

BIV

SECRET

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

CC(82) 52nd  
Conclusions

COPY NO 79

CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 9 DECEMBER 1982  
at 11.00 am

P R E S E N T

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 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

**SECRET**

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Michael Jopling MP  
Parliamentary Secretary, Treasury

The Rt Hon Douglas Hurd MP  
Minister of State, Foreign and  
Commonwealth Office

SECRETARIAT

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

C O N T E N T S

Item	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
	Immigration Rules	1
	White Paper on the Lessons of the Falkland Islands Campaign	1
	Status and Role of the Comptroller and Auditor General	2
2.	NORTHERN IRELAND AFFAIRS	
	Ballykelly Bomb Outrage	2
3.	FOREIGN AFFAIRS	
	South Africa	4
	Middle East	4
	Gibraltar	5
	United States	5
4.	COMMUNITY AFFAIRS	
	European Council 3-4 December	5
	Common Fisheries Policy	6
	Common Agricultural Policy	6
	New Zealand Butter and Exports to the Soviet Union	6
	United Kingdom Refunds for 1982	6
	Seals	6
5.	INDUSTRIAL AFFAIRS	
	National Health Service Pay	7
	National Coal Board Pay Negotiations	7
	Coalmining: Vale of Belvoir	7
6.	RESIGNATION OF SIR DEREK RAYNER	7

CONFIDENTIAL

PARLIAMENTARY  
AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons during the following week. The House would rise for the Christmas Adjournment on Thursday 23 December and return on Monday 17 January 1983.

Immigration  
Rules

Previous  
Reference:  
CC(82) 47th  
Conclusions,  
Minute 1

THE HOME SECRETARY said that the new Immigration Rules were to be debated in the House of Commons on Wednesday 15 December. Those Conservative Members who continued to oppose the new Rules in their present form did so for reasons opposite to those of the Labour Party, whose home affairs spokesman was now claiming, almost certainly wrongly, that the Rules would lead to a reduction in the number of new immigrants. If the Rules were not approved, a new version would have to be brought forward, which would no doubt be opposed by a different group of Government supporters. A situation might then arise in which the Government would be able to carry Rules only in a form approved by the Opposition.

The Cabinet -

1. Took note.

White Paper  
on the  
Lessons of  
the Falkland  
Islands  
Campaign

THE SECRETARY OF STATE FOR DEFENCE said that he would be making a Parliamentary statement in the following week to accompany the publication of the White Paper on the lessons of the Falkland Islands campaign. Orders for four naval ships, of which three would be to replace ships lost during the Falkland Islands campaign and the fourth would be part of the normal shipbuilding programme, would be placed with different yards of British Shipbuilders. There was pressure for the order for a further ship, to replace the other ship that had been lost in the South Atlantic, to be placed with Cammell Laird, in order to protect the employment position on Merseyside. There were also sound reasons of defence policy for preserving Cammell Laird as a viable concern. But it was expected that an order from the British Gas Corporation (BGC) for a new drilling rig would go to Cammell Laird, and if it did there would be no redundancies in the yard for the next year or more. There would then be a strong case for putting out the order for competitive tenders from both Cammell Laird and Vosper Thorneycroft, who were also in need of new work. It would be helpful for the position on the new BGC rig to be confirmed before he made his statement.

THE PRIME MINISTER, summing up a short discussion, said that the placing of the order for the last replacement ship might well go to Cammell Laird if their bid was competitive, but acceptance of an uncompetitive tender could not be justified solely on the grounds of the unemployment situation in Merseyside. Confirmation of the position on the BGC rig should be sought from British Shipbuilders before the Secretary of State for Defence made his statement.

The Cabinet -

2. Invited the Secretary of State for Industry to seek confirmation from the Chairman of British Shipbuilders that the order for the new British Gas Corporation's drilling rig would be placed with Cammell Laird, and to inform the Secretary of State for Defence accordingly.

CONFIDENTIAL

Status and  
Role of the  
Comptroller  
and Auditor  
General

THE CHIEF SECRETARY, TREASURY, said that discussions had been continuing over a considerable period with Mr Edward du Cann MP and Mr Joel Barnett MP, as representatives of the Public Accounts Committee (PAC), about their proposals for changing the status and extending the role of the Comptroller and Auditor General. The representatives of the PAC had not been willing to accept the Government's suggestions for more limited changes, and were now strongly supporting the Private Member's Bill introduced by Mr Norman St John Stevas MP, who had drawn second place in the ballot for Private Members' Bills. The Bill was designed to implement all the PAC's recommendations. The Chancellor of the Exchequer intended to bring a memorandum before the Cabinet the following week dealing, in particular, with the status, independence, method of appointment, and scope of the responsibilities of the Comptroller and Auditor General. In the meantime a meeting was being arranged between the Chancellor of the Exchequer, the Lord President of the Council, and the sponsors of the Bill to try to identify more clearly the points of agreement and potential conflict. The Bill had wide and influential Parliamentary support, and it was unlikely that the Government would be able to defeat it on Second Reading. The Government might eventually have to go further than they had originally contemplated to meet the wishes of the PAC.

THE PRIME MINISTER, summing up a short discussion, said that the apparent intention of the Bill was to extend the Comptroller and Auditor General's powers and to make them cover any organisation in receipt of Government funds. This would inevitably lead to more centralised accounting procedures in Government Departments and the nationalised industries, would require a large increase in the staff of Departments, as well as in the staff of the Exchequer and Audit Department, and would seriously disrupt the movement towards more commercial accounting procedures which the Government had sought to encourage wherever possible. The Cabinet would have to consider the handling of the Bill very carefully in the light of the further discussions with its sponsors which had been arranged, and of the paper to be circulated by the Chancellor of the Exchequer.

The Cabinet -

3. Agreed to resume their discussion of the Bill introduced by Mr Norman St John-Stevas at a later meeting.

2. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that, although the bomb which had exploded at a discotheque in Ballykelly, County Londonderry, on 6 December had been relatively small, it had brought down a heavy concrete ceiling which appeared to have caused most of the deaths and serious injuries to the soldiers and other young people present. The bar where the incident had occurred was just outside the army barracks in Ballykelly, and was much frequented by the soldiers, who had been encouraged to mix with the local population, since the recent improvement in the security position in the Province. It was hard in these circumstances to say that there had been any negligence in security, but security procedures would clearly have to be reviewed. The incident had inevitably become linked with the invitation extended by the Greater London Council to members of the Provisional Sinn Fein to visit London. The serving by the Home Secretary of exclusion orders under the Prevention of Terrorism Act on three of its members would be claimed by Sinn Fein as a moral

NORTHERN  
IRELAND  
AFFAIRS  
---  
Ballykelly  
Bomb Outrage

**CONFIDENTIAL**

victory, and was being distorted by some Official Unionists and others as a tacit admission that the Government applied different standards to the prevention of terrorism in London from those applied in the Province; but he was convinced that after the Ballykelly incident no other action was possible. Meanwhile, a dispute had arisen in the new Northern Ireland Assembly because of complaints by the Official Unionists about the appointment of Chairmen of Committees by the Assembly Speaker.

THE HOME SECRETARY said that the Prevention of Terrorism Act, which had been passed by a Labour Administration when the present Leader of the Social Democratic Party was Home Secretary, gave him powers to exclude from Great Britain on the application of a Chief Constable any person who there was reason to believe had been concerned in the commission, preparation or instigation of acts of terrorism. There was no doubt that Mr Adams, Mr Morrison and Mr McGuinness, the three members of Sinn Fein against whom he had made orders, fell firmly within this description. Not to have exercised his powers in this case would have conflicted with the very strong advice which he had received not only from the Commissioner of Police of the Metropolis, but also from the Royal Ulster Constabulary, and would have called in question the continued use of the provisions of the Act. He did not think that it would have been right to delay making the orders until the Leader of the Greater London Council had decided whether to withdraw the invitation voluntarily following the Ballykelly incident. He did not intend to comment on his decision in the Press or on radio or television, but he would deal with any Parliamentary criticisms by resting firmly on the fact that the situation which had arisen was precisely of the kind envisaged by the Prevention of Terrorism Act, and that it would have been irresponsible in those circumstances not to have used the powers which it conferred. He would carefully avoid any suggestion that the exclusion had been imposed because of fears of disorder in London; that would wrongly imply that the Metropolitan Police were not capable of dealing adequately with any disturbances which might have arisen. It followed from that that, if the other two members of the proposed Provisional Sinn Fein delegation, Mr Carron and Mr McAllister, sought to enter Great Britain, they would not be excluded, since there was no reason to believe that they had been involved in the commission, preparation or instigation of acts of terrorism.

The Cabinet -

Unanimously supported the decision taken by the Home Secretary, and congratulated him upon his action in the matter.

FOREIGN AFFAIRS  
South Africa  
Previous Reference: HC(82) 44th Conclusions, Minute 2

3. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (MR HURD), said that in a raid by South African forces on the capital of Lesotho early that morning between 30 and 35 people had been killed. The South African Government claimed that those killed were African National Congress guerrillas: the Lesotho Government maintained that they were refugees. The Lesotho High Commissioner would be seeing the Minister of State, Foreign and Commonwealth Office, Mr Onslow, later that morning. It would be necessary for the United Kingdom publicly to condemn South Africa's infringement of Lesotho's sovereignty and to deplore the loss of life, and to make a formal protest to the South African Government.

Middle East  
Previous Reference: HC(82) 51st Conclusions, Minute 2

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that action was being taken to defuse the sharp reaction of the Arab Governments concerned to the breakdown of the arrangements for the projected visit to London by an Arab League delegation headed by King Hassan of Morocco. There was as yet no firm evidence of injury to British commercial interests, although threatening noises were being made. There was to be a routine meeting of the Arab Boycott Committee early next week. Although there was no indication that proposals would be made on that occasion for action against the United Kingdom, such meetings were unpredictable and liable to get out of hand. Meanwhile Lord Chalfont, accompanied by a senior Foreign and Commonwealth Office official, had gone to Morocco with an oral message to the King from the Prime Minister. Lord Chalfont was a personal friend of King Hassan and was optimistic that the King would receive him expeditiously. It was hoped that the delivery of the message would allay the King's sense of personal grievance. The Prime Minister had also sent a message to King Fahd of Saudi Arabia which would be delivered in Riyadh on 11 December. In delivering the message HM Ambassador would propose a visit to Saudi Arabia by the Foreign and Commonwealth Secretary early in January. Contact was also being made with the Secretary General of the Arab League with a view to inviting him to London. Ideas to be explored in discussion with Arab leaders included the possibility of inviting a party of Palestinian Mayors (who would not be officials of the Palestine Liberation Organisation (PLO)) to London, to be followed by a visit from the Arab League delegation without PLO membership; the inclusion of one of the Mayors in the delegation; or agreeing to the inclusion of a PLO representative in the delegation on the understanding that it would be received in London only at Minister of State level.

THE SECRETARY OF STATE FOR TRADE said that the impact on British trading interests would require careful monitoring. The United Kingdom's trade with Arab countries was worth £5½ billion in the current year, which represented a 16 per cent increase. This included a surplus of £2 billion on visible account and £400 million on invisible account. A visit to the area by the Foreign and Commonwealth Secretary in January, to be followed by his own visit in February, would help to demonstrate the United Kingdom's continuing interest in the Arab world.

Gibraltar

Previous  
Reference:  
OC(82) 51st  
Conclusions,  
Minute 2

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that the new Spanish Government had now decided to open the border with Gibraltar to pedestrians. The economic benefits of this partial opening would go to Spain rather than Gibraltar, and it did not amount to implementation of the Lisbon Agreement, though it was a gesture for which the Spanish Government had sought no quid pro quo. The Foreign and Commonwealth Secretary would be seeing the Spanish Foreign Minister, Senor Moran, the following day and would press for the complete lifting of all travel restrictions.

United  
States

Previous  
Reference:  
OC(82) 39th  
Conclusions,  
Minute 2

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that the vote by the United States House of Representatives to deny the Administration funds for the production of MX missiles created problems for the British Government, particularly in view of the Opposition's hostility to President Reagan's proposals. Although the vote in the House of Representatives was a greater defeat for President Reagan than had been expected, it was only the beginning of a long argument and the Senate could be expected to take a more positive view. Meanwhile research and development should continue, and there was some hope that serious dislocation of the production programme could be avoided. There was in any case no need for the British Government to commit itself specifically to support for the MX system as such or the related concept of "dense pack" deployment. What mattered was the United States Government's overall decision to modernise the strategic nuclear triad, which was clearly right.

The Cabinet -

Took note.

COMMUNITY  
AFFAIRS

European  
Council  
3-4 December

4. THE PRIME MINISTER said that the European Council in Copenhagen had been ably chaired by the Danish Prime Minister, Mr Schlüter. Two current topics were of special interest to the United Kingdom, fish and the budget. On fish, the Danish Prime Minister had said that he could not accept the package on the table and had asked for further clarification. By this he seemed to mean one or two concessions outside the package; it was not clear what they were. The Prime Minister had made it clear that negotiations on the package itself had come to an end and Mr Schlüter appeared to accept that. No progress had been made on the budget issue, and President Mitterrand of the French Republic had told the press that the United Kingdom was asking for more money as usual, which was not helpful. The matter had now been remitted to the Foreign Affairs Council and, if they failed to produce a solution, the next meeting of the European Council in March would be dominated by the budget problem. This would be unfortunate but might well prove unavoidable. If lasting solutions could be found to the problems of fish and the budget, a great deal of the anti-Community feeling in the United Kingdom would go away.

In the discussion of the economic and social situation, the European Council had endorsed the conclusions reached by the Joint Council of Finance, Economics and Employment Ministers. There was common concern at the absence of free trade within the Community. Every country had a list of barriers erected against its exports by every other Community country. A special meeting of the Council of Ministers was proposed to try to reduce these. In

CONFIDENTIAL

the discussion of enlargement the Prime Minister had called attention to the imbalance in the arrangements governing the trade between the Community and Spain. This issue would be followed up at the December Foreign Affairs Council. In the discussion of foreign affairs, it had been pointed out that, as Poland had crushed Solidarity, it could not be said that the conditions for lifting sanctions against the Soviet Union had been met.

In general the Prime Minister considered that this had been one of the most constructive European Councils that she had attended.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that a meeting of senior officials had been held in Brussels on 6 December to consider national measures in the absence of an agreement on the Common Fisheries Policy by the end of the year. The Danish official had taken the line that from 1 January, in the absence of agreement, Danish boats could fish where they liked. A further meeting had been arranged for 16 December at which it was hoped that the Commission would make it quite clear to the Danes that, in the absence of agreement, effective national measures excluding Danish vessels would be implemented by the other nine member states with the Commission's approval.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Commission had failed to reach agreement on its recommendations for agricultural prices in 1983-84. This meant that it was unlikely that any proposals from the Commission would be presented before January.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that the French and Irish delegations had blocked the formal adoption of the regulation implementing the agreement on New Zealand butter imports. The French Government had told the Deputy Prime Minister of New Zealand that they would continue to block the regulation until the Community was committed to a secure and substantial quota of butter sales to Russia. This was a quite unwarranted attempt by France to renege on a commitment, and there would be a major row at the Agricultural Council on 13-14 December.

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (MR HURD), said that there was a risk that the agreement to pay the United Kingdom its refunds for 1982 before the end of December would be frustrated by the action of the European Parliament, who were showing signs of wishing to attach conditions to their agreement which would prove unacceptable to the Council of Ministers. Everything possible was being done to put pressure on the Members of the European Parliament. There might need to be a further meeting of the Budget Council in Strasbourg next week.

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that the proposal for an import ban on products made from seals had aroused considerable public interest. He was grateful to the other Departments concerned for agreement to a realistic brief for the Parliamentary Under Secretary of State, Department

Common  
Fisheries  
Policy

Previous  
Reference:  
CC(82) 51st  
Conclusions,  
Minute 3

Common  
Agricultural  
Policy

New Zealand  
Butter and  
Exports to  
the Soviet  
Union

United  
Kingdom  
Refunds for  
1982

Seals



of the Environment, who had represented the United Kingdom at the meeting of the Environment Council on 3 December. No agreement had been reached and another meeting was planned for the following week. Meanwhile, the United Kingdom industry had introduced a voluntary ban on imports of these products; but this had not pleased all the conservationists, some of whom were criticising the Government for acquiescing in action which diverted attention from the need, as they saw it, to secure a mandatory ban imposed by the whole Community.

5. THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the results of the Royal College of Nursing's ballot were expected by Wednesday 15 December. That could be followed by important developments; no significant events were expected to occur before then.

THE SECRETARY OF STATE FOR ENERGY said that the President of the National Union of Mineworkers, Mr Arthur Scargill, having failed to obtain the endorsement of the majority of his members for a national strike in the coal-mining industry over pay and pit closures, was now seeking to stir up industrial action in the Welsh coalmines, in the hope that it would spread to the rest of the country. The National Coal Board (NCB) were at present reasonably relaxed. Their strategy would be to seek to keep activity going in the English coalmines if industrial action occurred in Wales, and they were not unhopeful of succeeding.

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that the NCB had now submitted an application to Leicestershire County Council for a new coalmine at Ashfordby in Leicestershire. He had asked the Leicestershire County Council not to take any action on the application while he considered whether to call it in. It would be important that the NCB's proposals for spoil disposal should be adequate if the development were to go ahead.

The Cabinet -

Took note.

6. THE PRIME MINISTER said that Sir Derek Rayner had now told her that, in view of his increasing commitments to his company, he must ask to be released from the leadership of the Unit which bore his name. She had accepted this

INDUSTRIAL  
AFFAIRS

---  
National  
Health  
Service Pay

Previous  
Reference:  
CC(82) 50th  
Conclusions,  
Minute 4

National  
Coal Board  
Pay  
Negotiations

Previous  
Reference:  
CC(82) 46th  
Conclusions,  
Minute 3

Coalmining:  
Wale of  
Belvoir

Previous  
Reference:  
CC(82) 12th  
Conclusions,  
Minute 1

RESIGNATION  
OF SIR DEREK  
RAYNER

**CONFIDENTIAL**

decision with great regret, and with warm gratitude for what Sir Derek Rayner had achieved. Sir Derek Rayner had agreed to continue to be available to offer general advice and complete certain tasks which he had undertaken personally on behalf of some Departments. The Rayner Unit would continue to operate under the direction of Mr Clive Priestley, who had assisted Sir Derek Rayner in the work of the Unit since its inception in May 1979.

In discussion the Cabinet unanimously endorsed the Prime Minister's regret at Sir Derek Rayner's decision, and expressed its gratitude for what he had achieved. Working in and through the Civil Service, he had brought about a new attitude to management and efficiency; it was a remarkable achievement.

The Cabinet -

Instructed the Secretary of the Cabinet to convey formally to Sir Derek Rayner an expression of the Cabinet's regret at his decision to ask to be released from the leadership of the Rayner Unit, and its gratitude for all that he had achieved since the Unit was created.

Cabinet Office

9 December 1982