

PRIME MINISTER

ms  
cc: Mr. Ingham  
Mr. Pattison

MEDIA REPORT: SATURDAY 12 DECEMBER

WINTER/TRANSPORT

Worst December for 31 years.

4 passengers, including 2 school boys, killed in Beaconsfield train crash.

APT grinds to a halt for third time this week - because of snow on electrics; British Rail to continue test runs next week without passengers.

You snowballed press photographers and scored direct hit.

ECONOMY

Pound drops to a \$1.8805 - down 6¢ on week; pressure for higher interest rates increases as rates rise across the world.

Cut in mortgage rate - as Building Societies inflow slumps to £65m last month - worst for five years, and a quarter of the amount needed to finance current lending.

Geoffrey Smith, Times, says rebellions this week should be seen as direct evidence of doubt and tension in the Party over economic policy.

FT leader says if Government is to regain the initiative it must spend the Christmas Recess reaching decisions on a number of central questions - clear achievable targets for the financial strategy; determination over public sector pay; and new emphasis on competition policy. Government in danger of substituting drift for conviction.

/ UNION/PAY

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Public Sector

Mr. Heseltine tells local government leaders they will have to find the money for any pay settlement above the pay factor of 4%; public service unions see 7.8% offer to local authority manual workers as a marker for other pay negotiations; alarm in the Association of County Councils.

Guardian says offer to LA manual workers is a real blow to the Government's hopes of restraining wage pressure.

Express says it is apparent that the Government is not doing well over public sector pay, but it is a different story in the private sector - those who are paid out of taxes and doing far better than those who are not because of monopolistic unions.

Sun praises you for agreeing to see the nurses.

350 Liverpool City Council typists and machine operators to go back to work after six months strike without another penny.

Guardian says Government is planning to end unilateral access to arbitration.

MOD discovers that 5,900 manual workers in Scotland have been paid £1m too much because of the computer strike; unions are up in arms over plans to recover the money at £5 a week.

Hull dockers accept 8% productivity deal.

Rail unions, backed by Chairman Parker want another £200 m invested in their industry - they see Mr. Howell on Thursday.

Private Sector

Talbot workers reject 2.5% - lowest offer in car industry so far.

Ford tells its workers the costly facts of life of making cars in Britain and that it is prepared to sit out a long strike.

National Farmers Union wants 16% increase in Common Market farm support prices in Spring.

#### INDUSTRY

Sales of Range and Land Rovers booming - European sales up 30% this year and orders worth £15 m from Middle East.

BSC plans for slimming labour force to 92,000 by next July put back to March 1983.

OPEC shaves prices of heavy crude.

Mail feature on how Corby has won new jobs.

Brooke Bond shareholders reject a new deal for tea estate workers in Malawi, Kenya and India.

Rescheduling of Laker runs into new difficulties.

#### MEDIA

Alisdair Milne, new Director General of BBC, wants to be a bit bolder and more daring; admits BBC stumbled over Borgias epic which cost £2.5m and flopped.

#### DEFENCE

NATO Ministers revealed that Russia now has 1,100 nuclear warheads directed on Europe.

According to Guardian, NATO's series of meetings this week ended more optimistic about the world outlook and relations with Russia.

### LIBYA

OPEC refuses to help Libya by taking action against oil companies which pull out on Reagan's advice; 1,500 Americans start to leave but Lord Carrington does not believe Britons have reason to go; USA isolated in approach to Libya and Telegraph leader fears all this is boosting Gaddafi rather than taking him down a peg or two.

### LAW AND ORDER

Chapman Pincher, in Times, says you were misled in stating that Hollis "had been cleared by two separate inquiries" - an Establishment concoction intended to bury the horrific Hollis affair.


### NORTHERN IRELAND

Guardian says there have been striking increases this year in police finds of IRA weapons and explosives.

### POLITICS

SDP find Douglas-Mann's plan to fight Mitcham and Mordern (majority 618) unacceptable and self-indulgent.

### PEOPLE

 Express feature your Christmas card to GLC's Livingstone - "just crackers".

### INTERNATIONAL

UN: Elect Peruvian as Secretary General; calls for sanctions against South Africa for failing to bring independence to Namibia.

Vatican: Pope calls on public to help smash mafia.

Russia: Express, commenting on how Russians have given in over Sakharov, says that the greater Russian dependence on the

West, the greater their answerability to our views and values.

Poland: Solidarity calls for referendum to see whether the people support the union or Communists on disputed issues.

Argentina: President Viola replaced.

Bernard Ingham

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