

THE GUILDHALL SPEECH : 12 NOVEMBER 1979

My Lord Mayor, Ladies and Gentlemen,

[Welcome to new Lord Mayor]

Attendance at your Banquet is, for all Prime Ministers a considerable test. For new Prime Ministers, if I am any judge, it is a particular trial. It is also a very great pleasure and an honour.

You will be aware, Lord Mayor, that at first it was far from clear that the invitation to holders of my office would be a regular one. Shortly after ~~the first appearance~~ <sup>first by me to come to 12 in the Guild</sup> ~~by a~~ Prime Ministers, more than 200 years ago, one of my predecessors was so provoked by one of yours that he had him thrown into goal. The City responded with its customary vigour. For ten years, no Prime Minister was invited to dine in the Square Mile. After this evening's dinner I realise that the penalty was a substantial one.

Peace broke out long since between Westminster and the City. Even so, speakers at your Banquet have not always had a friendly reception. In 1839 Ministers were met by a "storm of hisses and groans". As a group they were "crestfallen and woebegone". The Prime Minister's efforts to secure a hearing were "completely ineffectual". I hope you will be kinder this evening.

/ I would like



I would like also to read a more favourable report tomorrow in The Times - from whose columns I have just been quoting. But in truth I shall be happy to read whatever The Times prints tomorrow. For the important point is <sup>that</sup> /the The Times will be back. Its absence has been tragic and overlong. I welcome its reappearance with enthusiasm.

No doubt I shall regret those words now and then in the months ahead. It would be surprising if I had to wait long before hearing some criticism from Grays Inn Road. But Prime Ministers must learn to live with criticism. After all - and despite the occasional strong temptation - Prime Ministers can no longer have those with whom they disagree taken out of circulation. That privilege now seems to have passed to certain members of the print unions.

Despite what I said earlier, Lord Mayor, Prime Ministers have come to look forward to this address. (I cannot, of course, speak for the other guests!) The prospect of the speech is an <sup>opportunity</sup> / to pause and reflect about the problems - particularly and by tradition those overseas - that confront the nation. As Disraeli said "On Lord Mayor's day there is a chance of hearing the voice of sense and truth". That is a thought which encourages me tonight.



THE CONTINUITY OF PROBLEMS

As I read the remarks made by my predecessors at earlier Banquets, I am struck by the similarity between their problems and those we face. They too were deeply concerned about the security and prosperity of Britain. Exactly a hundred years ago, Disraeli said: "although Europe is covered with armed millions of men, we still hope, and I venture to say believe, that peace will be maintained". And Disraeli's Britain had faced a time of deep economic difficulty. The commercial interests of this country, he said, "were suffering under a period of depression which in length and severity was almost unprecedented, and there were few a year ago, even among the sanguine, who looked forward to any early recovery in that direction".

When he made that speech, Disraeli had been in power for five years, and his economic policies had had time to begin to bite. In his first speech at the Guildhall after coming back to power, Winston Churchill said in 1951: "It is not cheers that we seek to win, or votes we are playing to catch, but respect and confidence. This cannot come from words alone, ~~(but only from action which proves itself by results.)~~ Results cannot be achieved by the wave of a wand".

Those were wise words. They apply with equal force to the situation now. We face problems greater, perhaps, than any faced by Disraeli or Churchill in time of peace.



The world is wracked by economic confusion and inflation. There is the prospect of a growing energy crisis. The countries of the Third World aspire, legitimately, to improve their lot. New military technologies complicate the calculations of security. New civil technologies, such as the microprocessor, complicate the calculations of social and industrial management. New financial techniques complicate the calculations of economic and money management. I have said before that we stand on the brink of the "dangerous decade". I did not have in mind only the danger of armed conflict.

~~To meet these problems we need "action which proves itself by results", and not only - or even primarily - the action of government.~~

The power of government to direct events is less than some politicians like to think. Governments have a duty to chart the path ahead. They must give leadership-as this government intends to do. But the power to bring results lies with the men of enterprise, the manufacturers, the financiers, and the businessmen who deal with real products of real industries. The responsibility for securing our prosperity lies heavily on all of <sup>us</sup> you, and on your colleagues and co-workers at every level in ~~your~~ enterprises throughout the country. Without that prosperity, and the political and social stability that go with it, Britain will have but little influence in the councils of the world. Indeed we shall have little future of any kind.



THE PRINCIPLES OF BRITISH FOREIGN POLICY

As Disraeli knew, security and prosperity must be the watchwords of our foreign policy. The two are inextricably linked. A trading island like Britain cannot rely on a policy for security designed only to defend our own territorial integrity. Our world-wide commercial relations, our Commonwealth links, our growing trade with Europe, demand stability throughout the world.

This stability is precarious. Whatever some contemporary little Englanders may think, other people's politics will not stand still for our convenience. We shall continue to find ourselves directly affected by discordance between East and West; change in the Middle East; war in the Far East; upheaval in Africa. We must continue, as in the past, to seek to balance and contain these instabilities by ~~individual~~<sup>national</sup> action and by negotiation where this is open to us. And by combination with our friends and allies where we cannot act alone.

EUROPE: THE COMMUNITY AND EAST-WEST RELATIONS

Despite our world-wide trading interests, our immediate preoccupation is Europe. In Europe we are seeking with our partners in the European Community, to create an enterprise inspired, ~~as I said in Luxembourg the other day,~~ by mutual obligation and a sense of common purpose. The present British

/ Government



Government is deeply committed to this enterprise. We are less committed to some of its present policies. Our Community partners understand that what is at question in the period ahead is not only a British interest, but the future of the Community itself. For, as Edmund Burke said, " - a state," - and he would have added, "a Community" - "without the means of some change is without the means of its conservation". Some of the Community's policies must be changed, ~~The change~~ must be put in hand soon.

We rest our security on the Atlantic Alliance. This voluntary alliance of free nations has endured for three decades of peace because ~~the~~ <sup>the United Kingdom. To day with</sup> "armed millions" of which Disraeli spoke are ~~still in being. Today they are~~ ranged behind the Elbe. They are even now receiving the latest bombers and the most advanced missiles to enhance their offensive power against Europe. By contrast in these vital areas NATO has introduced no new weapons for over a decade. We must not fall <sup>just</sup> behind. <sup>The missiles are already fast.</sup> ~~The critical~~ decisions needed now are hard for democracies to take. We are too prone to believe that our devotion to peace is universal. It is not. <sup>And we must be</sup> ~~But I am confident~~ <sup>that the Alliance can match the challenge.</sup> <sup>that the Alliance can match the challenge.</sup> <sup>that the Alliance can match the challenge.</sup>

When I put these arguments at more length recently, a gentleman on the staff of Pravda accused me of trying on Churchill's trousers. I took that as a considerable compliment. I draw additional comfort from the thought that so long as I wear them <sup>our line goes past us not</sup> ~~I am less~~ likely to be confused <sup>me</sup> ~~with~~ Sister Bountiful.



Not for the first time our Russian friends have missed the point. They choose to arm themselves for offence. We look only to our defence. They proclaim the ideological struggle. We ~~take up the challenge,~~ <sup>respond</sup> confident that our democratic ideals, our devotion to liberty, our economic and social system are ~~more attractive than~~ <sup>superior</sup> ~~to~~ anything they can offer.

① ~~We seek confrontation with no-one.~~ <sup>don't to confront anyone</sup> ② The world is too small and precarious a place for that. ~~We seek contact and co-operation wherever practicable.~~ We and the Communist world share a common interest in the avoidance of ~~nuclear~~ war, and in the development of trade and commerce. ~~We need meetings between the statesmen from both sides, between professional people, businessmen and industrialists and, above all, between ordinary people.~~ <sup>We long for the free meetings of people</sup> Four years ago, in Helsinki, East and West signed an undertaking about this. <sup>We.</sup> I am still waiting for the spirit of that undertaking to be given substance.

THE WIDER WORLD: NORTH AND SOUTH

We must not be mesmerised by the problems of Europe. We must not forget our ~~own~~ Imperial past, the friendships to which it led and the responsibilities which it left with us. We cannot turn aside from the Third World. The poorer nations inevitably and rightly seek a higher standard of living. They want to stabilise their political systems - sometimes on a basis which we find unattractive. They are endeavouring to organise and industrialise their economies. They are preoccupied with their own immense problems.

/Often



Often they do not find ready solutions.

It is natural that they seek scapegoats. They blame the West and are encouraged to do so by the Marxists who wait in the wings seeking to stir up and to profit from confusion. But neither the Marxists nor the terrorists frequently linked with them have any long term answers to the problems of the Third World. They offer little except weapons, military advisers and an ideology which has proved bankrupt whenever it has been put into practice.

We counsel the new nations of the Third World against trying to obscure reality with the ~~rhetoric~~<sup>language</sup> of anti-colonialism. We in the West are their natural partners. We are linked by history. We ~~supply~~<sup>provide</sup> the best markets for their goods and their raw materials. We supply most of the technology they need. We provide them with private investment, as well as government aid intended to help them to help themselves.

We do this not only because of the past, and not only because we sympathise with their efforts to build their own future. We do it because we share an interest in ~~an~~ orderly political ~~evolution~~<sup>progress</sup> based on economic liberty and prosperity. ~~We have an interest in the stable management of the world economy. Already some of the United Kingdom's largest trading partners are to be found in the Third World. We need to agree with these countries as to how the real interests of each of us can best be accommodated.~~ We are all in the same boat: we need to make it more seaworthy before the weather gets much worse.



RHODESIA

(to follow)

SOUTH AFRICA

Whatever comes of our efforts for a settlement in Rhodesia, the key to the future of the whole of Southern Africa is in South Africa itself. South Africa's commercial and economic strength, her great natural wealth, her strategic position, combine to give her a key role. South Africa should be a natural partner not only for the West, but for the developing countries of Africa itself.

If the communities inside South Africa cannot find a way of living in harmony, the prospects are grim: a descending spiral of unrest, subversion and repression culminating in an explosion of bloodshed and suffering with consequences far beyond South Africa's borders. But it is not too late to avoid that catastrophe. The Government of Mr. Botha has begun to show a bold willingness to consider change. I salute his resolution.

Of course some real and continuing change is needed in a system which, as the slave doctrine of apartheid, is unacceptable to most people in the West as well as to so many of the people who live under it. But if our demands and expectations seem in South Africa unrealistic, we simply deprive ourselves of the opportunity to be heard. The signs of movement should be welcome news throughout Africa - and I would stress again that I attach the utmost importance to our relations with the other

/countries



countries of Africa. Those relations are fully compatible with our desire for a good and constructive relationship with South Africa.

I offer three promises to the citizens - all the citizens - of South Africa. When there is genuine progress, we shall welcome it. When there is international criticism, we shall not associate ourselves with it if it is unwarranted. And when the people of all races in South Africa can agree about their future constitutional roles, we shall respect and accept their agreement: we do not seek to dictate to South Africans, black or white, how their problems should be solved.

THE MIDDLE EAST: INTERDEPENDENCE

In Southern Africa politics and economics are intertwined in ways which have implications far beyond the African continent. The politics and economics of oil have wider repercussions still. The world's supply depends in large part on the Middle East.

It is under constant threat because of events there. We in Britain have, it is true, North Sea oil. But only for a decade or so. We cannot be complacent. Our prosperity, like our security, stands or falls with that of our partners. We, like they, can and must economise on oil. We must actively develop alternative sources. But this will take time - and we shall all continue to need Middle East oil.

/States



States have been tempted to use oil as a political weapon. They have suggested it can be used to extract short term economic advantage for the <sup>oil</sup> producers. Either course could cause Western economies to falter and world trade to decrease. Economic and social development in the oil producing countries would soon begin to suffer. The poorest countries would suffer still more. The political stability which goes hand in hand with economic progress would be endangered.

THE ROLE OF GOVERNMENTS AND OF THE MARKET

The oil rich countries are no freer than others from involvement with the economies of others. Rich and poor, Communist and non-Communist, our economic welfare is linked through the operations of a market for goods and services which is, increasingly, a global one. The market matches buyers and sellers; it rewards skill, industry; and enterprise. Even the Communist countries cannot dispense with it. The Russians and their associates need grain and technology from the West. China has abandoned economic autarky after decades of isolation. No country can now pursue economic policies without weighing their international consequences. Hence the vital nature of a sense of mutual obligation between nations.

/Every government



Every government has a responsibility for the orderly conduct of international economic relations. But they must recognise the limits of their influence. Otherwise they may undermine the working of the market itself. By intervening to encourage growth, they can too easily stultify it. This is why we ourselves are pruning public expenditure and a tangle of harmful regulations and controls. For the same reason people all over the industrial world are beginning to recoil from the interference of governments. They are right to do so.

Private enterprise works alongside government even in areas conventionally regarded as the preserve of government. The commercial banks have played a great and growing role in recycling funds to deficit countries. Private investors have made an indispensable contribution to the economic programmes of all but the very poorest of developing countries.

Above all trade, flowing freely and untrammelled by the artificial obstacles which governments erect, contributes most powerfully to the welfare of developing and developed countries alike. As we buy more from the newly industrialising countries, so they buy more from us. I believe that these countries provide markets of which British industry is particularly well suited to take advantage.

"Trade, not aid" is the slogan of the Third World. It is ours too. We will have to adjust. Some of our traditional industries will bear a particular burden. But only by adjustment can we survive in a competitive world. That is

/the logic



the logic of the market and the way to prosperity for all.

Some will argue - some do argue - that to give full play to the market simply means that the rich stay rich and the poor stay poor. The argument is wrong. History contradicts it, whether you look at the growth of the European economies in the 19th century or of the Far Eastern economies in the last generation. The market brings home to peoples, as well as governments, all over the world the realities of interdependence and of their mutual obligations. That consciousness - so important for the future - is already greater than those who think that governments know best are prepared to admit.

#### CONCLUSION

As I have already suggested, the immediate prospects for the world economy are gloomy. But when I meet my foreign colleagues I find that we increasingly agree on the nature of the immediate problem. Inflation and outdated economic structures together strangle growth. Increasingly, too, we agree that the role of governments should be to launch, first, a vigorous assault on inflation through fiscal and monetary self discipline; and second, to make a determined effort to resolve the problem of energy.

Solutions to our difficulties will not be easy to apply in practice. But the nature of our task, at least, is becoming clearer, Britain possesses unique expertise in international financial matters. We have a privileged position as the possessor of extensive coal and oil resources. We must play a major role in charting the way ahead. I am determined to see that the

/opportunity



opportunity is not lost. To succeed I shall need your help, your knowledge, and your enthusiasm.

I know that these will be forthcoming.

In return I can promise you that Her Majesty's Ministers are in a far different frame of mind from their "crestfallen and woebegone" forebears of 1839. We are confident and eager. We are already getting on with the job.