

PRIME MINISTER

cc. Mr. Whitmore
Mr. Sanders
Mr. Gaffin

"Weekend World"

I have had a further check with London Weekend about the format of the programme for Sunday and they have confirmed that they wish to concentrate on the economy to the exclusion of such subjects as Afghanistan, Iran, etc.

2. We are preparing briefing for your weekend box to meet the needs of the outline programme set out below. The overall objective is to elicit your approach to "the rescue of the British economy".

3. You will be questioned by Brian Walden for a total of 49 minutes divided almost equally around a natural break around 12.30 p.m. The interview, to be conducted in the White Room, will start at 12 noon.

4. The programme will fall essentially into four parts:

- the trade union problem, occupying some 20 minutes;
 - the steel strike in particular (5 minutes);
 - the tax, public expenditure, PSBR equation (10 minutes);
- and
- overall strategy, raising the question whether the Government will have time to show results.

5. I set out below more detailed guidance on the approach of the editor, David Cox, to each of the four sections.

Trade Unions

6. The programme will argue that the trade unions remain a problem, as evidenced by the reluctance of the steel unions to accept what their employers can afford. But what can the Government do about it? Is the Employment Bill a solution? Some people, the programme will point out, would say that the Bill is not designed to help the BSC in their present struggle
/with

*gardeny metaphor
to cut back, not a way*

with the unions and certainly will not make picketing of docks, etc. illegal. What then is the Government going to do to redeem the Prime Minister's pledge at Paddington in December 1978 to tilt the balance away from the trade unions towards the employers? In this context the programme will wish to pursue the question of trade union immunities under the law, especially following the Lords Express v. MacShane judgment and will raise the question of a referendum if there is a repetition of the 1974 challenge to Government, bearing in mind your promise of a referendum in those circumstances on "Weekend World" in September 1977. It is also likely that Mr. Walden will pursue the possibility of social security benefits being withdrawn from strikers' families by way of follow up to the "Time Out" leak.

*Situation is meaty. Best what is right
Steel balance.*

7. The plan is to use the general discussion of the trade union problem as a lead into the specific problem of steel from two points of view:

We have two lifetimes needed to get no 7.

- free collective bargaining; and
- the potential problem of sympathetic action, secondary picketing, etc.

Can we allow TU's to take over govt.

8. This bit, lasting for no more than five minutes, will come immediately before the commercial break. It will be the major newpoint of the interview and one which offers you immediate opportunities. But, given the limited time to be devoted to it, it will be essential to be very crisp and pointed.

Economic Section

9. In this section immediately after the commercial break the programme will seek to probe the Government's economic policy. It seems likely that Brian Walden will introduce the passage by summarising the present economic situation covering tax, public spending, PSBR and interest and mortgage rates as well as inflation (Interestingly, unemployment was

not mentioned during my briefing by David Cox).

10. It is clear that the programme has picked up your statement in the Barbara Walters interview in Washington that "a lot of people in England say I have not cut public spending enough and I think that is right". Taking their cue also from accounts of your meeting with the 1922 Committee just before the Christmas Recess, they will ask:

- If public expenditure has not been cut enough, what further cuts have you in mind and where are they likely to occur?
- What will be the consequence for taxes if you find it difficult to cut public expenditure?
- Again picking up leaks, what are the prospects for de-indexing social security benefits?

Overall Strategy

11. Here the programme has picked up the idea that you feel you need three Parliaments effectively to implement your strategy. But basically it will question whether a policy designed to restore incentives and to widen differentials between "rich" and "poor" (while nonetheless improving the position of the "poor" in absolute terms) can possibly have a chance of succeeding because of the constitutional constraint of an election after five years. In short, given the egalitarian nature of British society, will the electorate tolerate a policy which, whatever longer term benefits it brings in absolute terms, has the effect of making for a more inegalitarian country?

Conclusions

12. I would be grateful for guidance overnight on any particular briefing requirements in the light of the above.

/You

You may find useful the attached specimen questions which I have prepared covering the four sections of the programme.



B. INGHAM

3 January, 1980

TRADE UNIONS

What is the nature of the trade union problem? Is it simply an imbalance of rights and responsibilities? Or is it not at least as much a question of attitudes and capacity to deliver?

How can you change attitudes if they are the real problem?

How can you right the balance if that is the real problem? And will the Employment Bill achieve a better balance? Or is it too modest in all respects - closed shop, picketing, ballots?

Is not the fundamental problem the question of immunities? Do you plan to do more than try to limit the spread of immunity? If not, why should trade unions be singularly privileged in the extent to which they are made immune to actions for breach of contract?

Why do you suppose you will fare any better in tackling the trade union carthorse than your predecessors? And is it worth the candle anyway? - which, of course, turns on the extent to which trade unions are seen as an economic and social liability in Britain today.

How far are you prepared to go in pressing home trade union reform? Do you see your present legislation as merely a start of a continuous process?

And are you prepared to risk further disaffection on top of cash limits, the Employment Bill, rising unemployment and the shake out by tackling the "Why work?" syndrome through less attractive social security benefits?

STEEL

Here questions will turn to some extent on events between now and Sunday. The important points to get over are:

- massive injections of public money;
- huge losses over the last five years;
- half productivity of European competitors in spite of injection of capital;
- consequent losses of markets to extent that competitors now supply one-fifth of UK market;
- no substitute for a competitive, dynamic and profitable industry providing genuine jobs;
- even so, major opportunities, as evidenced by low productivity figures, for higher earnings through more efficient production.

Possible questions:

We have returned to free collective bargaining, as promised. By how free is it in view of cash limits? And if it is free, can you complain if trade unions seek at least to cover inflation?

Will you stay out of the dispute? Indeed, how can you, if the UK economy is grinding to a halt? What contingency plans have you made?

Does not success in the steel dispute rest on the efficiency of picketing of British Steel plants and ports? What can you do to prevent the unions' strangling the economy?

Are you prepared to legislate, use troops, etc. if necessary?

ECONOMICS

What was your economic legacy as a Government? Is it worse or better than you expected?

What have you been able to accomplish over your first eight months? And where have you been frustrated?

Are further public expenditure cuts the key to your success in 80/81? Without them - and where will they fall? - can we expect increases rather than further reductions in tax in April?

But are we not really trading tax cuts for higher unemployment?

What makes you think that monetary policy will squeeze out inflation? Is it really as simple as that?

Is your policy not really a rather desperate gamble involving three elements - your nerve; trade union tolerance; and the limited time afforded by the democratic process?

We have seen something similar before - the Heath Government? Why should the British public think it will be different this time round? Can you guarantee they will not witness yet another U-turn?

OVERALL STRATEGY

Do you accept that your policy will make British society less equal? Is that its objective? And do you think such an objective is acceptable?

Would it be more acceptable if you would guarantee a better standard of living in absolute terms for the poorest over a reasonable period of time?

If Britain is not irrevocably wedded to the idea of a more egalitarian society, is your problem not then one of time - of securing results and the promise of more to come sufficiently early enough for your mandate to be renewed?

Can any Government realistically plan for a 15 year term of office? Or are you saying that only a Government which adopts that time horizon has any chance of halting and reversing the UK's economic decline?

What, if any, straws do you see in the wind which suggest that after eight months you might be making headway?

How do you see the future unfolding? Are you not asking the British people to take a terrible beating? Or do you believe that they are ready for really drastic surgery - that, notwithstanding the reflex actions of trade unions, there is a basic and deep rooted yearning in Britain to snap out of it and that we are prepared to take our medicine?