

ZZ MOSCOW

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TO FLASH MOSCOW

TELEGRAM NUMBER 272 OF 13 MARCH

FOLLOWING FOR TURNBULL, PM'S PARTY FROM FLESHER, NO 10

1. THE PRIME MINISTER SHOULD BE AWARE OF THE FOLLOWING FOR HER PRESS CONFERENCE.
2. THE FOREIGN EXCHANGE MARKETS HAVE BEEN LARGELY QUIET, ALTHOUGH NERVOUS, THIS MORNING. THE DOLLAR HAS STRENGTHENED AGAINST THE DEUTSCHMARK TO 3.35 BUT STERLING HAS HELD ITS OWN, TRADING AT ABOUT 1.0850 DOLLARS. IT HAS ALSO STRENGTHENED MARGINALLY AGAINST THE DEUTSCHMARK TO JUST OVER 3.64. THE STERLING INDEX IS LEVEL ON THE DAY AT 71.7. IN THE DOMESTIC MONEY MARKETS, INTEREST RATES HAVE BEEN SLIGHTLY FIRMER TODAY AND THE THREE MONTH RATE IS AT ABOUT 13 AND THREE-QUARTERS. HOPES OF A CUT IN INTEREST RATES IN THE IMMEDIATE SHORT TERM SEEM TO HAVE BEEN DISPELLED.
3. THE MAJOR DOMESTIC POLITICAL NEWS HAS REMAINED THE INTERCEPTION BILL. IN THE HOUSE THE BILL HAD A RELATIVELY QUIET PASSAGE. PRESS COMMENT WAS NOT EXTENSIVE AND CONCENTRATED ON THE TWO ANNOUNCEMENTS MADE IN THE DEBATE. THE HOME SECRETARY ANNOUNCED THAT THE DPP HAD ASKED THE POLICE TO INVESTIGATE ALLEGATIONS OF CRIMINAL ACTIVITIES MADE IN THE RECENT CHANNEL 4 PROGRAMME AND DAVID WADDINGTON IN SUMMING UP ANNOUNCED THAT A NEW DIRECTOR GENERAL HAD BEEN APPOINTED FROM OUTSIDE THE RANKS OF THE SECURITY SERVICE, ALTHOUGH HE DID NOT NAME HIM. HOSTILE SPEECHES WERE MADE IN THE DEBATE BY MR KAUFMAN AND MR BENN WHOSE MAIN TARGET WAS THE ADMINISTRATION OF LORD WILSON. MORE CONCILIATORY SPEECHES WERE MADE BY MR REES AND MR CALLAGHAN. THE GOVERNMENT HAD A MAJORITY OF 103 AGAINST THE OPPOSITION AMENDMENT AND THE SECOND READING WAS UNOPPOSED.
4. THERE WILL BE SOME PRESS INTEREST IN MR PONTING'S BOOK QUOTE THE RIGHT TO KNOW UNQUOTE WHICH IS BEING PUBLISHED THIS AFTERNOON. FROM A PRE-PUBLICATION INTERVIEW HE GAVE FOR THE TODAY PROGRAMME THIS MORNING IT IS CLEAR THAT THE TONE OF HIS BOOK WILL BE VERY CRITICAL OF BOTH MINISTERS AND THE CIVIL SERVICE.
5. SOME PRESS ATTENTION HAS BEEN FOCUSED ON YESTERDAY'S SPEECH BY MR HEATH ON THE STRATEGIC DEFENCE INITIATIVE. SEVERAL NEWSPAPERS ARE CARRYING HIS ALTERNATIVE BUDGET TODAY: THIS ADVOCATES PUBLIC INVESTMENT AND BORROWING RATHER THAN TAX CUTS.
6. OTHER STORIES IN THE NEWS TODAY INCLUDE THE DISAPPOINTING CRIME FIGURES: THE REFURBISHMENT OF THE ROYAL TRAIN AT A COST OF POUNDS 7.5 MILLION, WHICH HAS BEEN CRITICISED IN SEVERAL OF THE PAPERS: AND THE ANNOUNCEMENT THAT THE TITLE OF THE CIVIL COMMISSIONER IN THE FALKLANDS IS TO REVERT TO THAT OF GOVERNOR. THE PURCHASE OF HARRODS REMAINS IN THE NEWS BUT NO ANNOUNCEMENT ABOUT ANY REFERENCE TO THE MONOPOLIES AND MERGERS COMMISSION WILL BE MADE BEFORE FRIDAY.
7. PARLIAMENTARY DEVELOPMENTS TODAY INCLUDE A STATEMENT BY MR BUCHANAN SMITH ON THE FUTURE OF BNOC AND A DEBATE ON LOCAL AUTHORITY CAPITAL EXPENDITURE. I UNDERSTAND FROM THE CHIEF WHIP THAT THE POSITION ON THE LATTER REMAINS AS HE REPORTED IT TO THE PRIME MINISTER ON MONDAY.

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