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Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held in the Prime Minister's Room, House of Commons, on
WEDNESDAY 11 JUNE 1980
at 4.30 pm

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 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 Francis Pym MP
Secretary of State for Defence

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

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 Humphrey Atkins MP
Secretary of State for Northern Ireland

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

The Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster

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 Mark Carlisle QC MP
Secretary of State for Education and Science

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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 Robert Armstrong
Mr M D M Franklin (Items 2 and 3)
Mr P J Harrop (Item 1)
Mr R M Hastie-Smith (Items 2 and 3)
Mr W N Hyde (Item 1)

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LIAMENTARY
AIRS

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

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THE PRIME MINISTER, summing up a brief discussion on the International Development Association (Sixth Replenishment) Order, to be debated on 17 June, said that the Government were committed by their membership of the International Development Association to the payment of additional subscriptions to the Association. The necessary provision had been included in the Public Expenditure White Paper. Looking to the future, however, the Government's aim must be where possible to increase the proportion of the aid budget devoted to bilateral rather than multilateral aid, in view of the potential benefits to British industry and commerce.

The Cabinet -

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

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2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in the Anglo-French New Hebrides condominium had become more difficult following an outbreak of violence on the island of Tanna. The French Resident had suggested to the British Resident that a contingent of French gendarmerie should be sent from Noumea to Vila. The French had then despatched the gendarmerie, taking British agreement to the proposal for granted. This action had been at variance with the French Overseas Territories Minister M Dijoud's previous statement that any unilateral precautionary deployment of British troops to Vila would breach the principles of the condominium. Accordingly the French had been told that a company of British Royal Marine Commandos were being sent forthwith to Vila. The French had replied that, if this happened, they would withdraw the gendarmerie. The French motives were difficult to understand. They appeared to be aiming at retaining influence with the Francophone community in the New Hebrides and upsetting the new constitutional arrangements which would take effect after independence on 30 July. The Minister of State, Foreign and Commonwealth Office (Mr Blaker), would be having further discussions with M Dijoud. The Prime Minister might also have an opportunity to raise the matter with President Giscard at the Venice meeting. Meanwhile the despatch of the Royal Marines would be announced.

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Afghanistan

Previous
Reference:
(80) 20th
Conclusions,
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that a major Soviet military effort was being mounted against the freedom fighters in Afghanistan, and there had also been a number of executions in the country. It appeared that the Soviet efforts were encountering considerable difficulties. There had been an announcement in Pravda that the three-man committee appointed by the Islamic Conference to investigate the problems in Afghanistan would not be received. This had annoyed members of the Islamic Conference who would probably wish to bring the issue before the United Nations.

Olympic Games

Previous
Reference:
(80) 20th
Conclusions,
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that Soviet difficulties in Afghanistan were likely to be helpful in gaining support for the boycott of the Moscow Olympics. He would shortly be seeing the chairmen of a number of the sporting bodies which were represented in the British National Olympic Committee to seek to persuade them to change their mind about going, and to demonstrate to the West Germans and the Americans that we still strongly supported the boycott.

Uganda

Previous
Reference:
(80) 20th
Conclusions,
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that Uganda was sliding into anarchy and famine. The problem was aggravated by the quarrels which had arisen between the East African Presidents. The Overseas Development Administration was considering ways of providing assistance to help to alleviate the famine.

Organisation
of Petroleum
Exporting
Countries

THE SECRETARY OF STATE FOR ENERGY said that the Organisation of Petroleum Exporting Countries had appeared to have reached a compromise agreement which would raise some oil prices by \$2 a barrel rather than the \$4-5 which some countries had been demanding. The precise outcome depended upon the decision of the Saudi Arabians, who were still considering the matter.

The Cabinet -

Took note.

COMMUNITY

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3. THE CHANCELLOR OF THE EXCHEQUER said that preparations were now being made to implement the new budgetary arrangements agreed following the Council of Ministers (Foreign Affairs) on 29-30 May. Under these arrangements we expected to get the bulk of the payments to the United Kingdom during the first quarter of the following calendar year although we had the right to ask for advance payments. In the case of calendar year 1980, this presented difficulty for the Germans, who claimed that they did not have provision within their 1980 budget for such payments. He had discussed the problem with the Federal German Finance Minister and hoped that it would be possible to reach some understanding before the Council of Ministers on 17 June, which would consider the Community budget for 1980. It would also be desirable to have this matter settled before the budget settlement was debated in the House.

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THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that he had spoken to Commissioner Gundelach about the negotiations between the Commission and New Zealand over arrangements for the import of New Zealand lamb into the Community. Agreement had not been reached at official level and Commissioner Gundelach was willing to pursue the negotiations in Wellington at the political level. The Prime Minister would be able to assure the New Zealand Prime Minister on this point.

ports of

atoes

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that subsidised imports of new potatoes from Greece and Spain had threatened to cause a collapse in our domestic market. Imports had therefore been suspended. Such subsidised trade would have been illegal if these countries were members of the European Community. In the case of Greece, the quantities involved were small and imports could probably be allowed under licence.

The Cabinet -

Took note.

ECONOMIC
 HOME
 FAIRS

 Money Supply

4. THE CHANCELLOR OF THE EXCHEQUER said that the latest figure for the money supply (£M3) showed it as still running at the top of the acceptable range. The Central Government borrowing requirement was even more substantially up than had been expected, and bank lending had not been reduced by as much as at one time seemed likely. In this situation it would not be possible for the Bank of England to reduce the Minimum Lending Rate for the time being.

Personal
 Health
 Service Pay

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the nurses' Whitley Council had agreed to negotiate on nurses' pay within the 14 per cent cash limit. He was hopeful that this would lead to a settlement, though there would be problems for some of the union leaders concerned, who would shortly have to face annual conferences which could produce resolutions favouring strike action. National Health Service administrative and clerical staff, who had a long-standing pay link with the non-industrial Civil Service, were demanding increases of 18 $\frac{3}{4}$ per cent, comparable with those agreed for the Civil Service on the basis of pay research, and were refusing to settle within a 14 per cent cash limit. It would be essential to deal with this on the same lines as Civil Service pay, by means of a combination of staging and staff reductions.

In a brief discussion it was emphasised that many firms in the private sector were now settling pay claims at levels some way below the ruling rate in the public sector. It was the more important to be as firm as possible on pay settlements in the public sector.

Chemical
 Pesticides

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that there was a growing campaign against the use of the herbicide 2-4-5T, as being dangerous and environmentally prejudicial. While he had powers to ban the use of such a herbicide, it was settled policy to act only on the advice of a strong committee, which existed to advise the Government on such matters and in which he had confidence. They had considered this particular herbicide on a number of occasions, and in every case had rejected proposals that it should be banned. It was important that he should act only on the advice of the committee. He would not therefore propose to ban the herbicide unless the committee were so to advise. In public statements he would say that any evidence that the herbicide was dangerous would be referred immediately to the advisory committee, and that, if they advised that it should be banned, he would act accordingly.

domestic
jam-making

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that a local government official in North East England had made a public statement which suggested that the sale through Women's Institutes of jam made by private persons was contrary to the law. He was not convinced that this statement was technically correct: if it was, the situation was clearly totally unacceptable. He was therefore making a statement, in answer to a Parliamentary Question, to the effect that the matter was being examined and that, if the examination suggested that there was any doubt about the matter, the law would be changed in order to ensure that the sale of privately-made jam through Women's Institutes and in such ways was able to continue.

Mr Gwynfor
Evans

THE SECRETARY OF STATE FOR WALES said that Mr Gwynfor Evans, the leader of Plaid Cymru, was threatening to go on what he called a "hunger strike" in the autumn. There could be much tension and unpleasantness in Wales later in the year, if he persisted in this intention, and there would be a danger that Plaid Cymru would fall into the hands of extreme left wing leaders. Every effort was being made by Mr Gwynfor Evans's friends to persuade him not to proceed with this intention.

The Cabinet -

Took note.

Cabinet Office

12 June 1980