

PRIME MINISTER

PRESS DIGEST

TAXES

- Chancellor's interview with FT interpreted as his planning a tax bonanza in next Budget, with cuts for top earners, too, in stark contrast to Labour plans.
- Sun: I'm still going to slash tax by 4p, says Lawson - bonanza for everyone; plans to cut top rates to stem brain drain; leader on Hattersley's spending plans asks if the voters are to sign the biggest blank cheque in history for him; if they do they will deserve everything that he and his crazy, Marxist band can do to them.
- Today: Lawson set to slash top tax.
- Mirror quotes David Owen as saying brain drain is losing Britain a generation of scientists, but he blames inadequate funding of research and low morale.
- Express leads with "Lawson's tax dream" - to slash rates to level of USA; leader headed "America gives Lawson a tax dream" says the Chancellor should be encouraged by the results of cutting top rates. There is no doubt he wants to cut taxes while Labour wants to raise them and Hattersley believes you can make the poor rich by making the rich poor. The choice will be between two dramatically opposed policies; meanwhile Chancellor should cut.
- Mail P2: Lawson aiming at tax cuts all round - "a tantalising glimpse of pre-election tax cuts"; leader says that while the Chancellor tells the people what he wants to do, Hattersley, "furtive as a ferret, decline to specify what the Socialists have in store".
- Telegraph back page - Lawson hints at more tax cuts for top earners.
- Guardian P1 lead: Labour surprised by rogue item on election agenda - Lawson aims for cut in top tax rate.
- Times: 'Chancellor may cut top taxes'.
- Times leader critical of Roy Hattersley's refusal to spell out the cost of Labour's spending plans.

NORTH-SOUTH

- Today under heading "It's time to heal the great divide" says the statistics bear out what has been obvious for some time: that the divide is growing and we are two nations. You do not need the North's votes but there are Ministers who do understand the magnitude of the division and they have a duty to persuade you to see the light.
- Telegraph leader comments on the enduring nature of the problem which has not been created by this Government.
- Independent: Employment growth of one million new jobs between 1983 and 1986 will be revealed by census figures on Thursday. North-South divide does not really exist because much of the South, outside the South East, is in depression.
- Independent: Lord Vinson, Development Commission chairman, says rural unemployment is likely to worsen.

HOUSING

- Lord Scarman launches Year of the Homeless with a warning about our becoming a slum society. Star says it is a scandal 500,000 old people end their lives in houses unfit for human habitation.
- Mirror goes to town on Scarman's speech with cartoon of you as Fagin under heading "Fagin's Britain: Scarman slams housing shame. Thatcher's slums have got to be rebuilt."
- Times: VW dealers and one of Ford's largest garage chains are preparing to offer cut-price mortgages to car buyers.
- John Patten has ordered an inquiry into "cowboy" builders who undercut reputable companies operating in the black economy.

LOCAL GOVERNMENT

- Nicholas Ridley ridicules Kinnock's claim that Left wing town halls have excellent track records.
- Mail says Brent is considering buying its own hotel to give elderly and disabled blacks holidays on the rates; or alternatively of paying for their holidays in West Indies, India or Pakistan.
- Row in Labour Party over whether a Labour Government would bail out Left wing councils which are £1bn in debt.
- Only blacks need apply for post of head of Lambeth's police unit.
- Brent takes full page ads in Guardian to persuade teachers to "come and join us" in this 'small, friendly and exciting borough'.

ENVIRONMENT

- Times: Richard Branson dismissed as inaccurate claims by Labour that UK 2000 campaign is a flop. He is confident that by next July the project will be fully up and rolling.

EDUCATION

- George Walden backs teaching of Latin at new inner city techs.

POLITICS

- Militant Alan Quinn selected to serve on Labour's Constitutional Committee, one of whose jobs is to get rid of Militants! (Sun); but Mirror claims Kinnock won majority on Committee.
- Today leads its front page, "day after most people went back to work", with feature on dead end generation of unemployed youngsters. It claims young people's wages have fallen in real terms since you came to office but they still can't find jobs.
- Mirror leader, following up Scarman's slums, also claims that Frank Dobson, Labour spokesman, has produced fresh evidence of loss of 20,000 hospital beds.
- Express says a Labour peace mission to Notts is certain to be snubbed by UDM.
- Paul Johnson, in second of two articles in Telegraph, calls on Government to tell the nation the truth: that our survival depends on finding, training and promoting ability whatever it costs.
- Guardian leader says Labour still has the problem it has had for the last 3 years - support of more than a third of the electorate but no key to new and continuing support.
- Hugo Young, in Guardian, says you are closer to being at war with Norman Tebbit than at one over the election timing, campaign strategy and respect for each other. He is your great mistake and you can't get rid of him.
- FT: The Alliance disagreement over defence policy has resurfaced in a dispute over who should be the joint election spokesman on defence.
- Times: Labour-controlled councils are showering minority groups with millions of pounds in an attempt to buy support at election, Nicholas Ridley claimed last night.
- Mr Praful Patel, who will oppose Mr Rhodes Boyson in Brent at the general election, has joined the attack on Brent Council's education policy.
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INDUSTRY

- Sellafield the tourist attraction - 65,000 visitors to exhibition last year.
- Star writer against PWR for Sizewell and for AGR.
- Opposition calls for full statement on sinking of Syneta off Iceland.
- FT: Hall Russell has apparently failed to get Government financial backing for a £150m Indian shipbuilding order.
- A Leicester manufacturer of crushing and grading equipment is to cut its 660 labour force by 113.
- Publication of a plan for Britain's activities in space has been delayed, casting doubt on the degree of UK participation in the European Hermes space shuttle.
- Times: Guinness has rejected rumours that its Chairman, Ernest Saunders, is to resign. Michael Howard has turned down Labour calls for an interim report. Guinness may sue Henry Ansbacher, the merchant bank, over £7.6m sent to Ansbacher in May last year shortly after Guinness' successful bid for Distillers. You are said to be adamant that just as ministers have cracked down on social security fraud, so they should take all possible action against highly paid businessmen, brokers and bankers who break the rules.
- Independent P14: Non-executive directors met to discuss latest developments in Government investigation into possible misconduct. Ernest Saunders sees them tomorrow.
- Independent: New chairman of British Institute of Management, Brian Wolfson, takes issue with your New Year message to his members. He criticises lack of industrial direction, poor investment and calls for educational reform to achieve cohesive industrial policy.

TRADE

- Foreign Secretary sees George Shultz in Bermuda tomorrow on looming EC/US trade war.

UNIONS

- NUM seeking 43% increase in union dues.
- Independent: TGWU plans factory gate recruitment drive in the spring to replace 600,000 members lost in last 7 years.

MEDIA

- ACAS offer to help solve BBC TV electricians' strike, but BBC reported to have rejected it.
- Dennis Hackett, formerly of The Times and Daily Mail, is the new editor of Today newspaper.
- A report on censorship prepared for an international conference to be held in London later this month concludes that Britain has too many restrictions on free expression.
- Independent: BBC top management appears to have decided to shelve six-part documentary "Secret Society" by New Statesman reporter Duncan Campbell.

AIDS

- Storm over BMA warning that those who have had casual sex in last 4 years should not give blood; DHSS says the warning is unnecessary and will lead to blood shortage.
- Independent: P1 lead: fight against AIDS moves into top gear, with BBC and BMA backing Government's nationwide distribution of warning leaflets. BBC has produced its own leaflet for distribution by local radio stations. Inside: India has begun repatriating all foreigners who show positive reaction to AIDS antibodies blood tests.

HEALTH/WELFARE

- Times: A Sussex eye surgeon has agreed to work for nothing to reduce growing lists for eye cataract operations.
- Guardian says Labour is accusing Edwina Currie of flouting Government regulations to secure the quick sale of a psychiatric hospital in the North East to a property developer; demands a public inquiry.

LAW AND ORDER

- Times: The Association of Chief Police Officers is under pressure to initiate a special conference designed to formulate a unified policy on drink/drive.

DEFENCE

- British soldier maimed by IRA bomb at Chelsea Barracks gets his compensation doubled to £64,000 on appeal; Mail leader says it remains a scandal that he had to fight so long and demeaning a battle for fair treatment when every day scroungers can trick the State with ease and impunity.

SPORT

- Sun attacks Ken Bates, Chairman of Chelsea, for giving away Chelsea directors' tickets for a match at Luton to ordinary Chelsea supporters. It says there could have been a riot and that Bates' reputation has sunk "lower than a gnat's knee".

PEOPLE

- Lots of pictures of Lord Stockton's funeral.
- You are American's favourite Briton, according to Woman's Own.
- Reagan gets cancer all-clear after polyps and prostate operations; Mail feature on the weeks that have put years on Reagan.
- Sun advocates Ted Heath as Oxford Chancellor since it is the home of lost causes.

PEOPLE (Cont'd)

- New Chief Inspector of Constabulary is Richard Barratt, former Chief Constable of S. Yorks.

NORTHERN IRELAND

- Labour Party turns down Unionist call for referendum.

AFGHANISTAN

- FCO tells Russia it is dodging the issue by offering a ceasefire; real problem is presence of 100,000 Russian troops.

ITALY

- FT: Italy suffered fewer terrorist attacks last year than in any other of the previous 17 years.

GULF

- Rocket fired at US patrol helicopter from unidentified merchant ship.

LIBYA

- Times: France was under growing pressure yesterday to use its air force in Chad to retaliate against Libyan targets.

FRANCE

- Rail strike spreads to Metro.
- Times: M. Chirac, faced with a rail strike and threats of wider public sector unrest, has ruled out pay concessions which would endanger his anti-inflation policy.

BEPNARD INGHAM