

16 June 1987

PRIME MINISTER

ELECTION AFTERMATH

£ fell sharply (by 2.3c) as expected post-election influx of foreign money failed to appear.

SDP puts off merger decision for a fortnight - Liberal move sours relations between parties.

Star columnist Mills says Britain is facing a unique situation - the very real likelihood of a one-party state ruled by a benevolent dictator. Democracy needs a healthy opposition but Labour have learned nothing in defeat and are the party actively seeking to divide the nation. Nothing but a Democratic Labour Party led by someone like Owen will stop you.

Sun: Lord Young warns Left wing councils he will bypass them if they oppose plans to revive inner cities. Eric Heffer challenges him to visit Liverpool. Leader says David Owen is the most forlorn figure in politics. Its advice to "the one politician of true stature outside the Government" is to get out of the Alliance and join the Tories after a decent interval.

Today says SDP is furious at Liberal leader's call for a merger; leader says SDP and Liberals must merge with one leader. It is the essential step towards the creation of a new force in politics. But it musn't be rushed.

Daily News leads with Owen snub on merger; more tax cuts for highest paid are being planned by Government - top rate possibly coming down to 50p. Feature queries whether the Government's plans for education signal the end of the ILEA.

Express: Owen's backers hit out in merger row. Biffen, in resignation letter, calls for more spending on health and education. Leader headed "Time to think again, Dr Owen" says a few days after the election is not the best time for irreversible decisions. Owen is right to be cautious. Merged with the Liberals, the SDP would vanish. There are too few political leaders around for one to be sacrificed just because Liberals have an acute case of post election blues.

Lord Chalfont, in Express feature, says one of the important lessons of the election lies in the overwhelming rejection of Labour's non-nuclear defence policy. You now have an opportunity to play a leading role in pursuit of real peace with freedom and security.

Mail: No shotgun marriage, SDP tells Liberals. The great romance is developing into an unseemly row over whether they should marry or break up.

Telegraph: SDP delays merger decision. Leader notes only rumblings from the Left so far. Nationally, nothing has been done to arrest Labour's decline. In Scotland there was a swing to Labour, but a region that has had so much money spent on it as to give it the status of a dependent relative can hardly be judged representative of modern Britain. Labour has no obvious future.

Guardian leads with "SDP puts brake on merger of Alliance; feel they are being bounced". Reports Sir Russell Johnston, Scottish Liberal leader, being attacked by Labour and SNP for saying that unless Government responds to demands for self Government "violence from lunatic fringes of Labour and SNP" could not be ruled out.

Ivor Crewe, in Guardian, suggests Labour's natural base appears to be between 35 and 38%.

Guardian leader says Steel is interested beyond a merger in some kind of arrangement with Labour to form an anti-Conservative front, with constitutional reform the price for Labour.

Hugo Young, in Guardian, weeps over John Biffen, a prophet in the wilderness.

Independent: Owen refused to give any comment on David Steel's proposal for "democratic fusion". But a decision on a ballot on the issue of an Alliance merger will not be taken without a bitterly-fought rearguard action by those who oppose a merger.

Independent leader says Owen and SDP are well advised to resist this rush to a decision on merger. SDP brings to politics values which are both distinctive and attractive. Owen articulates this vision better than rest of the Gang of Four because Shirley Williams hankers after the Labour Party, while Jenkins is a natural Whig grandee.

Independent: William Rees-Mogg, on the myth of the anti-Thatcher majority, says that the Alliance vote was not a pro-Labour vote; it was a vote for the Alliance against Labour and against the Conservatives. If the Alliance were to join the Labour Party, many Alliance voters would return to the Conservative Party.

Times: David Owen becoming isolated figure amid bitter exchanges between leading figures over future of SDP/Liberal Alliance.

Piers Merchant, Geoffrey Lawler, Michael Ancram and Derek Spencer, writing in Times, describe how Tories can win the big cities.

Robin Oakley, in Times, examines the post-election strains that could doom Labour. He says that, as they face the formidable task of rebuilding the Labour Party into an election winner, Kinnock and his colleagues know that they will never again oust the Tories until they have destroyed the Alliance as a political force and won back much of the middle class who have deserted it.

NEW GOVERNMENT

Changes well received.

Buchanan-Smith says he would rather return to Backbenches than be banished to Scottish Office.

Star: The Young Lions get a chance - more sweeping than you intended.

Sun: Maggie's clear out. New team will boost jobs and homes drive. George Walden leaves for sake of his family.

Mirror: Sports Minister gets boot.

Today: Olympics hero to tackle soccer louts.

Daily News: New blood ousts Tory old guard. Clear you want a lively look for your third term.

Express leads with Maggie axes six Ministers - 13 leave Government as Premier rings changes. You gave the Government the kick start you promised. You have pumped more heart, soul and life into middle ranks and into key slots. Leader headed "The message from No 10" says you do not find it easy to wield the axe but your clear-out sets the right mood for your third term. You signal the lesson about complacency has been learned. Talent and merit will be the key words of the coming years.

Mail: Maggie axe clears way for men of the future.

Telegraph leads with "New talent called up by Thatcher"; 13 Ministers swept out. You begin with "leaner and fitter" Government.

Guardian: "Thatcher scythes junior ranks" - a careful ideological balance but a distinct tilt to right in promotions from Backbench.

Independent: You ensured that the right wing was strongly represented in the new appointments from the back benches. Your overall aim was to reshape the middle and lower ranks of Government for the task of consolidating the Conservative election victory. Among those sacked were Geoffrey Pattie, Minister for IT who criticised Paul Channon's refusal to intervene in the Pilkington bid; and Dick Tracey, a lack-lustre sports Minister.

Independent adds that DOE has received the strongest injection of new blood to help it cope with the stormy issue of rates reform - Marion Roe, a right winger whose experience on the GLC will be used to good effect; Michael Howard may be used to push through legislation which will replace the rates with a poll tax.

Times: "Thatcher's reshuffle brings in the young communicators". Describes changes as the most sweeping since you came to power in 1979. Designed to bring on new talent and to enliven key departments. You are said to feel that you have given your Government a new dynamism.

Geoffrey Smith in Times says your critical Cabinet reshuffle is not the one you have just made, but the one that is likely in September 1988. By then it may be time for one or more of the big three - the Chancellor, Foreign Secretary and Home Secretary - to move.

Times carries exchange of letters between you and Mr Biffen with heading "Biffen tells Thatcher his fall came as no surprise".

Times leader says all reshuffles of non-Cabinet Ministers have about them something of the lottery. Such appointments show that competence does help a politician in the reshuffle game. But, for sure, some of those who came in last night will go out equally unexpectedly - or stay in.

FT: Big Thatcher shuffle aims to sharpen team. You may have been cautious in your Cabinet changes on Saturday, but were more adventurous last night. The aim is to sharpen presentation and performance, particularly in areas like housing, social services and education where the Tories were criticised during the election campaign.

OTHER NEWS

Reagan announces he is pressing ahead with negotiations with Russians on zero-zero options on medium and short range INF.

Times leads with prospect of tax cuts for those earning more than £25,000, with top rate down to 50p or less.

BAA announce £124m pre-tax profits ahead of flotation in July; Sun says its duty free shops are too expensive.

Volume of retail sales fell 3.3% last month - point to a flattening out in retail trade.

News that inquiry into the child tortured to death is to be held in private, brings shocked condemnation from media.

Big row over 3 year jail sentence by judge on pervert who tried to rape child of 3; it is alleged judge did not know maximum sentence.

4 year old girl struck off social services "at risk" list found murdered in bed - Mirror.

Three more British diplomats leave Iran.

Chancellor says Government will not relax in its efforts to curb farm spending.

Government inspectors investigating alleged insider dealing by civil servants have been given name of senior OFT official believed to have passed price-sensitive information to a dealing network.

Brian Wenham and Alan Protheroe announce their departures from BBC. Telegraph quotes BBC source as saying BBC is to be propelled out of popular journalism and forced to become more analytical.

American team starts recruiting 1000 nurses in Britain - Mirror says you should cough up more money for the NHS and pay nurses the rate for the job.

Times: Civil Service pay talks resume at Treasury this morning.

Times: Engine advances boost Rolls-Royce in satellite race.

Dikko wins right to stay in Britain for limited period; Home Office considering appeal.

FT: Bank for International Settlements calls on industrialised nations to coordinate their economic policies more closely in order to correct trade imbalances and avoid a further damaging fall in the dollar.

Times: New police powers under Public Order Act used for first time to move 200 hippies in 60 vehicles from camp site near Stonehenge.

Times: NHS costs show spending by GPs in the highest cost area in the country, North Tyneside, is well over half as high again per head of population as in the lowest cost area, Greenwich and Bexley.

Times: Chemists warned to watch for gang of professional forgers who are using counterfeit NHS prescriptions to get expensive drugs.

Institute of Housing says more investment by Government in housing and the provision of decent affordable rented housing is needed to halt the continuing decline. 25,000 now living in bed and breakfast accommodation - Times.

FT: UK steel users appeal for higher quotas.

FT: News on Sunday's founder's trust offers a compromise rescue package to businessman Owen Oyston.

Three British soldiers swept away by avalanche in Canadian Rockies during adventure training; search continues.

Communists take a beating in Italian election in which Christian Democrats and Communists do well.

Mail says you are getting a specially protected Daimler costing £120,000.

The Polite Society awards you its certificate following your performance in the election.

BERNARD INGHAM