

July 2, 1990

PRIME MINISTER

MAIN EVENTS

- Royal Agricultural Show (John Gummer)
  - Communist Party of Soviet Union Congress
  - Prime Minister meets Karl Otto Poehl (Bundesbank)
  - ? Karl Otto Poehl appears before Lords Select Cttee on EMU
  - D/Health press launch, NHS Act
  - Pilot extensification from beef and sheep
  - Mandela visits Dublin (to Tuesday)
  - Greek Foreign Minister visits London
  - International Whaling Commission meets, Netherlands
  - Royal Society of Medicines conference
  - MAFF launch R&D document on food safety and quality
  - Retail sales and credit business (May - final)
  - Immigration from India and sub-continent 1989
  - FT oil & gas conference (Peter Morrison)
  - Royal Fine Arts Comm. annual report
  - NUR annual conference (to Thur)
  - Commons: Questions: DSS; Arts; Civil Service
  - Debate: Estimates (Help for Eastern Europe)
  - Lords: Debate: 3rd Rdg, Social Security Bill;
  - Envmt. Protection Bill (Cttee D5)
  - Chancellor visits Lloyds of London
  - Lord Chancellor visits Land Registry Exec. Agency
  - Malcolm Rifkind meets Scottish Business Group
  - Nicholas Ridley at Aims of Industry presentation
  - Michael Howard meets Building Employers' Confederation
  - Tom King flies in Tornados from Cottesmore
  - John MacGregor opens 10th National Education & Training conf.
  - David Hunt visits Merthyr factory; presents engineering awards
  - Cecil Parkinson meets Kent MPs on Channel Tunnel Rail Link;
  - meets Transport 2000
  - Chris Patten at VFM seminar on the environment
  - Richard Luce visits arts in West Germany (to Wed)
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PRESS DIGESTMain News

MORI puts Labour's lead at 17%; number of those who feel the community charge is the most important issue facing Britain has fallen from 49 to 30%.

Growing belief Govt will pull round the economy.

ICM poll shows a majority (52%) prefer a property tax related to income to community charge.

Ronald Butt, writing in the Times under the heading "How not to run out of steam" says the Conservatives must not be diverted from the main political areas of concern for which they have direct responsibility; nor should they risk their unity in sterile argument between "doctrinaires" and "consolidators". Though there are signs of economic improvement ahead, and the opinion polls are suggesting a slight recovery in the Tories' position, the next election will be touch and go. They will not win unless they confront the main issues troubling the voters.

Is this Gorbachev's last stand? Speculation on the eve of what is likely to be a troubled party congress, opening today.

Independent editorial says it is unlikely that the 28th Soviet Communist Party congress, which starts today, will see the party emerging in anything like its present form. This should be a cause for rejoicing. Arguing that hardliners, likely to dominate the congress, and Gorbachev need each other, it concludes the latter's future seems inextricably bound up with that of the party's dominant faction.

Mary Dejevsky, writing for the Times from Moscow, says that disastrous though the years of Communist rule have been, the party hierarchy and good many of the rank and file are still looking for a solution that will not require them to foresake the party of Lenin and the Bolsheviks.

Economic and monetary union arrives in East Germany with Deutschmarks. This ends at a stroke East Germans' feeling they are second class Express.

Concern in financial markets has pushed up West German interest rates to 9%, their highest ever in real terms.



PRESS DIGEST

Times - Kohl warns East Germany that the road to prosperity will not be easy. Leader discusses whether Berlin or Bonn should be the new capital of the unified Germany. Bonn has not jealously hoarded power. Berlin, however, would be a far more dominant capital. It has a vital role to play and will doubtless be the popular choice.

Bundesbank urges spending curbs to smooth German merger FT.

NATO to approve halving nuclear shell arsenal this week.

Mirror says you are trying to sabotage the best efforts of Bush, Kohl and Mitterrand on aid for Soviet Union and on nuclear weapons in Europe.

FT says Bush has said a major aim of the Summit is to shift the focus of the NATO alliance from a purely military to a more political character. There will be a non-aggression declaration by NATO to individual members of the Warsaw Pact. NATO leaders may promise a second round of talks on reducing conventional forces (CFE2) will include limits on the size of a single army in central Europe - which in effect would limit the size of a unified German army without harming Germany.

Karl Otto Poehl will tell you today of his scepticism about British proposals for a 'hard-ECU' path to EMU FT.

William Rees-Mogg, writing in the Independent, looks at proposals for a European currency and concludes Helmut Schmidt is right in believing that if no single common currency is created we shall enter a Deutschmark area. He goes on to argue that makes you a de facto advocate of Europe remaining a Deutschmark area: de jure you are a British nationalist: de facto a German nationalist. It is a great pity you are opposed to creating a single European currency under an independent central bank as part of a return to an international monetary order.

Tapes of Kohl grumbling in private about your stubbornness said to be on sale in West Germany.

Guardian says Italy's pro-Federalist presidency of EC will put pressure on you over next 6 months.

Guardian leader says if the EMS is strong enough to take in East Germany by backdoor it is surely strong enough to take the pound today or tomorrow.



PRESS DIGEST

Speculation that Chancellor will use "peace dividend" to cut rates of income tax for lowest paid. Sun says that is where the money should be targetted.

Guardian says you have expressed interest in Peter Palumbo's plan to restore Britain's heritage of historic buildings.

Today claims Govt is to institute a major clean-up of Britain - which it welcomes, though it says it has heard this before. The desire to get rid of the filth and grime in Britain is fundamental to our national pride.

Express says Govt is studying legally binding union contracts.

Express says Govt is considering relaxing driving laws to allow drivers to overtake on the inside.

Guardian says you are studying an American style self-assessment tax plan for self employed and contract workers to win them back to the Conservative fold.

Guardian also says you are studying compulsory opt out ballots for all schools.

Guardian says Govt has broken EC law by not informing Commission of tax arrangements with BAe.

Britain no longer equal partner with France in financing and building the Channel Tunnel Independent.

Report on water metering trials due to be published this week will say the scheme is feasible Times.

Robert Scholey receives 79% pay rise FT.

NUM to receive report into allegations against Scargill tomorrow; he will be asked to resign if he is criticised.

Independent survey of 15 former Dock Labour scheme ports shows productivity has risen sharply since the scheme was abolished.

Institute of Personnel Management says productivity grows faster in firms which do not recognise unions.

Faced with mounting protests from businessmen, the Govt is considering a new approach to the way its Training and Enterprise Councils are funded Independent.



PRESS DIGEST

West Yorkshire Council withhold £60,000 of its £10.5million grant to British Rail because of poor service.

Reports that Govt is to replace unemployment benefit with private insurance.

Govt unlikely to seek to reverse a probable defeat in the House of Lords over dog registration Times.

Royal Colleges of Surgeons and Anaesthetists say 750,000 patients fail to get the painkillers they need.

Govt to launch publicity campaign defending its health service reforms against the BMA and Labour Party (Times).

NFU wants independent monitor for food safety.

Independent editorial says it is little wonder John MacGregor wants a public debate on the way primary school children are taught: it buys him time. It reviews a critical TES survey which implies something is amiss with the way children are taught to read and concludes the Govt has retreated on the practicality, not the principle of English teaching. It must now look at how to remedy the potential failure of large numbers of children to reach even the baseline of English curriculum teaching.

You are to consider a manifesto commitment to legislation that would create a poll tax incentive for parents to vote for school opt-outs - in a further attempt to break the back of council control over education, and improve standards. The issue is expected to be raised in a Labour-sponsored Commons debate in the House tomorrow Independent.

Local authorities hold out possibility of 16% rise in community charge next year.

Express says that if this is really the cost of maintaining existing services it shows how bloated and out of control local govt has become. Services can be trimmed, contracted out or eliminated and Chris Patten should tell councils to start living within their means.

Assn of London Authorities and Assn of Metropolitan Authorities say the average community charge payment will rise to more than £400 a year despite increased Govt spending to support local authorities (Times).



PRESS DIGEST

Sun features Ealing's police monitoring under Labour - two paid £6,000 each to spy on police in a council estate and given a flat to do so.

Dublin to face pressure to back Peter Brooke's Ulster plan during intense contacts to take place over the next few days, in which he will seek Irish Govt approval for his efforts to open political negotiations for the first time in five years Independent.

Doctor whose daughter died in Lockerbie disaster claims he smuggled a fake bomb on to a jet at Heathrow; inquiry to be held.

Mail says a cleaner with a false MOD pass got into the Army's vetting unit at Woolwich where he had access to sensitive files.

Hattersley questions possible threat to freedom posed by Calcutt report Independent.

Bill Deedes, in Telegraph, says Calcutt would diminish the public's right to know and no Govt in its senses is going to fight the election on that political ticket.

'War on Want', the charity facing bankruptcy, rejects rescue package by chairman of Reed Executive employment agency, which would have meant giving up its leftwing campaigning stance Independent.

You are accused of backing contracts for British firms (which contribute to Tory funds) that export acid rain to India.

Intergovernmental Panel on Climate Change says nuclear power is the best way to cut CO2 emissions.

Britain calling for an extension of ban on commercial whaling to end of century.

Queen calls on politicians in Canada to settle their differences and unite.

Mail says all this is self-indulgence. The Canadians must be told they don't know how lucky they are and should count their territorial blessings.

Times leader says on balance Quebec should not secede from Canada as it would imply a failure of multinationalism. But if Quebec does secede it would not be the end of Canada, or the end of Quebec.

PRESS DIGEST

Kaunda backs army commander after failed coup.

Mandela given freedom of Dublin.

Times says he tactfully avoided explicit refernces to political violence in a speech at the start of his two-day visit.

Your lunch for Mandela on Wednesday will see a great battle of wills over sanctions: the question is whether you will bury the hatchet and set relations with the ANC on a new tack Independent.

ANC call for nationwide strike in South Africa draws sharp criticism from rival black groups and white authorities who fear that it could set off factional violence Times.

Iran rules out any improvement in relations with the West as a result of earthquake aid, but will continue to work for release of all Western hostages in Lebanon Independent.

Saudis scrap £5billion Tornado order, jeopardising continued production of the aircraft Independent.

French Parliament has passed a law toughening penalties against racial discrimination. Seen as a part of the Govt's response to the growing appeal of Jean Marie Le Pen FT.