

PRIME MINISTER

cc: ~~Foreign Secretary~~  
Mr. Butler  
Mr. Coles  
Mr. Ingham

PRESS CONFERENCE

The main objective from our point of view is to continue to try to straighten out public opinion on nuclear arms/disarmament and to show that the Allies are marching in step.

Chancellor Kohl may well have similar objectives after his prime electoral one of being seen to be talking with the most senior Western leader in terms of continuous office.

So far as I can tell the media's main interest is in nuclear matters and therefore the Press Conference is likely to concentrate on this issue. This week the main point of media attack that I have had to cope with has been the allegation (which you heard from the American correspondents on Wednesday) that we are softening on the zero option.

You should be aware of the attached cutting on Bonn ideas of exploiting the Warsaw Pact's recent declaration calling for a non-aggression treaty (Annex 1).

Other issues which might arise (in addition to those touched upon in your opening statement) are:

- Unemployment; in view of our poor figures yesterday and an FT report today that unemployment is at a post-war record in West Germany (Annex 2);
- The water dispute on which the employers have apparently gone soft; John Vereker has done a note on today's CCU meeting (Annex 3); Tom King is going on the World at One and we shall try to get you a rundown of his remarks;

- The Press Council's severe criticism today of a number of newspapers and the police for their behaviour on the Yorkshire ripper story; I strongly advise you not to get involved at this stage and to say that you are aware of the Council's weighty and critical report, but you have not had time to read it and therefore do not wish to comment.

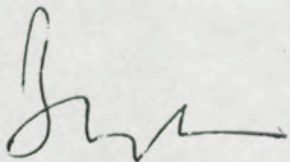
### Mechanics

Time is at a premium for the press conference and translation will further reduce the opportunity for questions. It is therefore very important, especially in view of Chancellor Kohl's tendencies, to keep it crisp. A brisk presentation from you will also serve your interests since you are not to give interviews after the press conference. Brief answers will stand a better chance of being used by radio and TV news on bulletins who will record the press conference.

We understand that Chancellor Kohl will want to give interviews to his own media afterwards. This will mean your hanging around a little time. There could therefore be attempts to try to get interviews with you. I hope you will resist them on the grounds that you have said all you wish to say in the press conference.

### Election

One final point: Chancellor Kohl's visit is seen by the media as very much part of his electioneering. Your performance will therefore be particularly closely scrutinised by those who would like to charge you with becoming involved in another country's election.



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## ANNEX I

● LONDON: Dr. Helmut Kohl, the West German Chancellor is hoping to explore with Mrs Thatcher ways in which the Nato allies could take advantage of the Warsaw Pact's recent Prague declaration calling for a non-aggression treaty. (Michael Knipe writes).

This will be one of the subjects under discussion today when the German leader has a working lunch with Mrs Thatcher at Chequers.

Bonn believes that it might be possible to link the Pact's proposals with other issues of importance such as Soviet withdrawal from Afghanistan, lessening Soviet influence in Poland or perhaps some modification in the Brezhnev doctrine whereby Moscow reserves the right to interfere in its allies' affairs.

# Unemployment at post-war record in W. Germany

BY STEWART FLEMING IN FRANKFURT

UNEMPLOYMENT in West Germany reached a post-war record of almost 2.5m in January, posing a serious challenge to Chancellor Helmut Kohl's coalition in the run-up to the general election on March 6.

The increase, which takes the rate to 10.2 per cent compared to 9.1 per cent in December, is much sharper than expected. Herr Josef Stingel, president of the Labour Office, said it reflected the continuing weakness in the economy and had occurred in spite of mild winter weather.

Ministers moved quickly to try to defuse the electoral threat. Herr Kohl called on the unions to join in discussions with the Government and employers tackling the issue. He also claimed that the first signs of economic revival are appearing.

Among the factors he cited were figures published yesterday showing a sharp rise in new industrial orders in December. This is the second consecutive monthly increase in new orders, a rough indicator of industrial economic activity.

In November and December they were 7.5 per cent above the previous two months in real terms. The increase was due to the strength of the domestic market where orders were up 10 per cent. Foreign orders fell 0.5 per cent, partly the result of a 5.5 per cent drop in December.

It is generally thought that the rise overstates the underlying strength of order books, however. The expiry of the Government's investment subsidy at the end of the year has encouraged companies to bring forward orders. In addition, orders in some industries are

being written with a clause which allows them to be cancelled after the general election. This is designed to protect companies if they feel the result is unfavourable to the corporate sector.

● Unemployment in Norway, until recently almost negligible compared with levels in the rest of Europe, is now at a post-war high. The total reached 67,600 in January, more than 4 per cent of the labour force and 60 per cent higher than a year ago, writes Fay Gjester in Oslo.

At first, the rise was due mainly to lay-offs and short-time working in export industries, like metals and shipbuilding, vulnerable to the world recession. Now, the effect of the recession is spreading to all sectors of the economy. Business is generally nervous about the future, anxious to keep down costs, and unwilling to start new projects.

Mr Arne Rettedal, the Minister of Labour, last week announced an eight-point plan to create 40,000 jobs, mainly by giving local authorities emergency funds to spend on public works. Meanwhile, labour exchanges in some of the worst hit districts are having to close two days a week to give staff a chance to process the flood of claims for unemployment benefits.

● Belgian unemployment at the end of January reached a record 11.9 per cent, up from 11.6 per cent in December, AP-DJ reports from Brussels. The number of jobless soared to 497,000 from 384,000. Comparable figures for January 1982 were 439,000 unemployed, or 10.9 per cent of the workforce.

It was the sixth consecutive bi-monthly jobless record.

MR INGHAM

cc Mr Scholar  
Miss Christopherson  
Mr Mount

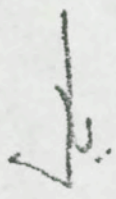
WATER STRIKE

The Ministerial CCU this morning devoted almost all its time to a discussion of the presentational difficulty about which we spoke first thing this morning. All those present agreed that Len Hill's "15-10 increase" was being presented in a very damaging fashion, indicating that the Government and the National Water Council were giving in; and that the kind of figures that were being bandied around for the eventual pay increase would have to be knocked down. Mr King started to argue that any intervention at this stage might prejudice the negotiations which were expected to take place over the next few days, <sup>but</sup> he found no support. As we agreed, I said that Mr King and the NWC should agree a line making it absolutely clear what the terms of any further negotiations were, and should get this out without delay. The Home Secretary asked if we could do this with the Lobby; I said that we could, but it was more important to get Mr King on radio as soon as possible. It was agreed that Mr King would do World At One today (and he will also be available for World This Weekend on Sunday).

The outlook for the negotiations is quite promising. The unions know perfectly well that the 15-10 has a number of qualifications attached to it, and Len Hill explained in some detail last night that the opportunities for extra payments arose only where changes in working practices were needed. The NWC will explain to the unions today that the further discussions are taking place under paragraph 8 of the mediator's report, and on the understanding that the rest of the mediator's recommendations are accepted. They will not agree to further negotiations without preconditions. Peter Harrop believes that the negotiations may not reach a critical point until Sunday. Meanwhile the physical

effects of the strike are broadly unchanged, and it is not yet clear whether the threats to remove emergency cover are real.

After the meeting, the Home Secretary, Mr King, Peter Harrop, Mr King's Director of Information and I had a session at my request to agree the line that we would take with the Lobby, consistent with what Mr King would say on World At One. We shall of course have to follow carefully what Mr King says at lunchtime; but we agreed that the position which could be used publicly is as in the attached note.



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The negotiations will be within the terms of the mediator's report, which was put to the unions on 23 January. This means that:

(i) The unions must accept the report as a whole, notably the recommendation of a 7.3% increase over a 16 month period, and the rejection of an increase to restore the relative position of water workers in the earnings league, or to bring them into the upper-quartile of manual workers' national earnings;

(ii) Payments for improved productivity will be available only where administrative efficiencies or changes in working practices are required and agreed. Such changes would have to be self-financing, and, as Mr Bill said in a BBC Radio interview yesterday, the new increase would not be available for everybody;

(iii) There is no question of an increase in the basic offer.