

PRIME MINISTER

PANORAMA INTERVIEW

This note covers the briefing we have put together for the above television interview (live from the White Room, with David Dimbleby from 9.30 to 10.10pm on Monday evening).

The whole of the programme starting at 9.25 will be devoted to your interview, apart from introductory music and bits of film of you out and about and Dimbleby walking into No 10 to the interior room.

As I indicated on Thursday night, the main chapter headings are as follows:

- Consequences of Westland - for your reputation and authority; your style of Government; collective responsibility; impact on Government business, direction
- Implications of recent opinion polls
- Unemployment - your reaction to various ideas, eg Select Committee, TUC, CBI
- Education - Teachers' pay dispute; what's wrong with education?; what are you going to do about it?
- Northern Ireland - This is only an option and will not be pursued if the province is out of the news
- Your style of Government, continued leadership, plans for next election
- Your vision of your Britain of the future

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I shall be in touch with Panorama again on Monday for any late changes. We have plenty of time set aside for briefing on Monday. There will be a make-up girl available from 8.45pm.

The briefing in the Annexes has been brought together by Tim Flesher and is covered by his own thoughts on the interview.

#### Advice

I have the following thoughts.

The crucial thing is to show the public that you are still fit and well, in charge, and determined as ever. All the commentators will be looking for signs that you have been marked or changed by recent events.

What I think is called for is a display of a steely, but slightly underplayed and lower register resolve which leaves the impression that you have been reinforced and toughened by the Westland business.

It is still the ambition of all reporters/interviewers to revive or take further the Westland affair, though their hopes now greatly exceed their expectations. I have told Panorama there is absolutely no profit for them in pursuing this.

The first thing we need to consider on Monday is how to hold the line and meet the charge contained in opinion polls that you have not told the whole truth. I suggest something like this:

"I have said all I intend to say on the subject. It is in the nature of things today that whatever anyone in public life says they will be disbelieved by some people and especially by some sections of the media.



"I thought it essential to have an inquiry into the disclosure of the Solicitor General's letter. The Head of the Civil Service has reported on it, both to me and to the Defence Select Committee.

"This was, however, always a sideshow to the main business of securing Westland's future. I hope that has now been achieved."

Three main questions follow on from this:

What effect do you think Westland has had on:

- your reputation, authority and style of business;
- your Government;
- your Government's election prospects?

On Monday when we address these issues I think the following points need to be kept in mind:

- It is the fate of Heads of Government these days to suffer attacks on their reputation. Westland is not the first effort against you, Oman, Belgrano and others. But perhaps the nature of these attacks tells us a great deal about the Opposition: namely, that they reveal the poverty of the Opposition who all along the line are seen to be adjusting to Tory policies; their only hope is to destroy the person.
- Having said that, it would be idle to pretend that the episode has not been damaging, if only because it has upset and unsettled Government and party. But we are coming out of it. Another attack has been beaten off - the Opposition has failed again.



- In one sense these periods are a source of strength because they put the Government to the test and it comes through.
- You also believe the Government will be strengthened because we have seen the unhappy consequences of a breakdown in collective responsibility; all in Government will be working to avoid a repetition.
- Mid-term opinion polls are neither here nor there, except for their transitory effect on morale. If anyone has a problem about recent opinion polls it is Labour and SDP/Liberals who simply can't get lift off whatever the Government's adversity.

#### Unemployment

Here I believe the trick is to show concern while at the same time explaining why, in simpler terms than normal - going back to basics - why other formulae won't work, or more likely will make matters worse.

In this context you need as a priority to meet the argument the Government doesn't care - and to use such allegations as a springboard to show the extent of the Government's caring in its NHS/social security policies. And not least how its firm financial policies have protected the worst off, through oil price soars and plummets and the Falklands.

#### Education

The objective here must be to show concern for pupils, and parents <sup>and</sup> your determination to remedy the inadequate state of our education system while at the same time showing how totally unreasonable the teachers are being (with £1.25bn on the table over the next four years, net of annual pay increases, in return for agreement on duties and assessment).



Style

Here I believe you have to overcome the view expressed in the attached Malcolm Rutherford article (Annex A) that the Thatcher revolution has run its course; it hasn't and there is a lot to be done yet (see your Written Answer yesterday, Annex B).

Vision of the Future

We should spend most time on this on Monday. I suggest the elements should be:

- A Britain which no longer lives under the threat of Socialism, but which sees its political choice between free enterprise parties.
- A Britain which is economically and industrially strong and successful because it has rediscovered enterprise allied to hard work and rich rewards for hard work and application.
- A Britain which because it is economically strong can afford better education, social services and a better environment.
- A Britain in which rising wealth is accompanied by a rising concern and action by those in the money to help both the community as a whole and those individuals who fall on hard times - in other words a more humane and charitable society.
- A Britain which is a good ally and friend playing a constructive, moderating role in the interests of world peace, justice and liberty.
- A Britain to which we are, in spite of all the difficulties, already steering. Join me and complete the voyage.

*B Ingham*  
BERNARD INGHAM

14 February 1986





A VERY intelligent German who used to live in London came back the other day to try to find out what was going on. Was it, as he seemed rather to assume, the end of the Thatcher revolution, the end of another British dream, like Harold Wilson's technological revolution, Edward Heath's "problems of success," and now Margaret Thatcher's "politics of conviction"?

Is there, he wondered, a cycle in British politics that suggests that, however promising the start, in the end no government ever quite makes it?

The short answer to his questions is "no." The longer answer is more nuanced.

To start with the Prime Minister: was there a Thatcher revolution? The answer is "yes," but it was under way before she came to power in 1979. There is a certain continuity in British politics which consists of going on trying to cope with unresolved problems.

The problems include coming to terms with a much reduced role in the world and with the European Community, which Britain should have joined at its inception. There were also certain residual colonial problems: Rhodesia, for example.

Then there were the economic problems and the fact that Britain was in economic decline compared with its natural analogues: France and West Germany. Not least, there was the problem of trade union power, which seemed capable at times of bringing down governments, Labour and Conservative alike. The list is not exhaustive.

Mrs Thatcher was not the first Prime Minister to have to confront those difficulties. The then Mr Wilson sought to curb trade union power in the late 1960s, was backed by Mrs Barbara Castle with her proposals for "In Place of Strife," and was hindered by Mr James Callaghan, who eventually became his successor and was ironically brought down, more than any other single factor, by the trade union rebellion against his incomes policy.

Wilson also sought in the 1960s to take Britain into Europe, as indeed had his Conservative predecessor, Harold Macmillan, before him. Both were rebuffed, not — it should be remembered — at home, but by French opposition.

Heath offered a new start in 1970. His original programme was remarkably like Thatcherism without Mrs Thatcher. The only main difference was the absence of monetary policy. He succeeded on European entrance where others had failed largely because of his understanding with President Pompidou, though the terms of entry were to dog successive British governments for another decade.

## Politics Today

# Maybe the Thatcher revolution is complete

By Malcolm Rutherford

Because of his anxiety about rising unemployment, Heath changed his economic policy to a more interventionist stance halfway through. This argument about how far a government should intervene in industry has haunted the Tory Party ever since: witness the underlying reason for the resignation of Mr Michael Heseltine as Secretary of State for Defence. It is not, incidentally, peculiar to the Tories. The differences between the parties are of degree, not kind.

Heath fell because of the assertion of union power and his inability to deal with the miners' strike in the winter of 1973-74. That, too, left a haunting memory.

Signs of more radical change came in the mid-1970s when Mrs Thatcher became leader of the Conservative Party and the International Monetary Fund was called in to advise on the British economy. In many ways the two events go together: there was a mutual recognition that the conduct of the economy could not be allowed to go on as it had.

When Mr Callaghan succeeded Wilson in 1976, he turned out to be a surprisingly good Prime Minister presiding over a brief period of considerable tranquility in British affairs. He relied, however, on a prices and incomes policy based on co-operation and consultation with the unions. In the longer-run, that co-operation was not forthcoming and ultimately the unions defeated him.

Mrs Thatcher at the start had

almost everything on her side. She had a programme not vastly different from that of Edward Heath in his early days. Her economic policy included control of the money supply which was said to be crucial, though it did not include an exchange rate policy which some of her advisers soon realised to be a serious omission.

She also had oil, the revenues from which could cushion a policy of structural change. And change was in the air. The time was ripe for it. The new Prime Minister set off a bonfire of controls: the abolition of exchange control and an end to prices and incomes policies. Inflation has ceased to be the worry it used to be. She began a step-by-step approach to the reform of the law governing industrial relations which may turn out to have been the largest part of the Thatcher revolution.

There were other successes as well. Mrs Thatcher presided over a Rhodesia settlement that had eluded her predecessors. Hong Kong was dealt with, after some hitches of her own making.

Oddly enough the Falkland Islands affair will probably be seen by historians as one of her greatest mistakes, though it was seen as one of her greatest achievements at the time. She should have gone for a peaceful accommodation with Argentina, as the Foreign Office was advising, well before the dispute turned into war.

On Europe she succeeded, this time against official advice. She pulled off a reduction in Britain's excessive contribution

to the Community budget that had again been denied to previous governments. For the first time, the country became a natural member of the club, no longer protesting about the membership fee.

Indeed, one irony of the Westland saga is that no one in the Cabinet wanted Mr Heseltine to resign precisely because the manner of his going would make the Government look anti-European. The policy objective is to become more European. Westland was merely considered not very important until the political crisis broke out.

There are major blemishes, of course. Few foresaw the continuing rise in unemployment. No one foresees today how it is going to come down very much very quickly. No one foresaw either how long it would take to put the structural changes in the economy into effect. It was only quite late in her first term that Mrs Thatcher began talking about the need for a third term.

Those are the obvious minuses. Less obvious perhaps in the political arena is the failure on education. The condition of many of the state schools in London and of the universities, the continuing teachers' dispute, and the apparent inability of Sir Keith Joseph, the Education Secretary and almost the original architect of the Thatcher revolution, to implement his ideas are probably far more serious matters than those that pass for political problems.

Education will take a generation to reform so that the

results begin to come through. The biggest black mark against Mrs Thatcher's administration is that the reform has barely begun, though again it is worth recalling that the call for a national debate on education came first from Mr Callaghan when he was Prime Minister. It has still not really taken place.

So we return to the question of my German friend: is there a natural British political cycle that begins with promise, then peters out, and begins again with someone else coming to power?

The answer remains "not necessarily." Mrs Thatcher will stay, in spite of recent events, if only because there is no obvious successor.

There is another question, however: will she ever be the same again? The answer to that is "probably no." Some senior figures in the party have asserted themselves: Mr John Wakeham, the Chief Whip, for example, as well as Viscount Whitelaw, still the deputy leader, and most interestingly Mr Douglas Hurd, the Home Secretary. It is likely that they will ensure that the style of government becomes more collegiate.

Moreover, there is still unfinished business, not the least of which is Ireland. It is very improbable that the Prime Minister will want to see yet another Irish initiative fizzle out. A settlement has defied her predecessors for years. She has announced the Channel tunnel, which also defied them. There must be a very strong

desire to go on developing the Hillsborough agreement on the Irish question.

One more British problem would be on the way to being resolved.

Meanwhile, never forget the state of the opposition parties. Quite the most important question there is the Fulham by-election, probably in April. It is a Tory marginal, with Labour second and the Alliance third at the last general election. The Tories can afford to lose it in mid-term. The battle that matters is between Labour and the Alliance. If Labour cannot win, the party's chances of a return to power will look remote. Equally if the Social Democratic candidate cannot win, the Alliance will lose some of the by-election momentum on which it has thrived. The result should tell us a great deal about the state of British politics.

Yet perhaps it does not matter too much. Maybe the Thatcher revolution is almost complete. The real revolution was to change the political ground. All parties have now adopted more market-oriented policies and all have more or less come to terms with Europe. All are more reticent about making bold promises.

Mrs Thatcher's main achievement so far has been to prevent the country's relative economic decline becoming absolute and to clear up some of the outstanding problems. It is impossible to do everything at the same time. We get it right in the end, but a little more slowly than our competitors.



Ashley Ashwood



Thursday 13 February 1986

(Answered by the Prime Minister on Thursday 13 February 1986)

UNSTARRED      Mr Nicholas Soames: To ask the Prime Minister,  
No. 12            if she will make a statement outlining the objectives  
(W)                of Her Majesty's Government for the rest of the  
                     current Parliament.

**THE PRIME MINISTER:**

The heart of our strategy is the continued reduction in inflation as a basis for sustained economic growth, built on sound financial foundations. Our aim is to hold public expenditure broadly constant in real terms and to reduce Government borrowing and the proportion of national income taken by taxation. We will continue to pursue measures to encourage initiative and enterprise. We shall remove barriers to effective competition and to the better working of markets. We shall seek to improve incentives. We shall continue to encourage the small business sector. We shall continue to pursue further measures of privatisation in order to improve the efficiency of the industries concerned and to encourage wider share ownership. It is only by pursuing these policies that we shall secure the continued substantial growth in new jobs which has occurred since 1983.



We shall continue to uphold the rule of law. We shall pursue our proposals to tighten up the law on public order and to counter the evil traffic in drugs. We shall take all necessary action to deal with fraud. We shall introduce a comprehensive framework for the supervision of the rapidly changing financial sector.

We shall continue to encourage wider home ownership. We shall implement major reforms in the social security system. We shall continue to protect retirement pensions and linked long-term benefits against inflation. We shall also develop our proposals for a radical recasting of the system of local government finance and the eventual abolition of the domestic rate. We shall be publishing a Green Paper on the reform of personal taxation. We shall continue to seek ways of improving the educational system through the extension of parental choice and through the improvement of standards in the system. We shall continue to develop the NHS to improve the efficiency and effectiveness of the service to patients. We will continue to improve the efficiency of the public services taking Government out of those areas which are best left to others. In Northern Ireland, we shall continue to develop and build upon the Anglo-Irish Agreement signed in November. We shall remain ready to listen to and consider the views of all constitutional politicians.

We shall continue to play a full and active part in the NATO alliance as the best means of preserving the peace. We shall also play a full part in the further development of the European Community.

We are well on course but there is much left to do. I am fully confident that we will carry forward our policies to a lasting and successful conclusion.



### Textile and Clothing Industries

**Mr. Nicholas Winterton** asked the Paymaster General what information he has concerning the number of people employed in the textiles and clothing industries in each of the last 12 months for which figures are available; and if he will give comparable figures for each month in the last five years.

**Mr. Lang:** The Department's employment statistics for the textiles and clothing industries are produced on a quarterly basis and cannot be expressed in precisely the manner required.

The latest available figures for employees in employment in the textiles (including man-made fibres) and clothing industries in Great Britain during the last five years are as follows:

	Number
<b>1980</b>	
December	585,000
<b>1981</b>	
March	565,000
June	550,000
September	544,000
December	532,000
<b>1982</b>	
March	521,000
June	510,000
September	501,000
December	491,000
<b>1983</b>	
March	481,000
June	475,000
September	478,000
December	475,000
<b>1984</b>	
March	470,000
June	467,000
September	467,000
December	465,000
<b>1985</b>	
March	460,000
June	459,000
September	464,000

### Youth Training Scheme

**Mr. Rooker** asked the Paymaster General if, pursuant to his reply of 22 November, *Official Report*, column 326, he will publish the latest figures for the ethnic origins of trainees recruited to the YTS by the construction industry training board, indicating what percentage each is of the total.

**Mr. Trippier:** The Manpower Services Commission is currently considering the extent to which information provided by managing agents and sponsors on the ethnic group of trainees on YTS can be made available. I shall write to the hon. Member as soon as I am in a position to do so.

### ENERGY

#### NATO

**Mr. Tony Banks** asked the Secretary of State for Energy if he will state the post, rank and responsibilities

of the official who represents the United Kingdom on the North Atlantic Treaty Organisation petroleum planning committee; how often this committee meets; and where it meets.

**Mr. Buchanan-Smith:** The post is section head, oil contingency planning, which has the rank of grade 7. The committee meets twice a year in Brussels.

### PRIME MINISTER

#### Government Objectives

**Mr. Soames** asked the Prime Minister if she will make a statement outlining the objectives of Her Majesty's Government for the rest of the current Parliament.

**The Prime Minister:** The heart of our strategy is the continued reduction in inflation as a basis for sustained economic growth, built on sound financial foundations. Our aim is to hold public expenditure broadly constant in real terms and to reduce Government borrowing and the proportion of national income taken by taxation. We will continue to pursue measures to encourage initiative and enterprise. We shall remove barriers to effective competition and to the better working of markets. We shall seek to improve incentives. We shall continue to encourage the small business sector. We shall continue to pursue further measures of privatisation in order to improve the efficiency of the industries concerned and to encourage wider share ownership. It is only by pursuing these policies that we shall secure the continued substantial growth in new jobs which has occurred since 1983.

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