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(79) 13th
Conclusions

Sir John Hunt
Mr R. E. Wade-Gary
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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on

FRIDAY 10 AUGUST 1979

at 11.00 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Lord Carrington
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon John Nott MP
Secretary of State for Trade

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon John Biffen MP
Chief Secretary, Treasury

The Rt Hon Angus Maude MP
Paymaster General

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Norman Fowler MP
Minister of Transport

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir John Hunt
Mr R L Wade-Gery
Mr R M Hastie-Smith

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1. The Cabinet considered a memorandum by the Secretary of State for Foreign and Commonwealth Affairs (C(79) 33) on the next steps towards a Rhodesia settlement, in the light of developments at the Commonwealth Heads of Government Meeting in Lusaka.

THE FOREIGN AND COMMONWEALTH SECRETARY said that on arrival the atmosphere in Lusaka had been unfriendly and unpromising. But an early talk with President Nyerere of Tanzania revealed that the Front Line Presidents had agreed among themselves to leave the initiative to us. It emerged later that because of their domestic difficulties Presidents Nyerere, Machel (Mozambique) and Khama (Botswana) were all anxious to see a settlement. The same was probably also true of President Kaunda of Zambia, whose economic problems were even worse; but he was inhibited by the presence in Zambia of powerful Patriotic Front forces under Nkomo. The Prime Minister's speech at the opening session had been well received and had laid the basis for later progress. President Nyerere, President Moi of Kenya and the Commonwealth Secretary General had played helpful roles; and over the weekend agreement on a satisfactory communique passage had been reached in a caucus comprising President Kaunda, President Nyerere, Mr Fraser of Australia, Mr Manley of Jamaica, General Adefope of Nigeria, the Prime Minister, the Secretary General and himself. Despite difficulties caused by its premature disclosure by Mr Fraser, this text had in the end been accepted by all the Heads of Delegations. It provided, if the Cabinet now agreed, for Britain to summon a Constitutional Conference. We would invite two delegations of equal size; one would be led by Bishop Muzorewa and would include other "internal" representatives, while the other would represent both the Nkomo and the Mugabe wings of the Patriotic Front. With the invitations we should circulate only an outline of our proposals for an independence constitution, which would be comparable to those granted to other territories. Emissaries would be sent to both parties in preparation for the Conference; and Bishop Muzorewa should be told the details of the constitution we had in mind, which would in many respects simply incorporate existing arrangements. Care would be taken to reassure white opinion in Rhodesia. The Bishop could be expected to attend the Conference; and the Patriotic Front would probably also do so, under pressure from the Front Line Presidents. At the Conference, agreement with the Patriotic Front might well not be reached, but if so they would appear in a bad light and we could hope to carry moderate international opinion with us over the independence arrangements we would then reach with Bishop Muzorewa. If agreement were reached with all the parties

at the Conference there would be even greater difficulties to be overcome as regards the transitional arrangements, including the elections to which it had been necessary to agree in the Lusaka document as the natural corollary of a new constitution; but these would be under British supervision and would be a price worth paying in order to end the war. The date of the Constitutional Conference might have to be 11 September, to avoid a clash with the Non-Aligned Conference in Havana.

THE PRIME MINISTER said that in the Lusaka document all Commonwealth Governments had accepted the primacy of Britain's role. It had also committed them to regarding a cessation of hostilities and an end to sanctions as major objectives. There had been no reference at Lusaka to the recognition by the Organisation of African Unity Summit of the Patriotic Front as the sole representatives of the people of Rhodesia; and Presidents Kaunda and Nyerere had said privately that they would accept whatever government the proposed elections produced.

In discussion, there was general agreement that the course followed by the Prime Minister and Foreign and Commonwealth Secretary at Lusaka had been highly successful; and that the action now proposed offered the best hope of further progress. A number of questions were raised, particularly about the handling of difficulties which might arise in the period during and after the Constitutional Conference. But it was accepted that our policy could only be followed on a step-by-step basis, and that the Government should avoid hypothetical public discussion about their intentions in the event of failure to achieve their present objectives. It was important to play for success and to be seen to be doing so.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet endorsed the agreement which had been reached in Lusaka and which was set out in Annex B of C(79) 33. They also approved the proposals for the next steps set out in that paper. She would arrange for the Press to be informed that the Cabinet had endorsed the Lusaka document; that invitations to a Constitutional Conference would be issued shortly; and that a further statement would be made in the course of next week. The strictest confidentiality should be observed over the details of the Cabinet's discussion.

The Cabinet -

Took note with approval of the Prime Minister's summing up of their discussion.

2. THE CHANCELLOR OF THE EXCHEQUER said that economic prospects were not cheerful, either in Britain or internationally. Our gross domestic product (GDP) was no higher than a year ago. The Retail Price Index for August would reflect Budget changes and was expected to show a year-on-year increase of about 15 per cent. The average level of wage settlements was also believed to have reached 15 per cent. But there were signs that control of the money supply was beginning to improve; there was some hope of a fall in interest rates; and the exchange rate, having risen by almost 10 per cent since the Budget, had now fallen back by about half that amount. A difficult time lay ahead. But there were no grounds for altering the Government's policy, which was beginning to evoke a degree of industrial and international confidence.

THE PRIME MINISTER, summing up a short discussion, said that the essential message which the Government and their supporters needed to get across was that no-one had any right to expect increased pay, even to offset inflation, unless they earned it. The Paymaster-General was arranging for the Parliamentary Party and others to be briefed in this sense. Attention would need to be paid to the position of those like old age pensioners who were particularly vulnerable to rises in the cost of living.

The Cabinet -

Took note.

3. THE HOME SECRETARY said that disputes over the pay of justices' clerks' assistants might lead to some disruption of the work of Magistrates' Courts. This would be unfortunate, since court delays were already a matter of concern in the context of law and order. But the difficulties involved should be manageable, provided that the Government could, as he anticipated, acquiesce in the settlement which had already been reached as regards the pay of the justices' clerks themselves.

The Cabinet -

Took note.

Cabinet Office

10 August 1979