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PRIME MINISTER

PRESS DIGEST FOR SUNDAY 5 JULY

No Observer: production interrupted.

NORTHERN IRELAND

People, Mirror, News of the World, Express, and Sunday Times see hopes of an end to the hunger strike; strikers thought to be preparing to end fast after talks in Dublin and Belfast; Telegraph, however, says that the deadlock remains.

IRA sympathisers in march through Mansfield calling for Mr. Concannon to be sacked as MP pelted with stones by townspeople.

People says Callaghan's plan is a possible way out; but Sunday Express says Callaghan must be in the grip of black despair if he believes his independent Ulster idea has a shred of reality about it.

Woodrow Wyatt, Mirror, says the most popular solution is full integration of Northern Ireland in the UK.

Sunday Times leader says taboos which inhibit new thinking and free debate are falling away - the air is full of fresh noises.

LAW AND ORDER

More trouble last night in Southall; Home Secretary calls for full report (and to have urgent talks with West Midlands police on outbreaks of racial trouble there); police tip-off on Friday night sent them to wrong place; Ivor Stanbrook MP wants Commission on Racial Equality scrapped and fundamental reappraisal of Conservative race and immigration policies; John Carlisle MP wants clamp on immigration.

Telegraph says whoever can be blamed for Southall it is not the police for swamping the area.

Matt Coady, People, asks what is the point of strengthening the police while the country is creating the social conditions for a thieves' kitchen.

Hunt for driver of car on Merseyside who dragged policeman 200 yards to his death.

Mirror says McNee of the Yard is preparing to retire next year.

French trawler makes off with British boarding party; authorities catch it up and bring it back to Grimsby.

Students handbook in South Wales advises on squatting (People).

#### UNEMPLOYMENT/ECONOMY

Sunday Times says the Government has decided to resist a fall in the value of the £ below \$1.80 by heavy intervention and raising interest rates; you would like £ at \$2.

Foot's five-point plan for economic recovery will cost £15 billion, according to Sir William Clark MP.

Peregrine Worsthorne, Telegraph, says you are not governing against the grain; the choice is between everybody accepting a decline in living standards (which people refuse to do) or minority carrying the whole of the burden; you are obeying the will of the people who refuse to have an incomes policy.

News of the World says doctor complains that his survey of the effect of unemployment on health and marriage is being hushed up by DHSS.

Sunday Times says Mr. Heath is going about creating a debate about the Government's policies in the wrong way.

George Gardiner, Express, says perhaps Mr. Heath is happy performing as Roy Jenkins's poodle but the two of them should not delude the people that they can have economic recovery without pain.

AFGHANISTAN

TASS says it is a waste of time Lord Carrington going to Moscow - the initiative is not a basis for talks.

UNIONS/PAY

Express says engineering employers preparing to offer 4 per cent - half last year's settlement - in response to 20 per cent claim. ~~\_\_\_\_\_~~

Woodrow Wyatt, Mirror, says the Government has bungled Civil Service pay negotiations; should never have appointed a judge to chair the enquiry which should in any case report far more quickly.

Telegraph says 13 per cent pay rise due to the police may be cut.

Gas unions confirm they are threatening strike action against showrooms closure.

INDUSTRY

Special committee of Ministers under Chancellor set up to develop privatisation programme.

Sunday Times says Britain is leading competitor for £1 billion Iraqi contract to set up an aircraft industry there; but British Aerospace cannot go ahead while Iraq is at war with Iran.

BSC lost £600 million last year but rate of loss halved since last autumn.

Sunday Times says nuclear experts have warned Energy Ministers that the PWR could cost twice as much to build here as in the USA because of modifications.

/ UNIVERSITIES

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A lot of concern over the representative nature of the UGC; Jock Bruce-Gardyne, Telegraph, worries about the undemocratic nature of the committee and a Sunday Times feature says UGC must be made more accountable.

People says the cuts are a waste of skills; a select committee may investigate it.

DEFENCE

Hugo Young, Sunday Times, says no case has been made for Trident commensurate with its cost and strategic pretensions.

EC

Plan to raise British Euro-MPs' salaries 34 per cent to bring them into line with those of other nationalities; Barbara Castle condemns it.

MEDIA

Observer leading article in edition not published attacks shoddy and unworkable MMC report on Lonhro take-over.

POLITICS

Healey shouted down at Cardiff unemployment rally by Benn supporters; Foot intervenes to tell them they are playing into the Tories' hands.

Scargill finds it hard going in effort to swing NUM behind Benn.

/ INTERNATIONAL

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Canada: Trudeau reported to be preparing to leave politics.

Commonwealth: Finance Ministers may transfer from New Zealand to Bahamas if Springbok tour goes ahead.

Diego Garcia: Sunday Express leader says we have treated the natives shabbily.

(SGD) BERNARD INGHAM

5 July 1981