



10 DOWNING STREET

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From the Press Secretary

PRIME MINISTER

You should have a look at the attached Brian Walden interview with Kenneth Baker before you see Walden next Monday.

I have followed the thread of the agreement by highlighting in yellow

Thanks on
not a good interview
but was better than
me

Sydney
2/9

SUNDAY 17TH SEPTEMBER 1989

BRIAN WALDEN INTERVIEWS:

KENNETH BAKER

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PART ONE:

BRIAN WALDEN:

After a disastrous performance in the European election the Conservatives are now eight points behind Labour in the polls. It's the party's worst showing for over three years. In her July reshuffle, Mrs Thatcher gave Kenneth Baker the job of turning the tide. What will he do? Mr Baker, the Conservative Party Chairman, is here today to tell me. Mr Baker, the Conservative Party had a very bad European election result - it's eight points behind Labour in the polls and I think probably for the first time for a long time people are seriously beginning to wonder whether the Conservatives can win the next general election. Now, how big a problem do you face?

KENNETH BAKER:

The problem that you've outlined is containable and it can be solved. My task as the Tory Party Chairman is to ensure that the Tory party is geared up to win the next election whenever it comes... the Tory party in Central Office and the Tory

party in the country... and when you talk about eight points behind in the polls, look where we were in mid-term in 1981, we were ten points behind and look where we were in mid-term in 1985, we were sixteen points behind and people were saying...

BRIAN WALDEN:

Tell you a big difference there, though...

KENNETH BAKER:

... "we will never, we will never get back again"... in both elections we won.

BRIAN WALDEN:

True, but I'll tell you a big difference there. There was this very fat centre vote which sophisticates like you didn't really believe was going to turn out at the next election and vote for the centre, and it didn't, there were a lot of Tory votes trapped in that. Now, you are eight points behind a Labour Party showing its highest percentage for, oh, nearly ten years.

KENNETH BAKER:

Right, yes, there are Conservative votes trapped, as you say, within that centre area of people who voted, what, 22, 23% at the last election, which voted for the Alliance parties and certainly I don't think anybody would forecast that they're going to vote in that number at the next election and they will move in various ways: some will move to Labour, some will stay with the Democrats and some of them will move to us.

BRIAN WALDEN:

Some have already moved to Labour, haven't they? Isn't... you see, you see what I'm getting at, that when you are behind in the polls and Labour's in the mid-30s and there's this huge and bogus centre vote in the centre and it won't vote for the centre again, that's a different proposition, in the centre being very low and Labour being in the high...

KENNETH BAKER:

But if in fact, you're... the proposition that you're putting to me is that we're going back to sort of two-party sort of systems, the sort of system that you and I were familiar with in the '60s and '70s when you were a member of the House, I

think we might be moving back to that to some extent but then we won the 1979 election on that basis, on the basis of a two party, and we can certainly win the next election. One of the things that I will certainly be doing and which my colleagues in Government will be doing is exposing the Labour alternative. That is a very essential element, quite apart from supporting and being more persuasive about our own policies we have to go on to the attack much more on the Labour Policy Document, which for us is a goldmine, Brian...

BRIAN WALDEN:

I'm sure, I'm sure, but before we come to that let me put this one to you. Okay, you say the problem is containable but there is a problem. Now, let me ask you why, why is the Government unpopular?

KENNETH BAKER:

I think that in the last few months and from about the Spring, I think that we were far too concentrated and looking inwards into Westminster... as ministers are, they're concerned with the passage of legislation, we were not taking the argument out to the country. We hardly turned our attention, for example,

to the Labour Policy Document which came out in May and I've been encouraging my colleagues now to make speeches on subjects even beyond their own particular political portfolio and their ministerial portfolio and if you log up the number of speeches that have been made in August and September we are making much more now, many more than we were earlier in the year. So we're taking the argument to the country. Now, I think that is very important because we have to be more persuasive about our policies. It's not just a question of presentation, I don't believe that, anybody who believes that is very naive, but we have to be more persuasive about the policies which are of concern with the electorate.

BRIAN WALDEN:

There's a lot in that answer in different ways, the mention of presentation, but your belief that presentation is only part of the battle... what I'm interested in is the thing you said right at the beginning of that, at least to start with, that you really do feel, do you, as many Conservatives do, I know, many Conservatives in the country that I've talked to, that the Conservative government has to some extent drifted away from the public, it hasn't been watching public opinion, it's been introverted.

KENNETH BAKER:

I think, I think that certainly earlier this year it was and that's an inevitable part of the time of the process of the political year...

BRIAN WALDEN:

Why did that happen?

KENNETH BAKER:

It's the time of the process of the political year, you have to get Bills through Parliament, and I think now we have to be much more outward-going... I've made this absolutely clear and this is why I shall be going around the country - two visits to the North next week, I shall be doing that - ministers will be doing much more of that and that is very important because what politicians have to be which marks us out, as it were, from other people is persuasive, we have to go and persuade people by standing on our own two feet in halls or sitting on chairs in television studios of the rightness of our policies.

BRIAN WALDEN:

Let's be quite clear in our minds... you see, one of the difficulties about being persuasive... I'm glad by the way that you've pushed presentation back a bit because the idea that you can persuade people to like things they just aren't going to...

KENNETH BAKER:

Absolutely right, absolutely right...

BRIAN WALDEN:

... is ridiculous, isn't it?

KENNETH BAKER:

It is, it's absurd... and the most recent example of that, Brian, in modern British politics was the last election because the presentation of the Labour Party was much slicker, much more effective - remember that political broadcast that Mr Mendelssohn and... and a film director created... and with all that very clever slicker presentation they didn't move the opinion polls by one percentage point during the whole of the election. That's a very good example that if the policies aren't right you can't present them.

BRIAN WALDEN:

Okay, now, you see, we're absolutely on the same wavelength there and let me tell you where I think your problem might be lying... at least, a lot of people think that this is probably your fundamental problem in persuading, that you're coming very close to trying to persuade people of what they don't want to believe and it's this: I'm not going to say that the majority of people don't think there have been any benefits from ten years of Thatcher Government... I think the majority of people probably think there have been some benefits, but somehow they have come to be very worried and not feel at home in the society which developed from it and they also think when they're told aye, there's going to be a lot more of this, of course, on and on, up and up, more of the Thatcher Revolution, they say "Ooh, no, I think I've just about had enough of that - can't we stop it all now, it's gone as far as I want it to go!". Now, don't you think there's a lot in that?

KENNETH BAKER:

Ah, what you're putting to me, as I understand it, is that it's not presentation it's the policies, the policies must be changed...

BRIAN WALDEN:

That's right.

KENNETH BAKER:

... we're going too gung-ho at everything ... well, this comes back to the nature of change in our society in Britain and in politics generally and I would say to you, Brian, that many of the changes which are now accepted... accepted as part of the Thatcher Revolution were equally controversial in their day. I was the minister who privatised British Telecom and when that was going through the opinion polls were hopelessly against us, I was told that we wouldn't get through the House of Commons, the House of Lords, no-one would buy the shares, I was told that Telecom was a natural monopoly - similar sorts of arguments now on privatisation - and people said to me "Kenneth, don't push ahead with it". It's proved to be very successful, it's a a great success, the privatisation of British Telecom. You have now got the investment of British Telecom up by 60% as opposed to when it was a nationalised industry. You would never have had that if they'd remained a nationalised industry and you've got the terms, the actual charge with Telecom's coming down by 20%. So my... my point, to answer your general thesis of, you know, we're going too

fast in doing things... part of the answer to that is that the changes that we have introduced in the past have also been very controversial and often unliked at the moment they've been introduced... and the other example I would give is my education reforms...

BRIAN WALDEN:

Oh well, hang on, let me, let me question you on that, I... I take your general point and I can, I don't need the education example. Let me be quite clear that I understand what you're saying here, you're saying they're always the same, the boobs, they always dislike it when it's first suggested because they're British and they're against change anyway and they're all stick-in-the-muds and at the end of the day they'll love it. So you're telling me that what you're doing on the Health Service, the poll tax, water privatisation, the time will dawn when all those people out there who think they don't like it will realise that they actually adore it. Really?

KENNETH BAKER:

Right, let me answer, I will answer that question, first by making the point educational, then coming onto that, because the education point is relevant Brian, and it's relevant from this point of view, when I set out on education reforms, the opinion polls were against, the professional body was against them, and I went through them, we had a general election on them, it took three years, they are now being implemented, and they are proving to be very popular and very successful, the National Curriculum, delegated budgets to schools, we've turned the opinion round. And I think we have that task to do with some of the things that you have mentioned, if you mention the health service - could I just say, as this is the first time we've mentioned the health service, how sorry I was, and I think many people were to hear of the death of Tony Trafford yesterday, he was a major loss to the government, he was a very experienced politician, a very popular person, a great experience in the health service. But, coming onto the health service reforms in general.

BRIAN WALDEN:

Perhaps we won't, I accept the tribute to Tony Trafford...

KENNETH BAKER:

As you wish...

BRIAN WALDEN:

...and it was a very sad happening indeed I accept that. Let me take it then, because you mentioned education, which I regard in a way as the least Thatcherite of all the policies. Let's take the underlying philosophy of all this, you see this is what I'm getting at - I suppose the heart of what this government has been about, is the enterprise culture. Now I'm putting to you, that the British people don't really like it, they they're told they should, now you're going to persuade them that they ought to want it and all that, but in their minds they think no, no, no, its a lot of go-getting and it's a lot of individualism and it leads to aggression and it leads to selfishness, and I don't like that sort of thing. I want a lot more community, I want a lot more co-operation one with another, I don't want these gaps between rich and poor. In other words they're against the underlying thrust of your philosophy.

KENNETH BAKER:

Well there I fundamentally disagree, because against the enterprise culture of the 1980s, you have to contrast that with the collectivist approach of the 60s and 70s, and the collectivist approach was not in fact working, it was one of the reasons why you left the Labour Party, the belief that in fact under a collectivist approach the State knew best, whether it was government departments or local authorities. Under a collectivist approach it was high-spending and high taxes. Under a collectivist approach institutions like the trade unions were given great powers, and became an estate in the realm. All that was running into the sands, that is the spirit which Mrs Thatcher caught in 1979, and has transformed the economy. And so when you talk of the underlying attitudes of people, they certainly - as you said right at the beginning of this interview - do like many of the things that we've introduced. But I would have thought that many of the people in our country, do in fact enjoy lower taxes, they certainly don't want to go back to 83% marginal rates of tax and things of that sort do they?

BRIAN WALDEN:

Well, now you see, its very interesting that you should say that, you rubbish the 70s collectivism, perhaps rightly, we won't argue about that now, because this is the 80s. What is intriguing from the polls, is that when they are offered the choice between individualism and collectivism, they go for collectivism, 62 - 30, and let's take this very point of tax cuts. When this government kicked off back in '79, it was even stevens, between tax cuts and more public spending, it's now 7 - 1 in favour of more public spending.

KENNETH BAKER:

But the fallacy in your proposition Brian, you have a very inviting way in putting questions to your interviewees, and you try to make them accomplices with your own assertions, and your assertions are always interesting, but sometimes exaggerated, and this is one that is exaggerated...

BRIAN WALDEN:

All right, prove that one.

KENNETH BAKER:

...because... I will certainly prove that one, because what you're saying, is that there is this trade-off, as it were, between public spending and higher taxes, and you have one or the other. What we have shown in fact over the last ten years, is that you can have lower taxes, and you will also have increased public spending. I think some of the very right wing economists in our society today would say that Mrs Thatcher has not restrained public spending, in the way that she ought to have done. And we have increased public spending in education for example....

BRIAN WALDEN:

Yes, yes...

KENNETH BAKER:

...in health massively, we've increased public expenditure...

BRIAN WALDEN:

But you see with respect

KENNETH BAKER:

... in social provision, and so you don't have....

BRIAN WALDEN:

Ah, with respect that doesn't destroy my point at all, what you are saying is, and I don't dissent from it, we have been spending a lot more money, yes but you haven't been spending enough to satisfy the public, and when they are asked, do you want tax cuts, or do you want yet more public spending, a lot more of it, by 7 - 1 they say they want more public spending.

KENNETH BAKER:

Brian, right, let me say I dare say they would have said at almost any time in the course of the last ten years Brian...

BRIAN WALDEN:

No, they wouldn't, not when you started, it was even then.

KENNETH BAKER:

... but, can I just, just let me answer this particular point...

BRIAN WALDEN:

...you've gone back on that.

KENNETH BAKER:

...because what you're saying is that the public are saying at the moment, they want more public spending...

BRIAN WALDEN:

Yes.

KENNETH BAKER:

...in fact they are going to get quite a large increase in public spending, they had a large increase last year...

BRIAN WALDEN:

And are they going to get tax cuts as well?

KENNETH BAKER:

Er..that will have to depend upon the Chancellor and the judgement that he makes during the Budget, you wouldn't expect me on your programme to - to anticipate that...

BRIAN WALDEN:

No, I wouldn't, but I'd expect you to see the point that they don't want any more tax cuts, they want the money used for even higher public spending.

KENNETH BAKER:

But could I just say to you, I'm not at all sure this is a proven fact to begin with, what I think..

BRIAN WALDEN:

It's what the poll said.

KENNETH BAKER:

But what I think people do want is better value from the money that is being spent publicly, we are going to increase public expenditure this year...

BRIAN WALDEN:

Substantially?

KENNETH BAKER:

Announcements have already been made. For example Cecil Parkinson announced an increase of some 250 million pounds on new rolling stock, very important, I think transport's going to become quite an important issue. And the public services, of transport are going to become important issues. In the summer we announced a huge increase in the road programme, this is in fact increased public expenditure, but associated also with the possibility of tax cuts in the future, you will never get that from Labour. From Labour you will never get it...

BRIAN WALDEN:

Well they don't seem to want it - they don't seem to want it anyway...

KENNETH BAKER:

...and you also get high taxes, that's what you get from Labour.

BRIAN WALDEN:

Yes, well I keep putting it back to you, perhaps I want you to labour it no further. I mean you still speak of tax cuts as if they're something that the public wants. When you started off a lot of them did, now a miniscule percentage, about 7 per cent want tax cuts.

KENNETH BAKER:

But, but...

BRIAN WALDEN:

They're wor....they are very worried about public services, but they'll be a bit cheered by what you said, because I take it that you're telling me that on roads, on rail, on possibly a lot of other things the government is in the next round going to spend substantially more money than most of us have been expecting.

KENNETH BAKER:

Well, the amount that is actually going to be spent, is not for me to determine, as you will know, that it is to be determined in the PES round in discussions with the Chief Secretary and the spending ministers. But just look at our record Brian, we have increased public expenditure significantly in the last two years, we must give Nigel Lawson credit for that, in the conduct of the economy he has allowed scope for an increase in public spending, some reduction in direct taxation, and also a reduction in indebtedness.

BRIAN WALDEN:

By the way read me one riddle on this Kenneth. You're now...

KENNETH BAKER:

Well I will try to....

BRIAN WALDEN:

I'm sure you can, I'm sure you can. You're now very proud of the fact that under you public expenditure is rising, rising, rising, and you now tell me that in this coming year our eyes are going to be bedazzled by yet further rises....

KENNETH BAKER:

You are once...

BRIAN WALDEN:

Hang on, why is it rising at all, isn't one of the key beliefs of Thatcherism that public spending ought to fall?

KENNETH BAKER:

It is falling, as a percentage of the gross national product...

BRIAN WALDEN:

Ah....so...

KENNETH BAKER:

...and that is important, but at the same time...

BRIAN WALDEN:

...so you weren't being wholly truthful with me when you told me it was rising rising rising....

KENNETH BAKER:

It is rising in absolute money terms, and rising, as we...

BRIAN WALDEN:

But falling as a part of GDP (SIC) ...

KENNETH BAKER:

Yes, and that is part of our objective.

BRIAN WALDEN:

Is that a good thing?

KENNETH BAKER:

Yes, because in fact....

BRIAN WALDEN:

Why shouldn't it keep pace with the rise in GDP?

KENNETH BAKER:

I will tell you why, because when it comes to the provision which is made for public services, we believe that we have a clear responsibility in public services to make a good provision in health and education, and that is why we have increased the health budget so significantly. There are 14,000 more doctors and dentists now than when we came into office, and 60,000 more nurses and midwives, that is a substantial provision, an extra provision. When it comes to education we are spending per child, 30 per cent more per child, than when we came into office, that shows our concern as Conservatives, our caring concern about that provision. When it comes to social provision we have increased again very significantly the amounts paid in social benefit. Double the amount for people who have disabilities. And that is right, I think that's a right priority for spending money if you ask me.

BRIAN WALDEN:

Well, I'm sure you do, but....

KENNETH BAKER:

And that is important.

BRIAN WALDEN:

...but you see your problem is a simple one, that even though you have spent in absolute terms more money, and that's in...incontrovertibly true, the fact remains that you admit yourself as a proportion of GDP, it's actually been falling, and the public have noticed this, and they say to every pollster who asks them, that they don't want it to fall as a proportion of GDP, they want it to increase, they want a lot more public spending.

KENNETH BAKER:

Right, well can I just say on the levels of public spending, what the public also want is better value for money, in the money that is spent and you can see this...

BRIAN WALDEN:

They never made so much fuss about that though did they?

KENNETH BAKER:

Oh yes they do...

BRIAN WALDEN:

They just want a lot spent.

KENNETH BAKER:

They...no, what they want in value for money for example in the health service, is to see patient care improve, waiting times to come down, what they want to see in education, is a better quality of education in their schools, and this is why we have to to pursue the reforms that we are pursuing, it's not just a question of the total amount, it's a question of how that money is spent, and we have to address that problem Brian. Any responsible government has to.

BRIAN WALDEN:

Well, I have a feeling from this part of our discussion Mr Baker, that what you want to do is that you do want to preach Thatcherism in the sense that you want the government's policies in fact to be more popular with the country, but you have some quite significant reservations about the way you're going to do it. I think we ought to probe this more closely, but for the moment we'll take a break.

END OF PART ONE.

PART TWOBRIAN WALDEN:

Mr Baker at the earlier part of the interview you said that you thought the Government because of the nature of the Parliamentary timetable, may have been a little introverted rather lost touch with public opinion, I see you agree with that. And that it's your job to do something about that, and that the different agendas that the Government and the public have got must be brought together and you certainly indicated by saying quite a lot about increased public expenditure that you understood one of the public's worries. Now let's come to some actual specifics where I think this worry keeps coming up again and again. Let us take the health service, it seems to me that what the public says, perhaps in a rather cavalier way but what the public is saying is, spend a devil of a lot more on it, pour the money out we want a better Health Service. And that what the Government says is, oh hang on yes but we must have value for money and there must be cost cutting where we can do it and the doctors have got to be very careful about their budgets and we've got to watch this that and the other. Now frankly, that's the problem on health that's why you're unpopular on the health service isn't it? Because the public including most Conservatives on a recent poll think that what you're up to is a cost cutting operation.

KENNETH BAKER:

Well we're certainly not into a cost cutting operation in the sense that you're describing it at. And no-one could possibly describe our support for the health service as cost cutting. The extra amount provided this year is about two billion pounds that's a very great deal of money that goes in to Ken Clark's budget and has gone in...

BRIAN WALDEN:

The public don't think it's enough they want more.

KENNETH BAKER:

That may well be the case, but what any government has got to do is to get better value for money and virtually everybody has agreed that some reform is needed in the health service. And it's a question of what the reform should be, the select committee from the House of Commons in effect said that there must be reform of the health service there must be a better use of resources.

BRIAN WALDEN:

But you see...

KENNETH BAKER:

And I think the thrust of our changes in the health service is in fact to put greater responsibility to the point where the service is provided and the money is spent. Now I think that that is the correct philosophy, it was the philosophy I followed in education...

BRIAN WALDEN:

Yes I....

KENNETH BAKER:

...giving schools their budgets.

BRIAN WALDEN:

And with all due respect we don't want to get back to that again. Let us keep to health.

KENNETH BAKER:

There are parallels. But there are parallels...

BRIAN WALDEN:

There might be but look...

KENNETH BAKER:

...that you must recognise.

BRIAN WALDEN:

...and let me give you one thing that isn't a parallel. You have been telling them this about health for quite some time now, this value for money stuff and all the rest of it - it isn't making what you are doing any more popular. 14% support you in your quarrel with the doctors the rest support the doctors. So let me put it to you Mr Baker that in your job as chairman of the party, if you're just going to go on saying, look we are spending more money and we must get value for money and we must put it to the point of implementation and all that - you're not going to make it any better you've got to come closer...

KENNETH BAKER:

Well...

BRIAN WALDEN:

...to the public's view on the health service, haven't you?

KENNETH BAKER:

Well, I think that what you've got to do in the way that we've addressed other problems, is not so much come closer to the public's view, accept what the public's view is and that is very important in itself.

BRIAN WALDEN:

Do you accept the public's view?

KENNETH BAKER:

Yes I accept that many people feel two things about the health service. That as a result of our changes patient care will not improve and secondly, they feel that at our heart want to privatise the health service. Now let me say it once, we have no intention of privatising the health service, Margaret Thatcher, Ken Clark have said consistently consistently and I say again today clearly that is not our intention. Secondly on improving patient care, I think that we have to bring home more clearly that would be the result, improving patient care...the result of our changes. And the difficulty for us is this Brian, is that a Bill has to go through the House of Commons to allow these changes to come about before you can have self-governing hospitals before you can have group practices, all of which are voluntary, and many doctors support them actually. And that the BM campaign has gone over the top there is little

about that, you have got doctors criticising the BMA for their personal attacks upon Ken Clark. And so I think that one has got to show that in fact when the Bill is through there is the possibility then of improvement and a very real possibility of improvement.

BRIAN WALDEN:

So you say - I don't think a lot of Tories sitting out there are going to be greatly persuaded that keep on saying this is going to make it any better. You see let me put this to you, why have you

KENNETH BAKER:

Well...

BRIAN WALDEN:

....got this issue in such a high profile? Do you really seriously believe that come the next election gangs of the aged and infirm are going to be prancing about in the streets saying, "Its these wonderful health service changes..."

KENNETH BAKER:

Right...

BRIAN WALDEN:

"...that's why I'm voting Tory...."

KENNETH BAKER:

But could I say....

BRIAN WALDEN:

...I mean the issues a bad one for you anyway, isn't it?

KENNETH BAKER:

...the reason why we've had to undertake a measure of health service reform, is that reform is needed within the health service it is a very expensive service as you've indicated as you we both agreed. It will be sucking in more resources inevitably because the demands for health care are going to increase over the years, irrespective of what happens else in our society - that is predictable as people are living longer. And so it is very important for any responsible government to ensure that there is better value for money for the money that is actually being spent...

BRIAN WALDEN:

I'm sure....

KENNETH BAKER:

...quite apart from the extra money which is...

BRIAN WALDEN:

But you see the public don't put it like that, they say the first job of the government is to provide a lot more money.

KENNETH BAKER:

And that is exactly Brian what we have done...

BRIAN WALDEN:

And they want a lot more than you, more...

KENNETH BAKER:

... and you must recognise that. What you must recognise is that the government has provided a great deal more money a substantial extra amount this year.

BRIAN WALDEN:

Let me ask you this by the way before I move on to the poll tax

which is another one of the less than happy aspects of your present policies in terms of popularity and being on line with the public. I take it that when - it's not just an intention I know Mrs Thatcher has said it and Mr Clark, you are solemnly pledging that the Conservative Party will never privatise the health service.

KENNETH BAKER:

It is... Mrs Thatcher has made this absolutely clear...

BRIAN WALDEN:

Never.

KENNETH BAKER:

Mrs Thatcher has made this clear and Ken Clark....

BRIAN WALDEN:

And they won't

KENNETH BAKER:

....has made it clear and there is an anxiety in the public and I accept that and there is a public concern...

BRIAN WALDEN:

They've said there is no intention. You see I want to wrap something up once and for all it might even do you some good to say it..don't fight.

KENNETH BAKER:

It is...

BRIAN WALDEN:

In 1996 there's not going to be a review is there? And then the Conservative Party is going to decide to privatise the health service.

KENNETH BAKER:

We - we Brian we have made....

BRIAN WALDEN:

Never means never.

KENNETH BAKER:

...our position clear that we have no intentions of privatising the health service...

BRIAN WALDEN:

Ever?

KENNETH BAKER:

....we have made this absolutely clear it is a public service provided massively and substantially out of public funds.

BRIAN WALDEN:

And that's a pledge?

KENNETH BAKER:

And that - that is a pledge from me...

BRIAN WALDEN:

A pledge?

KENNETH BAKER:

...it's been a pledge from the Prime Minister...

BRIAN WALDEN:

Right..

KENNETH BAKER:

...its been a pledge from Ken Clark, I can give the same pledge on education if you like ...

BRIAN WALDEN:

No, no....

KENNETH BAKER:

...what one is dealing with Brian...

BRIAN WALDEN:

Oh, yes I think we'll have that while we're at it we might as well have the same pledge on education as well.

KENNETH BAKER:

... because what one is dealing with and this is why the parallel is the same, one is dealing with the better and more efficient use of public money and one accepts that. There could have been proposals for massive privatisation of the

health, of the education service and I said no that is not the way to go ahead I do not believe that is the right way to go ahead...

BRIAN WALDEN:

And it never will?

KENNETH BAKER:

...and it never will be.

BRIAN WALDEN:

Right we've got those two let us now move on especially as it happens to be your brain child, if that is quite the right word to it, let us move on to what the Government calls the community charge and everybody else calls the poll tax. a real shambles here you've got on your hands in terms of public opinion. The government has one view of it namely that you know well it's flat rate charge everybody pays the same get out of their head all the silly nonsense that they can have services that they don't have to fork out for, absolutely correct very efficient, value for money I'm sure you'd say. The public loathe it, it goes against all their most fundamental sentiments they don't think it's fair they don't think it's British - they think the rich ought to pay and the poor ought not, and even the fairly well-to-do ought to pay a

lot and the not so well-to-do very little and that the community ought to provide it. I think you're bang up against it on this one, now if you're going to persuade them, how are you going to persuade them to adopt your view of the poll tax?

KENNETH BAKER:

Well first, let's go back to first principles on the community charge. The first principle is that we looked at the rating system this was four five years ago and I don't think there is anybody now advocating and defending the rating system. When you talk about unpopularity of the community charge the rating system, if we had a revaluation would be infinitely more unpopular...

BRIAN WALDEN:

You had one in Scotland.

KENNETH BAKER:

...and unfair...

BRIAN WALDEN

...and the poll tax is more unpopular up there than the rerating was...

KENNETH BAKER:

...yes, but I can tel you...oh no it isn't...

BRIAN WALDEN:

Oh it is, that's what the poll said...

KENNETH BAKER:

The difficulties that we had in Scotland over the rerating were very significant and very substantial, and some people would say that it was the beginning of the difficulties that we had in Scotland over that rerating...

BRIAN WALDEN:

But Kenneth if you...

KENNETH BAKER:

Can I, can I just answer...

BRIAN WALDEN:

If you open your Sunday Telegraph all right, when you get home

this morning you will discover that more people - well okay it isn't wildly popular paying anything is never popular - more people want the rates by a large amount than want the poll tax.

KENNETH BAKER:

But can I say how unfair the rating system is. The two houses are the same...

BRIAN WALDEN:

Why don't you tell them?

KENNETH BAKER:

...well this is an opportunity for me to do so Brian...

BRIAN WALDEN:

OK OK...

KENNETH BAKER:

...through your programme. But the obvious case is the two houses in the road, one lived in by a widow one with four wage earning people paying the same rates and with revaluation would be massively unpopular. No one is really defending that now, no one, no party is putting that forward.

BRIAN WALDEN:

Still more, I keep going back to it, still more popular than the poll tax....

KENNETH BAKER:

Can I....but can I...

BRIAN WALDEN:

...poll tax is Typhoid Mary....

KENNETH BAKER:

...but can I just come to the other alternatives, can I come back to the other alternatives. The other alternatives looked at were all local income tax which is the favoured mechanism vehicle of the Liberal Democrats at the moment. That would be disastrous very very unpopular, it would put about 6p on the expenditure last year on to the rate of income tax. Now you were saying earlier people don't want tax cuts, the one thing they don't want very clearly are tax increases..

BRIAN WALDEN:

Well they do now again...

KENNETH BAKER:

...and you would have...

BRIAN WALDEN:

...you look at that Sunday Telegraph poll...

KENNETH BAKER:

....and you would have a very....

BRIAN WALDEN:

....more people want local income tax than anything else.

KENNETH BAKER:

Yes, but they don't understand the complexities of it...

BRIAN WALDEN:

Ah, they're boobies, are they?

KENNETH BAKER:

KENNETH BAKER:

...or indeed the penalties of it or the penalties of it. The penalties would be an extra 6 or 7p on the rate of income tax straight away to pay for local authority services, it's incredible difficult to operate...

BRIAN WALDEN:

Alright..

KENNETH BAKER:

....because tax is collected at the place you work not the place where you live.

BRIAN WALDEN:

Look the...

KENNETH BAKER:

No, let me defend.....

BRIAN WALDEN:

I'm bound to say Kenneth that the public always seem to have got it somewhat wrong in your eyes I'm sure you feel like but they feel that you have you see, so let's sum all this up. OK you're going to be infallibly proved by running through for all the alternatives including all the bizarre ones that I haven't even thought of, that the poll tax is the only option - ok supposing I agreed with that, does it have to be in this precise form, do you for instance have to have a safety net that the Exchequer is not financing?

KENNETH BAKER:

I'll answer the safety net directly in a moment...

BRIAN WALDEN:

Sure.

KENNETH BAKER:

...but could I say because what you're saying and the theme of all your questioning is that one has to be more persuasive with the public about what we're doing you said this consistently in the health service on public spending and now on a community charge. And going back to the first principles of the community charge, it is a flat rate charge which you described

it as which is shared equally amongst all the local residents in an area to pay for the local services. Now I think that that is fair and equal...

BRIAN WALDEN:

They don't...

KENNETH BAKER:

...Well right.

BRIAN WALDEN:

How are you going to persuade them?

KENNETH BAKER:

Well let me first - I begin by persuading them by saying, think about the nature of a flat rate charge, that is not uncommon in our society, there are flat rate charges - television licence, dog...the car licence not the dog licence, I've got a car licence. VAT and excise duties are not levied on the basis of someone's ability to pay. When you go onto a bus to pay your fare...

BRIAN WALDEN:

But you don't really...

KENNETH BAKER:

Can I just, can I...

BRIAN WALDEN:

...you don't really think telling them that they have to pay for a television licence and that's a flat rate charge is going to make them love the poll tax, do you?

KENNETH BAKER:

Yes, but can I just give another analogy? When you go onto a bus and you pay your fare to the driver he doesn't ask you how much you earn because that is a flat rate charge as it were for the service but there are people on the buses who in fact get passes and assistance and there will be in the community charge. The rebate system in the community charge is going to be very much more generous than the rebate system under the rate system. We are spending some £500M a year more on it next year.

BRIAN WALDEN:

Sure....

KENNETH BAKER:

And indeed, one of the advantages of the community charge is that single person households, elderly pensioners living alone, benefit very considerably from that particular type of raising local revenue. And indeed if you look at the gainers as well there are very substantial gainers amongst pensioner household.

BRIAN WALDEN:

But this is the hard line case....

KENNETH BAKER:

Now you did ask me about the safety net, do you want me to answer that?

BRIAN WALDEN:

Exactly, certainly I do, going to get that Exchequer funded?

KENNETH BAKER:

But could I, but could I first just explain how the safety net operates if I may Brian, because some people may not quite understand it, I'm sure many of your sophisticated viewers would. But the safety net has operated in fact for the last 50 or 60 years there's been a transfer of money from the richer areas to the poorer areas of the country. But because it has been done through the rates support grant system, it's been very difficult to understand, it's been a hidden hand moving this money around. Now what has changed with the community charge, is that it is now explicit, it is a specific amount on the bill, and people who are in the areas who are paying into the safety net resent very much the fact that they are going to have to continue to do that, to other areas that are going to benefit. First we're not withdrawing the benefit and the subsidy from those areas that have benefitted from this for a period of four years. And the argument on the safety net, is that those who are contributing to the safety net would like their contributions as it were eliminated immediately. And what we have always envisaged that would be phased in over a period of four years. And certainly some Conservative MPs before we rose in fact, complained about this, and made it very clear - not privately, they came on programmes like this and complained strongly about it. And that is why Chris Patten's been looking at it, and the Prime Minister has said, that he should be looking at it.

BRIAN WALDEN:

We could be getting to a bottom line here, in looking at it, is he going to do anything about it do you think?

KENNETH BAKER:

Well, you would not expect me Brian, on your programme however seductive your questioning is, to actually say that anything is

BRIAN WALDEN:

Ahh, that means he is....

KENNETH BAKER:

...necessarily going to be done about it.

BRIAN WALDEN:

That means he is, else you'd tell me right now that he wasn't going to change it.

KENNETH BAKER:

What I am saying, what I am saying is, that he is looking at it, it's going to be a collective decision of Ministers clearly.

KENNETH BAKER:

What I have said, is that one has got to look at that aspect of the community charge, Chris Patten is looking at it, it's being looked at collectively.

BRIAN WALDEN:

Let me give you another one that you might look at on this Ken. You see if for instance you took education, perhaps where it should be and paid for it out of national taxation, or indeed it needn't be education there are a number of other things, but education is a huge local authority bill. If you whipped all that back to the centre, poll tax would fall quite dramatically wouldn't it?

KENNETH BAKER:

Yes.

BRIAN WALDEN:

Is that being looked at?

KENNETH BAKER:

You have consistently argued this in your column, you've said this is the quick fix, if you took education off the rates, its

about what 3 - 3 and a half billion, its the quick fix, it'll reduce community charge to a very low level. There are two good reasons for not doing it, one constitutional and one educational. The constitutional you would leave local authorities very little to deal with and reduce their responsibility, because if the Exchequer....

BRIAN WALDEN:

It would also reduce the poll tax.

KENNETH BAKER:

...if Whitehall is funding it, it would be determining the policy, and that is very difficult when they are executing the policy and administering the schools. The second reason is educational, the whole thrust of my educational reforms with the exception of the National Curriculum, which was a national framework of standards and tests, the thrust of their other reforms was to devolve responsibility throughout the system. It was to pass responsibility to schools, to run their own budgets, for schools to become grant maintained. Now if you put all that responsibility back into the Department of Education, and Science, you'd be going against what I believe is the way forward for the '90s.

BRIAN WALDEN:

So we can take it quite definitely that that is not being looked at.

KENNETH BAKER:

You can take it quite definitely that is not being looked at, I ruled it out when I was Secretary for Education, I'm sure it will be ruled out.

BRIAN WALDEN:

So, what I can tell my Tory friends is cheer up, they are going to move with the regard to this safety net, they are going to give you more Treasury money, but there's no hope chaps that they're going to in fact move education to Central Government?

KENNETH BAKER:

I have said that repeatedly in the past, I think it would be bad educationally....

BRIAN WALDEN:

Not quite in that form you haven't.

KENNETH BAKER:

...and, well I think it will be bad educationally, and it will be bad constitutionally.

BRIAN WALDEN:

Oh yes, yes, but we're going to get some movement on the safety net aren't we?

KENNETH BAKER:

Well...

BRIAN WALDEN:

Because Chris Patten's looking at it.

KENNETH BAKER:

There you go again, you see you are making me an accomplice of your assertions, what I am saying is that Chris Patten is looking at it, it will be a collective decision of Government.

BRIAN WALDEN:

Indeed, and I bet I can guess which way it will go. It interests me on the poll tax by the way, because on the general

underlying philosophic theme that we were discussing earlier, it seems to me that you are defending the Thatcher Revolution yeah, but you are perhaps wobbling is a harsh term, you are modifying quite substantially at the edges aren't you? You are prepared to move a bit towards the public?

KENNETH BAKER:

Yes, but that has been the characteristic of the last ten years Brian...you seem to take the view...

BRIAN WALDEN:

You seem to have fooled a lot of people about that.

KENNETH BAKER:

No, but you seem to have taken the view that in fact there's been a juggernaut just driving through over the last decade, its not the case...

BRIAN WALDEN:

That's what your critics say.

KENNETH BAKER:

...there has been adjustments and changes all the way through,

and there have been movements moving into new areas of policy like privatisation in the mid 80s like social reform in education and health in the latter part of the 80s and that is something that's going to go through into the 90s, because if you look at the policies that are going to come up and the issues that are going to come up in the 90s, I think principally they will be the quality of life issues. The quality of life that people want to have.

BRIAN WALDEN:

All right, let's have a go on the quality of life, at least one small aspect of it. You say there have been modifications and changes, let me suggest one to you, that I think would do you a power of good. Not going to suggest for a moment it's the most important issue facing the country, but it does the government a great deal of harm, and that's the young homeless. Because of the way the benefit system has been changed, they find it harder to get benefits. And as you know here in London in particular, they are on the streets, they are begging, they are turning to prostitution, and they live in boxes round and about Waterloo. Now there aren't an enormous number of them, but there are a lot of them, and it does you terrible harm, people look at that, and you lose more votes from the fact that people are living in boxes and begging on the streets. Why not a little modification to turn the benefit system back to what it used to be, and get most of them off the streets?

KENNETH BAKER:

Well, I don't think that would be the answer to that...

BRIAN WALDEN:

What would be?

KENNETH BAKER:

Because that would, that actually might have the perverse effect of encouraging more to go, I don't think necessarily it would, and I wouldn't forecast that, but it might have, and I think you'd probably recognise that.

BRIAN WALDEN:

What would you do then?

KENNETH BAKER:

I think that, well to begin with there has to be a provision for overnight stay, overnight stay in London. Now, if you look at the total amount of provision for overnight stay, it more than exceeds demand in actual fact, this is the point that John Moore and Tony Newton have made again and again and again. But quite a lot of that provision is not taken up, people don't

want to take it up for one reason or another, I think you have addressed an important problem, and it has to be met by a variety of means, maybe more hostel accommodation, I would like to see more of that available, certainly for these youngsters. There is hostel accommodation available now...

BRIAN WALDEN:

More public spending in fact.

KENNETH BAKER:

But very often it doesn't.

BRIAN WALDEN:

Sure, I mean what you're saying, I mean people will be interested in this, because I admit it is not, I said that before I started, it is not the gravest problem facing the nation. But it is exactly the sort of problem that upsets the British.

KENNETH BAKER:

Oh, I'd agree with that Brian...

BRIAN WALDEN:

And you are going to spend more on hostels.

KENNETH BAKER:

... and it is very noticeable in certain.. Well we've already done so, money has been made available for this...

BRIAN WALDEN:

And the more still?

KENNETH BAKER:

Well, that will depend upon the decision...

BRIAN WALDEN:

Any further details?

KENNETH BAKER:

No, I'm certainly not going to say things on that today Brian, but there is a provision for hostel accommodation in London, and I think it is one of the sorts of issues that people are concerned about, and I would agree with you. And certainly one does see a lot of young people hanging around where my old department was round Waterloo, and its very disturbing. That's a much bigger manifestation, it's not just a housing problem

actually Brian.

BRIAN WALDEN:

I know.

KENNETH BAKER:

They are youngsters, and you touched upon this to some extent in your article today in the Sunday Times, you were talking about the drug culture and this sort of thing, and the contracting out of youngsters, and its a very difficult thing to deal with, it's a variety of different problems.

BRIAN WALDEN:

But you think it ought to be dealt with, because you told me the quality of life questions were going to be more and more important.

KENNETH BAKER:

Yes, I think the quality of life which that is one is going to become more important. And by the quality of life, I don't just mean you know, the life support system of this planet which is going to be very important, but the environment that you see when you open the door where you live.

BRIAN WALDEN:

Sure..

KENNETH BAKER:

And also the public services...

BRIAN WALDEN:

Which is usually filthy I might add these days.

KENNETH BAKER:

Yes, I agree, and this is why...

BRIAN WALDEN:

What are you going to do about that?

KENNETH BAKER:

Well we're going to bring a Bill in the course of the next parliament Brian, there is a Bill to deal with the problems of litter.

BRIAN WALDEN:

Perhaps you ought to explain to the - admittedly my sophisticated viewers, but they may not be wholly aware of how you're going to deal with this little problem, what are you going to do?

KENNETH BAKER:

Well there is a Bill that Chris Patten will bring forward, and we've already set out a consultation paper increasing the penalties for discarding litter, we're a very untidy nation, I'm afraid we are when you compare with what's happening. I would like to see the sorts of initiatives that you see as have cleaned up Toronto, Toronto is a much cleaner city now.

BRIAN WALDEN:

Hang on a minute though, more, I feared this you see, more penalties for chucking the stuff away, quite right, by the way people shouldn't throw it on the floor, I agree with you about that...

KENNETH BAKER:

Something that you agree with me, excellent.

BRIAN WALDEN:

...but why not spend some more money on getting it cleared up?

KENNETH BAKER:

Well, I think more money will be spent if you look in Central London..

BRIAN WALDEN:

More public spending...

KENNETH BAKER:

...if you look in, well I understand the thesis that you are moving towards in this interview, that in fact what I am saying is that money will be spent publicly by Central Government and by local authorities to deal with specific needs, this is a policy that we've followed for the last ten years, we'll continue to follow, and when it comes to litter, certainly much more initiatives are needed particularly in Central London.

BRIAN WALDEN:

Like prosecuting somebody for a change?

BRIAN WALDEN:

Quite so. We're coming towards the end of this, and what I deduce from it, I think I see the general line of your strategy, but I want to put it to you, to make sure I see. Basically, you are going to defend all the aspects of the Thatcher revolution, and you're offering no promises, but it isn't going to go on at much the same sort of velocity. But you do think shall we say given the inevitable wear and tear of time, that there's been a little bit of fraying at the edges. And that some more public money has got to be provided to in fact stitch up some of the gaps that have appeared. Now is that a pretty fair assessment?

KENNETH BAKER:

It's a sort of summary which has some elements of truth in it.

BRIAN WALDEN:

Ah...

KENNETH BAKER:

First, we're not going to abandon the main principles on which we fought the last election, and which are behind the main reforms, and if we were to do that, then we would be really

fleeing in retreat, and that is not what we are going to do. We are certainly going to pursue the changes that we've introduced, but at the same time I recognise on the public expenditure side, that there will be needs that'll have to be met, we have met those in the past.....

BRIAN WALDEN:

And you mean to do it.

KENNETH BAKER:

...but we have got to do it in the general constraints that are available in our economy today, Nigel Lawson been a very successful Chancellor of the Exchequer..

BRIAN WALDEN:

Will it be enough is what I want to put to you, let's now suppose you do a bit of this stitching and mending, and repairing and spending a lot more money as you obviously are going to, is it enough, are you going to win that next election, can you swing it round?

KENNETH BAKER:

What you're really saying to me Brian, and trying to make me say to you, is that if the government opened up the coffers and