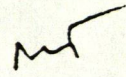


PRIME MINISTER

PRESS DIGEST



TAX

- Income tax emerges as one of the main battle grounds of the General Election (Telegraph) with Labour at SDP throat.
 - Labour says 5% of Britons with the highest earnings will pay more tax to help the poor. Chancellor says it will lead to a brain drain.
 - Express leader says no doubt the Labour Party is sincere in its desire to help the poor and needy but its tax policies are likely to produce stagnation and decline.
 - Mail leads with headline: "We'll all have to pay more" - a smouldering pre-election row over tax rates explodes into a pitched battle; leader headed "Middle Classes be Warned" says that given any change of Government at the next election the middle classes "right down to the most petty level" can expect to catch it in the neck .
 - Guardian says voters will have a more polarised choice than ever before - those on higher incomes of voting for you and self interest or one of two parties offering to reduce the unacceptable level of poverty over which you have knowingly presided.
 - Times leader says the SDP has grasped the nettle of a targeted attack on poverty, whereas Labour goes the universal route and still tries to pretend that the poor can be relieved by the rich. Labour plans also invite the question that if the rich have already been soaked to provide Labour's quick boost to universal benefits, who would pay for the rest of their burgeoning spending programme?
-

PROPERTY

- FT article on the Thatcher revolution in the property market begins: "The policies of disinflation, lower interest rates, deregulation and the reversal of production - that leftward drift to a socialist state - have set major forces at work".

POLITICS

- Malcolm Rutherford, in FT, says Owen is undisputably king of the SDP after this week.
- Times to start publishing Kilroy-Silk's diary next week - on how Militant went after a Labour MP.
- Times says Norman Tebbit has let it be known he will wind up the Federation of Conservative Students if they don't stop rocking the boat.

ECONOMY

- Fears of higher interest rates as £ falls below 70 in index terms; down to 2.9276 against Mark, result in part to a fall in oil prices. Sun leader says 25 years ago we got 11.71 marks to the £. The present price shows how much the Germans have outclassed us in economic performance.
- Sun reports a job boost - more jobs available than for a decade; and fewer strikes since '50s.
- Bank forecasts a fall of 500,000 in unemployed over next 18 months.
- Express reports jobs gloom lifting. Mail: More work on offer as jobless total holds. Telegraph: You see encouragement in job figures. But ICI announce 1000 redundancies, and electricians win pay rises of 8.5-10.7% - four times level of inflation - in electrical contracting industry.
- Express says Rover white collar workers, who have rejected £17 a week rise over 2 years, should consider themselves lucky they have been offered anything at all.
- B/Airways to start recruiting pilots next year, for first time in 10 years.

INDUSTRY

- Elders, the Australian brewers, acquire Courage to intensify their assault on European market.
- Government to scrap the change in date for new annual car prefix from August to October after talks with the trade.
- B/Airways voted most improved airline over last 10 years.
- Paul Potts, in Express, says Peter Walker will be plunged into controversy this weekend when he is blasted in Ian MacGregor's book.
- Guardian says drug industry has come out on the side of those who say the NHS has suffered under the Conservatives.

EDUCATION

- Kenneth Baker explains GCSE in Sun.
- Express says 100 Tory MPs may vote against the Education Bill unless it allows parents to withdraw their children from sex education classes.
- Labour controlled education authorities want stronger shadow Minister than Radice; Times says Cunningham may be in line.

MEDIA

- Maxwell to launch 24-hour paper in London on February 10.
- Thames TV plans all night broadcasting within 2 months.
- Princess Anne attacks media treatment of herself and Royal Family.

LAW AND ORDER

- Row over Scotland Yard Commissioner's decision to cut back on overtime worked by drugs squad. Mirror says you must give the police the men, resources and power to smash the drugs trade. Mail says you promised to wage war on drugs but the detailed staff work seems to have gone awry. You should see to it that those who are trying to stem the evil drugs traffic do not lack the means to do so.
- David Mellor calling short his anti-drugs tour of South America because of fears for his safety.

FRANCE

- Chirac promises tough retaliation against bombers; will not yield to their blackmail.

EAST-WEST

- Shevardnadze meets Shultz today to prepare for Summit amid conflicting signals from Moscow and Washington.
- Sun leader on Russia's open contempt for UN and Reagan's wisdom in kicking out 25 Russian diplomats at the mission there.
- Mail says Nixon may go to Moscow to try to break the deadlock over Daniloff.
- Guardian says Summit optimism survives the spy rift.

SOUTH AFRICA

- Kinnock, in Jamaica, attacks you and Chancellor Kohl for "appeasing" apartheid and giving comfort to Botha.

FALKLANDS

- FCO giving sympathetic consideration to request by father of Argentine pilot found dead in his machine in remote area, to attend his funeral.

BERNARD INGHAM