatever else he was he was clearly not RED.

IRM

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We drew extensively on the attached "reshuffle" note, and then gave Lobby copies of the Press Notice announcing the changes, a list of the new order of precedence in the Cabinet, a background note on the additional responsibilities of the Department of Employment, and a copy of the Prime Minister's letter to John Gummer.

We said that the average age of the Cabinet had been marginally reduced, from 56 to 55.2. We agreed that Douglas Hurd had moved up the pecking order substantially, as had the DTI, noting also that Leon Brittan retains the No 5 ranking, and Tom King No 16. We agreed that there could be one or two more resignations to come, and that other consequential moves would come in the next day or two. We confirmed that Lord Gowrie and Neil MacFarlane had both expressed the wish to leave the Government for personal reasons.

We did not accept the thesis that the Northern Ireland team had been changed at a critical time in the talks with Dublin and that therefore the Prime Minister put a low rating on the talks. Talks to enable the Nationalists to play a stronger role were now well advanced, but not yet complete and Mr King as an experienced negotiator would bring especial expertise to the talks and to the NIO. We could not rule out other changes at the Northern Ireland Office. We were not aware that Mr King had needed any persuasion to take the job.

We disagreed strongly with the suggestion that there was a weak team now at the DTI, rather that the very reverse was the case. We said that the DTI had needed a heavyweight and had got one. To the question whether Cecil Parkinson had been in the running for the DTI job, we said that a decision to bring him back would have been too awkward. We rejected any suggestion that a change in regional policy would follow from the appointment of a northern MP to the DTI. We also disagreed with the thesis that there had been a change at the Home Office because the Prime Minister was dissatisfied with the presentation of the war against crime.

We said that the Scottish Office was well looked after and no changes were therefore required. Asked about the Foreign Office we said that further changes were likely later in the week.

IRM

RESHUFFLE 1985

The central objective of this mid-term reshuffle is to strengthen the Government's whole approach to the major outstanding economic problem, which unfortunately afflicts Europe as a whole: employment; jobs.

The changes being announced this evening are in many ways a logical extension of the Government's central philosophy: namely, that the route to soundly based new jobs is through enterprise. It is successful, competitive and enterprising firms which create and retain jobs. There is no substitute for a dynamic, enterprising economy if we are to get more jobs for the unemployed.

Much has already been done by the Government to this end. The changes being announced this evening are designed to give new momentum to the effort to encourage and promote enterprise in our society. They involve three major moves:

- i. by the Home Secretary, Leon Brittan, to become Secretary of State for Trade and Industry in succession to Norman Tebbit who becomes Chancellor of the Duchy of Lancaster and chairman of the Conservative Party without other responsibilities;
- ii. the promotion of Lord Young to Secretary of State for Employment, taking with him to that Department a range of "enterprise" responsibilities; and
- iii. the promotion of Kenneth Clarke, Minister of Health, to the Department of Employment with a seat in Cabinet.

All these moves should be seen as part of the total sharpening of the Government's employment/enterprise policies.

Dealing first with Mr Brittan's move, the Department of Trade and Industry is the traditional promoter of enterprise in our

industrial society. It has an enormous amount to do to encourage competition both at home and abroad and in fostering Research and Development, all of which have a part to play in securing (and keeping) a healthy environment in which trade and industry and new products can be developed.

Mr Brittan will have the crucial task of holding at bay and rolling back protectionism - through GATT, the Multi-fibre Agreement etc - monopolies and mergers and of course legislation governing the operation of the City.

Over and above this he will, as a Northern MP, be responsible for regional policy, in which he can be expected to take a particular interest.

He will be reinforced in his new Department by Peter Morrison who is making a sideways move as Minister of State from Employment to DTI where he had responsibility for training. Leon Brittan will no doubt soon announce the division of Minister of State responsibilities between Mr Morrison and Mr Pattie, who remains in DTI.

Lord Young, on his promotion to Secretary of State for Employment, takes with him a range of enterprise responsibilities and acquires some others.

These are:

- Enterprise Unit and Deregulation Unit which he supervised as Minister without Portfolio
- Coordination of work of City Action Teams in inner urban areas (for which statutory and financial responsibility remains with Secretaries of State now responsible)
- small firms (given the importance of small businesses as a source of new jobs), which is to be transferred from the DTI to Employment

- tourism, including the hotel industry, which is also a significant potential source of employment, and is again to be transferred from DTI to Employment

Lord Young will be supported by a new Cabinet Minister in the Commons, Kenneth Clarke, who has been knocking on the door of Cabinet for some time. He has experience as a Whip and a successful Ministerial career in Transport and DHSS.

Mr Brittan is being replaced as Home Secretary by Douglas Hurd who has been Secretary of State for Northern Ireland for almost exactly 12 months.

Mr Hurd is of course a former Minister of State in the Home Office. He leaves Northern Ireland with talks with the Irish Government on a possible agreement to encourage the Nationalist minority to play a wider political role in Ulster well advanced.

Tom King, a very experienced negotiator and conciliator, succeeds him in Northern Ireland. These are, you may think, qualities which are eminently required in Northern Ireland at this important stage in policy development, and Tom King goes there as an experienced Cabinet Minister in a variety of portfolios.

As you have widely forecast, Kenneth Baker moves up in the Department of Environment to become Secretary of State for the Environment to replace Patrick Jenkin who has resigned. Mr Jenkin and Peter Rees as Chief Secretary, are two of the three resignations at Cabinet level.

Peter Rees is replaced by John Macgregor on promotion from MAPF. A former merchant banker, Mr Macgregor has had experience both in Government and Opposition of the Whips' Office and has served two former Conservative Prime Ministers - as special assistant to Alec Douglas-Home and as head of Ted Heath's private office for several years in the later 1960s when Mr Heath was Leader of the Opposition.

The third resignation at Cabinet level is that of Lord Gowrie, Minister for the Arts and also Civil Service. His resignation [for personal reasons - he wishes to pursue another career] has come as a great blow to the Prime Minister. She much regrets his departure from Government.

We are making available now the exchanges of correspondence between the Prime Minister and Mr Jenkin, Mr Rees and Lord Gowrie.

Lord Gowrie is replaced, outside the Cabinet as Minister for the Arts and Civil Service, by Richard Luce, currently Minister of State FCO.

One word about Mr Tebbit. As Chancellor of the Duchy of Lancaster he will not be paid from the public purse. Like Mr Gummer, his predecessor, he will be paid privately.

This brings me to the other changes so far. I do stress that there are more to come in the lower ranks and the Prime Minister would hope to make further announcements this week.

Mr Gummer becomes Minister of State at MAF in succession to John Macgregor. He is also being made a Privy Councillor.

Barney Heyhoe moves from Treasury to become Minister for Health in succession to Kenneth Clarke.

Ian Gow moves from his job as Minister for Housing and Construction at Department of Environment to succeed Mr Heyhoe as Minister of State at Treasury.

There is promotion for William Waldegrave within the Department of the Environment to Minister of State to take Kenneth Baker's place.

For John Patten from DHSS to succeed Ian Gow as Minister of Housing and Construction.

For Christopher Patten, from Northern Ireland to become Minister of State, Department of Education and Science.

For Lord Trefgarne within the Ministry of Defence to Minister of State.

At Minister of State level there are two sideways moves - Norman Lamont from Industry to Defence to succeed Adam Butler, who has resigned and, as I have mentioned, Peter Morrison from Employment to Department of Trade and Industry to fill the place vacated by Mr Lamont.

Another feature of the reshuffle is the bringing of a number of backbenchers into Government for the first time as PUSs.

Richard Tracey as Minister for Sport to succeed Neil Macfarlane who has resigned.

Angela Rumbold will join him in the Department of Environment in the place created by William Waldegrave's promotion.

Michael Howard to Department of Trade and Industry in the post vacated by Alex Fletcher, who has resigned.

Mark Robinson, Member for Newport West, as PUS in Welsh Office which in the new Government will have two PUSs instead of one Minister of State and one PUS, Wyn Roberts - John Stradling Thomas having resigned. John Stradling Thomas is being awarded a Knighthood.

Overall then:

1. A substantial reinforcement of the Government's efforts to create more jobs through enterprise and a competitive economy.
2. A new Chairman of the Party.

3. Recognition for a number of younger members of the Government who have earned their promotion by hard work.

4. And an interesting influx of Backbenchers.

This may be the last major reshuffle before the next election, though that is not necessarily so. The Prime Minister believes she has a well balanced and refreshed team to tackle the country's problems.

2 September 1985