PRESS DIGEST

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PRIME MINISTER

Main News

Real progress in conventional forces arms control talks.

<u>Times</u> says Kremlin will not oppose US action in Gulf to free Kuwait.

Britain and Iran resume diplomatic relations - to a somewhat mixed reception. Hopes this will bring release of Roger Cooper and Beirut hostages.

Rushdie is sorry if his book has caused offence; he did not set out to do so.

Iraqis not to issue ration cards to foreigners in Iraq and Kuwait according to reports.

Row over lack of liaison between police and private security firm which allowed a bomb to be planted in an anti-terrorist conference in London. <u>Sun</u> says it would have been the IRA's sickest joke yet.

<u>Mirror</u> says you have a one track mind on the IRA issue: security. Instead you should be looking for a political settlement.

<u>Today</u> says the IRA nearly got away with a "triumph". This calls for a massive rethink of our security system.

Mail: front page lead headed "What a shambles".

And another over how a man, sentenced over a £2million plot to blackmail you, managed to appear in court with a live bomb which he threatened to detonate.

Labour retains Knowsley South in a 33%poll - Conservatives second, 11,000 votes behind.

FT says the Chancellor suffers from a severe case of lack of credibility. He needs to take sterling into the ERM NOW.

Sir Alan Walters says we are in a recession; and so does Herr Poehl.

Chancellor tells Cabinet inflation could go up further before it comes down.

PRESS DIGEST

<u>Mail</u> leader attacks "bleaters" in industry - they are sliding back into their bad old ways of blaming someone else, usually the Govt, for all their woes. They should work not whinge.

<u>Independent</u> says when you blame media for the country's economic ills [which you didn't] or call on industry to exercise restraint it is a sure sign the Govt is rattled.

Laura Ashley to sack 1,000 staff in UK and transfer production to Far East; seven plants to close.

Business failures said to be running in the first 9 months of this year at 35% above the same period in 1989.

Esso following Texaco in adding 6p to a gallon - and <u>Today</u> complains we have still not heard a cheep of disapproval from Govt. <u>Mail</u> says it is time for action over petrol prices. Why are our petrol prices higher than nearly everywhere else in Europe?

<u>Guardian</u> says waiting for war before releasing oil stocks is no longer sensible. We are told the world is better now at crisis management - if so, where's the management?

Express series debunking Kinnock starts today: it concludes that graduating to adult maturity seems to elude the student prince.

John MacGregor gives examiners a dressing down from tolerating - even encouraging - sloppy spelling.

Health foods found to contain more pesticide residues than any other foods.

Prisoner population shows first fall since 1973.

Jaruzelski's six year term voted to premature end to pave way for new Polish presidential election.

IRAN/GULF COMMENT

<u>Star</u> says now is the time for Salman Rushdie to pay us back for police protection out of the profits of his new book to which he has given publicity by briefly coming out of hiding.

<u>Today</u> sees the resumption of diplomatic relations as a cynical piece of power politics since we have not extracted any concessions from Iran.

PRESS DIGEST

<u>Express</u> assumes Rushdie can now resume a normal life and that other outrages like Mr Cooper and hostages will be ended. Anything less could easily be construed as a diplomatic sell-out to a nation whose Middle East ambitions remain very far from clear.

<u>Telegraph</u> says the benefits to Britain are less apparent than for Iran. It is clear Rushdie will have to remain in hiding. Britain should be wary of doing a similar deal with Syria.

<u>Independent</u> sees resumption of diplomatic relations as a good move with reservations. Relations will not be fully normalised until there have been assurances that the bounty on the head of Rushdie has been withdrawn. In other respects the announcement is in the national interest.

 \underline{FT} gives move a cautious welcome. It does not mean all problems between Britain and Iran have been solved. But it is time for another try at normal relations.