

should wholeheartedly support the Supreme National Council that has now been established, comprising both internal and external Khmers, and that we should wholeheartedly support the comprehensive political settlement which, in annex 2, deals with disarmament, with mines, with caches of weapons, with the return of refugees and with free elections? Does she further agree that, as the British Government recognise neither the external Khmers nor the Hun Sen regime as a legitimate Government, we should talk equally to both sides?

The Prime Minister: I am grateful to my hon. Friend. I agree with him that we should support the efforts of the five permanent members of the Security Council. This is another example of the five permanent members working very closely together. The Supreme National Council includes Hun Sen, Prince Sihanouk, Sonn San and the Khmer Rouge—those are its components. I agree with what my hon. Friend said.

Mr. Kinnock: On the exchange rate mechanism, does the Prime Minister recall that on 20 September she was adamant, in her own words, that

"the Madrid conditions won't be changed and they include getting inflation near to the European average"?

Whatever happened in the following two weeks to make her completely cave in?

The Prime Minister: The right hon. Gentleman will have heard what my right hon. Friend the Chancellor said in his excellent statement. Several conditions were laid out in the Madrid statement. A number of them had been fully achieved; some others were on the way. The most important was progress on the free movement of capital; the next, progress on free trade in financial services; the next, progress on the single market and further progress in competition policy. Monetary conditions here made possible a reduction of 1 per cent. in interest rates. Yes, we could have gone on further and waited until inflation had visibly come down, but so many of the conditions had been met and there was so much speculation about when we were going into the exchange rate mechanism that we took advantage of the excellent opportunity—[*Interruption.*]

Mr. Speaker: Order. These are very important matters.

The Prime Minister: —of the excellent opportunity of monetary conditions' coming within their limits to end all the speculation about when we should go in and go in, just one year after we had increased interest rates to 15 per cent., just before the Tory party conference.

Mr. Kinnock: If the Prime Minister is so confident about her judgment, why will she not simply come to the House next week and speak in the debate? Is not it now obvious that her own personal position on this issue is utterly impossible to justify, and that she is just plain frit?

The Prime Minister: Unlike the right hon. Gentleman, I have a most excellent Chancellor, an excellent Treasury team and a superb—[*Interruption.*]

Mr. Speaker: Order.

The Prime Minister: —and a superb Secretary of State for Trade and Industry. I shall be here answering questions every Tuesday and Thursday, and I hope that one day the right hon. Gentleman may know how to ask a good one.

Mr. Mans: Does my right hon. Friend agree that a responsible policy on the environment must be both practical and realistic, and that to insist on the reduction of CO₂ emissions around the turn of the century, while at the same time discounting the future use of nuclear power, increasing the use of fossil fuels such as coal and promoting cheaper petrol, makes no sense whatever? Does she agree that that policy is highly environmentally damaging as well?

The Prime Minister: I agree with my hon. Friend. If one wants to reduce emissions of carbon dioxide, one of the best ways is to support nuclear power. Recently we have also seen a substantial increase in the price of oil and petrol, without attempting to put it up further. Any promises that are made should be capable of being fulfilled, and the earliest date on carbon dioxide emissions when we can fulfil this promise is the year 2005.

Q2. Mr. Wallace: To ask the Prime Minister if she will list her official engagements for Tuesday 16 October.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Wallace: Does the Prime Minister agree that the honourable and decent way forward in the tragic case of the 1,200 haemophiliacs suffering from the AIDS virus is to offer far more generous compensation than has been the case up to now, rather than continuing to fund ever-increasing fees for lawyers to argue the toss over the matter?

The Prime Minister: The Government have already made available some £34 million to the haemophiliacs who are suffering from this very grievous happening, as an ex gratia payment without prejudice to their taking legal action in the courts. Obviously, we wish to know the legal position before any further payment is considered.

Mr. Alexander: Has my right hon. Friend had time to notice British Rail's 25 per cent. pay offer to its track-laying and signalling staff? Does she agree that pay awards of that order will merely outrage fare-paying passengers, stoke up inflation and put off further the day when we can reduce interest rates still more?

The Prime Minister: If my recollection is correct, certain recommendations about signalling were made after the Clapham accident that must be taken into account when one judges that settlement. I am sure that my hon. Friend would agree that it is absolutely vital that we live up to the safety standards required of us by the report following that terrible accident.

Q3. Mrs. Fyfe: To ask the Prime Minister if she will list her official engagements for Tuesday 16 October.

The Prime Minister: I refer the hon. Lady to the reply that I gave some moments ago.

Mrs. Fyfe: Does the right hon. Lady remember saying 15 months ago that lowering United Kingdom inflation was the most important of the Madrid conditions? If that is no longer the case, when and why did she begin to change her mind and decide that the right hon. Member for Blaby (Mr. Lawson) was right?

The Prime Minister: Had the hon. Lady listened yesterday and earlier this afternoon, she would have heard the Chancellor and I both say that a large number of the