

QUESTION TIME

Lawson and Howe repudiate Walters' criticism of EMS

By Ivor Owen, Parliamentary Correspondent

MR NIGEL LAWSON, the Chancellor of the Exchequer, was joined by Sir Geoffrey Howe, the deputy Prime Minister, in the Commons yesterday in rejecting criticism of the European Monetary System expressed by Sir Alan Walters, chief economic adviser to Mrs Margaret Thatcher.

Taunts from the Labour front bench led to the double-barrelled repudiation of Sir Alan's assertion that the EMS was "half baked" and that arguments for its exchange rate mechanism had "never attained even a minimum level of plausibility."

With Mrs Thatcher in Kuala Lumpur for the Commonwealth Conference, it fell to Sir Geoffrey to respond when Mr Neil Kinnock, the Labour leader, underlined Sir Alan's claim that the Prime Minister concurred with his view of the EMS.

Again emphasising earlier reports of differences between the Prime Minister and Mr Lawson over sterling's inclusion in the exchange rate mechanism, Mr Kinnock asked if Sir Geoffrey expected her to repudiate her chief economic adviser or her Chancellor.

Sir Geoffrey replied that Sir Alan's advice was one of the factors taken into account by the Prime Minister and the rest of the Government.

He stressed that the policy of the Government was stated by people speaking on its behalf.

Sir Geoffrey said both the Prime Minister and the Chancellor had articulated policy in "precisely the same terms" and would continue to do so.

Mr Kinnock asked if Sir Geoffrey was saying that Sir Alan had not told the truth when he said that the Prime Minister agreed with his view.

Amid derisive laughter from the Opposition benches, Sir Geoffrey retorted that he was not required to answer for "every nuance."

He reaffirmed that the Prime Minister's view had been reiterated by both himself and Mr Lawson.

The Chancellor, who had told Mr Kinnock that the Labour Treasury spokesman

Mr Norman Lamont, the Chief Secretary to the Treasury, assured the Commons yesterday that inflation would not be automatically "accommodated" in the public spending plans for the coming financial year.

Mr Lamont, who is still heavily engaged in negotiations with the departments of Education, Transport and Social Security, told the House that "control of public spending lies at the heart of economic management."

that Sir Alan's view of the EMS was "clearly not the view of the Government."

Mr Lawson said the Prime Minister had made it clear that the Government was "committed fully" to joining the EMS as part of stage one of economic and monetary union.

Mr Brown had kept up the pressure on the Government front bench by contending that the House was entitled to know whether the Chancellor or Sir Alan was in charge of economic policy, and who ought to make the Mansion House speech later in the day.

Opposition MPs launched further protests about the hardship which high interest rates were imposing on home

Unease on the Government backbenches on this issue was expressed by Sir Anthony Grant (C Cambridgeshire SW).

A member of the executive of the 1922 committee of Conservative backbenchers, Sir Anthony urged the Chancellor to use his fertile and imaginative mind to pursue the quest for an alternative to the "crude" instrument of high interest rates, which bore very cruelly on small businesses and home owners.

Mr Lawson replied that if one was serious about getting inflation down it would be deluding the House to suggest there was an alternative to high interest rates.

His own fact is that it would do very much to use for control if inflation were to go down.

11/11

Opposition demands to know, who is running economic policy

It was Sir Alan Walters, the Prime Minister's personal economics adviser, rather than the Chancellor, who should be giving tonight's Mansion House speech, *Mr Gordon Brown*, shadow Chief Secretary to the Treasury, said during question time, to loud cheers from Labour MPs.

He said that Sir Alan, who had said that the European Monetary System (EMS) was half-baked and that arguments for it had never attained a "minimum level of plausibility", now said that the Prime Minister concurred with that view.

Who was in charge of economic policy? Mr Lawson or Sir Alan?

Mr Nigel Lawson, Chancellor of the Exchequer, said that Sir Alan's quoted views on the EMS were clearly not the Government's view. The Prime Minister had made her views clear: The Government was fully committed to joining the EMS as part of stage one of economic and monetary union.

Mr David Lambie (Cunningham South, Lab) asked what advantage the Government saw in remaining outside the EMS when short-term interest rates were 15 per cent in the UK and 8.5 per cent in Germany.

Mr Richard Ryder, Economic Secretary to the Treasury, said that the Chancellor had made perfectly clear on several occa-

sions, as had the Lord President (Sir Geoffrey Howe) at questions on Tuesday, that Britain would enter the European regulatory mechanism (ERM) when the conditions the Prime Minister set out at Madrid had been met.

Mr Robert Sheldon (Ashton-under-Lyne, Lab), chairman of the Public Accounts Committee, raised the criticism of Mr Henning Christopherson, EC Commissioner for economic affairs, that reliance on interest



Sir Alan: His quoted view "is not the Government's"

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rates could be counter-productive in that it increased wage rates.

In the past 13 months had not sole reliance on interest rates been a grievous error?

Mr Ryder said that virtually every country in Europe was depending on interest rates to bring down inflation.

Mr Jeremy Hayes (Harlow, C) pointed to a just-published report by the Centre for Policy Studies, "not exactly a nest of left-wing vipers", which said that joining the ERM would be the best anti-inflation policy the country could have at the moment. Would Mr Ryder make sure that the paper was widely disseminated among his colleagues?

Mr Ryder: I would be grateful if he could send me a copy.

Mr Nicholas Brown, an Opposition spokesman on Treasury and economic affairs, contrasted the views of Sir Alan, who claimed that the Prime Minister agreed with him, with those just stated by the Chancellor on behalf of the Government.

Mr Ryder said that the Opposition was not listening to the replies.

During questions to Sir Geoffrey Howe, deputizing for the Prime Minister, *Mr Neil*

Kinnock, Leader of the Opposition, asked: Now that the Chancellor has repudiated Sir Alan, who does he expect the Prime Minister to repudiate — her financial adviser or her Chancellor?

Sir Geoffrey Howe: Throughout my time as Chancellor, Sir Alan was the Prime Minister's economic adviser and in those circumstances and today, his advice was one factor taken into account by the Prime Minister and the Government.

The policy of the Government is stated by people speaking on behalf of the Government and the Prime Minister and the Chancellor have articulated the policy in precisely the same terms and will continue to do so.

Mr Kinnock: I hear what he says, but is he aware also that Sir Alan says that the Prime Minister agrees with his view about British participation? Is he saying that Sir Alan is not telling the truth about the Prime Minister's view?

Sir Geoffrey Howe: I am not prepared to answer for every nuance (Labour laughter). It would be astonishing if I were.

The fact is that the Prime Minister's view is the view that I reiterated on Tuesday and that the Chancellor reiterated this afternoon. It is the view set out at the conclusion of the Madrid summit and is well known to the House.

3/2

Be more imaginative, Tory advises the Chancellor //

Opposition MPs mounted a sustained attack on the Government's high interest rates policy during Treasury questions in the Commons. Also, a Conservative MP called on Mr Nigel Lawson, Chancellor of the Exchequer, to adopt a more imaginative approach to the crude weapon of interest rates.

Mr Gordon Brown, shadow Chief Secretary to the Treasury, asked when Mr Lawson would issue one word of regret, apology or sympathy for the problems he had caused millions of home owners who were paying on average £1,000 more a year.

Would Mr Lawson repeat the same advice he gave to home owners a year ago: cut back on something else? Or did he accept that they had nothing else to cut back on?

Mr Lawson said that home owners were in many cases cutting back and deferring purchases. That was part of the process in the necessary slow-down in the economy. What was happening now would be nothing like as bad as Labour's

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policy of putting a complete block on new mortgages.

Earlier, Mr Tony Worthington (Clydebank and Milngavie, Lab) said that Mr Lawson should explain that there was no external cause for the cut in the standard of living that people were experiencing. The sole responsibility lay with his mismanagement of the economy.

Mr Lawson said that he made it clear time and again that it was necessary to keep interest rates as high as was needed for as long as was needed to get on top of inflation.

It would be far more damaging for home owners if inflation reached the same levels as under the last Labour Government.

Sir Anthony Grant (South West Cambridgeshire, C) said that, although recognizing the overriding importance of controlling inflation, Mr Lawson should not give up the quest of his fertile and imaginative mind

for alternative methods to the crude weapon of interest rates.

Interest rates bore down cruelly on groups that he and Mr Lawson had always supported such as small businesses and home owners.

Mr Lawson said that high interest rates put a burden on home owners, particularly those with high mortgages, and many small businesses. But there was no alternative. It would be deluding the House to suggest that there was if the Government was serious about getting inflation down.

Mr James Arbuthnot (Wanstead and Woodford, C) said that some people spent all their time complaining about the cost of high interest rates to borrowers, but such rates brought high rewards to savers. That encouraged what they wanted to encourage and discouraged what they wanted to discourage.

Mr Lawson said that he had had a number of letters from savers saying how pleased they were with their return on savings.

THE INDEPENDENT

Biffen attacks 'tribal chanting'

CALLS FOR the Government to place sterling in the European exchange rate mechanism were dismissed as "tribal chanting" by John Biffen, former Leader of the Commons, yesterday.

He said on the BBC radio *Today* programme that he did not find it extraordinary that the pound was not a member of the ERM. "I find it for once a sign of healthy regard for our national interest.

"If we are going into this organisation, this European arrangement, we want to be in on equitable terms. If people think it is a sort of rescue line, I must say they have very convenient memories." Mr Biffen said the Government was certainly not right to spend billions of pounds trying to prop up the exchange rate, and he added: "It is very foolish to have a

fixed exchange rate system when what you do is use high interest rates to try to damp down demand at home.

"That is the core of the Chancellor's counter-inflation policy. But to hold up the exchange rate abroad? To what end? To make it more difficult for British exporters to sell into Germany where 40% of our deficit exists?"

"If you want to make a critique of the Government's policy and to challenge it, the point to challenge is on the exchange rate policy."

Mr Biffen was last night joined in his criticism by his long-time ally on such matters, Enoch Powell, who suggested in a speech at Milton Keynes that the Chancellor of the Exchequer's desertion of monetarist principle had created a wretched situation.

Mr Powell said: "It is a solemn reflection that an administration which 10 years ago was bent upon eliminating politician-made distortion from the functioning of the British economy, could have tumbled into repeating so ignominiously the errors of a past when fixed exchange rates, which of course means fudged exchange rates, were current wisdom."

He said: "They immolated their economic policy and the country's economic achievements upon the altar of European Monetary Union.

"It was in offering incense at that shrine that Nigel Lawson ran himself, and us, into the miseries of the last 18 months."

ANTHONY BEVINS
Political Editor

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Senior adviser says Thatcher shares his view **b**

THE CONTROVERSIAL claim that the Prime Minister shares the hostility of her economic adviser, Professor Sir Alan Walters, to participation in the European exchange rate mechanism, is made in an article published in *The American Economist* today.

In an autobiographical essay, Sir Alan writes of his battles with the economic establishment of London.

He then says: "In my role as adviser, there was one other major controversy where I found myself in a beleaguered but rather select minority.

"The issue was exchange rate intervention and in particular the advisability of Britain joining the exchange rate mechanism (ERM)

Exchange rate mechanism: Walters' position

of the European Monetary System.

"For more than 35 years I have been convinced that the various forms of pseudo-fixed exchange rates, dignified by various names such as crawling pegs, reference zones, etc, had only deleterious consequences — especially encouraging overvaluation and repression (on the part of dependent currencies such as sterling, the French franc, etc) and massive capital flight or inflow when the 'realignment' was imminent, which would in turn give rise to proposals for more exchange con-

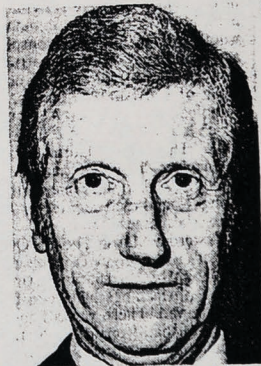
trols and trade barriers. The pressure from Europe and the British establishment to conform and join the ERM has been enormous. But the arguments have never attained even a minimum level of plausibility.

"My advice has been for Britain to retain its system of flexible exchange rates and to stay out of the present arrangements of the ERM. So far, Mrs Thatcher has concurred."

The Prime Minister's outspoken adviser is no stranger to controversy. Just before his renewed appointment to a part-time role

at Number 10 was disclosed in July last year, he wrote in *The Independent* that "Mr Lawson's misguided shadowing of the German mark during 1987 to March 1988" had produced "tragic consequences" in terms of interest rate fluctuations, an expansion of money supply and a record deterioration of the balance of payments.

He then added: "We have yet to see the final inflationary consequences and the full fall of sterling against the mark, but, as in Greek tragedy, the end is not in doubt: it is only a matter of time."



Sir Alan Walters: 'select minority'

ANTHONY BEVINS
Political Editor

x/w

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Chancellor repudiates the views of Mrs Thatchers' economic adviser

Howe and Lawson rule out early entry to the EMS 9

Question time

Martin Linton

THE CHANCELLOR, Mr Nigel Lawson, and the Leader of the Commons, Sir Geoffrey Howe, seemed to rule out any early entry into the exchange rate mechanism of the European Monetary System yesterday when they repeated that Britain would not join until the conditions laid down at the Madrid summit had been met.

Those conditions were not only that Britain's inflation rate must come down to the European average but also that Britain's partners must dismantle their exchange controls, a process that will not start until July next year.

But the Chancellor repudiated the view of the Prime Minister's economic adviser, Sir Alan Walters, expressed in an American magazine, that the arguments for British membership were "half-baked" and "have never attained even a minimum level of plausibility."

At Treasury question time in the Commons he said those

were "clearly not the views of the Government. The Government has made its views clear. The Prime Minister has made it clear and we are committed fully to joining the EMS as part of stage one of economic and monetary union."

At Prime Minister's questions Sir Geoffrey, standing in again for Mrs Thatcher, faced more questioning on Sir Alan's comments from the Labour leader, Mr Neil Kinnock.

"Now that the Chancellor has repudiated Sir Alan Walters, who does Sir Geoffrey expect the Prime Minister to repudiate? Her personal adviser or her Chancellor?" he asked.

Sir Geoffrey retorted that Sir Alan's advice was "one of the factors taken into account" by the Prime Minister and the rest of the Government.

But the Government's policy was "as stated by people speaking on behalf of the Government", he said. The Prime Minister and the Chancellor articulated the policy in precisely the same terms and would continue to do so.

But Mr Kinnock asked him to comment on Sir Alan's claim that the Prime Minister agreed with him about the exchange

rate mechanism. "Is he saying that Sir Alan is not telling the truth about the Prime Minister's view?"

Sir Geoffrey refused to answer, saying that he was "not required to answer for every nuance."

The Prime Minister's view was the view which he had reiterated on Tuesday, the view which the Chancellor had reiterated that afternoon and the view set out by the Prime Minister at the conclusion of the Madrid Summit.

Mr Lawson was forced to defend his interest rate increase to both Tory and Labour questioners.

Mr Tony Worthington (Lab. Clydebank and Milngavie) asked Mr Lawson to apologise for the catastrophic effect of the rise, which was leaving many people £1,000 a year worse off and was entirely the fault of his mismanagement of the economy.

The Chancellor replied that he had made it clear time and again that it was necessary to keep interest rates "as high as is needed for as long as is needed to get on top of inflation."

Letting inflation run out of

control would be far more damaging to home owners, he said, and he would not tolerate the negative real interest rates that had "robbed the pensioners of their lifetime savings" under the last Labour government.

Sir Anthony Grant (C. Cambridgeshire SW) asked him to recognise that interest rates were "all very well for the haves, but they bear very cruelly upon the have-nots, and particularly small businesses and home owners."

Would he please "not give up the quest with his fertile and imaginative mind for alternative methods to the crude one of interest rates."

But the Chancellor gave no ground. He said: "Of course higher interest rates do impose a burden on many home owners and on many small businesses.

"But I have to tell him that there is no alternative and it would be deluding the House to suggest that there is an alternative to high interest rates if one is serious about getting inflation down.

"It would be very much worse for all those concerned if inflation were to go up again."

M/S

Will the real Chancellor please stand up

Sketch



Andrew
Rawnsley

In the business of making difficult appearances at the despatch box, there are several types of operators. Douglas Hurd, making his statement on the Guildford Four, demonstrated why he is the alpha student in the "We're-All-Sadder-But-Wiser-For-This" School. Nigel Lawson, called to defend his handling of the economy, showed again why he is top of the class in the "What Me Ret?" school.

Millions of injured mortgage payers writhing in agony around him, miles offside, and the trade balance showing the red card, the Chancellor was yesterday playing on quite deaf to the whistles of derision from the Opposition.

Labour's Tony Worthington inquired, not all that innocently, how many mortgage payers had written letters to the Chancellor since he started sending interest rates up — first into orbit and then into the next galactic system.

"A large number," replied the Chancellor. Though he did not let us in on the contents of Number 11's postbag, it is a fair bet that few of these letters have been on scented notepaper swearing their undying affection for Mr Lawson.

To the suggestion that the Chancellor might offer some apology to mortgage payers, Mr Lawson replied: "Homeowners are cutting down on other spending and deferring other purchases." Like food?

It was a distracted, uncharacteristically ragged Mr Lawson

at the despatch box yesterday, his mind on his big speech to the City later in the evening. It was a classic case of what the medical experts here at Westminster call PMT (Pre-Mansionhouse Tension).

No doubt it had been aggravated by the publication of the latest views of the Chancellor over the water, Sir Alan Walters, on the European Monetary System.

Seeing Mr Lawson in some distress, Labour's Dr Gordon Brown rose to ask: "Will you tell us just who is now in charge of economic policy?" Dr Brown is clearly not that sort of doctor. "Is it you or is it Sir Alan Walters? And who should be giving the Mansion House speech tonight?"

The Chancellor snapped back. And when he snaps it is less of a ping and more of a thwack. Sir Alan's views on the European Monetary System were "clearly not the views of the Government".

Later, answering Prime Minister's Questions, Sir Geoffrey Howe took much the same line. With Mrs Thatcher safely 10,000 miles away, it looked suspiciously as though, in the ways of medieval courts, her two regents had decided to take the opportunity to work over one of the Queen's most hated favourites.

Making his statement about the Guildford Four, the Home Secretary rose to say: "We must all feel anxiety, regret, and deep concern at what has occurred." You can say that again, and, in between announcing his judicial inquiry into the case and review of the law on police confessions, Mr Hurd did say it again and again.

It worked with most of the House. But some Labour members questioned whether the Home Secretary's anxiety and regret was deep enough to bring all those responsible, no matter how great, to justice.

Roy Hattersley, finding one good out of so much bad, said the case had finally "laid the capital punishment debate to rest". A burial Mr Hurd was more than happy to join in.

Tony Baldry, the well-upholstered lawyer from Banbury, and one or two other Tory backbenchers, tried to extract from the affair the additional comfort that British justice did ultimately get it right. Pity it was just 14 years too late.

Main Column

COMMONS SKETCH

Howe fends off second attack

By Simon Heffer

A BOISTEROUS house warmed up on the Chancellor of the Exchequer before its second crack of the week at the Deputy Prime Minister, Sir Geoffrey Howe.

Mr Gordon Brown, a Labour Treasury spokesman, had decided to tease Mr Lawson just a few hours before his speech to the high priests of plutocracy at the Mansion House.

"Who is now in charge of economic policy within the Government? Is it the Chancellor or is it Sir Alan Walters?" Mr Lawson, taking advantage of his mistress's absence, decided to give Sir Alan a jolly good kicking. "The views you quoted are clearly not the views of the Government," he said.

This slightly perplexed those MPs on all sides who thought that Sir Alan's views were Mrs Thatcher's, and Mrs Thatcher (even when she is 8,000 miles away) is the Government.

Once his turn came, Sir Geoffrey had little more taxing to do than gratefully field a carefully-planned inquiry from Mr Tony Baldry (C, Banbury). He asked the ex-Foreign Secretary to share with the House his wisdom on the situation in Ethiopia.

As Sir Geoffrey read out his prepared answer to this spontaneous supplementary, one at least saw him in his best light, compassionately bearing the white man's burden on behalf of HM Government, describing how much of his waking hours were spent longing for a peaceful resolution of this dire problem. Just as the rosiness of the glow was becoming impenetrable, Mr Kinnock intervened.

"Now that the Chancellor has repudiated Sir Alan Walters," he sneered, "who would the Prime Minister repudiate? The Chancellor or Sir Alan Walters?"

Sir Geoffrey used the standard ploy of not answering the question. He instead reminded the House that Sir Alan had advised him when, many years ago, he had been Chancellor, and a jolly good arrangement it had been.

Mr Kinnock then alleged that Sir Alan had claimed the Prime Minister agreed with his contention that the EMS was "half-baked". Sir Geoffrey bridled.

"I am not required to answer

for every nuance," he said, in what might be construed as an admission of defeat. The Opposition hooted that that was precisely what Sir Geoffrey was there to do.

Sir Geoffrey had, though, successfully completed the kicking, and the House was left to regret that Sir Alan's guardian angel herself was not present to give her theological interpretation.

The overriding matter of the day, though, was the statement by Mr Hurd, Home Secretary, on the quashing of the convictions of the four found guilty of the Guildford pub bombings.

Since even the most partisan opponents of Mr Hurd would find it hard to savage him for the actions of the police and judiciary as they operated under the Labour government of 1974, it was a subdued event.

His remarks, though, included phrases to provoke disquiet among those who rely on the near infallibility of the rule of law: "misleading evidence" and "serious inconsistencies" were but two examples.

The only time that a laugh was raised was when Mr Hurd said that "nothing that has come to light cast the slightest doubt on the integrity or conduct of any Metropolitan Police officer," and it was not an entirely jovial laugh.

It was one of those rare days when Mr Hattersley, Labour's home affairs spokesman, was being surprisingly helpful. Just when the establishment seemed to be crumbling, he expressed "satisfaction that the legal system itself exposed this miscarriage".

To the obvious shock of some unreconstructed souls behind him, he professed that "the overwhelming number of police officers act honourably".

But Mr David Howell (C, Guildford), in whose constituency the murders took place, asked the House to "keep fresh in mind that five innocent people were slaughtered and 65 injured... those who did commit those foul crimes must pay the full penalty."

Mr Hurd agreed that "that is the basic tragedy from which this all flows". The sombre atmosphere in the House suggested it was a tragedy that is now, unhappily, revived and unresolved.

Parliament — P12

3/6

Commons mice come out to play

IT WAS the day of the mice who, finding the cat in Kuala Lumpur, came out and bit the cat's personal adviser.

Mr Lawson and Sir Geoffrey Howe could hardly have broken more rules, short of commandeering the BBC and playing continuous military music in the manner favoured during West Africa coups d'etat.

There were great numbers in the Commons, which would have done credit to an encounter between Chelsea and Manchester United.

Television had not attracted them. They had come down, like Assyrians on the fold, to watch not only Geoffrey Howe in drag, substituting for the Prime Minister, but that interesting feature, Nigel

Lawson Against The Universe.

In cricketing terms, Mr Lawson approaches Question Time in the manner of Geoffrey Boycott trying quite hard to run out the other batsmen (absent in Malaysia). What he lacks is Mr Boycott's humility.

Arsenic

Gordon Brown for Labour, knowing a good thing when he sees it, desecrated upon Sir Alan Walters and his article, tucked away at the back of the Financial Times, alleging that membership of both the European Monetary System and the Exchange Rate Mechanism was strictly for mugs.

Sir Alan is close to Mrs Thatcher in a way that Cabinet Ministers are not. If he says that the EMS is cinnamon toast made with arse-



nic, we may take it that Mrs Thatcher thinks so too. If he wants that understood by the public, almost certainly she wants us to know as well.

In the circumstances what one expected from the man Lawson was a suitably confused muttering in the menial fashion of a footman.

Humility, however, never was the Lawson strong suit. He is humble the way Mr Kinnock is terse. The broad message was that both EMS and ERM were good things and we should be joining when he was ready.

The enormity of this cheek is not readily

absorbed. This is a Cabinet member declaring that he takes part in making policy!

Spitting Image once portrayed Mrs Thatcher in a restaurant with Ministers ordering steak. The waiter asked: "What about the vegetables?" to which she answered: "Oh, they'll have a steak as well."

Yesterday was a case of a prominent vegetable, a large and serious parsnip, getting up off the plate and saying that actually he was having an omelette done in the French style.

Lobs

The Labour Party, never good at concentrating its attack, took off the bowling which had done the harm and switched to the underarm lobs of Mr Robert Hughes nattering on about the recycling of South African debt.

Then, when we all

thought that the issue of rebellion had gone, we had another change — of bowler and batsman. Neil Kinnock, with his sneaky left-hand leg breaks, came on against Geoffrey Howe.

Blow me if Sir Geoffrey didn't join his chum on the balcony and proclaim the Republic: ERM good thing, Sir Alan of no account.

He was asked: Did not the Prime Minister agree with Sir Alan in hating this foreign arrangement?

He couldn't answer for "these nuances".

Commonwealth functions are dangerous affairs, bringing coups d'etat all over the former empire. Many a good man has been brought news of his own overthrow before lighting his cigar at the banquet.

If Mrs Thatcher does come back, who will shoot whom?

L/W

Commons sketch

22

Howe launches
Thatch Pot plot

Yesterday gave us a new parliamentary record, and the first clue to Sir Geoffrey Howe's leadership strategy.

Roy Hattersley provided the record. He got "relief", "horror", "incredulity", "satisfaction", "profound dismay", "strong belief" and "deep determination", all into the first paragraph of his Guildford bombers speech.

And the clue? No Commonwealth conference is complete unless a Prime Minister is ousted in a coup while abroad. It now emerges that if Sir Geoffrey has his way, this year will be Mrs Thatcher's turn. The first stage of his fiendish plot is clear. He will bore the chamber to sleep.

It fell on Mr Lawson to keep the hoi polloi occupied while Sir Geoffrey laid his plans. Good, knockabout stuff was needed to tire them before the sleeping draught. Sir Anthony Grant started it.

If you were a crusty old buffer representing Cambridgeshire SW in the Tory interest, desirous of lambasting the Chancellor's policies and telling him that "there must be a better way", how would you put it? Listen to Sir Anthony:

"Can I ask my right hon friend, with his... *fertile and imaginative* mind, not to give up the quest for an alternative method...?" They loved it.

The Chancellor was equally combative though (as is the way with playground bullies) aggression was vented not on the formidable Sir Anthony, but on an earnest little swot with glasses, the Liberals' Alan Beith. Replying to Beith, he snapped: "Every schoolboy should know that. Even the hon member."

Aggression changed to bluster when he told James Arbuthnot (C, Wansstead & Woodford) that he had received "a large number of letters from savers saying how pleased they are" at the hike in interest rates.

Do you know anyone who even knows anyone else, who has written to thank Mr Lawson? No? Nor me. But then we learned much yesterday that was new. Labour's Wyn Griffiths (Bridgend) complained that the Japanese were sending relief aid to bail out a British food institute whose funds the government had cut. Mr Lawson praised

this example of what he called "Japanese investment", surprising those who had not understood that an RAF Hercules winging its way to Ethiopia is loaded with "investment".

The Chancellor was in a mood to redefine. The purpose (he told Labour's John McFall) of advertising water was "to enable" people "to participate" in privatisation. We must tell the barrow-boys down Petticoat Lane: their mission is to "enable" punters to "participate" in the rag-trade. They may have thought they were selling knickers.

Ian Taylor (C, Esher) completed our re-education. Tax cuts, he explained, had been to increase "disposable income" so that people could dispose of it by giving it to charity, proving the Conservatives to be "a caring government". Why of course! Barely had the Chancellor sat down after his 1988 Budget than the rattle of collecting tins was drowned by the patter of Tory feet scuttling to fill them. Flag-day ladies were mobbed. One had forgotten.

One has forgotten, too, what Sir Geoffrey said during PM's Questions afterwards. That was the mark of his cunning! The only hint of revolution in the air came when Mr Kinnock asked "who ruled" — Mrs Thatcher's economic adviser, Professor Walters, or the economic policies of Sir Geoffrey and Mr Lawson? Summarized, the response was "us".

For the rest, Sir Geoffrey droned on about infant mortality, unemployment and Pol Pot — a glint in his eye as he assured us that the exiled leader would never be allowed back. Ah — but what of Thatch Pot?

As PM's Questions gave way to Business Questions and it dawned on us that this meant another hour of Sir Geoffrey, drowsiness engulfed everyone. He spoke of the European sheep-meat regime, the registration of chemicals in tanks and the Australian Parliament.

Members dozed; Mr Speaker stared into space, and reporters' pencils fell from numbed fingers.

The plot was working.

Matthew Parris

THE INDEPENDENT

Labour set
for attack
on economy

Parliamentary business

October 23-27

LABOUR will step up its attack on the Chancellor's high interest rates policy next Tuesday in an Opposition-led Commons debate on the failures of the Government's economy strategy.

Main business in Parliament next week:

Monday — Commons: Social Security questions; Children Bill, remaining stages. Lords: Local Government and Housing Bill, report.

Tuesday — Commons: Defence questions; questions to the Prime Minister; Opposition motion debate on interest rates and economic policy; Children Bill, remaining stages. Lords: Local Government and Housing Bill, report.

Wednesday — Commons: Foreign and Commonwealth questions; Companies Bill, remaining stages. Lords: Local Government and Housing Bill, report.

Thursday — Commons: Home Office questions; questions to the Prime Minister; Companies Bill, remaining stages. Lords: Self-Governing Schools etc (Scotland) Bill, report stage.

Friday — Commons: Football Spectators Bill (Lords), ways and means resolution; Prisons (Scotland) Bill (Lords), consolidation measures; Statute Law (Repeals) Bill (Lords), consolidation measures. Lords: Not sitting.

Business today

Commons: Debate on student top-up loans. Lords: Not sitting.

3/8.