

MAIN EVENTS

- Prime Minister's opens Djanogly Outpatients Clinic,
Great Ormond Street; later hosts lunch for Charles Haughey
 - Mandela in Brussels
 - Prime Minister opens Gt Ormond Street outpatients Dept
 - Annual conf. BMA local medical cttees (to Thur)
 - Balance of payments (Q1)
 - MAFF Food Safety Video
 - Commission on Racial Equality report
 - Marriage & Divorce Stats, 1988
 - Cable & Wireless announce Lord Young as new Chairman
 - 1987 based household projections for Welsh counties
 - Commons: Questions: FCO
Debates: 3rd Rdg, Hong Kong Bill
Select Cttee: TCSC - Next Steps, Treasury officials
Social Services: Officials on public
expenditure
FCO - Foreign Secy on South Africa
 - Lords: Debate: Role of DTI
 - Lord President at Assn of British Chambers of Commerce
 - Home Secy addresses BBC seminar
 - Norman Lamont addresses INSEAD club
 - Tony Newton visits Hounslow SS office
 - David Hunt visits N Wales flood areas (first Bellwin payments
made)
 - Richard Luce visits Bristol and South Wales
 - Paymaster General visits MEPs, Strasbourg - EC Budget
 - David Maclean opens Food & Drink Research Assn, Gloucs.
 - Robert Atkins launches "Safe Journey to School" awards
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PRESS DIGESTMain News

You pour cold water on Gorbachev's idea of a united Germany belonging to both NATO and Warsaw Pact. So do Bush and Kohl. You are right, Star says.

Mail says West is to offer Soviet Union a non-aggression pact as a face-saver for accepting a united Germany in NATO.

All Russian Republics to be allowed to secede and eventually become sovereign states. Gorbachev sees Baltic states to persuade them to go along with this.

Meanwhile, Yeltsin declares Russian Republic a sovereign state but this has no legal standing in Soviet Union notwithstanding overwhelming vote in Republic's Parliament.

Soviet miners' Congress calls on Ryzhkov to resign, saying "he has failed to get us out of the economic cul-de-sac, so he should go" (Independent).

Start II could be jeopardised if US transfers post-Trident nuclear technology to Britain, Gorbachev warns. But he inches towards acceptance of united Germany joining NATO (Independent).

NATO and Warsaw Pact expected to agree tank cuts in CFE this week (Independent).

Peter Jenkins, in the Independent, sees your Turnberry speech as suggesting that more defence resources should go to defending our interests as an island trading power. Britannia could take to the seas once more. You clearly have sympathy with the line taken by Alan Clark, with his advocacy of substantial reductions in British forces stationed on the Continent. But his plan smells strongly of the post-imperial delusion that, since the war, has over-extended our defences at the expense of our economy and society.

Bulgarian students say election, putting former Communists in power, was rigged.

Soviet miners' leaders call on Scargill to come clean about what happened to millions of roubles collected for striking British miners.

You have renewed links with Sir Alan Walters and this sparks a row in Commons.

PRESS DIGEST

You say Sir Alan is a "friend of the family". But Bernard Ingham concedes that some of your meetings included economic discussion, with officials present (Independent).

Fears that this will spark off another damaging row about membership of ERM.

Pound up 3 pfennigs and 2 cents as reports of early ERM entry.

Telegraph leads with pound soars as Major prepares to join Euro currencies. Senior Tories believe Messrs Major and Hurd have forged an alliance to secure British membership of ERM before the end of the year.

Mail says most economists think Chancellor's measures are working.

But Independent says Govt acknowledges that high interest rates have failed to control inflation.

Andrew Alexander, in Mail, says all this is part of a campaign being waged by Cabinet advocates of ERM who want to build up an unstoppable momentum. If ERM gets interest rates down quickly and increases Tory election prospects who cares about the economics?

Times says Ministers are seeking to dampen down expectation of any rapid entry to ERM after report that it could be as early as September lifted markets yesterday.

Independent editorial says the logic of early ERM entry looks inexorable. If you entertain any serious doubts over entry the Treasury campaign of whispers has wiped out the option of retreat. To renege on entry, or significantly delay it, would be liable to produce a slump in sterling and a politically catastrophic increase in interest rates.

Telegraph leader says Govt needs some tangible evidence of inflationary decline to meet its conditions for ERM entry. To abandon his would do Govt's credibility no good.

FT says senior ministers yesterday confirmed the Govt was now looking at an accelerated timetable aimed at taking sterling into ERM in the autumn. Douglas Hurd is particularly anxious Britain should be a full EMS member way before the planned IGC in December (FT).

PRESS DIGEST

FT says you and senior ministers are in deadlock over the community charge; plans to overhaul the tax have ground to a virtual halt because of disagreement over whether to introduce new legislation to curb local authority spending. Ministers say you are insisting on a bill while Chris Patten believes it would be a mistake.

Sun says Sir Geoffrey Howe is heading for the sack - will be lucky to hang on to next election, according to one Minister. Mirror says you treat him like dirt. Mail says Sir Geoffrey's future has become another talking point in Cabinet.

You are to override a Cabinet alliance led by Geoffrey Howe and Douglas Hurd and push through the War Crimes Bill (Times).

Leader of NALGO says Labour's plan to keep some of your trade union reforms could split Labour movement.

Sun wants to know how much a Labour Govt would cost - and where the money is coming to pay for their plans. Express says Labour's figures add up to a nightmare.

International Labour Organisation praises Govt's job creation policies.

Clifford Longley, in the Times, looks at the battle between Michael Howard and Tony Blair over Labour's policy for unions saying that Labour will hold off the Tory challenge if only by moving the goalposts. He concludes that the more Howard interrogates Blair, the more attractive Labour's policy will become.

You rule out subsidising Channel Tunnel Link as French announce £19billion investment over 20 years in 2,000 miles of new track.

Times says Tory rail experts doubt if a link will be approved before next general election. Leader says the concept of a special track was always ambitious. The decision to abandon the rail link is right, but the route should be safeguarded. And a coherent public investment policy would not come amiss.

Independent says Channel Rail Link was in effect killed off by your Commons remarks. Private sector Eurolink partners say they will pull out if no public subsidy is given.

PRESS DIGEST

You tell Building Society chiefs that pay rises of up to 141% are indefensible. Today says they must not only set an example to workers but also to mortgage payers.

Mail bemoans the shrinking size of our money - the fiver has shrunk to the size of monopoly money and the feeling of devaluation is physical.

Sir Cyril Taylor has called for the funding of the remaining CTCs to be reorganised (FT).

Sir Leon Brittan plans to force BAe to pay back £10million for undervaluation of Rover, on top of £33million in sweeteners repayment (Independent).

Telegraph leader says Ministers who have taken jobs in private industry have broken no law or code. Nor does their behaviour constitute a moral issue. It should be governed by common sense.

United opposition by both of the Italian houses of parliament has forced the Govt to withdraw Venice as a candidate for the Expo 2000 world fair (FT).

Times says the Govt is believed to have offered almost \$250million worth of incentives to attract MCA to build theme park in Britain.

Windscreen of BA jet which blew out, nearly sucking out pilot, had been fitted with bolts of the wrong size and held by only 6 bolts instead of 90.

Express calls for penalty clauses in weapons systems contracts after Rapier, it is revealed, is £300million (65%) over budget.

Ernest Saunders, former Guinness head on trial, claims his downfall was plotted by City Mafia, including John Nott.

Sun wants Govt to stop talking about converting council rents into mortgages and get on with doing just that. Express says it would be a vote winner - a reassuring sign that you and your colleagues have not run out of ideas.

Leftwing councillor arrested for possessing cannabis nominated as Mayor of Lambeth.

PRESS DIGEST

Black writer in Mail says one of the gloomiest and enraging things about being black in Britain to day is not racism but the knowledge that an awful lot of well meaning whites feel terribly sorry for blacks. They want schools to give children discipline and a good education, not the liberals' beloved multi-cultural learning.

Doom and despondency about England's poor opening to the World Cup. Sun says a sense of shame fills the heart of every right-thinking Englishman this morning. The most appalling performance in living memory.

Headmasters back new plan to make 'A' levels easier to cut failure rate.

King's Fund Institute calls for more money for NHS to bring spending in line with other European countries (Times).

Heart drug - Corwin - that can kill is being kept on sale despite objections from Govt advisers.

Conservative women divided on whether the Govt's new family policy should focus on encouraging mothers to stay at home or on giving them financial incentives to work (Times).

Bishop of Southwark attacks Govt refusal to solve housing associations' financial crisis.

ITN may join Jazz FM, a new London music radio station, to secure a national radio franchise.

Colleagues of UDR soldier who lost a leg in a bombing at the weekend blame BBC Panorama for featuring him, but not naming him, in a programme in February.

Commons Select Cttee will be told today by Professor Lacey that Ministers are failing to combat BSE risk to humans (Times).

Most British waste dumps fail to meet standards of proposed new EC directive (Independent).

Scotland Yard calls in management consultants to draw up schemes for merit places for officers who consistently do their jobs well (Times).

Mandela says Kohl may be reconsidering his stance in favour of a revision of sanctions.

PRESS DIGEST

Penguin books have dropped plan for a paper-back version of Satanic Verses to avoid jeopardising the release of hostages (FT).

Years of bravely disguised enmity between you and Ramphal will be laid to rest tomorrow night over a Downing Street dinner (times).

UK brings new pressure on Vietnam to allow forcible return of boat people (Independent).

Menem's economic recovery plan failing as Argentine inflation continues out of control and privatisation drive runs into problems (Independent).

Argentina's most celebrated row boiled over last night when Menem served an eviction order on his wife to leave the presidential palace (Times).

US running out of time to save talks with PLO (Times).

Concern in Congress at gaffes of last two heads of US Information Agency. Govt PR chiefs have been among the most embarrassing members of Reagan and Bush administrations (Independent).