

97/5

PRIME MINISTER

DAIRY

Falkland Islands:

Your radio interview with Jimmy Young.

Your meeting with Mr Steel and Dr Owen.

Your dinner for Mr Muldoon, Prime Minister of New Zealand.

Your talks and lunch with Robert Mugabe.

Announcement of Security Commission's Review.

Decision expected on Pope's visit.

CBI Council.

Rothschild Report on Social Science Research Council.

TUC Employment Policy Organisation Committee.

Fire Brigades Unions Conference, Bridlington.

One-day strike by TUC Health Services members.

Teachers Arbitration hearing opens.

Police Federation Conference, Scarborough.

SOGAT Conference, Bournemouth.

IPCS Conference, Bournemouth.

ASLEF Conference, London.

National Union of Seamen Conference, Tenby.

Statistics:

Indices of average earnings (March).

Indices of basic rates of wages (April).

Publications:

Employment News.

Management Information Systems for Ministers (MINIS III).

Crown Agents for Overseas Governments and Administration: Annual Report and Accounts 1981.

PARLIAMENT:

Commons:

Questions: Environment, Scotland.

Business: Until 7 O'Clock, third reading of the Employment Bill.

Afterwards, Third Reading of the Criminal Justice Bill and remaining stages of the Industry Bill.

Select Committees: EDUCATION, SCIENCE AND ARTS Subject: Department of Education and Science Expenditure plans 1981-82 and subsequent years Witness: Rt Hon Sir Keith Joseph, Bt, MP, Secretary of State for Education and Science.

WELSH AFFAIRS Subject Scrutiny of Welsh Office Quangos. Witnesses: Welsh Arts Council.

PUBLIC ACCOUNTS Subject: Fraud at the East Anglian area office of DAMHB  
Witness: Mr Moseley, Property Services Agency.

SOCIAL SERVICES Subject: Age of Retirement  
Witnesses: Mr Hugh Rossi MP, Minister of State for Social Security and The Lord Trefgarne, Parliamentary Under Secretary of State, Department of Health and Social Security.

TREASURY AND CIVIL SERVICE SUB-COMMITTEE Subject The structure of Personal Income Taxation and Income Support Witnesses: Department of Health and Social Security officials.

EMPLOYMENT Subject: Commission for Racial Equality's draft Code of Practice Witnesses: Advisory, Conciliation and Arbitration Service, Association of Independent Businesses.

ENERGY: Subject combined Heat and Power Witnesses: Rt Hon Nigel Lawson MP, Secretary of State for Energy; Mr David Mellor MP, Parliamentary Under-Secretary of State, Department of Energy.

COMMITTEE ON A PRIVATE BILL: British Transport Docks.

Lords: "Coal and the Environment".

Ministers - see Annex

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## FALKLAND ISLANDS

### Main News

- For first time Falklands competes on front pages with another story - EC crisis.
- You tell Queen it looks like war; Task Force now on active service; feeling at Westminster when, not if, we go in.
- Mr Pym tells Tory backbenchers that negotiated settlement virtually impossible to achieve; all bets off if we are forced to invade.
- Argentine replies before our deadline - Guardian.
- Pope to decide today whether to come to UK and Government offers to reduce its involvement if it will help.
- Ian Trethowan damps down MP's criticism of BBC at all party Media Committee.
- Argentine sets up detention centre for recalcitrant Islanders.

### Comment:

D/Star: Public opinion, as measured by polls, has hardly changed since Task Force was sent - if anything a hardening. A growing feeling that negotiations cannot be allowed to drag on any longer. Yet some of our politicians claim there is no support for an invasion. The invader must be kicked out - and sooner the better.

Sun: Test of a friend is that he stands by you when you need him most. How does Irish Republic stand up to test? They stab us in back, even though their trade with Argentine last year worth only £9.5m. Contemptible, treacherous behaviour. Don't go on holiday to Eire this summer and don't buy Irish butter - if you do, not much better than giving succour to the enemy.

Mirror: EC buckles under the strains - first with sanctions against Argentina and now over farm prices/Mandate.

Express: No-one will be able to say when we invade that you rushed into war without giving peace a chance. You have been running considerable risks in keeping Task Force from falling on Falklands. You cannot withhold order much longer; meanwhile a new mood of national unity is asserting itself - we are functioning as a nation, as a people, and are exhilarated.

Mail: Maybe EC thinks we are too preoccupied to defend our legitimate interests in Brussels - they'd better think again; meanwhile in these last tense moments before final invasion decision Mail is relieved that finger on trigger is Thatcher not Foot; Andrew Alexander muses on whether, having dealt with Falklands you will send Fleet up Schelde to bombard Brussels.

Telegraph: Government must be free to sanction military actions necessary to safety of British forces. Foot's demand inconsistent with that decision and thoroughly unconstitutional. If you are caring at all it is in giving a little too much of your time to the media. Commons should whenever possible be the place where important political news comes first.

Guardian: By the time Parliament meets tomorrow the die may be cast. We are going to war but we have not been told why. Mr Foot is right, Government has asked Parliament to take sincerity of negotiating mission on trust but crucially failed to provide information that could cement that trust. And if we succeed - what then? Peter Jenkin says blood will now be spilt not for true principle but to expiate false and broken promises - an awful feeling this is too serious a business to have been left to Margaret Thatcher.

Times: No point in pretending Foreign Affairs Council was anything but a setback for Britain and Community. Message that goes out to Argentina is that Europe's heart is no longer on sanctions and message to world is that Europe is still far from being united, purposeful political force. Two messages for Britain - Community is losing patience with us and US is firmer ally in time of trouble. Perhaps all this was inevitable but nagging feeling Britain could have handled it better. We could have responded to Falklands support more warmly and given way on farm prices as gesture.

FT: Replying to those who suggest we should have sharply reduced Budgetary demands in recognition of EC Falklands solidarity, says that solidarity was important; but if EC support on issue of principle is up for sale not worth very much.

#### Military:

- Last night Buenos Aires reports shelling and air activity over Falklands.
- So far 434 Argentinians are officialy killed or missing and 51 injured; 7 ships and 30 aircraft destroyed or damaged but number of dead far exceeds official totals.
- Telegraph says except in the air Argentines at considerable disadvantage.
- Telegraph says 3 valuable lessons learned so far - enormous reserves available in shape of civilian assets like shipping; improvisation possible with those assets; and vastly increased military capability through in-flight refuelling.
- Government no plans to introduce compulsory military service.
- Crew rescued from Sea King helicopter which ditches.
- Task Force takes delivery of Harrier reinforcements.
- Hugh Dykes suggests Astiz may have tortured British political prisoners.

#### International: Diplomatic:

- David Owen describes Irish decision to scrap sanctions as irresponsible; Fitzgerald accuses Haughey of playing politics to curry favour at home; Haughey unlikely to invite you to Dublin in foreseeable future and you unlikely to accept invitation.
- 14 NATO allies condemn Argentine seizure of Islands and for negotiated settlement; Haig says international support will be maintained even if we step up military action.

#### Media:

- Pictures of warship firing during South Georgia campaign.
- Mirror worries about Ian McDonald's admission that he is prepared to mislead by omission if that is necessary to protect Task Force and lives.

#### Political:

- You turn down Foot's further plea for 48 hour truce if UN negotiations break down.

EEC Farm Prices

- All papers give prominence to yesterday's vote in Luxembourg. Mr Walker responded angrily at his Press Conference in Luxembourg and other Ministers are reported to be furious. It is described as the most serious crisis since Britain joined the Community. The Guardian says that Britain is ready to take on the EEC and there are wide speculations about the nature of our response. D/Mail and D/Express both describe it as a stab in the back. The D/Express says that you reacted with fury and did not conceal your anger in the House. The Times however comments on your restrained response which may reflect gratitude for President Mitterrand's support over the Falklands. There are a number of features on its implications. George Gale in the Express talks of the squalid sham of European unity and concludes "we now could leave an empty chair in Brussels and most people in Britain would be happy if it stayed empty". The D/Mirror headline is "you pay" over a list of the food shop price increases.

Leader Comment

- The F/Times, while supporting the justice of Britain's position, says it is a time for cool thinking and not hasty over-reaction. We should make it clear that we feel entitled to take unilateral action - by withholding payments - if the other Member States are not prepared to negotiate, by the end of the year, a long term solution to the Budget question. Times concentrates on the sanctions debate and says it was a miracle that Britain received as much support as she did. We could have responded with more warmth, more consultation and a gesture such as giving way on farm prices while continuing to negotiate on the Budget. The Guardian welcomes the end of the Luxembourg compromise in the interests of European progress but warns that if majority voting does not produce a Budget settlement then we must be prepared to take illegal measures if necessary to put pressure on our partners. It is better to be outside the Community's law than to be outside the Community. The Telegraph says that although we must argue our case, we should not make the error of believing that our sovereignty or political independence is now imperiled. D/Mail says we must not submit to this bullying. Until the crisis is resolved we should not contribute one penny piece more to the Budget. Mirror calls it a disaster for all. The fault for this crisis is not on one side. If the Community starts to break up it will be a disaster for all Europe.

Pay and Disputes

- Dispute at Land Rover plant over man suspended for throwing paper tissue leads to 1,200 men laid off and loss of production put at sums varying between £¼m and £1m.
- 24 hour National Health Service stoppage today. London, north England and Scotland likely to be worst affected. Scargill pledges support of NUM and there is speculation that the picketing provisions of the 1980 Employment Act might be put to the test.
- Nurses have suffered 18% decline in real pay since 1974 according to research at Aberdeen University.
- ASLEF conference opens with predictable attack on flexible rostering.
- General Secretary of Seamens Union calls for strike by seamen, transport workers and miners to oppose Employment Bill when enacted.

- Civil Service leaders expect next pay round to fragment into group bargaining instead of centralised approach.

### Economy

- Index of production rose slightly in March but has not yet recovered levels of last autumn. Trend appears to be flat.
- Pessimistic industrial survey from London Chamber of Commerce.

### Oil

- Commons Select Committee says taxes on North Sea oil are too high and deter investment. The system needs a thorough overhaul and the Treasury influence has become excessive. Predictably the remarks were welcomed by industry.
- OPEC will maintain present level of production through this quarter say Indonesian Energy Minister.

### Nationalised Industries

- British Rail to sell at least £45m worth of assets this year.
- Acting Chairman of CEGB forecasts high capacity for coal burning by end of century but warns NCB to remain competitive.

### Local Authorities

- Mr Heseltine is likely at today's meeting of the Consultative Council on Local Government Finance to excuse English local authorities most of the £1,400m they are planning to overspend in 1982-83.

### Housing

- Chancellor of the Exchequer criticises Building Societies for not being sufficiently accountable to members. He announces increase in limit for special advances to £60,000.

### Social Security

- TUC condemns Government cut-back in counselling services to unemployed from once every 6 months to once a year.

### Education

- Open University gets £1m grant to develop refresher courses, for use at colleges around the country, for people who want to up-date skills in mid-career.

### Law and Order

- Scarman Report attacked at Police Federation Conference. Police say they are now inhibited by Report from taking firm, positive action to prevent crime.

### Race Relations

- Report from West Midlands Conservative Women's Advisory Committee - to be discussed at next week's National Conference of Conservative Women - attacks race relations institutions.
- Times leader urges closer police community relations which will encourage more blacks to join the Police Force.

Anglo-Irish Talks

- Summit talks said to be facing collapse as relations between Prime Ministers "degenerate into mutual hostility".

International

- Begin Government in danger of losing confidence vote tonight after 2 members of Likud defect to opposition.
- 4 white Zimbabweans given jail sentences from 4 to 10 years after conviction for planning acts of sabotage.
- President Brezhnev yesterday offered the US a mutual freeze on strategic missile development. The US welcomed his willingness to open negotiations but dismissed suggested freeze as leaving US at a disadvantage.
- 9 Czechs from a Russian cruise lines at Leith may be allowed to stay in Britain.

Politics

- Mrs Williams confirmed yesterday that she will not stand for leadership of the SDP but will support David Owen.

Ministers:

Mr Jenkin presents Blue Circle Industrial Journalism awards.

Mr Walker speaks at launch of Charter Bacon Scheme.

Mr Walker meets Mr Muldoon, Prime Minister of New Zealand.

Mr Heseltine chairs routine meeting of Consultative Council on Local Government Finance.

Mr Whitelaw addresses Police Federation Conference, Scarborough.

Mr Younger attends IBM function, London.

Mr Baker attends launch of Birmingham Chamber of Commerce Europort Project.

Mr Morrison speaks on skill training at Institute of Manpower Studies Conference, Piccadilly Hotel. (10.00am).

Mr Gray speaks to the Institute of Petroleum London Branch, Cavendish St., W1.

Mr Mellor speaks to the British Combustion Equipment Manufacturers Association, Cafe Royal, London.

Sir George Young is guest speaker at National Federation of Housing Association.

Mr Clarke addresses Harrow-East Women's Advisory Committee Summer Luncheon, 77 Lowlands Road, Harrow.

Mr Sproat visits Birmingham Airport.

Mr Eyre attends presentation on BR Sector Management.

Mr Shelton visits Cambridge Science Park.

Mr Waldegrave visits Hull University.

Mr Marten hosts reception for Overseas Government Legal Officers, Charles Clore House, London.