

17/5

PRIME MINISTER

This Week: Highlights

This could be the week when a number of issues come to a head:

- Falklands, bringing crisis for international support, including EC;
- EC Mandate and farm prices;
- ASLEF rostering dispute, at the union's annual conference.

You have a large number of visitors - after Mauroy, Mitterrand, Mugabe and Muldoon. OPEC meets in Ecuador on Thursday. The Pope decides whether to come to UK on Wednesday.

Apart from ASLEF, this week will bring on the pay front a one day strike in hospitals (Wed) and tomorrow the outcome of the powerworkers' ballot on 7%.

Inflation could drop into single figures on Friday; we should try to ensure that this is hammered home.

You have two interviews planned: IRN today and Jimmy Young on Wed.

Detail:

Falklands: UN; EC sanctions renewal; ? military escalation.

Economy: a heavy week for indicators with:

- today - retail sales (April).
- Tues - index of industrial production (March).
- Wed - earnings index (March).
- Thurs - manufacturing, distribution and services capital expenditure and stocks (1st qtr.); UK bank assets (Apr).
- Fri - IRP and cyclical indicators (both April).

Pay:

- Teachers' arbitration opens Wed.
- local authority white collar and professions supplementary to medicine (Thurs).
- water (Fri).

Union Conferences:

- Starting today - Police Federation; IPCS; APEX; SOGAT; Seamen.
- " Tues - ASLEF.
- " Wed - Fire Brigades.
- " Thurs - University teachers.
- " Sat - ASTMS.

EC: Apart from sanctions against the Argentine, there are the Agricultural (farm prices) and Finance Councils today; and Fisheries Council tomorrow.

Defence: NATO Ministerial meeting.

Announcements: 8th Round, Offshore licensing (today).
Rothschild Report on SSRC (Wed).
Statement on Security Commission (Thurs).

Ministers: Chancellor at Building Societies' Assn (Tues).
Home Secretary at AGM of Central Council of Probation and After-Care Cttees (Tues); and Police Federation Conf. (Wed).
Mr Heseltine at Consultative Council on Local Govt Finance (Wed).
Mr Younger meets STUC (Thurs).

by

PRIME MINISTER

DIARY

Falkland Islands: Argentine Finance Minister in New York to raise money.
Your talks with President Mitterrand.
IT Presentation to Prime Minister.
Renewal day for EC sanctions.
EC Finance Council, Brussels.
EC Agricultural Council, Brussels.
NATO Ministers Meeting, Luxembourg.
Prince of Wales presents Rural Employment Competition awards.
UK/Soviet Joint Commission.
Police Federation Conference, Scarborough.
IPCS Conference, Bournemouth.
APEX Conference, Blackpool.
SOGAT Conference, Bournemouth.
National Union of Seamen Conference, Tenby.

Statistics:

Retail sales (April-provisional).

Publications:

Guide to good employment practice and the law on unfair dismissal for small firms.

Pay:

Scottish Agricultural Wages Board to discuss improved rates for public holidays work.
ICE/GMWU, TGWU. Company respond to unions' claim.

Parliament

Commons:

Questions: Energy, Wales.

Business:

Private Members' Motions until 7 o'clock.
Afterwards completion of remaining stages of the
Local Government and Planning (Scotland) Bill.

Select Committees: FOREIGN AFFAIRS: Subject Falkland Islands; Caribbean and Central America: British approach to security, stability and development. (Witnesses: 1 & 2, Mr Cranley Onslow MP, Minister of State, Foreign and Commonwealth Office; FCO Officials).
PUBLIC ACCOUNTS: Subject: Export Credits Guarantee Department Accounts. (Witness: Mr K Taylor CB, Secretary, Export Credits Guarantee Department).

Lords: Local Government (Miscellaneous Provisions) Bill.

Ministers - See Annex

PRESS DIGEST

FALKLANDS

News:

- Last ditch diplomatic effort at UN to reach negotiated settlement after weekend of talks.
- All out attack on Falklands expected in 48 hours if no progress in New York.
- Argentine junta drafts final reply but won't give way on main issues; Galtieri tells Mexican TV audience Argentine will neither lower its flag nor raise white flag; prepared to fight for months and to lose 40,000 men if necessary.
- No agreement last night on renewal of EC sanctions - another effort today.
- 2 Argentine supply ships attacked by Harriers who return safely; crew abandoned one of ships..
- Features of Pebble Island raid - which the Mail describes as the Pulverising of Pebble Island, the raid that the Argentines believed could never happen.
- Sun Audience Selection Poll gives you 48% of the vote - 28% ahead of Alliance.

Military:

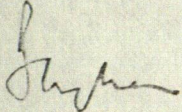
- Argentines says parts of ship sunk in Falklands Sound last Wednesday have been found.
- Secret army of Falklanders are preparing way for assault and helping Task Force - Argentine governor admits as much.
- Mr Nott gives warning of casualties if it comes to an invasion.
- Cost of requisitioned ships £17m a week.
- Britain under heavy pressure from France and Sweden to allow Astiz to be interrogated.

Diplomatic:

- War Cabinet believes time for talking is running out; suspicions Argentines spinning it out.
- Reagan urges Russia to treat Falklands as a local affair.
- French at Franco-British Council, warn of limits to European support unless there is a negotiated settlement.

Guardian: Emphasises the need for Government to tell people what is going on if there is a break down and invasion; the bottom line of the UN effort is crucial information. We have to know what we are going to war for and we should be told what happens when the Falklands are back in our hands and we lock ourselves into a box.

FT: this delicate stage in crisis more important than ever that Government should be totally clear and consistent in stating its objectives; in the next few days the Government needs to bear in mind importance of International support- further military action should be kept as limited as possible; and even if there is an escalation there should be continued readiness to negotiate.



B. INGHAM
17 May 1982

Day and Disputes

- 24 hour strike by 600,000 health workers from midnight on Tuesday.
- Government will back use of volunteer labour to take over jobs of striking Health Service workers.
- 24 hour strike today by ASLEF drivers at Waterloo over changes to duty rosters.
- Electricity power workers ballot likely to show majority against accepting 8.5% pay offer.
- Esso proposes "radical" new productivity scheme for drivers based upon work completed.
- Leaders of Fire Brigade Union call for ban on non-emergency work with possibility of one day strikes over dispute about representation on national negotiating body.
- APEX leader backs wages and prices controls.
- Government tells Civil Service Unions that it will not deduct Union dues from salaries during industrial action.

Unions

- Trade Union assets stand at over £250m according to TUC annual survey of income and expenditure.
- Third Reading of Employment Bill on Tuesday and Wednesday. Further amendments are being pressed by SDP, Labour Party and employer groups.
- Labour Party pledges to repeal 1980 Employment Act and new Employment Bill as well as introducing new Union rights and employment protection measures.
- Talks underway for formation of Federation of right-wing Unions including GMWU and EPTU.
- IPCS propose 15% rise in subscriptions.
- FT feature on the left-wing success in the CPSA and its significance for the Union movement as a whole.

Economy

- Provisional Treasury calculations, following the £2b undershoot of public sector borrowing, suggests there will be scope for fiscal reflation of around £1b.
- Inflation expected to be down to single figures this week.
- Charterhouse Group say that black economy is declining. Victor Keegan feature on the various estimates of the size of the black economy.

Industry

- Davy International still hope to get orders worth between £200m and £500m at Orissa Steel Works according to Chairman, Sir John Buckley.
- Indian Government signs contract with NEI for £231m coal fired power station.
- Government plans restructuring of British Telecom allowing it to compete in computer and communications industries domestically and internationally and permitting sale of up to half of BT to private investors.
- Department of Industry said to be flooded with applications following launch of Small Engineering Firms Investment Scheme.

Marples Ridgway wins contract worth £13.7m for Hong Kong railway.

Local Authority Spending

- Ministers meet today to decide action against English Local Authorities budgeting to overshoot Government's spending targets.

Housing

- Block of Liverpool flats built 12 years ago for £6m was demolished yesterday because no one wanted to live in it. Blast accidentally wrecked 6 pensioners bungalows and damaged scores of other houses.

Transport

- Times report that Government is likely to take over London Transport following report in June from House of Commons Transport Committee.
- Government to announce Midlands highway scheme involving private as well as public investment based on West Midlands Council proposal.

Law and Order

- Report by Children's Legal Centre draws attention to growing number of difficult children - some aged between 10 and 12 - who are being locked up for long periods by local authorities.
- The Government considering changes in policy over training prisons: they would no longer be protected from over-crowding.
- Lord Denning seeks changes to jury selection procedures including end of right of "peremptory" challenge of jury members. Express leader supports him.
- Birmingham City Council will attempt to enlist unemployed for a uniformed "anti-vandal" force.
- Scotland Yard refuse information about man who escaped from "supergrass" cell at Woodford Police Station.

Legal Aid

- Legal Aid Group casts doubt on Lord Chancellor's claim of support from Law Society for changes to legal aid system.

EEC

- According to Times report you told M Mauroy that UK was willing to accept one year Budget settlement and you will reach agreement today with President Mitterrand.
- Mr Pym says that Commission proposals for Budget rebate do not seem consistent with temporary 3 year Budget agreement.

International

- French Communist Party fails to support Government for first time in vote on Broadcasting Reform Bill
- French unemployment likely to reach 2 million this month.
- NATO Ministers meet today and reports suggests that Mr Haig failed to solve problems with Greece.
- Build up of Syrian troops reported in South Lebanon. Times leader warns Israel against trying to "get away" with invasion of Lebanon while the world is pre-occupied with the Falklands.

"C"

- Nigerian oil output is starting to increase following Saudi threats to oil companies.
- John Evans MP asks FCO to investigate case of mother and 10 year old daughter who were held in "squalid" Saudi jail.
- FT feature on the problems facing the IMF from countries of the Eastern Block.
- Times leader urges South Africa to come to peaceful settlement for self-government in Namibia.

Personal

- Times reports your patronage for the Elizabeth Garrett Anderson Hospital for Women appeal.

Ministers:

- Mr Tebbit and Mr Waddington attend reception for labour attaches (6.00pm).
Mr Heseltine opens Architectural Competition Exhibition, Upper Waiting Hall, House of Commons.
Mr Younger meets STUC Standing Commission on unemployment, Edinburgh.
Mr Howell visits Sainsbury's Nine Elms Store and Depot at Basingstoke to look at heavy goods vehicles.
Mr Rossi visits Hillier Nurseries Stand at Chelsea Flower Show (facilities for the disabled).
Mr Shaw visits Bristol Planning Inspectorate.
Mr Macfarlane visits Carlisle to discuss tree planting scheme.
Sir George Young visits Lyric Theater to see Youth Theater Arm rehearsal.
Dr Vaughan speaks at Industry and Trade forum, Royal Festival Hall.
Lord Mansfield speaks at BIM/CMA Conference, East of Scotland College of Agriculture, Perth.
Mr Stewart opens Roman Bathhouse in Bearsden, Glasgow.
Mr Martin speaks at Commonwealth Writers Association lunch, Waldorf Hotel.
Mr Eyre opens the International Atomic Energy Agency seminar on the safe transport of radio-active materials, Harwell. (5.35am).
Mrs Chalker presents Avon Tyres Motorcycle Safety Awards, House of Commons. (5.30pm).
Mr Finsberg attends Radiological Society Reception, Northwick Park Hospital, Harrow. (7.00pm).
Lord Trefgarne attends BUPA lunch, Provident House, London (12.30pm).
Mr Baker attends IT presentation at 10 Downing Street.
Mr MacGregor attends presentation of Young Enterprise Awards, Peterborough.

Major Visits:

- Mr Howe attends EC Finance Council, Brussels.
Mr Pym attends NATO Ministers' Meeting, Luxembourg.
Mr Walker and Mr Buchanan-Smith attend EC Agriculture Council, Brussels.
Lord Belwin visits Amsterdam Garden Festival Exhibition.
Mr Channon visits Cameroon (until 20 May).

TV/Radio:

- Prime Minister's interview with Peter Allen, IRN (3.30pm).
D/Tp: Mrs Chalker on BBC Radio London 'Door to Door Guide for Disabled People' (10.30am).