

Private

10 DOWNING STREET
LONDON SW1A 2AA

Prime Minister

8/12/89

1) You are seeing George Younger on Monday afternoon with me at 5 pm. I enclose a note from George which I have seen. ~~It is in a sealed envelope because~~ It comes with another note which I have not seen but about which George has spoken to me.

2) I completely endorse George's comments. Indeed I made some suggestions to his first draft which have been incorporated in his note.

3) In §1 he refers to those who supported you with reluctance. All the papers concerning the last 2 weeks work (eg. Shana's lists of doubtfuls at each stage) are in my secure possession, to be handed of course to you when I cease to be your PPS. I hope ^{accurate} this weekend to analyze them to give an (figure (about 50) who voted for you with reluctance.

2.

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- 4) There were 60 abstentions, and say 50 reluctant supporters. It is obviously the case that if another 50 of your supporters become reluctant, your position becomes vulnerable.
- 5) On Europe, it is right to report that while sensitive colleagues still strongly support you over EMU and the Social Contract, opinion is changing over ERM as people perceive that the Germans and the French are dismantling some of their controls.
- 6) The election should never have happened, but now that it has taken place it is rather like lifting a stone unnecessarily to find some worms underneath. The issue is only temporarily dead in the newspapers. I believe there will be some more considered comment in Sunday papers.
- 7) Just in case you did not see them I enclose the articles of Robin Oakley and Ferdie Mount

3.

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from Wednesday's press. George has
seen a copy of this note.

M.L.B.

P.S. Which George has not seen
Should you not think of honouring
him in some way? - a C.H.
possibly as his peerage will
come anyway?

M.L.B.

REPORT AND RECOMMENDATIONS

From the Rt Hon George Younger MP

Friday, 8th December

1. The result is not as good as the figures. Many voted with varying degrees of reluctance for the Prime Minister. They cannot all be relied upon another time.

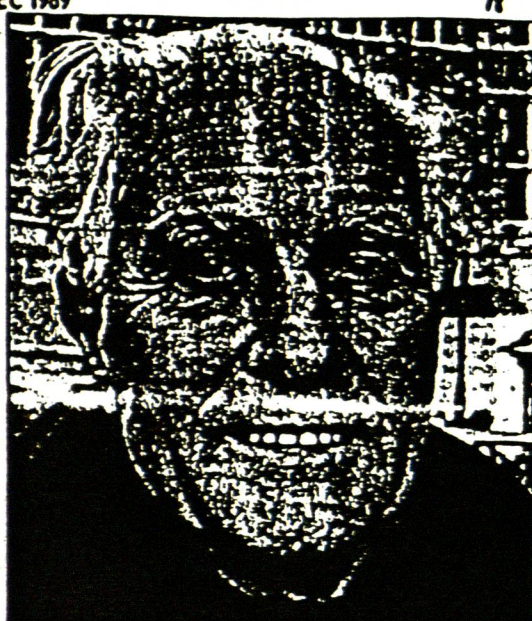
2. Many worries expressed were typical mid-term policy concerns (e.g. inflation, mortgage interest, ambulance dispute, water privatisation). If these problems did not exist, there would probably have been no challenge. However, the fact that the challenge took place has unearthed the significance of these problems. As there are likely to be economic and polls difficulties in a year's time, another challenge is not improbable. We feel everything possible must be done now to head this off.

3. Apart from these current issues, the following points were made by many of the "doubtfuls":
 - a) Members feel the PM is not accessible enough. It is not clear why (she is often in the Lobby), but they clearly feel this.
 - b) They also feel the PM is not prepared to listen receptively to their concerns.
 - c) It is strongly felt (even amongst the greatest supporters) that the reshuffle in the summer went badly wrong and that Nigel Lawson's resignation could have been avoided. It is felt that not enough time was taken to plan how best to approach those being moved.
 - d) There is a widespread feeling that Downing Street advisors are too prominent and have more influence than senior ministers. However unfairly, there is great mistrust of them, and it is thought they "ring fence" the PM from other advice.

../..

- e) It is felt that there are personality tensions within Cabinet and that these must be resolved if confidence is to be restored. In particular, Geoffrey Howe must be seen and treated as the PM's right-hand man.
 - f) The PM is marvellous in paying visits to constituencies. It is felt they would like her to do more, even if it means doing less of other things (e.g. foreign tours).
4. The following are some suggestions for major changes in style which might convince the Party that these complaints have been understood and dealt with:
- a) A major effort by the PM to reduce her diary commitments. Space for thought and for unexpected requirements should be written in to the programme.
 - b) Fewer foreign tours and more home ones. Foreign Secretary should do most of what needs to be done abroad. Failing him, could the Deputy PM perhaps do some of these?
 - c) The passing of more business to Cabinet committees chaired by senior ministers. This would contribute to a).
 - d) Clear rapprochement following recent tensions. Perhaps the Cabinet and wives should dine together socially at least twice a year.
 - e) More unplanned opportunities for chatting to backbenchers (e.g. casual visits to Smoking Room, etc.
 more invitations for Members of Parliament to
 No 10 lunches and dinners even at the expense of
 fewer ministers,
 particular efforts to chat with and listen to those
 known to be of different views).
 - f) An early and visible change in Downing Street top advisors (this would be for their own good too).

- g) While maintaining existing policy over Europe, a major effort to sound positive about closer integration of the right sort. It is the hearts of the pro-Europeans that need to be reached, not their heads. Most of the new generation have grown up as pro-Europeans and have preached it as an ideal. They can be persuaded to be hard-headed on bad policy proposals, provided they believe our leadership passionately believes in Europe too.
- h) When we do join the ERM, we must do it with warmth and enthusiasm.
- i) A new set of aims for the 1990s, different from the 1980s, will be needed. Perhaps a weekend seminar at Chequers with four or five senior ministers could set the tone for this. The PM and Government have been enormously successful in the 1980s. The 1990s will not be the same, but they can be equally successful. We must not let Labour seem new and different while we remain the same.



The losers: the campaign to turf out the strongest peacetime Prime Minister since Gladstone has been entirely counter-productive

IT IS a miserable, stunted sort of outcome to a footling and foolish contest. Nobody comes out of it much better off, except Mr Neil Kinnock. It is agreed by one and all that Sir Anthony Meyer has been dignified and charming throughout the proceedings. His polite, rather haunted manner as the cameras tracked him down in Colwyn Bay touched the British soft spot for the plucky amateur. Alas, contrary to popular belief, it is not all that difficult to appear dignified and charming when doing something silly.

From the moment Sir Anthony first put down his name, he looked less like a stalking-horse than the kind of point-to-pointer that is entered for the Grand National to satisfy the owner's vanity and causes a frightful pile-up at the first fence. All he has succeeded in doing is to set in concrete the divisions within the Conservative party without making it at all likely that a serious challenger would defeat Mrs Thatcher this side of a general election. At the same time, his 57 varieties of supporter and abjector are, I would guess, just enough to persuade someone to have a go next autumn. In other words, it will be a knock-down contest all the way through to polling day.

Nor, I would wager, will Sir Anthony have succeeded in his proclaimed aim of inducing Mrs Thatcher to take a friendlier line towards her European partners at Strasbourg this weekend. On the contrary, to respond directly to last night's voting figures would in her eyes be a sign of weakness. The calculations of Mrs Thatcher's opponents still seem naive and wayward. They have always shown themselves to be timorous and spasmodic plotters from the days of the 1981 Budget onwards. Perhaps they did not care to think through the consequences of their actions, for fear of being scared off once and for all.

It was never going to be a straightforward proposition to turf out the strongest peacetime Prime Minister since Gladstone. The nearest parallel would be the removal of Neville Chamberlain in 1940, but then the government party was looking for a stronger Prime Minister and not, as

POLITICS

Ferdinand Mount

New thinking needed after footling poll

would be the case today, a more emollient one. Chamberlain was already enfeebled and, as it turned out, dying. Even so, Churchill urged him to fight on alone. "You have a good majority. Do not take the matter grievously to heart. Strengthen your Government from every quarter, and let us go on until our majority deserts us" — advice that Mrs Thatcher would scarcely have needed but which Chamberlain did not feel up to taking.

But even supposing Mrs Thatcher were persuaded into resigning now or in a few months time, that would provide the worst possible setting for the Wets to resume the reins. The violent overthrow of Thatcherism would prompt a spectacular run on the pound, an overnight drying up of inward investment, and a stratospheric leap in interest rates, which in turn would make the return of a Labour Government loom larger still, thus deepening the financial panic.

If there is ever to be a successful return to the "kinder, gentler" style of leadership of which Sir Anthony dreams, then it is most likely to come after Mrs Thatcher has retired of her own volition.

Thus the campaign has been entirely counter-productive from every point of view. And though the

campaigning may have been gentlemanly, it was scarcely persuasive. It is hard, in fact, to decide which was the least convincing act. Was it Sir Anthony's protestation that he was anxious only to preserve Mrs Thatcher's "outstanding" and "splendid" achievements? Or Mr Michael Heseltine's semblance of lofty indifference to the whole business? Or Mr George Younger's repeated insistence that Mrs Thatcher really was incredibly enthusiastic about Europe?

HOWEVER defensible in principle, Mrs Thatcher's attitude to the Community remains a liability in day-to-day politics. At the Nato meeting in Brussels, President Bush's call for "a continued, perhaps intensified, effort of the Twelve to integrate" left her almost speechless (although a heavy cold was partly responsible).

Opinion polls can be invoked to argue that, deep down, the British people back her stand on sovereignty. The Times had a plucky stab at this on Monday — but, in fact, its MORI poll showed that, after all the brouhaha, voters were slightly less worried about Britain losing the power to govern itself than they had been two years ago. Only 29 per cent

now want Britain to leave the EEC, and substantial majorities support changes which would involve pooling still more sovereign powers: fully integrated armed forces for European defence, a Supreme Court of Europe, full membership of the EMS. Support for the Single Market and for Europe-wide pollution controls are now well established.

All this certainly does not mean that we want Westminster blotted out by a huge extension of power to the European Parliament, or that we want a dropical bureaucracy in Brussels. But we have no wish to seem laggardly or nitpicking about the methods involved in securing the sort of open, liberal Community we have in mind. And Mrs Thatcher does continue to alienate a large sector, both of her own party and of middle opinion generally, including many who certainly do not think of themselves as "federalists".

It is not, I think, simply a question of her combative tone of voice. Our whole approach seems rather stiff-jointed. Even when we have a decent idea, like the competing-currencies alternative to the later stages of the Delors Plan, we present it in a lukewarm, slapdash fashion.

At Strasbourg, instead of vainly opposing the call for a special conference to revise the Treaty of Rome, why do we not inject some fresh ideas to steer the inevitable conference in a promising direction? If we are worried about the Commission's tendency to stray into areas beyond its competence and its failure to respect the principle of "subsidiarity", why do we not call for a standing Constitutional Convention to map out and monitor boundaries and ground-rules for the distribution of powers.

This task of clarifying the structure of Europe will become more rather than less urgent as the existing 12 begin to deal with the throng of new applicants. Caution and scepticism are vital, as Mrs Thatcher keeps on reminding us, but they are not enough. New thinking ought to begin at home. And if the outcome of Sir Anthony Meyer's otherwise unhelpful challenge has one tiny redeeming merit, it is that it does aim a rather knock-kneed kick in that direction.

Robin Oakley sums up the Tory leadership result

Victory with just a dent

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In the end there was something for everybody. For only 60 MPs to withhold their votes from the Prime Minister when there were 68 unhorsed ex-front benchers participating and another 97 Tories in Parliament who, for at least 10 years, have never been offered the whisper of a job under the present management marked a fair achievement. But it was no triumph.

"She'll be pleased with that, and rightly," said one rebel. "But it gives her something to think about".

Loyalists rejoiced that Mrs Thatcher had taken 84 per cent of the votes available and said that if that was the best her opponents could do when the party's fortunes were at their nadir she had little to fear. Opponents scoffed that with a candidate standing against her virtually without status or policies, there had been no real test. And they saw the number of abstentions as significant, given the Tory habit of loyalty and the pressures to conform.

But it was an election, Tories were saying quite early on, that the Prime Minister could only lose. The first challenge to her

leadership in 15 years, together with her own shilly-shallying on whether she intends to go "on and on" and fight a fifth election, have destroyed the former aura of invincibility.

The contest has focused attention on the criticisms that Mrs Thatcher is somehow "out of date", that the time for her confrontational style has passed, that she has made Britain isolated in Nato, in the European Community and the Commonwealth. It has ensured that for the first time people at all levels of the Conservative Party are seriously asking: "Are our chances at the next general election better with her or without her at the head of the party". Once one challenge has been made, a lesser effort of will is required for another.

The contest has also underlined that the Tory divisions over Europe are deep and likely

to damage the party for a long time. The European Monetary System issue can only get worse from next July.

But Mrs Thatcher's prospects will probably depend less on her own endeavours than on the decisions taken on monetary policy and interest rates over the next six weeks by John Major. If the pound plummets, inflation rises again and interest rates are raised yet again, the Tories will be in real crisis.

In the immediate future we can expect a rallying round. A number of cabinet ministers wanted to roar to Mrs Thatcher's support over the past fortnight. They were discreetly reined in and urged to keep quiet for fear of having the hierarchy accused of overkill in its efforts to preserve her. They will now be encouraged to start rebuilding the Prime Minister's image and the party's unity.

While some would feel that yesterday's total of 60 votes withheld from Mrs Thatcher marks the start of a process leading to a more serious challenge to her next year, many dissidents think that chance has gone. Next year, they were saying last night, is too close to an election and the party is in too much trouble already to afford the 12 months of unsettling intrigue that would be involved.

The other thing that can be expected now is a discreet move within a few weeks (too soon would like like panic) to change the rules, requiring anybody who wishes to challenge in future to have the support of a number of MPs - some say 25, some say 40 (as in the Labour Party).

For a number of those who withheld support from Mrs Thatcher it is enough that a protest has been lodged, a warning has been given. Some too

accept that their desire to see someone else leading the party is more likely to be fulfilled if they assist a prime minister who has already won three elections to fight another.

Dumping a prime minister in those circumstances, some argue, would never be understood by the electorate. Besides, Mrs Thatcher, they are sure, would fight all the way any attempt to deny her that chance. The fight would be a bitter one and some believe that the outcome, if she were defeated in a bloody struggle, would be to make the party virtually unleadable. The Praetorian Guard of hard-edged young Thatcherite believers, they say, would make life impossible for a Heseltine or a Baker who had wrested the job. But if she is allowed to fight another election, they believe, she may well decide - whatever she says now - to bow out gracefully in

the next parliament. That would prevent Labour fighting the next election saying, "Vote Tory and you don't know who you'll be getting."

Older dissidents who have had their chance on the front bench and do not like the management that dumped them are being told: "It's all right for you. You can stump off to your retirement home or to the City. We have a political career ahead of us, and that requires a united party capable of winning elections".

Significantly, some of those working for a good result for Mrs Thatcher this time were prominent wets who would like to see Chris Patten figure in the next leadership contest. The same went for those who hope to see John Major develop into a more centrist rival to him. And the fact that Mrs Thatcher was not terminally damaged in this contest makes it likely that Sir Geoffrey Howe's hopes of leading the party, which depend on a contest before 1992, are fading and that the Tories may well end up leapfrogging the Heseltine/Baker generation when it finally comes to choosing the next leader. The next generation is coming into play.