

1/12/90
January 12, 1990

PRIME MINISTER

MAIN EVENTS

Prime Minister has talks with and hosts a lunch for Japanese Prime Minister Kaifu; later appears on 'Wogan' programme

STATISTICS

BOE: Quarterly analysis of bank advances (Nov) *me*

BSC/BISPA: Usable steel production (Dec)

PARLIAMENT

Commons

Business: Debate on the Multi-Fibre Arrangement on a Motion for the Adjournment

Adjournment Debate: Sports and recreational facilities in London (Ms Kate Hoey)

PRESS DIGESTMain News

Gorbachev announces he is to allow Soviet Republics to break away.

New Federation promised for Soviet Republics.

Some see this as the end of the Soviet Empire.

Gorbachev tells Lithuanians his own personal fate is linked with outcome. Sun says if he fails, no-one could have succeeded.

Mirror describes Lithuania as his greatest gamble. Today says Gorbachev's bravado is breathtaking and makes you and Bush look like wimps. Mail, "a remarkable man".

Honecker threatened and pushed by fellow patients in lift at hospital.

Internal NATO document says Soviet defence spending is double the £79 billion admitted by President Gorbachev (Times).

Your warning against excessive pay increases strongly reported and in crisis terms.

But Graham Mather, Director General of the Institute for Economic Affairs, says the Government is unwise to blame employers for the current crop of pay settlements, since it let the economy get out of control. It should keep monetary policy tight.

Meanwhile, Kenneth Clarke fights off calls for his resignation in ambulance dispute debate which brings Government a majority of 80, despite some 10 abstentions and one Tory voting against. Mirror says ambulance management is asking B/Telecom to change phone numbers so that doctors and others cannot contact strikers direct and prints Kenneth Clarke's number.

"Mediator" Terry Hayes believed to be working on pay mechanism for ambulancemen giving extra weight to better qualified crews. Whitehall official calls him "helpfully inclined if not a little too enthusiastic" (FT).

Barrow shipyard workers demand 15% as do NALGO. Teachers call for 20% and NUR 12%. BBC staff call for 10% plus £500 "to boost morale".

Telegraph gives much of a page and an editorial to your interview; leader says it was difficult to find the inspiration for another term of office.

PRESS DIGEST

Joe Rogaly, in the FT, says you have made more effective personal use of Britain's "elective dictatorship" than any other peacetime PM. To combat the recent strengthening of central government, a new constitution, separating monarchy from Government, might be needed (FT).

Hitachi to build £125million microchip plant in West Germany (FT).

Daihatsu plan car assembly plant for Poland; likely production 6,000 a year (FT).

Czech government to relax joint venture rules to boost foreign investment (FT).

Channel Tunnel to cost £2.2billion more than planned, but new deal ensures banks will continue to finance project (FT).

As Kaifu visits Paris, French PM Rocard accuses Japan of not playing by the same rules over trade. Open row between protectionists and free traders in French government (FT).

Times says that Mr Kaifu must be hoping for a more sympathetic reception when he meets you today after being subjected in Paris to a barrage of criticism by French Government over his country's trade policies.

Political storm brews as Volvo sack 310 workers at Leyland Bus despite pledge to retain workforce (FT).

European Consumers' Bureau say British motorists are being forced to pay a third more on average for cars than anyone else in Western Europe.

Prospect of single market in cars receding as motor trade and governments hinder imports across EC frontiers. Euro-Consumer group calls for action from Brussels to open up trade (FT).

Restaurant fined £500 for advertising set lunches for £4.95 without mentioning 10% service charge.

Independent says government is struggling to contain a substantial Tory revolt against community charge policy by the mainly leftwing core of committed Conservatives. Opponents reinforced by anxious MPs who want more help for those facing large increases. Robert Dunn and James Pawsey quoted as against the policy.

Today says special courts are to be set up across the country with the power to dock wages if people do not pay community charge.

PRESS DIGEST

Local authority treasurers are privately assessing that they will lose three times more through community charge defaulters than they lost through rates non-payment (Times).

London University facing £43million debt (Times).

Mail notes Labour controlled Doncaster Council has decreed children shall have "positive teaching" about South Africa's apartheid policies at the very time when they look destined to disappear.

Professional Assn of Teachers condemns BBC's decision to show play about homosexuality to schoolchildren.

Seventeen of West Wiltshire District Council's staff receiving additional payments from the local computer firm privatised by the council in June 1988 (Independent).

Peter Kellner, writing in the Independent, says neither the Tories nor the Labour Party have yet adjusted fully to the new-look, more democratic unions. While the success of your union reforms is now posing problems for your Ministers, it is opening new opportunities for Mr Kinnock. He can slip anchor on Labour's past and tell the party and public more clearly what he thinks. Sceptics say he does not know what he thinks. This year gives him the perfect chance to prove them wrong.

Norman Tebbit moves into top gear in attack against Kinnock - "empty headed and overtongued" - and Hattersley whom he describes as "Billy Bunter and Baron Munchhausen".

Today says Tebbit's rebellion over Hong Kong immigration is heading for "humiliating defeat".

Charles Moore, in Express, says Mr Tebbit has over-reached himself; British people are not impervious to the Government's case.

China tells Sir David Wilson, Governor of Hong Kong, that Britain is fomenting protest. We should not imagine Peking will accept increasing democratisation just because martial law has been lifted in the capital.

PRESS DIGEST

Independent editorial says British policy in Hong Kong is of a pre-emptive cringe in dealing with China. It discusses as minimal Mr Hurd's chances of persuading Hong Kong that we have its interests at heart. Peking now sees Hong Kong as a liability and, to avoid the possibility of collapse into chaos of the colony, we should create rapidly democratic institutions, whatever the objections of the Chinese.

Bush welcomes China's lifting of martial law as "a very sound step" - justifying his decision to maintain contacts (FT).

Under the heading "Test of Integrity" Times leader says the task of Douglas Hurd in Hong Kong this weekend will be to restore confidence in Britain's honour. It urges a strong stance with China adding that Hong Kong needs to be endowed with firmly entrenched democratic institutions making it plain Britain's determination if necessary, to cut unilaterally.

Law Society backs appeal by 1,130 Hong Kong lawyers for priority status for British passports (Times).

Case of £200 fine on unemployed youth, 17, for dropping a handful of litter.

Woman posing as health visitor snatches baby girl, 36 hours old, from St Thomas's hospital.

Robert Kilroy-Silk in the Times wonders why the DPP is taking so long to decide whether to prosecute those Muslims who have called publicly for Salmon Rushdie to be murdered. What can he be afraid of?

Police chiefs studying blueprint for a national criminal investigation and intelligence unit (Times).

Leicestershire Police launch inquiry into allegations that detectives from Nottinghamshire force helped to fabricate the confession of an informer (Independent).

Authorities knew loyalist terrorists had a security file on McBrearty when they expelled him to Northern Ireland. McBrearty claims this has increased the risk of his being assassinated (Independent).

You pay tribute to brave journalists who risked their lives in Rumania and other trouble spots in opening Scribes media club.

PRESS DIGEST

RAF Molesworth to be converted into a new military intelligence centre for US forces in Europe.

South African Minister rules out abolition of apartheid in schools (FT).

UK ready to end ban on contact with ANC. Sisulu likely to meet Douglas Hurd this month as belief grows that ANC's guerrilla activity has been suspended (FT).

French Government approves joint missile venture between BAe and Thomson CSF (FT).

Mexico agrees with banks on package to ease massive debt burden (FT).

PAY

Star p2 - Giant wage deals will put jobs on the line - Maggie hits out as Ford workers say 10% offer isn't enough. Leader says the Government itself is responsible for some of the biggest wage increases. Why should ordinary workers feel guilty when judges, doctors, generals and Civil Service mandarins are coining it?

Sun p2 - Wages stampede "is way to dole" - Maggie's warning to unions.

Mirror p2 - "Don't blame me for pay row havoc" - it says you blamed everyone but the Government for the growing crisis over pay.

Today p2 - Jobs suicide as 1million join pay stampede. Leader says that like cavalymen answering a bugle call, unions are lining up for another suicidal charge over pay. You got to the nub of the matter yesterday when you pointed out that Britain's wage costs are rising faster than any of our competitors. If union leaders have their members' interests at heart they will call off the pay charge.

Express p2 - Big pay rises will cost jobs warns Thatcher. Leader says the Government must not slacken in the fight to bring down inflation. It cannot allow money supply to expand to accommodate wage rises or matched by increased productivity.

PRESS DIGEST

Mail p1 - Britain faces pay havoc - wage costs outstripping those of competitors. Leader headed "Ford the wrong model for pay" says the resulting twist in the wage spiral if others followed Ford would nobble Britain's recovery and cause needless loss of jobs. Nor can Ford workers be smug when Euro car competition is hotting up.

Independent says you stepped up the Government campaign against an escalation of wage settlements by exhorting managements and employees to show greater responsibility and moderation. In the face of your determination, ambulance union leaders faced growing grassroots pressure for more militant action.

Independent editorial says the Government has little right to expect its anti-inflationary policy to be taken seriously when it has been presiding over a decline in sterling which has provided many companies with a cushion against the effects of double-digit wage settlements. The Government's exhortations against such increases would be more convincing if its own policies had not helped to shield companies such as Ford from the consequences.

FT - Government voices concern over impact of high pay awards on its economic strategy. You call recent wage increases "very disturbing" as several ministers harden stance against demands of the ambulancemen.

Times - You issue stark warning that workers were pricing themselves out of jobs with high wage demands. Leader under the heading "Agenda for Chevening" says whatever the outcome at Ford, the case for a tough Budget is strong. Mr Major has made it clear that he believes in a firm fiscal policy to buttress a strong anti-inflationary monetary policy. The Budget must see him deliver. It concludes that the most ingenious and far-reaching tax reforms will avail the Conservatives little at the next election if the Government has failed to get inflation under lock and key.

Independent - Managers in a range of industries are uneasy over possible rush of "me too" claims following rejection of Ford's 10.2% pay offer. Elsewhere, Ford deal could mean wages bill actually rising by well over 11%.

PRESS DIGEST

Telegraph p1 - Cabinet toughens line on ambulance pay amid growing concern over impact on economy of high wage settlements. Leader says that the Government's proper response is perfectly clear: as well as holding the line in the public sector it must make it plain it is not prepared to underwrite unjustified wage inflation with a weak exchange rate. The pound has fallen sufficiently to provide a dangerous amount of head room.

Guardian p1 - Chorus of wage demands fuels Thatcher's fear of inflation. Leader says there is an urgent need to devise a counter cyclical boost in the budget to preserve the recent buoyancy of manufacturing investment and do something about infrastructure and training before 1992.

FT editorial says John Major needs to convince people that the Government is not just talking about "bearing down on inflation" but is prepared to actually to do so as the howls rise.

MINISTERS (UK VISITS, SPEECHES ETC)

- DEM: Lord Strathclyde launches Selcare Trust Project, Manchester
- DEM: Mr Nicholls visits Training Providers and Civic Offices, Portsmouth
- DH: Mrs Bottomley visits Newcastle re Community Care; later addresses West Surrey Joint Consultants Committee
- DTI: Lord Trefgarne addresses Trade Associations and Chambers of Commerce, City Conference Centre, London
- HO: Mr Mellor addresses conference on the Broadcasting Bill and the future of European television, University of Sussex
- WO: Mr Grist launches Welsh Keep Britain Tidy campaign, Cardiff Castle
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MINISTERS (OVERSEAS VISITS)

- FCO: Mr Hurd visits Hong Kong (to 17 January)
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TV AND RADIO

"Any Questions?" BBC Radio 4 (20.05) (repeated 13.1.90. 13.10hrs) with Ken Livingstone MP, Eric Pickles, Mary Kenny, Sue Slipman
