

PRIME MINISTER

ASSOCIATION OF AMERICAN CORRESPONDENTS

You have agreed to see the Association of American Correspondents in No 10 for an on-the-record New Year press conference at noon tomorrow, followed by drinks, concluding at 1pm. The conference will be in the State Dining Room with drinks in the Pillared Room.

I suggest I let the Q and A run for 45 minutes, leaving a similar period for drinks.

The occasion is only for writing journalists - ie no radio or television recording. The Association has made that clear.

I expect about 40 to attend, led by their President, Helen Westwood, head of the ABC News bureau in London.

Your audience are the resident American correspondents in London, but many of them cover Europe and go even further afield. They are very international in outlook. But they are also deeply interested in Britain and its politics, and are by a long chalk the best group I brief.

The correspondents are expected to raise:

- Libya
- Westland/Heseltine resignation and the effect upon the Government's standing
- UK economic situation (after interest rates)
- East/West relations - your hopes and fears
- SDI - have we any contracts yet?

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- reform of the EC; prospects for getting agriculture spending under control and development of internal market
- South Africa
- Northern Ireland
- your future and prospects; how do you see labour and SDP/Alliance
- possibly some human interest questions.

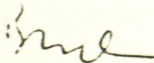
We have consulted Charles Powell and agree that the range of issues likely to be covered is so wide - and that you are so well briefed on the immediate points - that we should not give you any more briefing. You have quite a bit on the economy for the CBI interview earlier in the morning.

The important thing about this occasion is that you should appear fresh, vigorous and raring to go after Christmas and the New Year - especially after the kind of day you have had today.

I think you should open up with a few words of welcome and optimism about the future and then take questions. I attach a short speaking note.

A list of those attending is at Annex II.

Content?



BERNARD INGHAM

8 January 1986

ANNEX I

DRAFT SPEAKING NOTE FOR AMERICAN CORRESPONDENTS

Welcome to No 10. A very Happy New Year to you all.

Very glad to see you. Know how much Bernard Ingham enjoys his meetings with you. Look forward to your questions - hope you like my answers.

Like to say a few words by way of introduction before taking your questions.

Made a sad start to 1986 losing Defence Secretary through resignation. Sorry to see him go over a relatively minor issue and on a narrow point of procedure. But we shall now put this behind us. In George Younger a first class successor at the Defence Department.

Also regret rise of 1% in interest rates. But this demonstrates our utter determination to hold and drive down inflation; on course for inflation below 4% later this year.

Unfortunately Westland affair has masked several encouraging points:

- We shall this year enter our sixth year of continuous growth
- We have achieved a combination only previously dreamt of by Governments since war - growth, low inflation and strong balance of payments
- Unemployment seems to have flattened out; very much hope that, notwithstanding yesterday's rather disappointing one month's figures, we can bring it down, though we make no predictions; produced more jobs over last two years than in the whole of rest of Europe

- Investment is running at record levels
- Our policy of returning state industries to private hands is forging ahead; we expect that 40% of the state sector we inherited in 1979 will have been privatised by the end of this Parliament
- We are making great strides towards my great aim of every man and woman a capitalist; under this Government we have seen a vast spread of home ownership - about 900,000 council house owners have bought their homes; and there has been a huge increase in share ownership
- This is bringing the changes in attitude which inevitably come when you have your own stake in something
- And don't forget the transformation wrought in the trade union movement through our deliberate policy of delivering the union bosses back into the control of their members
- It is also fair to say this Government has resolved a whole host of issues which had been lying around for years - for example, Rhodesia/Zimbabwe; Hong Kong; EC budget (though still a lot of work to do on CAP reform); airports policy
- And we have many more issues still to tackle - the conduct of the City of London on which many great reforms are in train or being brought forward; crime and punishment and I held a seminar on crime prevention on Wednesday; the system of financing local government; completion of the EC market

- At the same time we are and must give our friends and allies the benefit of our advice - not least on President Reagan's historic mission to improve East-West relations and greatly reduce the level of armaments in the world
  
- To summarise - I start 1986 in confident mood; there is a lot going for us; we shall persevere with and develop our policies for Britain which are bringing about changes which 6½ years ago people said were impossible. And the world, for all its problems, is a more hopeful place in 1986, thanks to President Reagan's summit with Mr Gorbachev. Much to do; much to achieve. But we're working at it.

9 January 1986

LIST OF AMERICAN CORRESPONDENTS ATTENDING

ABC News	Helen Westwood Mike Lee
Baltimore Sun	Judy Anderson
AP	Myron Belkind Dave Mason
AP Radio	Steve Katz
Dow Jones	Marshall Gittler
Boston Globe	Steve Erlanger
Business Week	Rick Melcher
Cable News	Richard Blystone
CBS	Tom Fenton
Christian Science Monitor	David Winder
Fairchild Publications	Jim Fallon
Forbes Magazine	Marcia Beres
Journal of Commerce	Edwin Unsworth Dan Ridder
LA Times	Tyler Marshall
National Pub. Radio	Neal Conan
NBC	Freida Williamson Morris Henry Champ Ed Planer
NY Times	Joseph Lelybeld
Newsweek	Anthony Clifton Donna Foote
Philadelphia Enquirer	Jane Eisner
USR National	Lon Miliano
Time Life	Chris Ogden Frank Melville

Feature Magazine	Rick Kirkland
Toledo Blade	Fernand Auberjonois
UPI	Joe Ganbardello Carol Brookes
US News and World Report	Robin Knight John Harvey-Lee
Voice of America	David Webber
Wall Street Journal	Jim Perry Catherine Christenson
Washington Post	Karen d'Young
Unicom	Rowena Wheelan
Time	Frank Melville
Fortune	Richard Kirkland.