

PRIME MINISTER

Southgate By-Election

Just to report intelligence from the by-election which I have picked up.

The Alliance is, of course, the main threat, even more so now that the Labour Party have selected a black candidate, who I imagine, will have a narrow appeal.

The Liberals are running:-

Student grants

Education cuts

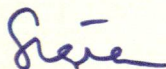
Unemployment (Peter Walker's speech)

GLC

Burglary in London and insurance premiums
(claiming that local police are diverted to
picket duty in the coal dispute)

I understand that the Liberals are also going to run hard that the Government are going to tax the pension lump sum and withdraw tax relief for pension contributions.

As regards Labour, in a speech on Tuesday night, Hattersley went hard on VAT on food, children's shoes etc.



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