

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

CC(82) 34th
Conclusions

COPY NO 79

CABINET

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

THURSDAY 17 JUNE 1982

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 Hailsham
Lord Chancellor

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

The Rt Hon Francis Pym MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Sir Keith Joseph MP
Secretary of State for Education and Science

The Rt Hon James Prior MP
Secretary of State for Northern Ireland

The Rt Hon John Nott MP
Secretary of State for Defence

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries and Food

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 Patrick Jenkin MP
Secretary of State for Industry

The Rt Hon John Biffen MP
Lord President of the Council

The Rt Hon David Howell MP
Secretary of State for Transport

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

The Rt Hon Baroness Young
Lord Privy Seal

The Rt Hon Nigel Lawson MP
Secretary of State for Energy

The Rt Hon Norman Tebbit MP
Secretary of State for Employment

The Rt Hon Cecil Parkinson MP
Chancellor of the Duchy of Lancaster
and Paymaster General

The Rt Hon Lord Cockfield
Secretary of State for Trade

SECRET

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Michael Havers QC MP
Attorney General (Item 1)

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr D J S Hancock (Items 3 and 4)
Mr A D S Goodall (Items 1, 3 and 4)
Mr R L L Facer (Item 1)
Mr D H J Hilary (Item 2)
Mr L J Harris (Item 2)

C O N T E N T S

Item	Subject	Page
1.	FALKLAND ISLANDS	1
2.	PARLIAMENTARY AFFAIRS	
	Defence White Paper	2
	Select Committee on Welsh Affairs	3
	Assisted Areas	4
	Northern Ireland Legislation	4
3.	FOREIGN AFFAIRS	
	Arab/Israel	7
4.	COMMUNITY AFFAIRS	
	Steel	8
	Council of Ministers (Agriculture) 14 June	8
	Council of Ministers (Fisheries) 15 June	8
	Council of Ministers (Economics and Finance) 14 June	8
	EMS Realignment 12 June	9

FALKLAND
ISLANDSPrevious
Reference:
CC(82) 33rd
Conclusions

1. THE SECRETARY OF STATE FOR DEFENCE said that the figure of some 15,000 Argentine prisoners taken in the Falkland Islands which had previously been announced had been based on information given by the Argentine Commander, General Menendez. It had been assumed that he knew how many men he had under his command; but it now appeared that that might be a considerable over-estimate and that the correct figure was nearer the original British intelligence estimate of some 8-10,000. The condition of the prisoners was poor, and in view of the bad weather and lack of shelter it was the intention to repatriate the bulk of them as rapidly as possible. The Argentine Government had not yet given an answer to the message sent on 15 June calling on them to agree to a complete cessation of hostilities in order that the prisoners could be sent back in British ships, but they had replied through the Swiss that it was inconceivable that any British ship should enter an Argentine port, and that in any case the "infrastructure" in Argentina for the reception of the soldiers was not ready. There were indications that the prisoners already returned had not yet been allowed by the Argentine authorities to return to their homes. Some 5,000 prisoners were being embarked that day in the cruise ship Canberra and another 1,000 in the ferry Norland. Norland should be able to go to Montevideo, but no destination had yet been agreed for Canberra. Chile would accept the prisoners at Punta Arenas only if Argentina agreed. Repatriating them by ship through Montevideo would take weeks, if not months, because of the distance involved and the inability of Canberra to enter the port. A message was therefore being sent to the Argentines through naval channels to inform them of our intention to repatriate the prisoners direct to a suitable port in southern Argentina and to seek safe conduct for the ships. The possibility of United States assistance in repatriating the prisoners in Hercules transport aircraft was also being considered: Brazil seemed unlikely to help. It would not be in British interests to allow the prisoners to return in Argentine ships or aircraft. Plans were also being made for parties of foreign journalists to visit the Falkland Islands, probably by a special Press aircraft from Chile.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United Kingdom's European Community partners had already begun action to seek an end to economic sanctions against Argentina. In the absence of Argentine agreement to end hostilities, he would be pressing the other members of the European Community at the meeting of Foreign Ministers on 20 June to keep the sanctions in force, or at least to be ready to reintroduce them if hostilities were resumed.

In discussion, it was pointed out that Argentine tactics might well be to seek to blame the United Kingdom for disorder, disease and deaths among the prisoners which could occur as a result of their poor state at the time of surrender and the difficulty of looking after them in the prevailing conditions. It would be helpful if foreign journalists could see the condition of the prisoners for themselves. On the other hand,

there could be domestic criticism if the Argentine prisoners were kept for long in comparative luxury on board ship while British soldiers continued to endure hard living conditions on the Islands. Under the Geneva convention the United Kingdom was not bound to repatriate any of the prisoners until hostilities had ceased.

THE PRIME MINISTER, summing up the discussion, said that all steps should be taken to ensure that the refusal of the Argentine Government to receive their own servicemen was fully understood by both domestic and international opinion.

The Cabinet -

Took note.

PARLIAMENTARY
AFFAIRS

2. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

Defence White
Paper

Previous
Reference:
CC(82) 30th
Conclusions,
Minute 2

THE SECRETARY OF STATE FOR DEFENCE recalled that publication of the 1982 Defence White Paper had, with the agreement of the Cabinet, been postponed because of the Falkland Islands dispute. He had discussed the position with the Lord President of the Council and the Chief Whip, and had come to the conclusion that it would now be right to publish the White Paper during the following week, with an addendum pointing out that it had been prepared before the crisis in the South Atlantic and that the Government were studying the defence implications of the dispute. The White Paper would undoubtedly be attacked by the relatively small number of Conservative Members of Parliament who were opposed to the Government's defence strategy, and others would argue that the publication of any White Paper at this stage was inappropriate. It was likely that publication would provoke a hostile Press reaction. He did not believe that such criticisms would be justified. The White Paper was mainly a descriptive report on progress, rather than a policy document, and failure to publish it in the near future would create difficulties for the Government in the medium term which would be more serious than the immediate embarrassments to which he had referred. He therefore intended to publish the White Paper in the course of the following week and, in consultation with the Lord President of the Council, to arrange for it to be debated in the House of Commons during the week beginning 28 June.

The Cabinet -

1. Took note.

Select Committee
on Welsh Affairs

THE SECRETARY OF STATE FOR WALES said that at the beginning of 1981 the Welsh Office had sought the advice of consultants on how the water authorities might reduce water charges. The consultants had given their advice orally, and no written report had ever been submitted. The Select Committee on Welsh Affairs were now asking for the consultants' advice to be made available to them. The advice had been given on a confidential basis, and he took the view that it was analogous to the advice tendered by officials to Ministers. After consulting the Lord President of the Council, he had refused to make details available to the Select Committee, although he had given them a summary of the conclusions reached. The Chairman of the Select Committee was now pressing him to reconsider his decision, and had said that in the absence of information from the Secretary of State by 23 June it was the Committee's intention to call representatives of the consultants before them for examination. The consultants had made it clear that before disclosing their advice they would have to seek legal advice on the professional propriety of disclosing advice given to clients in confidence. He proposed to instruct the consultants to maintain their position. It might be appropriate for the major issue of principle involved to be raised with the Chairman of the Liaison Committee.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet fully supported the line which the Secretary of State for Wales proposed to take. He should now discuss the legal implications and the handling of this issue with the Lord President of the Council and the Attorney General. Members of the Central Policy Review Staff had in the past been subjected to similar pressures by Select Committees, and it would be helpful for the Secretary of the Cabinet to be associated with any further consideration.

The Cabinet -

2. Agreed that the Secretary of State for Wales should continue to refuse to make the confidential advice received from consultants on water charges available to the Select Committee on Welsh Affairs.
3. Invited the Secretary of State for Wales, in consultation with the Lord President of the Council, the Attorney General and the Secretary of the Cabinet, to consider further the legal implications and future handling of the request from the Select Committee on Welsh Affairs, including the proposed approach to the Chairman of the Liaison Committee.

Assisted Areas

THE SECRETARY OF STATE FOR INDUSTRY said that he would be circulating later that day the draft of a statement to be made on Monday, 21 June by the Minister of State for Industry setting out the Government's conclusions on the review of Assisted Areas which had been carried out in the Ministerial Sub-Committee on Economic Affairs. The proposals were subject to approval by the European Community, and one or two minor points still remained to be resolved, but it was desirable that an early statement should be made so that an implementing Order could be laid as soon as possible. Unless this were done, some Assisted Areas whose status was not intended to be changed would be temporarily down-graded.

THE PRIME MINISTER, summing up a brief discussion, said that these proposals raised issues of great political sensitivity. They would be bitterly attacked by some of the Government's own supporters, and could have a significant impact on the outcome of the Coatbridge and Airdrie by-election, even though that constituency had no direct interest in the proposed changes. There should be a further meeting of Ministers as soon as possible to review the proposal, and no statement of the Government's intentions should be made until that further consideration had been completed.

The Cabinet -

4. Took note that the Prime Minister would arrange for the conclusions of the Ministerial Sub-Committee on Economic Affairs to be reviewed at a further meeting of Ministers before any statement was made.

Northern Ireland
Legislation

Previous
Reference:
CC(82) 19th
Conclusions,
Minute 2

THE LORD PRESIDENT OF THE COUNCIL said that some 65 hours had already been spent in Committee of the whole House in consideration of the Northern Ireland Bill. The Bill was being deliberately obstructed by Northern Ireland Members with the support of some Conservative backbenchers, and it was now clear that there was little chance of it being passed by the House of Commons during the present Session without the moving of a timetable motion. There was no doubt that such a motion could be carried; the Labour Party would abstain, and the Liberal-Social Democratic Alliance had made it clear that they would vote in favour. He had discussed the position with the Secretary of State for Northern Ireland, and, on balance, he recommended to the Cabinet that he should announce in his Business Statement that afternoon that a timetable motion would be moved in the course of the following week.

CONFIDENTIAL

THE LORD PRIVY SEAL said that the indications were that there would be no undue difficulty in securing the passage of the Bill through the House of Lords, though it would be wise to allow a full four weeks from the date the Bill was received from the House of Commons. This amount of time would not now be available unless the Bill were guillotined in the House of Commons, though it would have an easier passage through the House of Lords if it were thought to come to them with the full assent of the great majority of the House of Commons.

In discussion, it was argued that the timetabling of a constitutional Bill was unusual, and that timetabling because of obstruction by the Government's own supporters would be virtually unprecedented. It would be extremely divisive within the Conservative Party, and could not be held to be necessary in order to implement a manifesto commitment. The manifesto had said that a Conservative Government would, in the absence of devolved government, seek to establish a framework of representative local government in Northern Ireland; the implication had been that pressure for other major institutional changes would be resisted. Even those who supported the Bill had limited expectations of it, and it would not be worth splitting the Government's supporters in order to secure its passage. It might be worth exploring the scope for winning over at least some of the 25 or so opponents of the Bill by making it subject to periodic renewal orders, as in the case of the Prevention of Terrorism Act, or by making its coming into force subject to a referendum, as had been done in the case of the Welsh and Scottish devolution proposals. Failing that, it would be better to abandon the Bill than to pass it under a timetable motion. The experience of the first Local Government Finance Bill in the present Session showed that this need not necessarily involve a loss of face for the Government.

Against that, it was argued that abandoning the Bill would not avoid the risk of divisions within the ranks of the Government's supporters: it would cause great resentment among those Members on the Government side who had loyally attended to support the Bill during all night sittings. The analogy with the Local Government Finance Bill was inexact: the alliance between the Opposition and some of the Government's own supporters would have made it almost impossible to carry that Bill as introduced even with a timetable motion. Although some members of the Cabinet had had certain reservations about the Northern Ireland Bill, there had been a collective decision to go ahead with it. That decision having been taken, the Cabinet should support the Secretary of State; that would be right in any circumstances, but was particularly important in relation to Northern Ireland, given the great political difficulties and pressures under which any Secretary of State for Northern Ireland worked. To abandon the Bill at this stage would be very damaging to the authority not only of the Secretary of State for Northern Ireland but also of the Government as a whole. Bowing

to obstruction in the present case would encourage similar action in the future against other Government measures, and the consequences in Northern Ireland itself would be serious. Limited concessions on the use of a referendum procedure, or making the Bill subject to periodic renewal, might satisfy a few of the Bill's opponents, but would be unlikely to overcome the existing obstruction to the extent necessary to ensure its passage during the present Session; the use of a referendum procedure would in any event be objectionable.

THE PRIME MINISTER, summing up the discussion, said that the use of a timetable motion to force through a Bill because of the opposition of some of the Government's supporters was virtually unprecedented, at any rate for a Conservative Government, and would create a deep division within the Conservative Party. On balance, however, the Cabinet considered that the Government had no choice, now that the Bill had been introduced, to pressing ahead with its passage by the use of a timetable motion. The Cabinet therefore agreed that the Lord President of the Council should announce that afternoon that the Government would move a suitable motion in the course of the following week. This would give the Lord President of the Council and the Chief Whip a basis on which to explore whether there was any possibility of reaching agreement with the Bill's opponents on voluntary arrangements which would make the motion unnecessary.

The Cabinet -

5. Agreed that the remaining stages of the Northern Ireland Bill in the House of Commons should be subject to a timetable motion, and invited the Lord President of the Council to make an announcement and table an appropriate motion, as indicated in the Prime Minister's summing up of their discussion.

FOREIGN
AFFAIRS

Arab/Israel

Previous
Reference:
CC(82) 32nd
Conclusions,
Minute 2

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in Lebanon, where Israeli forces had now surrounded Beirut, was very dangerous. The Americans remained reluctant to exercise effective pressure on Israel, although there were some signs that they might be reconsidering their position. The United Kingdom had endorsed the relevant United Nations Resolutions, and the Prime Minister had sent a message to the President of the United States. The British Government had agreed with their European Community (EC) partners to defer signature of the Second EC/Israel Financial Protocol; and consideration was now being given to suspending arms supplies to Israel.

THE PRIME MINISTER, summing up the discussion, said that it would be desirable for any decision to suspend arms supplies to be taken in the European Community.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Steel

Previous
Reference:
CC(82) 10th
Conclusions,
Minute 4

4. THE SECRETARY OF STATE FOR INDUSTRY said that the provisional decisions of the United States Government about steel imports into the United States were very damaging to the British Steel Corporation. There seemed no prospect that the Community would be able to reach a negotiated settlement, and it was important that the British Steel Corporation should be left free to pursue its own case.

Council of
Ministers
(Agriculture)
14 June

Previous
Reference:
CC(82) 28th
Conclusions,
Minute 2

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the safeguards for the industrial alcohol industry in the wine regulation currently under discussion in the Agriculture Council were totally inadequate. The matter would be discussed again at the next Agriculture Council. The national interest was clearly affected and the Government would need to consider its position in the light of the current review of British policy towards the Luxembourg Compromise.

Council of
Ministers
(Fisheries)
15 June

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Community was now engaged on an attempt to secure agreement to the Common Fisheries Policy before the end of the Belgian Presidency. Because of the attitude of Denmark, which would take over the Presidency on 1 July, this would be the last chance to agree a policy before the derogations on access in the Treaty of Accession expired at the end of 1982. The Commission proposals on access were the best that had ever been put forward from the British point of view, and should be acceptable to the industry. The Commission's proposals on quotas might also be acceptable to the industry, if some changes were made. The Minister was having detailed talks with the industry to secure their agreement. There was a risk that, in the period before the next Fisheries Council on 28-29 June, the Opposition would put pressure on the Government to accept negotiating objectives which were unrealistic.

Council of
Ministers
(Economics and
Finance)
14 June

THE CHANCELLOR OF THE EXCHEQUER said that progress on the Insurance Services Directive had been minimal. Agreement was reached that the Community should seek certain changes in the proposals for a new agreement in OECD on export credits. It was to be hoped that the negotiations would be successful and allow the export credit consensus to continue.

EMS Realignment
12 June

Previous
Reference:
CC(82) 7th
Conclusions,
Minute 3

THE CHANCELLOR OF THE EXCHEQUER said that, in the European Monetary System (EMS) realignment negotiated the previous weekend, the French franc had effectively been devalued by 10 per cent against the deutschemark and the Italian lira by 7 per cent against the deutschemark. The realignment followed massive intervention by the French Central Bank to maintain the position of the franc in the exchange rate mechanism of the EMS. The French government had announced a new package of economic measures, including a freeze on prices and incomes, in support of their new parity.

The Cabinet -

Took note.

Cabinet Office

17 June 1982