

cc BVP

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PRIME MINISTER

READER'S DIGEST

Russell Twisk, Editor-in-Chief of Reader's Digest, Paul Johnson and Kenneth Gilmore, Editor-in-Chief worldwide, are coming to interview you for an hour at Chequers on Saturday, followed by lunch. I will join you and arrive at 11.30am for a pre-interview briefing.

Russell Twisk is the former editor of The Listener (at which he did an excellent job). You know Paul Johnson. Kenneth Gilmore is an American.

After lunch I suggest you go on to the doorstep for a photograph. Their photographer, Julian Nieman, will be on standby from 2.15pm. The COI will record the interview.

The interview arises from Reader's Digest commissioning Paul Johnson to write a major piece about the impact of Thatcherism on the free world. They plan to run it throughout all their editions in connection with your 10th anniversary. These reach 100 million people in 15 languages.

Within that major feature they would like a Q&A piece with you and this is largely what the interview is about.

You have of course decided not to give interviews in anticipation of your 10th anniversary. It would therefore be important not to talk in those terms and to make the point that you have resolved not to anticipate the milestone.

Against that background, what is clearly in prospect from their agenda is a wide-ranging interview and a discussion over lunch which builds on that.

Charles Powell and I have considered whether to put up any briefing on the areas to be covered and have decided against it. This is because:

- i) you are very well versed in all the issues; and
- ii) speaking, as you are, 4-5 months before the article appears you can only deal with them in overall, strategic terms.

Given the compressed style of Reader's Digest, it is important during the Q&A session to be crisp and condensed. You can relax and reflect over lunch in a way which will be helpful to Paul Johnson.

Questions

The topics to be covered are as follows:

- Are we witnessing the death of world socialism? Are recent changes in British society irreversible? The lessons of Thatcher Government for the world?
- What is the most intractable problem facing the Government in the next year?
- Terrorism in Northern Ireland. Are there any actions by Great Britain's allies that could contribute to a cessation of terror? Why is the IRA sometimes romanticized abroad? Critics say that British security forces violate basic human rights. What is your answer?
- Europe. Subsidies, danger of Fortress Europe, the prospect of unified Europe.
- Mr Gorbachev: Will he survive? How fundamental are the changes he is making? Is the Cold War over? What role should the West be playing?
- Hong Kong - is enough being done to ensure the continuation of democracy after 1997?
- Hostages: Can Western governments do any more to secure their return?
- South Africa: Are sanctions and disinvestment an answer?

In addition, they are likely to ask you more personal questions:

- how you would like to be remembered?
(NB - I attach a report of Reagan's farewell broadcast)
- what you would like to do when you retire?
- do you genuinely enjoy governing?
- are you hurt by criticism?
- your religious faith?

Some Thoughts

This is a broadly sympathetic audience, both in terms of those interviewing you and the Reader's Digest's readership. But the interview will have a much wider impact because of the way it will inform your interviewers in their wider writing.

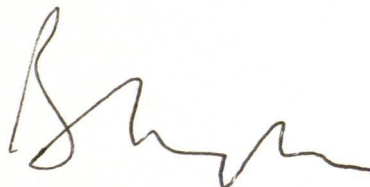
Given it will also appear in the context of your 10th anniversary, I think you should aim, as the opportunities arise, to:

- kill the idea that this is an arrogant, centralising, authoritarian Government
- nail the notion (with which Paul Johnson does not agree) that you intend to curb individual freedoms or are doing so
- demonstrate your energy, enthusiasm and determination to carry forward your policies.

I think the most important question is the second - what is the most intractable problem you face? It will be important for a variety of reasons to identify it as inflation - a national and international problem.

Opposite is a handbook on Reader's Digest in Britain and worldwide.

Content?



BERNARD INGHAM
January 12, 1989

Protect US spirit exhorts Reagan

By Stewart Fleming in
Washington

PRESIDENT RONALD Reagan, in his farewell address to the American people from the Oval office last night, warned his countrymen that they must pay more attention to promoting the cultural cohesion of their society or run the risk of suffering "an erosion of the American spirit."

In a surprisingly sombre section of an otherwise upbeat speech, the President said there was a great tradition of warnings in presidential farewells "and I have got one that has been on my mind for some time.

"If we forget what we did, we won't know who we are. I am warning of an eradication of the American memory that could result ultimately in an erosion of the American spirit," Mr Reagan said.

The warning stemmed from "one of the things I am proudest of in the past eight years, the resurgence of national pride that I called 'the new patriotism'"

Mr Reagan said people of an older generation were "taught very directly what it means to be an American." But today "well-grounded patriotism is no longer in style. Our spirit is back but we have not re-institutionalised it."

During his eight years in office the US had experienced a "Great Rediscovery" of self-confidence and belief in freedom.

"The way I see it, there were two great triumphs, two things that I'm proudest of. One is the economic recovery, in which the people of America created - and filled - 19m new jobs. The other is the recovery of our morale: America is respected again in the world and looked to for leadership," he said in prepared remarks.

Mr Reagan sought to rebut charges that he had pushed ahead too fast with the detente in US-Soviet relations. "My view is that President Gorbachev is different from previous Soviet leaders . . . I want the new closeness to continue and it will, if they continue to act in a helpful manner."

Dollar stren central bank

By Simon Holberton, Economics Staff

FURTHER dollar strength yesterday prompted frequent bouts of central bank intervention, while sterling received an unintended boost from Mr Nigel Lawson, Chancellor of the Exchequer, which left the pound at a 2½-year high against the D-Mark.

The intervention involved most continental central banks, together with the US Federal Reserve and the Bank of Canada, most of which sold dollars for D-Marks. The Bundesbank, the West German central bank, said the intervention was co-ordinated.

European central bankers described the intervention as "routine" and not particularly heavy. One said the total amounted to only about \$200m (£113m) to \$300m. The move, however, knocked the dollar at

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Government sh protect private

By Richard Evans and Andrew Hill

THE 10 WATER authorities in England and Wales are to be protected from takeover by a special government shareholding for five years after they are privatised later this year.

Announcing the "golden share" in a Commons statement yesterday, Mr Nicholas Ridley, the Environment Secretary, disclosed that provisions had been made to monitor water company takeovers with assets of more than £30m.

In any referral to the Monopolies and Mergers Commission, account would be taken of the danger that mergers would reduce the opportunity of comparing performance between different water undertakings.

Both provisions will be introduced as amendments to the Water Bill, now in its line-by-line committee stage in the Commons, but the much stricter regulations on takeovers will apply immediately. They will not affect any bids already made, however.

Crucially, the takeover provisions will apply to the 29 statutory water companies as well as to the 10 much larger water authorities once they are

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EDITOR-IN-CHIEF: RUSSELL TWISK

January 10, 1989

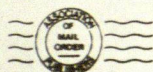
Simon Dugdale, Esq.
Press Office
10 Downing Street
London
SW1

Dear Simon,

I did enjoy our meeting yesterday, and the extremely useful briefing. Here, as promised, is the information requested.

1. Paul Johnson, Kenneth Gilmore and I will be arriving at Chequers at 11.45 a.m. for our noon appointment and travelling together in one car. The car is a dark grey Ford Granada, registration 2AOU. The driver is Simon Pym.
2. The topics we would like to cover in our question and answer session are:
 - Are we witnessing the death of world socialism? Are recent changes in British society irreversible? The lessons of Thatcher government for the world?
 - What is the most intractable problem facing the government in the next year?
 - X - Terrorism in Northern Ireland. Are there any actions by Great Britain's allies that could contribute to a cessation of terror? Why is the IRA sometimes romanticized abroad? Critics say that British security forces violate basic human rights. What is your answer?
 - Europe. Subsidies, danger of Fortress Europe, the prospect of unified Europe.
 - Mr. Gorbachev: Will he survive? How fundamental are the changes he is making? Is the Cold War over? What role should the West be playing?
 - Hong Kong - is enough being done to ensure the continuation of democracy after 1997?

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Hostages: Can Western governments do any more to secure their return?

South Africa: Are sanctions and disinvestment an answer?

There are a number of more personal topics we would like to cover if there is time. The Prime Minister's religious faith, how she would like to be remembered, what she would like to do when she finally retires, does she genuinely enjoy governing, is she hurt by criticism, what have been her most difficult times as Prime Minister?

3. Our photographer, Julien Nieman, will be on standby from 1.30 p.m. His car is a blue Vauxhall Astra, Registration number B556 CGT.
4. I am delighted that the COI can arrange for us to have a typed transcript by Monday. We would also like to bring tape recorders of our own for reference.
5. I enclose a recent leaflet about the Reader's Digest in Britain and worldwide.

Once again, many thanks for your help.

Kevin...

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Russell Twisk
Editor-in-Chief

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encl.