

November 2, 1990

PRIME MINISTER

MAIN EVENTS

- Publication, Regional Electricity Cos. privatisation prospectus
  - Informal Trevi meeting, Rome - Home Secy (to Sun) *mk*
  - Age Concern decade of retirement conference
  - National Polytechnics week launched
  - Housebuilding stats (Sept)
  - Official reserves (Oct)
  - Medicines Control Agency AGM (Kenneth Clarke)
  - British Airline Pilots' Assn conf, Swindon
  - Lord Chancellor speaks at Council of Mortgage Lenders' lunch
  - Malcolm Rifkind speaks at Rural Forum AGM, Badenoch
  - Tom King visits Malvern
  - John MacGregor launches Headteachers into Industry, Norfolk
  - BBC Radio 4 Any Questions? with Peter Brooke, Tariq Ali, Gerald Kaufman and Barbara Amiel
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PRESS DIGESTHOWE RESIGNATION

Star p1 - Howe quits. He storms out in Europe row. Leader says he has been whingeing on the sidelines for months. His presence won't be missed in Cabinet. It is a pity he hung on so long.

Sun p1 - Howe: I quit. Maggie faces crisis as he resigns over Europe. Leader headed "No sulking, Sir Geoffrey" says he has done the right thing. It was an impossible situation. He has long ceased to be a source of strength at Westminster. He has been too disloyal for too long.

Mirror p1 - "Howe can she go on? You are fighting for your political life." Leader headed "Pushed too far" says Sir Geoffrey was your most loyal, long suffering and stable Cabinet Minister. Your Govt will now crack and crumble. There is no-one left to question or challenge her. You will be exposed for what you are - an anti-European extremist.

Today p1 - Deputy PM quits. Thatcher's fate hangs in the balance. Clears way for Howe challenge to leadership. Leader headed "This one will hurt" describes this as your biggest political crisis. You have not played your hand well with Sir Geoffrey. You must act fast to mend personal fences and resolve the European divide running right through the party.

Today feature headed "The new Iron Lady [Lady Howe] aiming for No 10".

Express p1 - Howe quits. Now Thatcher faces leadership crisis that could split Tory Party. Chris Buckland says the remarkable thing about the resignation is that it didn't happen long ago. Leader headed "Time to rally round the flag" says it is better for the Prime Minister and Cabinet Sir Geoffrey has gone. Mr Lawson's departure proved to be a 7-day wonder. In the same way the departure of Sir Geoffrey removes another source of tension. His disloyalty was intolerable.

Mail p1 - Howe quits over Europe. Stunned Maggie faces new crisis as resignation tears Tories apart. Issue of Europe triggers biggest flash point of the Thatcher years. Paul Johnson believes you can still win the next election. But you must learn to delegate and share power more. You have to enlarge the basis of your support in Tory Parliamentary party and bring in independent minded men who do not make easy colleagues but carry great weight in the country.

PRESS DIGEST

Telegraph p1 - Howe quits over European policy, saying he can no longer serve with honour. His resignation surprised the political world and plunged you into one of your most serious crises. You accept his resignation more in sorrow than in anger, although Sir Geoffrey launched a devastating attack on your style of leadership.

Telegraph editorial says the resignation is a regrettable end to a long and distinguished career. His going will precipitate a short-term political crisis at a time when the Tories are worryingly split over Britain's future role in Europe. But it does not denude the Cabinet of pro-European Ministers and, in the longer term, should help clear the air. The Govt without him will not necessarily be weakened. His departure lends credence to the suggestion you propose to make your stand against European union the centrepiece of your election platform. But this would be to deflect political attention from where it rightly belongs: the serious internal difficulties the country faces. It concludes that it believes we should travel on your route, not that of Mr Kinnock's.

Sarah Hogg, writing in the Telegraph, says that in a sense his departure is good both for him and for you. Both of you would do well to remember how much you owe each other. However, the irony of his resignation only weeks after you finally allowed Mr Major to take us into ERM, gives the sad lie to hopes that entry might cauterise the sort of European debate in the Tory Party, and even our position in Europe.

Guardian p1 - The last Exit over Europe: Howe stalks out of Cabinet after Lawson and Ridley; Sir Geoffrey last night delivered what may be the final body blow to your Govt when he suddenly resigned as Deputy Prime Minister over the divisive issue of Europe. Elsewhere: Tory Party schism laid bare as it is more than ever clear that the great division within the Govt is not - was not - over style, but Europe. MPs braced for new leadership challenge with many convinced that a tide of support would make Sir Geoffrey challenge you in next month's annual election.

Guardian editorial says your Govt will seek to shrug off his departure. But it isn't just one thing: it sits alongside Eastbourne, Bradford to come, a gathering recession, truly lousy opinion polls. One damned thing after another (not that it matters to you). Abroad they will look upon these events with wonder and some alarm. How did the Conservatives get in such a

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twist? Fatigue, overweening flailings of a weakened leader, but also principle. Britain's future in Europe is an issue that matters more than office to some Conservatives, who feel a sense of duty. Sir Geoffrey responded to those tugs of duty, as did you in an utterly different way.

Independent p1 - Tory Party in shock after Howe quits over Europe. Cabinet colleagues say he was "robust" in Cabinet yesterday "acting like a man with his feet very firmly under his desk ... he gave absolutely no hint of resigning. Europe wasn't even mentioned". And another Cabinet source says "We were completely dumbfounded" at the resignation.

Independent editorial says you treated your long-serving and long suffering colleague with contempt before he left the Foreign Office. After that you have behaved with casual disloyalty to him. You would do well to consider the warning concerning the wrath of a patient man. The arrival on the backbenches - free to speak his mind - of the most experienced European from the Thatcherite stables, will make it far more difficult for you to follow your inclinations and play the anti-Europe card. He does not need to stand for the leadership to provide a focus for the growing number of Conservative MPs who dislike the distrust, the style and much of the content of your administration. Whether he should do so is for him to decide.

Peter Jenkins, in Independent, says you have assiduously cold-shouldered Sir Geoffrey since reluctantly allowing him the title of deputy PM last year. He has come to irritate you beyond endurance with the blinking, stodgy style which was once the hallmark of his dogged loyalty. He is the only remaining veteran of the Long March of Thatcherism - a Thatcherite scorned by Thatcher. The damage of his resignation will flow from its valedictory character - when Geoffrey says goodbye to all that, to many it may seem like time for farewells all round.

Times p1 lead - Howe resigns in protest over Europe. Thatcher accepts "more in sorrow". The resignation exposes the raw nerves and bitter divisions of the Tory Party on the subject of the EC and is the most damaging of a long series of departures from your Govt over European questions. Leader says his departure is a dramatic one for its personal as well as political implications. You may well tower over your party as you tower over all you survey. But your tower is an ever more lonely one. Your inability to pat a back and squeeze an arm when such coaxing might save you much trouble has landed you with yet another Cabinet crisis. You will survive it. If Sir Geoffrey believes he can precipitate a leadership election he must surely be mistaken.

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Ronald Butt, in the Times, is critical of you over your policy towards Europe adding that the Cabinet might now join with you in working out where it goes from here and how to approach future policy making. The Tory Govt is now gravely at risk. The voters themselves are not deeply divided over Europe yet. They will certainly not vote, however, for a Tory Party which is divided and a prey to confusing rhetoric.

FT p1 - Howe quits in row with you over Europe: Govt in disarray, may prompt leadership challenge. Punchbag hits back and leaves you reeling. Leader on you and EMU begins by saying none of the leaders of the front leading member states of the EC has enhanced his or her reputation over the past week: Kohl and Mitterrand by their shortsighted behaviour over farm reforms, Andreotti for his ill-considered agenda and you for your intemperate and ill-considered remarks. Unfortunately your behaviour can make the blunders of your counterparts look statesmanlike. Yet much is still to be fought over - it may not have been helped by the capers in Rome but your obscurantism has not helped either.

POINTS FROM RESIGNATION COVERAGE

- Govt in disarray after shock resignation.
- Your most dangerous crisis since Westland.
- Increases possibility of challenge to leadership.
- Both Sir Geoffrey and Michael Heseltine make it known they do not plan a leadership challenge.
- Kinnock: you have been bitten by the man you treated as a doormat and you deserve it. You are not fit to lead a Govt and should go now.
- Ashdown says it is "a mortal blow" to Govt arising from your blundering.
- Delors "shocked and surprised".
- John Biffen does not think resignation will cause "substantial long term harm".
- Fears of trouble with pound and in City today.

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- Sterling falls against DM - dropping 2 pfennigs after the news and dashing any remaining hopes of an early interest rate cut.
- Guardian compromise on "hard ECU" in tatters following Sir Geoffrey's resignation.
- Last of your 1979 Cabinet quits.
- Most politicians express sadness at the undignified end to a distinguished career Telegraph.

Helpful editorials in Star, Sun, Express, Telegraph and Times.

ECONOMY

Treasury steps in to discourage thoughts of interest rate cut as Bundesbank raises rule by 0.5%.

GULF

Bush presses home withdrawal demand, comparing Saddam unfavourably with Hitler Guardian.

Ted Heath stirs up fresh controversy on the Gulf confrontation by criticising President Bush's latest public words and urges you to dissociate yourself from his attack on Saddam Hussain Times.

Vice President Quayle says Hussain should not be allowed to keep his ballistic missiles and chemical weapons. He is a terrorist and a murderer.

Plans for relieving Embassies in Kuwait could lead to direct confrontation with Iraqi troops and trigger war Guardian.

Sun says Cabinet was put on a virtual war footing yesterday as countdown to war against Iraq begins.

Despite FCO warnings, a number of wives respond to Iraqi offer to visit husbands at Xmas Telegraph.

France and Soviet Union have denied an Iraqi suggestion that the release of Western hostages could be linked to the search for a diplomatic settlement in the Gulf crisis.

British and Irish medical staff in Baghdad threaten "strike" in bid to force Saddam to let them go home Independent.

PRESS DIGEST

Crown Prince Hassan of Jordan says a Gulf war is just a hair's breadth away times.

Observing UN sanctions against Iraq has cost China \$2billion FT.

Perez de Cueller demands unprecedented conference to force Israel to accept Geneva convention responsibilities for Palestinians Independent.

Terry Waite's family call for restoration of diplomatic ties with Syria Guardian.

Archbishop of Canterbury joins families of hostages held in Beirut in urging the Govt to restore diplomatic relations with Syria Times.

Decision whether to buy British or foreign tanks to replace the Chieftain is to be delayed until next Spring Times.

EC

Star says European unity is just a joke when it comes to the crunch. The Germans and Italians are crawling to Saddam behind our backs and Hussain must be gloating.

Sun says EC leaders agreed to "discourage" private mission to Saddam Hussain at Kohl's suggestions. Now it emerges Germany and Italy have secretly asked UN backing to follow in Heath's footsteps. The EC is supposedly a band of brothers moving towards unity. It is about as united as the Tower of Babel. And as fraternal as a sackfull of vipers.

Express says Germany double-crossed its Euro partners by sanctioning a mercy mission to Baghdad. No 10 disgusted.

Mail leader on "Kohl conspires" asks could any act more thoroughly demonstrate German and Italian hypocrisy. After Kohl's backstairs diplomacy Mrs Thatcher looks completely vindicated.

Guardian - Brandt's trip to Baghdad divides EC as Britain angrily attacks the German Govt for enduring his visit.

SUN AND EC

For its attack on Delors Sun is to be subject of complaint by Labour's leader in Euro Parliament to press Council and Commission for Racial Equality. Teddy Taylor says "Well done, Sun".

PRESS DIGESTPOLITICS

Liberal Democrats toughen their stance on electoral reform pledging that they will refuse to co-operate in a hung Parliament with any party that does not offer electoral reform.

INDUSTRY

Govt gives go-ahead for shops to charge higher prices when credit cards are used.

130 Polly Peck head office staff made redundant.

Nadir granted leave to challenge SFO investigation of Polly Peck and to get them to tell on what grounds he is being investigated FT.

Paul Foot lists Asil Nadir's visits to No 10.

11,500 farmers seek grants to help pay £36million clean-up bill for curbing pollution problems Telegraph.

Labour accuse Govt of fraud over its planned privatisation of the electricity distribution companies to be launched today Times.

Times leader discusses proposed private toll roads saying that if the Govt really wants toll roads in Britain, as a form of marginal pricing of long-distance travel, then it should pay for them itself and keep the profit.

Eurotunnel to exploit wave of interest in Channel Tunnel breakthrough Guardian.

EDUCATION

Times says that as the biggest teaching union, the NUT, debates pay, its leaders believe it must avoid strike action to retain hard-won public support.

ENVIRONMENT

McDonalds to go "green" and stop selling burgers in plastic foam containers. But Marks & Spencer axes its range of organic fruit and vegetables because of poor demand.



PRESS DIGEST

Govt plans to dispose of nuclear submarine reactors and parts of old nuclear power stations under the sea outlawed by the London Dumping Convention, the international body which regulate disposal of waste at sea Guardian.

Global warming row facing US in Geneva next week over its claims that there are still doubts about possible temperature rises as a result of greenhouse gases. It is one of the few industrialised countries still to set reduction targets FT.

LAW AND ORDER

Times - The Govt has shelved plans to include "no fault" divorce legislation in the Queen's Speech. Leader says the Law Commission's proposals are acceptable because the law should be abreast of human behaviour, describing rather than prescribing.

LOCAL GOVERNMENT

Hammersmith Council interest rate swaps were unlawful, Law Lords say in provisional ruling. Banks stand to lose £500million Independent.

FOREIGN

Communists swept out of power in Georgia.

Move to replace India's PM as religious strife grows FT.

Chamorro makes concession to Sandinistas in sacking free-marketeer central bank chief Independent.

ANC plans "self-defence units" for townships where residents have lost confidence in the police Independent.