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CC(82) 45th
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 28 OCTOBER 1982
at 10.30 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

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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

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

- Sir Robert Armstrong
- Mr P L Gregson (Item 5)
- 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 M S Buckley (Item 5)
- Mr L J Harris (Items 1 and 2)

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PARLIAMENTARY
AFFAIRS

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

Heavy Lorries:
Immigration
Rules

THE CHIEF WHIP said that the Secretary of State for Transport intended to lay regulations providing for an increase in lorry weights on Thursday 4 November. Although there had been a slight weakening of the opposition to heavier lorries, great pressure was being exerted on many Members of Parliament (MPs) by their constituents, and there was a strong possibility that because of resistance from some of their own supporters the Government would be unable to carry the regulations. Whether or not the Government would succeed in securing a majority during the forthcoming debate on the White Paper on changes in the Immigration Rules depended to a large extent on the attitude adopted by the minority parties. If the Government were to be defeated on both these issues in the period up to the Christmas Adjournment, it would have a serious effect on morale on the Government side, and would make it much more difficult to manage Government business generally in the new Session.

Heavy Lorries

THE SECRETARY OF STATE FOR TRANSPORT said that the lorry industry was virtually paralysed because of the long delay in reaching a decision on heavier lorry weights. Further delay would be likely to increase the opposition. The vehicle industry had been deplorably ineffective in putting its case across, but it was clear from the Armitage Report that the introduction of heavier lorries would cause no serious environmental damage, and would bring considerable industrial benefits. The Amalgamated Union of Engineering Workers, a large number of whose members were employed in the vehicle construction industry, were putting pressure on Opposition MPs not to oppose the regulations, though the Transport and General Workers Union and the railway unions were opposed to any changes. The main opposition among Government supporters came from Members from Kent and the south western counties; he had seen both groups, and had made some progress in putting across the Government's case, though the south western Members were still largely intransigent. Once the regulations were published, it would become apparent that the increase in lorry weights was only one item in a package which contained many items to control the nuisance caused by heavy vehicles, and he believed that support for them would increase. A debate earlier in the year had indicated that there was much greater understanding of the Government's position in the House of Lords than in the House of Commons.

THE HOME SECRETARY said that the British Nationality Act 1981 made changes in the Immigration Rules essential. The recently published White Paper containing the Government's proposals had been fiercely attacked by a group of their own supporters, in spite of the very effective presentation of it by the Minister of State, Home Office. It was, however, clear that any proposals which would satisfy this group would meet with equally strong opposition from a similar number of other Government supporters, and would be impossible to carry in the House of Lords. If the Government failed to win the vote during the forthcoming debate on the White Paper, a long and damaging dispute would almost certainly break out within the Conservative Party, and it would become very difficult to secure Parliamentary authority for any new Immigration Rules; but the British Nationality Act made new rules essential. A Government victory on the White Paper would go a long way towards breaking the deadlock, though there were some indications that the Opposition might abstain in the vote on the White Paper, but vote against the subsequent rules implementing its proposals.

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that when he announced the Government's proposals for grant penalties in 1983-84 for local authorities spending more than their target, there was bound to be strong criticism by many Conservative-controlled authorities. This could well result in a backbench revolt by a significant number of Conservative MPs. At a meeting with some members of the shire county authorities the previous day, there had been encouraging signs that some of them would try to contain the increase in their current expenditure, but others had made it clear that they would use every means at their disposal to frustrate the Government's plans. In no case, however, did any of the Conservative-controlled authorities he had seen appear to envisage the need to spend more than 1 per cent above target.

THE SECRETARY OF STATE FOR EMPLOYMENT said that he was likely to encounter difficulties similar to those identified by the Home Secretary on the new Immigration Rules when he sought Parliamentary authority for the new code on race relations submitted to him by the Commission on Racial Equality.

THE PRIME MINISTER, summing up the discussion, said that it was of the utmost importance that all Ministers should do everything possible to minimise unnecessary differences among the Government's own supporters during the remainder of the present Parliament. The Secretary of State for Transport should circulate to all members of the Cabinet a list of those Conservative Members who were thought likely to

Immigration
RulesLocal
Government
FinanceRace
Relations
Code

oppose the proposed regulations on increased lorry weights, so that additional pressure could be put on them as opportunity offered. The proposed targets for local authority current expenditure were entirely reasonable in view of the current inflation forecast, and the Government had no need to contemplate concessions to local authorities who were building unrealistically pessimistic assumptions into their budgets for 1983-84. There was a growing public awareness of the need for realism in local authority expenditure, and in many areas there was increasing evidence that councillors were not in tune with the views of the great majority of their ratepayers.

The Cabinet -

Invited the Secretary of State for Transport to circulate to all members of the Cabinet a list of Conservative Members thought to be opposed to changes in heavy lorry weights, as indicated in the Prime Minister's summing up of their discussion.

2. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the media had presented the results of the elections to the Northern Ireland Assembly as an outstanding success for Sinn Fein and as a catastrophe for the Government. Sinn Fein had indeed done slightly better than in the 1981 local elections, when they had stood as H Block candidates, but the impression given by the media was misleading. On the positive side, the Reverend Ian Paisley, whose influence had been increasing over the last few years, had lost ground. The Social Democratic and Labour Party (SDLP) share of the vote had held up, and would have been larger if they had not declared their intention of taking no part in the Assembly: this had led some of their supporters to vote for Sinn Fein. The Assembly could and would be set up. The Reverend Ian Paisley would co-operate in it, and so would the Alliance Party. The Official Unionists were the stumbling block; most welcomed the prospect of the Assembly, and wanted to make it work, but a minority element was disruptive and wanted either full integration with Great Britain, which would lead to a bloodbath, or simple majority rule. He would make it clear to the Official Unionists that disruption of the Assembly would have a disastrous effect on security. Judgment had to be reserved on what the Assembly was likely to achieve, but it would represent a step forward. It was not possible to offer the SDLP any enticements to participate in the Assembly without causing the Unionists to walk out. An improvement in Anglo-Irish relations, which was needed before the SDLP would change its mind, could not be achieved while Mr Haughey was Prime Minister of the Irish Republic, and when Mr Haughey lost office it would take a considerable effort to repair the damage that had been done. In the period leading up to the

election, the Provisional Irish Republican Army (PIRA) had stopped its attacks. The Irish National Liberation Army (INLA) had caused a certain amount of damage, but it had been containable. Since the election, the PIRA had resumed its attacks on the security forces, partly in order to make a demonstration before its annual conference in Dublin the following weekend. Three police officers had been killed the previous day. The Loyalists had committed retaliatory murders, choosing their targets at random like the INLA. Some of these murders had been accompanied by appalling brutality. A very difficult situation had developed in the prisons, where Nationalists and Loyalists were both taking action to achieve segregation, as part of their campaign for political status. The Loyalists had started a "dirty" protest, and so the Nationalists had had to be moved. Thus de facto segregation had almost been achieved. 25 per cent of prisoners in the Province were serving life sentences; most of them were young, and the situation was always tense. In general, the security forces were basically optimistic about the future, though there would be no lack of problems. He had no doubt that the Government's decision to set up the Assembly had been correct. Suggestions that the setting up of the Assembly had caused the recent violence were false and mischievous. There had been less violence in Northern Ireland this year than in any year since 1969, and the Government's present policies offered the only hope of further progress.

The Cabinet -

1. Took note.

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Receivers had been allowed maximum flexibility in order that every chance of saving the De Lorean car factory could be explored. After a fourth deadline finance had still not been forthcoming, and liquidation was likely to follow shortly. After Mr De Lorean had been charged with drug offences in the United States a number of potential buyers had shown interest in the company's assets, but it was unlikely that much could be salvaged.

In discussion it was noted that the Public Accounts Committee (PAC) seemed likely to investigate the De Lorean affair. Its Chairman, Mr Joel Barnett MP, had been a Minister in the Labour Administration which had decided to give Government support to the project. It seemed inappropriate that he should preside over the investigation. Other members of the PAC were very concerned, as were other members of the former Labour Administration.

De Lorean
Previous
Reference:
CC(82) 19th
Conclusions,
Minute 5

The Cabinet -

2. Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that meetings in Washington between representatives of the seven Economic Summit countries plus the Presidency and Commission of the European Community, followed by a meeting of the Foreign Ministers of the Community in Luxembourg, had resulted in a measure of progress. There would be a further meeting in Washington shortly. Departments concerned had been fully consulted in the formulation of the British representative's instructions. The Community had endorsed the approach advocated by the United States Secretary of State, Mr Shultz, and had accepted the format of the American "non-paper" which formed the basis of the current discussions. The object of these discussions was to reach agreement on principles and guidelines for the conduct of East-West economic relations and thereby to enable President Reagan to lift the measures he had imposed upon European firms. Meanwhile the Europeans would be entering into no new commitments.

In discussion concern was expressed that readiness to engage in the analysis foreseen in the American non-paper, and in particular in the proposed study of the export to the Soviet Union of high technology of possible strategic importance including oil and gas equipment, might be a first step along the road to accepting the restrictions in this area which the Americans were seeking; and that this could have serious consequences for British exporters. It could be dangerous for the United Kingdom to agree to a study, the outcome of which was likely to be unacceptable. As against this it was pointed out that it had been made quite clear to the Americans that British (and European) agreement to undertake the proposed studies would be entirely without prejudice to their outcome. The American non-paper, as revised, involved no commitment incompatible with British trading or other interests. Unless the Europeans were prepared to move towards the United States position to the extent reflected in the non-paper, it would be impossible to achieve the compromise necessary to get the Americans off their own hook and enable Mr Shultz to persuade President Reagan to lift sanctions. It was in any case doubtful whether the current discussions would achieve this: the French continued to be obstructive and the prospects for agreement were not high.

THE PRIME MINISTER, summing up the discussion, noted that some Departments felt the need for further information about the current discussions and their implications. In addition to the Foreign and Commonwealth Office, the Department of Trade and the Treasury, the Departments of Industry and Energy and the Ministry of Agriculture,

Fisheries and Food had a direct interest. It would be helpful if the Foreign and Commonwealth Secretary could circulate urgently a short note to his colleagues summarising the present position.

The Cabinet -

1. Invited the Foreign and Commonwealth Secretary to circulate a note on the lines indicated by the Prime Minister.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United Nations General Assembly debate was now expected to begin on 1 November with the vote being taken on 3 or 4 November. Intensive lobbying by the United Kingdom against the draft resolution inspired by Argentina continued. Prospects were for a reasonable number of abstentions but very few votes against.

THE SECRETARY OF STATE FOR DEFENCE, reporting on his recent visit to the Falkland Islands, said that the Armed Services were doing a magnificent job in the face of formidable difficulties. The Royal Engineers had in effect built a new temporary airfield in record time which was capable of taking combat aircraft. A new permanent airfield with an 8,000 ft runway would be required to take VC10 aircraft and wide-bodied jets. Meanwhile air communications with the Falkland Islands remained hazardous and uncertain. On the ground members of the Services were working up to 17 hours a day in bad weather conditions and with poor accommodation. Morale was high and relations with the civilian population good. Looking to the longer term, the Falkland Islands could afford unique facilities for combined training by the three Armed Services. It would however be desirable to accommodate the Services away from Port Stanley as soon as this was practicable. Force levels were at present of the order of 4,000 men and it was difficult to see how to get the numbers down. Air defence alone would require 1,000 Royal Air Force personnel and the Army was already down to one battalion group. Meanwhile the problems created by the aftermath of war were immense, although remarkable progress was being made. The hundreds of Argentine dead who were scattered over the battlegrounds, many of them in areas which had been indiscriminately mined, represented a particularly urgent problem. Efforts made through the diplomatic channel to persuade Argentina to accept responsibility for the Argentine war dead had been unsuccessful. It would probably be necessary for the United Kingdom to arrange for burial on the Falkland Islands, although the establishment of Argentine war cemeteries there would create a focus of continuing Argentine interest in the Islands, which it would be preferable to avoid.

Falkland
Islands
Previous
Reference:
CC(82) 44th
Conclusions,
Minute 2

THE PRIME MINISTER, summing up a short discussion, said that the problem of the Argentine war dead must be dealt with urgently. Fresh efforts should be made to persuade Argentina to take back the bodies: world opinion could perhaps be mobilised to put pressure on the Argentine Government to this end.

The Cabinet -

2. Took note.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the meeting between President Reagan and the Arab League Delegation headed by King Hassan of Morocco, which had taken place in Washington on 22 October, had gone much as expected. The Delegation's visit to London, originally scheduled for 8 November, had been postponed to enable the Saudi Arabians to have prior consultations with their Gulf colleagues. An alternative date, 24 November, had been suggested but was not yet firm.

The Cabinet -

3. Took note.

4. THE FOREIGN AND COMMONWEALTH SECRETARY reported that the Council had settled the means of implementing the 25 May Agreement on refunds for 1982, subject to a French reserve. The negotiations had been tortuous but the outcome was satisfactory. The Council had also agreed to make a Community demarche to Argentina about the resumption of commercial relations.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that all member states except Denmark had now agreed to a Common Fisheries Policy which brought many advantages to the United Kingdom. The quotas granted to the United Kingdom were better than for many years; the access provisions were better than ever before and the agreements on conservation and control were also very good for our industry. All three of the organisations representing the United Kingdom industry had accepted the agreement, but only after some difficult discussions. The Danish Government now had 10 days to say whether Denmark also could accept. It was essential to keep up pressure on Denmark and Germany held the key. The Prime Minister

Middle East

Previous
Reference:
CC(82) 44th
Conclusions,
Minute 2

COMMUNITY
AFFAIRS

Council of
Ministers
(Foreign Affairs)
25-26 October

Council of
Ministers
(Fisheries)
25-26 October

would no doubt be discussing the matter with Chancellor Kohl at the Anglo-German Summit. There was a risk that, in their anxiety to get the matter settled before the elections in Hamburg in December, the German Government would urge the United Kingdom to make further concessions. Such pressures had to be resisted. The support of the United Kingdom industry would be lost if any further concessions were made.

THE SECRETARY OF STATE FOR SCOTLAND, agreeing, said that the industry's acceptance of the package had been a major achievement by the Minister of Agriculture, Fisheries and Food. It had been a difficult decision for the industry and there was no chance that they would agree to any further concession to Denmark now that nine member states had accepted the terms.

THE SECRETARY OF STATE FOR INDUSTRY reported that an agreement with the United States had been achieved just before the deadline had expired on 21 October. There was no doubt that the British steel industry was much better off with an agreement than it would have been without one. The Foreign and Commonwealth Secretary had rightly sent a warm note of congratulations to Vice President Davignon who had conducted the negotiations with great skill.

The Cabinet -

1. Took note.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that there was evidence that the Commission's resistance to the proposal to sell butter to the Soviet Union was weakening. He considered that the United Kingdom should maintain its opposition even if the Commission changed its mind. After a short discussion this was agreed.

The Cabinet -

2. Agreed that the United Kingdom should continue its policy of opposition to any further sales of butter to the Soviet Union and invited the Minister of Agriculture, Fisheries and Food and the Foreign and Commonwealth Secretary to proceed accordingly.

Steel
Previous
Reference:
DC(82) 43rd
Conclusions,
Minute 3

Steel
Butter to
the Soviet
Union

INDUSTRIAL
AFFAIRS

National Health
Service Pay
Dispute

Previous
Reference:
CC(82) 44th
Conclusions,
Minute 4

5. THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the trade unions in the National Health Service (NHS) were seeking a mandate from their members for all-out industrial action, subject to maintaining emergency cover. This process of consultation would take several weeks. It was possible, though not certain, that it was a device to buy time for the unions to decide their strategy after the national day of action planned for 8 November. There was likely to be a substantial response from NHS staff on that day, though probably on a lesser scale than on the previous national day of action on 22 September. He hoped that his colleagues would avoid approving pay offers or settlements in parts of the public sector under their control which were significantly above the pay factor for 1983-84 of 3½ per cent. Any such offers for settlements would make it harder to resolve the NHS dispute.

The Cabinet -

Took note.

Cabinet Office

28 October 1982