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For Prime Minister's eyes only, from Kenneth Harris

A NOTE ON MR ROBERT O ANDERSON'S CONVERSATION WITH
MR BIFFEN, TUESDAY, 12 JANUARY 1982

Mr Anderson came over to London last weekend to preside over the first Observer board meeting of 1982. Before he came over, he asked Mr Biffen if he (ROA) could come and see him, and up-date him on how The Observer was doing, since the change in proprietorship, authorised by Mr Biffen last July. He felt he owed this to Mr Biffen for the courtesy and consideration he had been shown last spring when the future of The Observer was before the Monopolies Commission. Mr Biffen welcomed the offer.

Mr Anderson was able to report that everybody, including Editor and journalists, seemed to have settled down comfortably under the new regime, and that relatively speaking, The Observer was doing pretty well, considering the difficulties which all newspapers were facing at this time. Mr Biffen asked him some questions about Fleet Street in general, circulation, advertising, long-term viability, etc. and Mr Anderson gave him as much information as he could.

After a good talk about The Observer, Mr Anderson said that he would also like to make use of this meeting to say something to Mr Biffen about how the House of Fraser episode had been regarded, and continued to be regarded, by influential business men in the United States. Though speaking as a friend of Tiny Rowland, said Mr Anderson, he was much more concerned to speak of the matter as a friend of Britain.

Mr Anderson said that the resolution of the House of Fraser matter had been seen by his friends in the United States in the context of what Americans saw happening to world trade. The general impression in the United States was that world trade was becoming increasingly, and dangerously, dominated by countries other than Britain and the United States. It was not that Americans could brag about what they were doing to counteract this development; they had not come up with the answers. But, fortunately for them, because of their great internal resources and their strong position in countries outside the United States, their failure to meet the threat of, outstandingly, Japanese competition, was not so dangerous to them as this would be to Britain.

There seemed only a few entrepreneurs in Britain who had the bold, expansionist and imaginative outlook, together with the skills, which could meet the threat. Outstanding amongst them were his friends Arnold Weinstock and Tiny Rowland. Mr Anderson had found that forward-thinking Americans could not understand why Tiny seemed so much at odds with the British government, a government which they had believed, and continued to believe, was dedicated to the re-vitalisation of private enterprise. What had happened in the case of the House of Fraser had

created an unfavourable impression on Mr Anderson's friends and acquaintances in the United States business world: they felt that if Britain did not have confidence in an entrepreneur like Tiny Rowland, they could not have so much confidence in Britain.

In Mr Anderson's view, Tiny Rowland, apart from Arnold Weinstock, is outstanding as a British entrepreneur who has the wish, will and capacity to help to restore the role of Britain in international trade. Rowland is not only a great trader but he is a great builder, a great developer, who, contrary to what some people say, is not only a resourceful dealer, but a creator of real wealth, a man who measures his success in the minerals his companies are mining, the crops they are growing, the goods being manufactured, and the services being rendered in many different parts of the world, as well as in Britain - and all this increasingly. Yet, in American eyes things seem to be happening to Tiny Rowland in Britain which do not encourage but must discourage him. Mr Anderson told Mr Biffen that Tiny was now thinking of making acquisitions in the United States. As an American, said Bob, he welcomed this - the United States could do with what Tiny Rowland had to offer - but he hoped, in Britain's interest, that Tiny was not now turning his attention to the United States because he was feeling so frustrated in Britain. Bob did not think so: Tiny was made of the stuff that would not be discouraged. He was not a quitter. He would stay on the battlefield, if that was the right word for it, and fight again. Bob Anderson was sure that Tiny had not resigned himself to the House of Fraser outcome, as it stood right now. Fifteen years ago, Arnold Weinstock was being cold-shouldered, frustrated and much criticised in some parts of the "British Establishment." Today it was very different. Lord Weinstock was very much accepted. Bob Anderson thought it would be the same with Tiny. He would win through, sooner or later, simply because he had what was required, and so few other people had. He would win through sooner or later, and Bob hoped in the interests of Britain that it would be sooner rather than later.

Bob Anderson told Mr Biffen that he could see the Monopolies Commission had to do its prescribed duty. Mr Biffen had explained this to Bob last April, when The Observer deal came up for the first time. Bob knew then, and knows now, that it was not this government, and certainly not Mr Biffen, who had invented the rules for the Monopolies Commission. He also knew that the members of the Commission were able and honourable men, who work very hard, as they had in the case of The Observer enquiry, and only apply the rules as they were in the rule-book. But it seemed to Mr Anderson that these rules were those of a national rule-book, rules to apply to Britain's internal problems. But there were great problems for Britain which were external, rather than internal problems, and perhaps there was a risk that internal solutions made according to these rules, would militate against solution of Britain's great external problems.

There might come a day when perhaps it was important for Britain that the Prime Minister, the government, and Mr Biffen, might have to step in and see that Britain looked at some of its problems from a deeper, broader, indeed, world-wide, perspective -- a survival-of-Britain perspective. In that context, Bub thought, there were not all that many British entrepreneurs who deserved encouragement and support but among those who did he surely thought that Tiny Rowland was one.

Mr Anderson said he hoped profoundly that what he had to say would not be regarded as presumptuous or impertinent, but as something coming from a loyal friend of Britain, from somebody who was known in the United States as an unswerving supporter for this Prime Minister, and her government.