

(Signature)

PRESS DIGEST FOR SATURDAY 19 SEPTEMBER

Mr Thatcher's letter

Downing Street says Mr. Thatcher will carry on using No.10 notepaper for business letters.

CPSA official in Wales says there is possibility of more embarrassing leaks for the Government.

Liberal Conference motion wants assurance from you that either you did not know about the letter or did not approve of its being sent - Conference says it was a silly action but not repeat not illegal.

Mail says there has been a great deal of pompous pontificating in the public prints about the letter but it must be a fraud because it is not in Denis' style we have come to know and love; a pity the Times fell for the crude ~~deception~~.

Lord Shawcross in letter to Times says he is shocked at their publishing it - obviously a breach of copyright and could involve receipt of stolen property; example of type of smear not expected to be perpetrated by the Times.

Economy

Stock market has worst day since Mr. Healey turned back from Heathrow because of the November 1976 sterling crisis, with £2.6b. wiped off share values.

Foreign exchanges dominated by persistant rumours of a realignment of currencies and revaluation of DM.

Meanwhile UK suffers inflation setback though officials expect it to be only a slight hiccup.

Pound falls back to \$1.83 because 2% rise in interest rates not considered enough.

Guardian says you hit crisis point in the economy and Leader adds that the whole thing fell apart yesterday; now clear that inflation will not come down to single figures this year or next.

Telegraph City Editor says it must be disappointing to you that decisive action taken on Monday and Tuesday has failed to strengthen the pound, but interest rate weapon should be used with great caution.

FT says building societies are not likely to push up mortgage rates next month but if they do it will only be by 1%; another FT article says we may be on the verge of a personal loan boom of early 1970 proportions - and no-one knows why.

Meanwhile Reagan tells critics they did not sweat and bleed to get the economy package planned only to abandon it when the going gets tough; growth in US economy dropped 1.6% last quarter but felt to have been surprisingly buoyant considering the level of interest rates.

Politics

Healey way ahead of Benn as TGWU, POEU and NATSOPA rally to his support.

David Steel tells Liberal Party to prepare for power.

Shirley Williams will fight Bermundsey if it becomes vacant.

Enoch Powell says we are a sick society.

Sid Weighell hits out at Trots and militants who are seeking to destroy the Labour Party which has become less and less relevant to the solution of the country's problems; says unions may withhold financial and moral help if the Party continues to tear itself apart.

Defence

Sun says Foot seems to be going potty - his claim of a breakthrough in Moscow utter poppycock; he has walked into the biggest bear-hug of all time.

Douglas Hurd says Foots' claim is ludicrous chatter; had wool pulled over his eyes.

Unions/Pay

Steel workers at Ebbw Vale refuse to work over-time because of unemployment - wrong to take home bigger pay packets while work-mates being made redundant.

British Leyland unions demand £20 a week rise which company says is unrealistic; Vauxhall workers describe 4% as derisory and insulting; Ford workers to claim £20 a week.

Workers at Robb Caledon shipyard begin sit-in as it closes.

Ford plant at Bridgend hit for the first time since it opened 18 months ago by a strike - over a manning dispute.

Industry

SMMT begins talks on Monday with Japanese opposite numbers to stem imports of Japanese vans.

EC steel makers planning to raise prices in January again after a rise due next month but doubts whether it will stick unless demand improves.

10,000 redundancies could cost British Airways £100m.

Evening Standard price to rise 3p to 15p on Monday.

Education

The Labour controlled Lancashire County Council to be taken to the high court for depriving 635 children of an assist places scholarship.

Local Authorities

Government says it will not give GLC money to build or improve homes because it considers boroughs should deal with housing.

Scottish Office demands further £6m cut in Lothian expenditure - refuses to accept £24m.

Heritage

National Trust may launch appeal to buy Lands End to keep it British.

Law and Order

Littlejohn brothers released from Irish Republic jail on humanitarian grounds; claim they worked for British Intelligence, Geoffrey Johnson-Smith says he has had no dealings with their case since their imprisonment.

Merseyside Police Committee merely receives Chief Constables report on riot; refuses to approve it.

Northern Ireland abuse and eggs thrown at Carron as he arrives to present petition to No.10.

Shot RUC man critically ill.

People

Man in court claims homosexual relationship with Harvey Proctor MP who denies it.

Royal

Palace denies Lady Diana is finding it difficult to adapt to royal life.

International

Poland: Russia issues its toughest warning to Solidarity; fears that Poland may be sliding into civil war which would give the Russians an excuse for going in; Reagan tells Moscow to leave Poland alone.

Lebanon: 4 killed and several injured in another bomb explosion.

France abolishes guillotine

Norway: Conservatives to form minority Government.

USA: Springboks may end their tour after two or three planned games cancelled.

Bonn: Schmidt issues invitation to Reagan to visit West Germany after Brezhnev visit in November.