

PRIME MINISTER

DIARY

EC Foreign Affairs Council, Brussels.

Euro Parliament (unemployment).

Liberal Party Conference opens; fringe meeting with Mr. Jenkins and Mrs. Williams.

Mr. Foot and Mr. Healey in Moscow (until 18 September).

International Plastics Exhibition, Birmingham.

CBI Statement on Public Spending.

CBI Conference on single status employment.

Statistics:

Index of industrial production (July - provisional).

Publications:

Assessment of Performance Unit: 1st Language Performance Primary Report No. 1.

British Tourist Authority Annual Report.

Pay:

UKAEA manuals (4,700): Discussions on "substantial" claim continue (settlement date 1.10.81).

National Union of Seamen claim anticipated.

Ministers:

- ? Sir Keith Joseph visits Japan and Hong Kong (until 24 September).
- Lord Carrington attends EC Foreign Affairs Council, Brussels.
- Mr. Nott meets Jordanian Ambassador.
- Mr. Biffen visits USA (until 30 September).
- ? Mr. Howell gives after dinner speech at the Oxford Energy Seminar.
- Mr. Raison speaks at British Medical Association conference on data protection.
- ? Mr. Parkinson visits Hanover and Hamburg (until 17 September).
- ? Mr. Lawson attends Plenary Session of European Parliament, Strasbourg.
- Mr. Hurd at European Parliament, Strasbourg (until 17 September).
- Mrs. Oppenheim addresses National Gas Consumers' Council.
- Mr. Fletcher addresses annual conference of the Lothian Federation of Parent and Parent-Teacher Associations, Edinburgh.
- Mr. W. Roberts visits the Cardiff Local Authority Housing Department.
- ? Sir George Young speaks at Association of Nurse Administrators Consultation, "Reacting to Change or Fashioning the Future?", St. George's House, Windsor Castle.
- ? Sir George Young speaks at Dinner and Meeting of Windsor Branch, British Dental Association, Post Graduate Medical Centre, King Edward VII Hospital, Windsor.
- ? Mr. Tebbit at Business Opportunities Programme event, Truro.
- Dr. Boyson opens new building at Maidstone Grammar School.

PRESS DIGEST

Re-shuffle

- A good welcome (apart from Mirror and a very sourpuss Guardian).

Bad News:

- Mirror comment: Bad for the country; sailing full stream ahead over a sea of wets; shows you are blind to plight of nation and deaf to appeals to save economy.
- Guardian comment: Extraordinary messy performance, botched beyond the imaginings of Harold Macmillan. Fails utterly at first test of good management. Not enhanced your own rule and probably accelerated day when party will feel there must be an alternative. Prior's performance casts doubt on his leadership qualifications.

Good News:

- D/Star - ruthless. Wets thrown out like washing up water. Now you must provide leadership.
- Sun - Well played, Maggie; shows courage and imagination. Produces much stronger Government team. Prior has good sense to accept Northern Ireland but hopes he will be tougher with IRA than he has been with unions and show more loyalty in his new position than in last. Why did Gilmour, leaving with a sneer, wait to be sacked?
- Express - Excellent. Overall impression of a Prime Minister determined to pull together a Cabinet which was in danger of breaking up into squabbling factions. You are in charge and the boys know it. George Gale says you have won the battle of the re-shuffle handsomely; much better looking Cabinet for your purposes.
- Mail - Cull of wets carried through with steadier hand than Macmillan's in night of long knives and more sense of purpose than expected or feared. Ulster against heavyweight politician of great stamina and resource. Siege of wets has been raised; Paul Johnson - most magisterial demonstration of PM authority since night of long knives. Prior has forfeited credibility; wets must now mourn a lost leader; sheer skill with which you played a difficult hand; wets cut down to size and victims lightweights.
- Telegraph - On balance stronger - only judgment worth weighing. But pity if Northern Ireland gets impression it has got a disgruntled and indifferent politician. No weakening by sending Tebbit to Employment. Parkinson excellent choice.
- Times - Executed major changes without changing strategy - indeed re-asserting original strategy. Nation will benefit if gamble with Tebbit comes off. Prior will be less formidable at Cabinet table. But some criticisms of you for not viewing Cabinet as team to lead but rather to order into battle. Still only a minority agree with you on all major issues. But you have put your own indelible stamp and style on re-shuffle and Govt.

- FT - Prior excellent choice for Northern Ireland though he came close to deserving to be sacked. Now got a Cabinet more in your own image. But while you may have able team around you, none of them are capable of stirring the national consciousness - a heavy burden on you to do that.
- Peter Jenkins, Guardian: You have had your way. Govt. takes sharp right turn. Prior beyond salvation after what was said on his behalf at the weekend. You have humiliated him and wets. Gilmour's statement reflects opinion of at least half a dozen of senior colleagues.
- Malcolm Rutherford, FT: essentially continues what was begun in January reinforcing economics wing of Cabinet. Prior inspired choice for Northern Ireland even though he has made himself look foolish these last few days. You might have found Government easier if you had followed your own instincts in Cabinet making earlier.

Points from News Reportage

- D/Star - Purge of Wets; bitterness on moderate side of party. Prior sees first duty to serve country. Gilmour says you are steering full speed ahead for rocks. Union leaders attack appointment of Tebbit and say it will spark off conflict.
- Sun - Maggie's Monday Massacre. Bitter note from Soames; terse letter. Prior's supporters dismayed; will be too busy in NI to argue much about economic policy.
- Mirror - All mopped up. Prior backs down and makes himself look a real wet. Unions fear worst. Most reactionary Government since the war as most right-wing Cabinet.
- Express - Maggie dries out wets. You wash the wets right out of your hair. Teachers say they cannot see Sir Keith fighting for more money for education. Parkinson super salesman. Northern Ireland M.P.s describe Prior as very tough; think he probably got job on his own terms.
- Mail - Maggie dries out the Cabinet; Prior's bluff called. Parkinson every inch a self-made man.
- Telegraph - Prior climbs down. Puts more support behind your economic and industrial policies.
- Guardian - Defiantly reinforced right wing. Public victory over Prior.
- Times - Must be your last big effort to build Cabinet tune with your economic thinking. Consensus among Conservatives: shifted centre of gravity of Govt. to the Right; strengthened your own position. Tebbit says not given brief to get tough with unions, but perhaps fresh approach needed.

Economy

- Shock move by Government to push up interest rates (coincidentally with re-shuffle) because of weakening £, seen as a set back, delaying economic recovery. CBI upset. Building Societies say it is a serious development - speculation that home loans will rise.

/But

But Barclays hope it will be short run thing. £1,200 million knocked off share values: FT says justified overdue and probably inadequate but marks policy failure at home.

- Sterling rises in New York to over \$1.80.
- Spending in shops increased sharply last month.
- Swedes devalue 10%.
- Japanese trade surplus with EC rises 32% and by 80% with US in first seven months.

Northern Ireland

- Ulster reservist murdered visiting wife in maternity hospital.
- Telegraph say Maze terrorists are considering legal moves to change their next of kin to fellow prisoners to stop families ending hunger strikes.
- Producer of Emmy winner compares Maze to Auschwitz.

Unions/Pay

- Meat shortage forecast as slaughterhouse inspectors go slow over 15% pay claim. Vauxhall to offer 4% today; seamen present claim today.
- ASTMS representative on NEDDY petrochemicals working party resigns in protest over gas pipelines decision.
- Girl who wins TUC Young Trade Unionist of the Year Award sacked in Leicester with 75 workmates who refuse to call off work to rule.

Inner Cities

- London Voluntary Services Council Says a new Community spirit could do more than massive state subsidies to solve problems (Mail).

GLC

- Poll of ratepayers shows 47% don't think Livingstone is doing a good job.
- GLC studying ways of selling £12m worth of art treasures to finance "community art".

Politics

- Liberal stalwarts criticise Steel for rushing into SDP marriage; Cyril Smith wants selection of candidates left to common sense of constituencies.
- Liberal Conference Chairman says SDP alliance should be only for next election when PR should be introduced.
- Healey/Benn/Silkin debate on "Panorama" overshadowed by re-shuffle; Healey calls Benn a liar and dotty and says he won't serve in unilateralist Labour Govt.

/Tourism

Tourism

- Britons spent £7.7 billion on holidays last year - £4.5 billion at home.

Law and Order

- Boy who fired blanks at Queen gets 5 years; dreamed of assassinating her.
- 2-year-old child mugged in park.
- Fines of £500 on Leeds soccer fans who tear up seats at Coventry.
- Boy dodged school for six years - ILEA investigating how.
- Magistrates told Clement Freud, M.P., Director of Playboy, gambled illegally at Playboy Casinos.

International

Poland:

1,000 troops going into puts to boost coal production; Solidarity tells Russian workers, over heads of Kremlin: come and see for yourself.

Russia:

Clothing, carpets and furniture prices rise 30%.

France:

To continue development of neutron bomb.

EC:

German contribution to Budget rises 80% in first half of this year; joins with us in calling for clamp down on agricultural spending.

USA:

.. claims Soviet spray from aircraft causes 30,000 agonising deaths in S. E. Asia.

Israel:

Controlled prices of basic foodstuff rise 15%.

S. Wintmsley

P.P. B. INGHAM
15 September, 1981