

PRIME MINISTER

MAIN EVENTS

The Princess of Wales visits Buckinghamshire

The British Association of Colliery Management annual delegate conference, Peebles (to May 26)

Herr Genscher meets Foreign Secretary

EC: Informal meeting of Justice Ministers, San Sebastian (to May 27)

HMS Bristol visits Poland and Leningrad (to May 26)

PUBLICATIONS

OPCS: Labour Force Survey

STATISTICS

DEN: Energy trends (Mar)

DTI/CSO: Balance of payments current account and overseas trade figures
(Apr)

11.30.

PARLIAMENT

Commons

Questions: Agriculture, Fisheries and Food; Treasury; Prime Minister

Business: Fair Employment (Northern Ireland) Bill: Remaining Stages

Adjournment Debates: The future of the National Engineering Laboratory
(Mr A Ingram)

Select Committees: COURT OF REFEREES

COMMITTEES ON A PRIVATE BILL
Bromley London Borough Council
(Crystal Palace)

Lords: Starred Questions
Disabled Persons (Northern Ireland) Bill: Third Reading
Social Security Bill: Second Reading
Control of Pollution Bill: Second Reading
ROYAL ASSENT

SPRING BANK HOLIDAY RECESS

PRESS DIGESTMain News

Judgment on whether 1% rise in interest rates to 14% will be enough is suspended until after today's trade figures.

Government consulted Building Societies before raising rate. Much speculation over whether mortgages will rise again but banks and building societies say they will try to hold it.

Chancellor says "We are determined to take whatever action is necessary to bring inflation down".

NIESR suggest inflation will persist at a relatively high level.

IMF has approved a strategy for reducing the debt burden of Third World countries. Scheme is broadly that proposed by US Treasury Secretary Brady under which both IMF and the World Bank would set aside money to assist debt reduction (FT).

France cancels £1.5 billion of poorest nations debts (FT).

Pops up in arms over record libel damages of £600,000 awarded against Private Eye to wife of Yorkshire Ripper; doubts about future of Private Eye whose editor says "If this is justice, I am a banana".

Damages contrasted with those awarded to families of Ripper's victims.

Ivor Stanbrook calls for change in law to prevent juries making such big awards.

Political struggle in China intensifies. Work on the Basic Law in Hong Kong suspended pending the outcome of the crisis in China (Independent). Fears grow in Peking that student protests may have to be settled by military force rather than civil negotiations (Times).

Russia offers a new deal on quotas - if we increase their quote of 205 they will cut back on their expulsions.

Moscow makes clear its decision to cut number of British representatives and their staff is aimed at forcing us to raise Soviet ceiling in London (Independent).

Anglo-Soviet spy row may help to answer an important question about Soviet foreign policy in the Gorbachev era - is Moscow's large-scale espionage just an anachronism waiting to be tackled by

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the leadership? Or is Gorbachev the smile that holds the KGB's fist? (Times).

Britain will not bow to unacceptable Soviet demands for a reduction in the number of British nationals and Soviet staff of British organisations in Moscow - hint we will retaliate if necessary (FT).

Gorbachev also offers new sweeping reductions in military forces.

President Bush softens tone over new Moscow arms offer, apparently inspired by the more detailed breakdown presented in Vienna, but the annual Strategic Survey sees little chance of early conventional forces accord (Independent).

Peter Jenkins, in the Independent, suggests NATO leaders may have to postpone the whole sore issue of SNF and get on with celebrating NATO's 40th birthday. But it is no time to be squabbling about 88 missiles in Germany. The leaders should seize the opportunities for substantial reduction in strategic and conventional weapons. The Russians latest proposals constitute a large and important step towards accepting NATO proposals.

Drug barons trading in crack thought to have incited a mini riot in Wolverhampton to deter police from raids. Police accused on undue force (Independent).

Times leader says police were right to go in hard. The message needs to be transmitted that anyone handling "crack" can expect the heaviest pressure that public authority can apply. The courts should make it clear as soon as possible that those associated with crack will receive the severest penalties the law allows.

You warn your party of Kinnock's use of fraud and deception in desperate attempt to win back popularity and power.

Kinnock, in party political broadcast admits he was wrong over unilateralism. But 50 Left-wing MPs, in letter to Guardian, say he is wrong in ditching simple unilateralism.

And Dick Douglas, in Times, argues that the new policy is nothing more than a form of words.

Peter Brooke accuses BBC of bias in reporting Euro elections with their survey of 32 MEPs. He is accused of censoring and bullying after he demands BBC amends pool showing Tory MEPs at odds with you over EC (Times).

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Black activists in Vauxhall refusing to campaign for Labour and lawyer Narguan to stand as independent.

British Rail's inter City services made £24million profit - a year ahead of schedule; boosts hopes of privatisation.

Britain's booming aerospace industry receives another massive boost with a \$200million order from US for 52 Bite Jetstream commuter planes (Times).

The inspector conducting the Hinkley Nuclear Power Station inquiry is to visit Chernobyl (FT).

BBC journalists call off 24 hour strike saying it has a major exclusive to reveal; Sun can't wait.

Workers at Liverpool passport office who walked out last week after introduction of 4 staff from London to clear backlog may be followed by others in other offices; threat of delays in issuing passports.

Leaders of the Communications workers union to be challenged over move to make it the first trade union to set up in business as a contractor in its own industry (Independent).

TUC facing biggest split since electricians expulsion after ruling, general council change the pilots union with a breach of rules for helping a breakaway organisation (Times).

Another 24 hour Underground stoppage forecast for next week (Times).

New car registrations will reach a record level for the 5th successive year in 1989 (FT).

Mail says a company based in Britain (Isle of Man) is secretly bidding for world's largest hoard of poached ivory worth £3million.

Britain reverses fierce opposition to stricter controls on car fumes. Car manufacturers angry though environmentalists hail the U-turn as a triumph (Independent).

Lonrho contempt hearing to resume on June 6 under different panel of law Lords.

Licenses Victuallers say breweries are threatening to dismiss public house landlords who fail to support their fight against

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monopoly restrictions (Times).

BSB may postpone launch until 1990 (Times).

Implications
via GATT

European Parliament has been defeated in its attempt to ensure a minimum 'European' content within a fixed timetable in future cross frontier broadcasting (FT).

Survey shows that Southerners lead more pampered lives than those of Northerners with spending more on holidays, central heating, luxuries and leisure.

Kenneth Clarke softens his tone over plans for self-governing hospitals and GPs holding budgets (Independent).

You condemn BMA in your Women's Conference speech for their adverts which are designed to play on people's fears and are misleading (Times).

MOD admits first of Type 23 frigates could be armed with missile defences incapable of distinguishing between friendly and hostile aircraft (Independent).

↗ NUT warns that school trips are being phased out because of Government rules on charging parents for extras (Independent).

Child benefit likely to be frozen at £7.25 a week for third year but its long-term future is in serious doubt (Times).

Local authorities say Government is seriously underfunding introduction of community charge.

Home Office sets up force of immigration officers to stem tide of Turks.

Millions of packets of children's sweets (Nerds) taken off shelves after spate of new reports they had been spiked with glass.

Presbyterian Church unable to reach a decision on Lord Chancellor's "crime" of attending a Roman Catholic requiem mass; they resume today.

Government narrowly escape having Westland affair re-opened by Select Committee (Times).

Express suggests Charles Powell is leaving early to become Ambassador to Spain.

PRESS DIGEST

George Medal for Station Fire Officer who died in King's Cross fire disaster.

Most wanted war criminal in France captured in a monastery after being on the run for 45 years; major scandal likely to break over Church.

Speaker Wright, of USA, offers to resign if charges against him are dropped.

East Germans may soon be barred from travelling to Hungary as a result of its recent removal of border fences to Austria (FT).

Argentine Cabinet has quit as economic crisis worsens (FT).

LIBEL DAMAGES

Sun says justice is the loser. It is quite lunatic to award Mrs Sutcliffe £600,000.

Mirror says the Yorkshire Ripper yesterday claimed his 14th victim - justice. Mrs Sutcliffe had a grievance but not one so great that the payment for it can quickly make her a millionairess. The award verges on the obscene.

Express - The award is preposterous, making a mockery not only of the libel laws but of the system of justice itself. The system must be changed. The distortion of values it represents cannot be allowed to persist in a civilised society. Either judges should guide juries on damages or they should have the sole responsibility themselves.

ECONOMY

Today says the 10th interest rate rise in a year can spell nothing less than a crisis in public confidence over the Government's handling of the economy. Has the Government's overwhelming reliance on interest rates been worse? Would we have been as vulnerable in the EMS, with credit controls and had the Government trained more people? It does not believe the answer would be found in endless fiddling with interest rates.

Express - Lawson the gambler pushes rates to 14%; leader says nothing seems to go right for the Chancellor. It is part of the price he, and we, have to pay for an apparent loss of belief in the monetarism which brought the Government's initial success in curbing inflation.

PRESS DIGEST

Mail leads with "Lawson feels the heat". Faces his greatest credibility test as latest trade figures threaten to savage confidence in fragile pound. Heckled by Tory women. Leader says the housing boom has collapsed. The spending spree in the shops is over and the economy is no longer overheating. The main reason is the destabilising effect on world money markets and the surge in the US dollar. But there is another contributory factor - if the still smouldering disagreement between you and the Chancellor. If you wish to keep the Chancellor you will have to keep an unnatural circumspect control on everything you say. Either you back him or find another closer to your economic heart's desire.

Andrew Alexander, in Mail, says the rise is a silly move and also proves that Mr Lawson is definitely in charge.

Telegraph page 1 lead - Painful cure will rescue economy. Lawson insists. Mortgages spared for now.

Tim Congdon, in Telegraph, says there is one clear lesson from experience of recent years: exchange rate is thoroughly bad guide to interest rate decisions. The Governemtn should return to its policy framework of the early '80s.

Telegraph leader says that after the phenomenal expansion of credit in the last few years it was hardly necessary to be an expert in monetary theory to see that the day of reckoning was bound to come.

Guardian says the slide in sterling and the rise in interest rates has not yet translated into a political crisis for the Government. Chancellor seemed to be retaining nervous support of backbenchers.

Guardian leader says fall in volume of retail sales and recession in housing are evidence enough that the interest rate rise was not justified merely in terms of controlling the domestic economy. The Governemtn should press for a managed world currentcy system.

Philip Stevens, in FT, says there is concern among Government supporters on the state of relations between you and the Chancellor.

Independent - Lawson blames Thatcher. Chancellor pins some of blame for the fall in sterling and interest rate increase on you. He underlines further division with No 10 when he said there was "a strong case" for joining EMS exchange rate mechanism; Lawson jeered by Tory women as he dismisses calls for curbs on credit promotion to help reverse the rise in personal debt.

PRESS DIGEST

Times - Sterling steady after 1% rise in interest rates. Decision depresses Conservative MPs, already nervous about today's trade figures and draws criticism from confident Opposition which believes Government is struggling; leader says higher interest rates will be painful for some, but inflation was never beaten by kindness. It adds that the rise is clearly a defeat for Government policy, though if all goes well it will sow the seeds of future victory.

FT - Interest rate raised to 14% to try and forestall a slump in the value of the pound. Underlines determination to take no risks with inflation. Home loan rates unlikely to be affected. Rise has occurred against continuing uncertainty over the future course of rates in Europe and Japan in the light of the current extreme dollar strength.

EC

Thatcher rallies her Euro troops. You urge Tory women to unite behind your vision of a diverse Europe (Independent).

Times carries two pages on the "Battle for Europe" saying that the Tory phoney war against Brussels bureaucrats is helping Labour's facade of unity and that the Euro elections will provide easily the most comprehensive test of mid-term public opinion despite the low turn-out expected.

Conundrum for EC. Britain has done U-turn on vehicle emissions agreeing to achieve "US style" small car pollution norms by 1993 but only on condition that interim national measures are outlawed by the EC. Yet the Dutch are attempting to push for 'cleaner cars' through domestic tax concessions (FT).

MINISTERS (UK VISITS, SPEECHES ETC)

- DH: Mr Clarke addresses and hosts dinner for the European Cancer Express conference, Lancaster House, London; later, with Mr Mellor meets Dr Lehr, German Minister for Health, London
- DSS: Mr Moore meets Disablement Income Group, London
- DEM: Mr Cope addresses Redditch and District Chamber of Commerce Education and Industry conference
- DEM: Mr Lee launches European Tourism Year 1990, Hyde Park Hotel, London
- DEN: Mr Spicer and Baroness Hooper attend reception for the Deputy Federal Chancellor, 40th anniversary of Basic Law, Victoria and Albert Museum, London
- DH: Mr Freeman visits Nafsiyat Intercultural Therapy Centre, Finsbury Park, London
- DOE: Lord Caithness addresses Estate Action conference, London
- DOE: Mr Moynihan attends England vs Australia Texaco Trophy cricket match
- DOE: Mr Gummer and Lord Hesketh meet West Australian Local Government Minister
- DOE: Mr Chope addresses British Quality Assurance seminar
- DTI: Mr Clarke opens seminar on Trade and Investment in Latin America, Shell Centre, London
- MOD: Mr Neubert opens new building at Central Ordnance Depot, Donnington
- MOD: Mr Sainsbury visits Faslane, Coulport and Yarrows Shipbuilding (to 26 May)
- OAL: Mr Luce addresses opening of Bath Festival
- WO: Mr Roberts opens Conwy Visitors Centre, Conwy
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MINISTERS (OVERSEAS VISITS)

- DTI: Lord Young attends Teleconference on 1992, New York
- HO: Mr Patten attends informal meeting of Justice Ministers. San Sebastian (to 27 May)
- ODA: Mr Patten visits Nigeria and attends African Development Bank annual meeting (to 31 May)
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MINISTERS (PRESS INTERVIEWS)

- DES: Mr Baker on BBC TV's "Question Time"
- DH: Mr Mellor interviewed on "This Week" about child abuse in Cleveland
- DOE: Mr Howard interviewed by Stanley Sparks, political correspondent, Birmingham Evening Mail
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TV AND RADIO

- 'Analysis': BBC Radio 4 (20.00). All Quiet on the Western Front. Can the US as the world's largest debtor nation, maintain a leadership role or is the 'American Century' drawing to a close
- 'This Week': Thames (20.30)
- 'From Eden to Ethiopia': BBC Radio 4 (20.45). Has farming led to the evils of disease, drudgery and over-population?
- 'Question Time': BBC 1 (22.00). With Kenneth Baker, Brenda Dean and Linbert Spencer
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