

18 May 1988

PRIME MINISTER

MAIN EVENTS

Prime Minister's talks with Swedish Prime Minister (photocall) followed by working lunch

MSC: Enterprise in Higher Education, National Advisory Committee meeting and beginning of Action Special Week - coverage Radio 1

Regional Health Authority Chairmen's meeting

OECD Ministerial Conference, Paris

STATISTICS

HMT/CSO: Public sector borrowing requirement (Apr)

HO: Cautions, court proceedings and sentencing

PUBLICATIONS

Bank of England: 1988 Report and Accounts

PARLIAMENT

Commons

Questions: Environment; Scotland; Foreign and Commonwealth

Business: 10 Minute Rule Bill: Statutory Minimum Wage (Mr John Battle)
British Steel Bill: Conclusion of Remaining Stages
Motion relating to the Personal Community Charge (Students) (Scotland) Regulations

Adjournment Debate: Complaints about Solicitors: The case of Mr Patrick McManus (Dr J Bray)

Select Committees: ENVIRONMENT
Subject: Toxic Waste
Witnesses: Department of the Environment Officials

TRADE AND INDUSTRY

Subject: (1) Information Technology (2) British Aerospace /Rover acquisition
Witness: (1) Mr A Cleaver, Chairman, IBM (UK) (at 10.30am) (2) Lord Young of Graffham (at 11.30 am)

TREASURY AND CIVIL SERVICE SUB-COMMITTEE

Subject: Civil Service Management Reform:
"The Next Steps"
Witnesses: Mr Peter Kemp, CB Second Permanent Secretary, OMCS, and other officials

PARLIAMENT (Cont'd)Select Committees: (Cont'd)

DEFENCE

Subject: Statement on the Defence Estimates 1988

Witness: The Rt Hon George Younger, TD, MP, Secretary of State for Defence

DEFENCE

Subject: Statement on the Defence Estimates 1988

Witness: The Rt Hon George Younger, TD, MP, Secretary of State for Defence

EDUCATION, SCIENCE AND ARTS

Subject: Educational Provision for the Under-Fives

Witnesses: Pre-School Playgroups Association; Tutors of Advanced Courses for Teachers of Young Children (TACTYC) (at 5.15pm)

EMPLOYMENT

Subject: Urban Development Corporations

Witnesses: Black Country Development Corporation; Olympia and Canary Wharf plc

HOME AFFAIRS

Subject: Broadcasting

Witnesses: Mr Tim Renton, MP, Minister of State, Home Office and Home Office officials

PUBLIC ACCOUNTS

Subject: The effects of lower oil prices on the electricity supply industries

Witnesses: Mr P L Greason, CB, Permanent Under Secretary, Department of Energy and Mr J A Scott, CB, LVO, Secretary, Industry Department of Scotland

SOCIAL SERVICES

Subject: Resourcing the NHS

Witness: Independent Hospitals Association, AMI Health Care Ltd

COMMITTEES ON PRIVATE BILLS

UPOPOSED BILLS

1. Associated British Ports (Barrow) [Lords]
2. Tor Bay Harbour (Oxen Cove and Coastal Footpath, Brixham)

OPOSED BILL

Hampshire (Lyndhurst Bypass) [Lords]

Lords: Starred Questions

Debate to call attention to the needs and problems of people who are mentally ill and mentally handicapped, and their families
 Access to Medical Records Bill (L Tordoff): Second Reading
 Companies (Audit Committees) L Bruce: Second Reading
 UQ to ask the Leader of the House whether it is now appropriate for the Bishops to continue to have to wear robes and sit and speak from the Spiritual benches when taking part in the proceedings of the House of Lords

PRESS DIGEST

Tory MPs relieved at your statement yesterday.

Cut in interest rate badly burns fingers of speculators with help of US trade figures.

Cheapest borrowing for 10 years; Building Societies rule out immediate cut in cost of mortgages.

Speculation about the Foreign Secretary's political future.

Lords back abolition of ILEA with majority of 53 - Times sees it as personal triumph for Kenneth Baker.

George Bush trailing 10 points in presidential election polling; Bush held party responsible for budget deficit and other White House failures.

Right and centre parties in France form common front against Socialists for General Election.

Benn accuses Kinnock of moving Labour towards "Right-wing consensus established by Mrs Thatcher".

You pledge that child benefit will continue.

John Moore says review of NHS will not result in major upheaval; no single solution; no "Big bang".

EETPU/AEU agree to merge by next March.

Police Federation Conference told pay proposals for policemen would "decimate" the thin blue line. Eldon Griffiths steps down as their Parliamentary spokesman after 20 years - and cautions police on pay tactics.

Dorchester to close for a year for £72million facelift.

British Rail to end all newspaper trains from July 10 because it cannot compete against road transport.

Edinburgh Fund Managers want to buy out National Savings (Today).

Share concessions announced for British Steel workers on privatisation.

PRESS DIGEST

Sun praises Land Rover workers for giving up a week's holiday to meet orders.

National Audit Office says some defence contractors are making too much profit on work for Government.

Britain refused entry to over 23,000 people last year.

Government launches buy-in and amnesty campaign to get rid of most dangerous firearms in private hands.

David Alton tables amendments to Criminal Justice Bill to change law on abortions.

Free vote on hanging expected next week.

Big row over Judge who tells a rapist who threatened to break his victim's arms if she resisted that his offence was "not so serious"; passes 12 months' youth custody sentence.

Judge rejects as "nonsense" claim by old folk's home for £600 for relatives of 89 year-old woman who died for failing to give a month's notice she was leaving (through death).

Legionnaire's disease claims second victim at BBC.

Anne Diamond abandons claim for £400,000 on agent she sacked; at cost of £350,000 in costs and damages.

Persecutor of Prokofiev and Shostakovich to step down as overlord of Russian music, denying he was ever a Stalinist.

Reign of terror continues in Punjab with 27 labourers murdered in their sleep while Army beseiges Sikh temple.

STERLING

Star - Nigel wins pound war - he cuts interest rate.

Sun - Maggie KO'd by Nigel - lose your battle to control Government economic policy. Unprecedented and astonishing U-turn. Foreign Secretary could lose his job for backing Mr Lawson - someone will have to pay for your defeat. Ivor Stanbrook says Chancellor's is only a temporary victory - in the long run you will have your way.

Mirror - Victory - Nigel gives Maggie a pounding.

PRESS DIGEST

Today leads with Chancellor's threat to quit - reason for your giving in.

Express page 1 lead - Maggie makes up with Nigel - angry Premier leaves Sir Geoffrey out in cold. You and Chancellor close ranks around pound in a show of strength to put the wrangle behind the Government; leader headed "A welcome end to the great debate" does not see outright victory for the Chancellor but one for common sense. Differences between you and Chancellor were not philosophical; simply of emphasis. This entire episode should never have got underway and might not have done so had you been alerted to the likely impact of your reservations on interference in exchange markets.

Paul Potts, in Express, in "The truth about the money war shaking No 10" - "Howe the real Cabinet victim". Tory MPs convinced he has made a rare error of judgement in siding with Chancellor over EMS. If you are looking for a sacrificial lamb who better than a man once described by Healey as a dead sheep.

City Page in Express says cut in interest rates should be seen not as a victory for Chancellor over you but as a vindication of Mr Lawson's belief in cutting interest rates to stabilise the pound.

Mail leads with "Lawson the Lady Killer" - peace deal as Maggie backs Chancellor. Foreign Secretary left looking vulnerable. You handled Tuesday's Question Time well; leader says not before time you have given Chancellor unequivocal backing. The cut in interest rates does not mean you are wrong and Chancellor is right about how far currency fluctuations can be managed. Nor does it mean you have lost and he has won battle over when to intervene. What happened yesterday is that you and Chancellor must remain in a position to keep money market guessing.

Andrew Alexander, in Mail, says your claims that you and Chancellor are at one on economic policy has a certain charm but it is hard to see who will be taken in by it. Base rates, he argues, have now bottomed out. And since Chancellor cannot cut base rates further and Britain's reserves are too small to make more than a passing impact through intervention, he looks stymied. You must not give up on fight against inflation.

Telegraph leads with "Thatcher gives Lawson backing on sterling. Graceful retreat as interest rate cut by 0.5%". Victory for the Chancellor and unexpected Parliamentary triumph for you. One senior Lords Backbencher says you wiped the floor with Kinnock.

PRESS DIGEST

Sketch writer says Kinnock demonstrated again how to turn potential embarrassment for the Government into actual embarrassment for the Opposition.

Times leads with you conceding victory to the Chancellor in the battle over exchange rate. You enthusiastically endorse his economic strategy and sanctioned a cut in interest rates. You delight Tory MPs by making it clear that the Government would use interest rate cuts and intervention in the exchange markets when necessary to curb rise in pound. City reaction muted with traders seeing the timing as a transparent attempt by Government to extract itself from an embarrassing situation; leader says clarification of Government policy is a great relief and it shows the Iron Lady is more steel than cast iron and is prepared to be flexible where this is necessary. Yet, while clarification is welcome, the episode has done substantial harm to Government's counter-inflation strategy. the outcome, though, makes it more difficult for Mr Lawson to leave for the City.

Independent - Thatcher in tactical retreat but differences with Lawson remain. Prime Minister papers over the cracks on exchange rates. You score a presentational victory and reassert your domination of the Commons. But the test of your words will come if and when the pound comes under further speculative pressure. City reacts with caution to cut in interest rates.

Under the heading "Mrs Thatcher joins the Cabinet", Independent leader says your climbdown has conveyed the essential impression that the Cabinet is once again united. The question of whether to join the ERM of the EMS is not trivial but relatively minor. Ministerial disagreement in private is a good thing. But collective Cabinet responsibility is also an economic necessity: you will have to remember the need for self-restraint. This is not a requirement which is easily absorbed into your bold style of leadership, but without it, you will be riding for a fall.

Peter Jenkins in Independent adds that you beat a prudent, tactical retreat, as you have done many times before. This is one of your strengths. You have been deflected or defeated by colleagues probably on more occasions than any other post-war Prime Minister. Yet you have remained ideologically intact, losing the battles but winning the wars - as it probably is on this occasion.

FT - page 1 - Base rate cut to 7.5% as Thatcher supports Lawson on sterling. You bowed to political pressure to reduce the uncertainty over exchange rate policy by publicly backing the Chancellor's approach. Leader claims yesterday's base rate cut as

PRESS DIGEST

a triumph for market forces. One's main reaction, it says, is how astonishing it is that you should have had to make a public endorsement of the Chancellor's policies and that it should have come to be seen as a personal humiliation for you. The logic of the present policy, it continues, is leading to a partial convergence of British and German interest rates: once the gap is narrow enough, the last remaining arguments against EMS membership will have disappeared. Lex says that after yesterday's base rate cut it is hard to counter the view that the authorities are close to running out of ammunition.

Telegraph leader points out that last week Bank of England urged need for higher interest rates and lower exchange rate. Politically yesterday's show of reconciliation will have drawn sighs of relief from Government supporters. But there is little argument that the Bank's analysis is correct. Interest rates are too low and we should expect them to rise as soon as foreign exchanges permit it.

Guardian - Lawson wins sterling row with rate cut. Thatcher bows to Chancellor in managing economy. It notes you did not explicitly commit yourself to exchange rate stability. Political correspondent says you failed to quell private criticism which has led Ministers to question your control of Cabinet. Foreign Secretary's friends and Ministerial colleagues accuse some members of your staff of unfair attacks on him.

Guardian leader says the problems are far from over. And in one breath, while welcoming the cut in interest rates, in another it says from the point of view of dousing the credit explosion in Britain lowering interest rates is akin to pouring oil on a fire. It goes for other alternatives - EMS - or even better world wide club of fixed exchange rates, and control of credit.

UNIONS

Today leader on NUPE: offer of cheaper loans, mortgages and package holidays to its members say the union has been in the forefront of protests against the growth of a share-owning property-owning democracy. This is a remarkable about face for an organisation which previously insisted that the only way it can help its members is through old-fashioned industrial methods.

INDUSTRY

FT - Inland Revenue is using new civil service pay supplements to introduce £600 allowance for staff working in the South-east.

PRESS DIGESTROWNTREE

Times leader says whatever OFT advises, Lord Young should refer takeover battle for Rowntree to MMC because of the worrying new threat to successful British companies posed by the approaching single European market. It would also give an overdue sign that Lord Young recognises this is a serious political issue.

DEFENCE

Times - Booming economy helping to maintain Britain's position as one of the biggest spenders on defence within NATO, says George Younger.

Times leader says that the effect of financial constraints, not to mention expensive errors, has forced MoD to introduce a more commercial and competitive edge to its procurement. It calls for greater co-operation between countries if Europe's common identity on defence is to grow.

Independent - Younger faces hard choices on the Navy - paying for existing defence commitments will become increasingly difficult.

Guardian - George Younger admits difficult decision will have to be taken now that defence budget is not growing in real terms.

POLITICS

Times - Bryan Gould accepts the success of Thatcherism as he discloses that Labour is examining far-reaching new proposals for an extra tax on industry as part of a £3billion-a-year boost to spending on research and development.

Independent - Bryan Gould recognises Tory success in reshaping Britain but proclaims that Thatcherism is growing out of date and will prove inadequate for the 1990s.

WELFARE

Times - Five senior Backbenchers urge you at meeting to heed the needs of the less well off in any changes to health and social security service.

NHS

Independent - Chairman of the National Association of Health Authorities calls for a management agency free from Government interference to run NHS. He says it should be allowed to compete

PRESS DIGEST

for patients, some of whom could be allowed to opt out and take private health insurance.

MEDIA

Times - Broadcasters heading for early showdown with Rees-Mogg over his demand to view imported programmes.

Independent - Duke Hussey warns Government to think very seriously about the consequences of giving the new BSC the right to preview imported material.

FT - Duke Hussey describes the possibility of the Broadcasting Standards Council's previewing bought-in programmes as a "breach in the wall of editorial independence".

FT - First new regional morning newspaper since 1873 will be launched in the north-west in September. North West Times will be run by former Express group chief executive, Roger Bowes, funded by Business Expansion Scheme and private investment.

EDUCATION

Independent - Parts of the MacDonalld report into the murder of 13 year-old Asian boy in Manchester likely to remain secret "indefinitely", because the City Council's controlling Labour group fears that large parts of it are defamatory.

RELIGION

Sun says ordinary churchgoers owe Archdeacon a debt of gratitude for securing eviction of homosexual activists from London church. He at least remembered his Bible.

SPYCATCHER

Independent - Peter Wright, interviewed in an Australian newspaper, complains he has still received no profits from Spycatcher.

EC

Times - EC report says potential savings from making and selling cars in single European market will be £309 per car.

Independent - Soviet Union intervenes unexpectedly to discourage Austria's aspirations to join EC, saying it would violate its status as a neutral state.

PRESS DIGESTSOUTH AFRICA

Times - Foreign Secretary says Britain would continue to maintain contact with ANC. At same time reports say South Africa is hoping British Government will take action against the ANC in London.

GULF

Independent - As Iraqi Ambassador is summoned to the FCO to be handed a formal protest, FCO reveals it received two warnings from Iraq that a British tanker was in danger of attack, before it was hit. The warning was passed on to the General Council of British Shipping but not the Merchant Marine Officers union who claims to have members in the region.

MINISTERS (UK VISITS, SPEECHES ETC)

DEM: Mr Fowler addresses HLIMA annual luncheon, London

DES: Mr Baker meets Greek Education Minister, London

DTI: Lord Young meets Swedish Prime Minister, London

HMT: Mr Major addresses the British Textile Corporation lunch, London

HO: Mr Hurd addresses Police Federation conference, London

MAFF: Mr MacGregor lunches with Prudential Property Services, National Liaison Committee for Agriculture Division, London; later attends United Kingdom Provision Trade Federation Ltd dinner, L'Amico Restaurant, London

MOD: Mr Younder and Lord Trefoarne address Procurement Executive presentation to the city, Queen Elizabeth II Conference Centre; Mr Younder later meets Jack Ashley MP to discuss nuclear test veterans' health problems

DEM: Mr Lee visits Chewton Glen and Bournemouth

DES: Mr Jackson visits Outlands Trust

DES: Mrs Rumbold visits Plume School, Malon, Essex about Records of Achievement project

DHSS: Mr Newton addresses Parliamentary presentation on Home Start

DOE: Lord Caithness attends Tidy Britain Group conference, London

DOE: Mr Waldegrave addresses the Kleinwort Grieveson Securities conference, London; later addresses the Carr Gomm Society on housing, London

DOE: Mr Moynihan addresses Refrigeration and the Environment conference, London

DTP: Mr Mitchell visits Scotrail (to 21 May)

DTP: Mr Bottomley visits Hereford and Worcester

HO: Mr Hoag launches the re-solve video on solvent abuse, What Parents Should Know

MAFF: Mr Thompson attends European Poultry Fair, National Agriculture Centre, Stoneleigh

MAFF: Baroness Trumpington attends British Agrochemicals Association annual dinner, Hilton Hotel, Park Lane, London

ODA: Mr Patten addresses the European Affairs Backbench Committee, House of Commons

WO: Mr Grist attends dinner with Water Authority Chairman, London

MINISTERS (OVERSEAS VISITS)

FCO: Sir Geoffrey Howe attends OECD Minister's meeting, Paris
HMT: Mr Lawson attends OECD Minister's meeting, Paris
DEM: Mr Cope visits Holland
DTI: Mr Clark attends OECD Minister's meeting, Paris
FCO: Mr Mellor departs for Federal Republic of Germany, bilateral talks (to 20 May)

TV AND RADIO

'Today': BBC Radio 4 (6.30)
'The Twice Promised Land': BBC Radio 4 (11.00) Part 2: What is a Jew?
'Business Daily': C4 (12.30)
'The Parliament Programme': C4 (14.00)
'The Making of Britain': C4 (18.30) Mass Media Mass Democracy
'Antenna: in the USSR': BBC 2 (20.00)
'A Week in Politics': C4 (20.30)
'An Ocean Apart': BBC 1 (21.30) Pt 5 If You Don't Like Our Peaches Quit Shaking Our Tree
'The World Tonight': BBC Radio 4 (22.30) followed by 'The Financial World Tonight' and 'Today in Parliament'
'Newsnight': BBC 2 (22.55)
