PRIME MINISTER

DAVID FROST INTERVIEW

You are to record an interview for David Frost tomorrow morning (10.30am) for broadcast on Sunday for 55 minutes from around 8.15am.

A make-up lady will be available from 9.45am and I shall be ready to brief you from 10am, thus enabling you to reflect before starting the interview.

Broadly speaking, Mr Frost (who says he is greatly looking forward to the interview) wants to pursue three areas:

- (i) the Gulf
- (ii) Europe, including East-West
- (iii) the domestic political scene

I will deal with each area in turn, explaining how I have led Mr Frost into each subject.

Gulf

This is the only area which poses any <u>logistical</u> problem by the fact of recording 24 hours ahead. But, as Sarah Charman explained last night (see Annex I) they will meet this in two ways:

- (i) Mr Frost will explain in his recorded introduction filmed in the street that the interview was recorded on Saturday.
- (ii) they will edit out anything which awkwardly dates the interview; I shall be in touch with them on this. This means that they are likely to record a little over 55 minutes against the eventuality of some cutting.

Essentially, Mr Frost is looking for news on the Gulf.
Leaving aside the release of hostages, which would be news in itself, I do not see an obvious newsline at this stage. I have also told him that the release of women and children, while greatly welcome in itself, did not change anything fundamentally: they should never have been detained in the first place and their menfolk would still be held against their will.

The key factor, in your interview, in the absence of any

The key factor, in your interview, in the absence of any developments, is your tone: you need to demonstrate an iron resolution to see the issue through to a satisfactory outcome and to stand on principle.

My guess is that he will ask you:

- do you see any sign the blockade is working?
- how long do you give sanctions to work?
- are you prepared to use force if necessary?
- given frequent references to the imminence of Hussein acquiring nuclear weaponry, can his simple withdrawal from Kuwait ever be a satisfactory outcome?
- do we recognise the possibility that over time international support, interest and resolve will be sapped and that you might be left alone with Bush to fight the good fight?

Europe

Mr Frost's logical lead into the European segment is your speech in Finland which The Guardian described as "a distressing miscalculation ... the resumption of European nitpicking and the mindless chipping away at the consensus which encircles Saddam Hussein".

I have tried to get Mr Frost to understand that you were less concerned to criticise the Allies than to confront them with the fundamental lifeblood issue of how to protect their security when security interests extend far beyond traditional NATO boundaries. I have encouraged him to pursue this to give you a chance to put over your point of view on TV. (You will recall your Helsinki speech was not televised).

negative on political union and EMU? (I suspect he will dwell a bit on your view of the future shape and architecture of Europe)

This, I think, could lead into an examination of the economic effects of the Gulf crisis; the implications for interest rates and ERM membership (beware: Mr Frost is hungry for news or to make it); and the economic strains which the Gulf and reunification are imposing on the rich man of Europe: West Germany.

He is also showing some interest in Mr Gorbachev's chances of success, now that he is working with Yeltsin, and what kind of help he needs. There could well be a substantial passage on Eastern Europe/Soviet Union, perhaps linked with your view of a wider Europe, open and free.

Domestic

This morning when I spoke to Mr Frost he was casting around for issues. In practice he is likely to examine, in the context of the next election, the economy; community charge and what, if any, further changes you are likely to propose for local government (see this week's Guardian, Annex II), education - what do you intend to do about poor quality products (see DES briefing Annex III). I also planted in his mind the environment (and the need for Britons to clean up their neighbourhoods). I did not mention the NHS and neither did he.

Summary

This is likely to be a wide ranging interview across matters of topical and political interest, designed to open up a new political year which traditionally commences with the Trades Union Congress next week.

Firmness, assurance and confidence are your watchwords.

You are not supposed to know it, for the purposes of the interview, but the Sunday Express will be publishing on Sunday a poll which shows:

- 81.8% say Saddam Hussein should not be allowed by the West to stay in power
- 61.7% agree Britain should be prepared to go to war to see Hussein toppled
- 76% agree British Army should be sent to Gulf to support America
- 65.1% think you are the most capable leader for Britain in time of crisis
- 44.2% would vote for you if there were a general election tomorrow compared with Kinnock's 35.4%.

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ANNEX I

I spoke to David Frost today about this weekend's interview. We talked round the (mutual) problem that any interview recorded on Saturday (as proposed) might, in its coverage of Gulf issues, become obsolete by Sunday by virtue of the changing situation in the Gulf.

David Frost proposed

- that he would do an introduction to the programme outside No 10 explaining the interview had been pre-recorded
- and 2) they would have an editor on over night so that if anything said in the interview would sound silly if broadcast - then they could cut it.

The second is a sensible suggestion but do we want to admit the interview is not live?

As to the content of the interview he would like it to be in roughly three equal segments:

the first, naturally, on the Gulf crisis

the second on the <u>European scene</u> generally with particular reference to the forthcoming unification of Germany and how to ensure that Germany did not come to dominate <u>Europe</u>, <u>ERM</u> and our alternative proposals, Gorbachev/Russia

the final section on the $\underline{\text{domestic political scene}}$ looking ahead to the the next Election, education, poll tax.

I said I would pass this detail on to you and if you had any comments you would speak to him tomorrow. Since I am not now going on a recce tomorrow I could do so if you wish.

One further point - the programme wish to bring a stills photographer with them to record the occasion.

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rdict after \$7.5 million trial PIVI SEEKS [(cut councils' schools and housing role

David Hencke Westminster Correspondent

RS Thatcher has ordered a "root and branch" review of local government after the £3 billion extra spending agreed this summer to cool the row over the poll tax.

She has asked her Downing Street policy unit and the Treasury to look at ways of curbing the functions and services of local authorities. The aim is to introduce a further package of radical changes if she wins the next election.

The catalyst for the initiative was the Cabinet's conceding extra cash for councils in the first months of the community charge, which was supposed to local authority control spending.

Mrs Thatcher is said to be particularly unhappy that half next year's contingency fund has already been earmarked. This has curbed the Treasury's freedom in negotiating with other departments and cost the Government the equivalent of a

2p cut in income tax.

The review will examine in detail the individual functions of local government to see if they are necessary and then draw up plans to simplify the system by abolishing one tier of authority and streamlining procedures

It is unlikely to be completed before the next election, al-though the Conservatives are expected to seek some popular mandate to adapt local government to the 1990s in their manifesto.

The two services most at risk are education and housing. There is growing pressure from rightwing think-tanks such as the Adam Smith Institute and the Centre for Policy Studies, for the Government to abolish local education authorities if the Tories win a fourth term. Already the Adam Smith Institute has argued for regular ballots to encourage more schools to "opt out" of local authority control, thus reducing the need for education authorities.

The policy unit will examine wholesale "opting out" by abolishing the authorities. Schools would in future receive a grant direct from the Department of Education, and be allowed to fix salaries and develop their own facilities, and to raise money from the private sector.

The Government is also keen to eventually abolish the remaining 4.17 million council homes, either by encouraging people to convert their rents into mortgages or by making further sales easier.

The policy unit would explore abolishing the local councils legal ability to own any rented accommodation. The law could be changed to say that the authority could only play an enabling role — by paying private landlords or housing associations to provide low cost homes.

Other areas to be reviewed include social services, sports and leisure facilities, planning, roads and refuse collection services. The impetus here would be to encourage local authorities to cease to provide the services themselves but to contract out, manage or enable the private sector to take over.

The Government is also under growing pressure from its think tanks, and lately from the Conservative-controlled Association of District Councils, to abolish county councils. The review will consider abolition and redrawing the map of district councils and metropolitan boroughs.

The final phase will look at the controversial area of changing the electoral system for local government. The right is keen on cutting the number of elected representatives in authorities from 60 to 20, and curbing the proliferation of committees and council meetings.

The pace for such reform is likely to depend on some con-sensus in the Cabinet. Chris Patten, the Environment Secretary, is known not to favour dramatic changes and is likely to urge caution before further radical shake-ups.

Final push, page 6; Leader comment, page 18

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ANNEX III

BRIEF FOR PM'S INTERVIEW WITH DAVID FROST

IMPROVED EXAM RESULTS

- The 1990 GCSE results confirm the successful introduction of the GCSE. Compared with 1989 the proportions of candidates achieving the higher grades A-C rose by 2.2 percentage points to 48.3%. This increase was reflected in almost all the major subjects. The equivalent proportion rose by 4.2 points in English, by 4.1 in mathematics, by 7.8 in science, and by between 2 and 3 points in each of the separate sciences biology, chemistry and physics.
- There is every reason to believe that this reflects a real increase in the levels of attainment being achieved by pupils. The Examining Groups have striven to ensure that grade for grade the GCSE demands at least the same standards as the old O level and CSE.
- The results are moreover entirely consistent with the observation of HMI that the improvement in standards noted in its report last year on the GCSE has been maintained. HMI also remark that pupils are more confident about their abilities, are better motivated and have improved attitudes to school work.
- This success fully vindicates the Government's decision that the GCSE more or less in its current form should be the chief means of assessment at age 16 under the National Curriculum.
- A level results also improved this year. Entries went up by 2%, and the pass rate went up by 1% to 76%. This year's candidates included those who took GCSE for the first time in 1988.
- HMI confirm that the standards of A level syllabuses and questions, and the marking and grading, are as high as they have ever been.
- Exam successes are encouraging more pupils to stay on. The proportion staying on in full-time education rose from 48% in 1987 to 56% in 1989.