

PRIME MINISTER

Weekend World

Gordon Reece has been talking with Brian Walden and, in addition to confirming the structure of the programme outlined in my minute of Thursday, has contributed the following useful information.

MAIN OBJECTIVES

The programme has one major objective in each half:

first, to establish whether the Government intends to add to the Employment Bill following the Lords' judgement in the Express versus MacShane case.

second, to establish whether you plan further public expenditure cuts and if so, where they will fall.

Mr. Walden is clearly under instructions to hammer away at those two questions until he gets "a straight answer".

IMMUNITIES

In the first part of the programme on trade unions Mr. Walden will seek to establish whether the Employment Bill is only a start along the road to redressing the balance between trade unions and the rest of society.

In this context they will, as expected, pursue other forms of "redress" such as deeming strike pay, reduction of social security benefits, etc.

Again, as expected, they will pick up your references in your previous interview on banning strikes in essential services and holding a referendum if there is a breakdown between the unions and management in a key industry. Are these still runners?

#### STEEL

Here two basic questions seem to be crystallising:

Will the Government underwrite an unrealistic offer to the strikers?

Should the unions be allowed to get away with closing independent steel producers who are not in dispute by picketing (an extension of the immunities argument).

#### ECONOMIC/PUBLIC EXPENDITURE

Here Mr. Walden is likely to pursue de-indexation of benefits, pensions, etc.; the "why work?" syndrome; scope for further tax reductions; and whether the social security benefits are not an area ripe for economy since they take such a large proportion of public expenditure? Is the

Government's basic objective to reduce public expenditure to no more than half of GNP?

INEQUALITY

The programme apparently feels that this is the hardest bit for you and are therefore likely to pursue you vigorously on whether, since the British place such store on fairness, policies which lead to greater inequality are likely to cost you the next Election. I do not see this as a difficult passage; most people, in my view, do not object to others getting on if they work hard for it.

GENERAL

I have told the Editor, David Cox, that you do not particularly wish to introduce a non-economic matter - e.g. Afghanistan - but if references to such matters are apposite they may creep into your answers.

Brian Walden will be in No. 10 from 0930. I have said that you may not appear before 1130.

I have arranged with Mr. Gross, Department of Industry, to get the latest information on steel. He will ring me tomorrow morning if he has anything to add. The Treasury asked that you should not mention children's clothing in the context of VAT exemptions.