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Conclusions

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CABINET

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

THURSDAY 10 MAY 1979

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 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 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 MP
Secretary of State for Education and
Science

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
Sir Clive Rose (Items 2 and 3)
Mr M D M Franklin (Items 2 and 3)
Mr P Le Cheminant (Item 1)
Mr P J Harrop (Items 4 and 5)
Mr P Mountfield (Item 1)
Mr D E R Faulkner (Items 4 and 5)

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1. THE PRIME MINISTER said that, since this was the first formal Cabinet meeting of the new Administration, it would be appropriate to take note of and record the conclusions reached at an informal meeting of Cabinet Ministers on 8 May.

The Prime Minister then summed up a brief discussion on these points as follows:

- a. Police pay. The rates of pay recommended by the Edmund-Davies Committee for implementation on 1 November 1979 would be paid in full from 1 May. This decision had been communicated to the Police Federations, and had been announced the previous day. The Government would pay its usual proportion of the additional cost to the local authorities through specific grants and the Rate Support Grant. This should not be regarded as a precedent for any other groups.
- b. Armed Forces pay. The full military salary recommended in the eighth report of the Armed Forces Pay Review Body should be paid in full from 1 April 1979. The Cabinet recognised that this might mean a brief period of overlap between the rates for Brigadiers and the rates for Major Generals. This was inevitable until a decision had been taken on the report of the Top Salaries Review Body. The position on Service doctors and dentists was unclear: and she would resolve it in discussion with the Chancellor of the Exchequer, the Secretary of State for Defence and the Secretary of State for Social Services, immediately after the Cabinet meeting. The cash limit for the Defence Budget in 1979-80 would be increased to allow for the cost of the new military salary. The Cabinet noted that the Secretary of State for Defence would bring forward separately additional proposals for various minor improvements in Service benefits, including a bounty for members of the Territorial Army Volunteer Reserve.
- c. Devolution. The Secretary of State for Scotland and the Chancellor of the Duchy of Lancaster would bring forward a paper on Devolution for consideration by the Home Affairs Committee at an early stage.
- d. Reduction in Government circulars. The Cabinet set itself a target of reducing the issue of Government circulars to local authorities (both local government and health authorities) by two-thirds. All such circulars should contain an estimate of the cost in manpower and in money. Circulars affecting local government should be cleared in advance with

the Department of the Environment and the estimates of cost should be agreed with the Treasury. Any circulars affecting Scotland or Wales should also be cleared with the Scottish and Welsh Offices as appropriate. She had arranged for the Head of the Civil Service to monitor progress and to let her have an initial report in four weeks' time.

e. Controls over local government. The Secretary of State for the Environment, in consultation with the Secretaries of State for Scotland, Wales, Social Services, and Education and Science, and the Minister of Transport, should carry out an early review of statutory controls by central Government over local government, with a view to early legislative action to reduce them.

f. Freeze on Civil Service manpower. There would be an immediate freeze on recruitment to the Civil Service for a period. The Cabinet recognised that there would have to be certain exceptions from the freeze in specific areas, with the approval of the Departmental Ministers concerned. During this period, Ministers would undertake an urgent examination of functions to secure reductions in Civil Service manpower. The Lord President of the Council would bring forward to the Cabinet urgently proposals to this end.

g. Comparability Commission. The Cabinet would need to consider urgently the future role of the Standing Commission on Comparability established by the previous Government. She would arrange for a paper to be prepared as background to this discussion.

h. Price Commission. The Secretary of State for Trade would bring forward a paper about the future of the Price Commission to the Ministerial Committee on Economic Strategy the following week.

i. Pay negotiations - nationalised industries. Responsible Ministers should stand back so far as possible from pay negotiations, and should take responsibility for giving guidance to the nationalised boards concerned in bilateral consultation with colleagues most closely concerned.

j. Reduction of waste. In addition to the freeze on Civil Service manpower and the reduction of circulars already mentioned, all Ministers in charge of Departments should make it their personal responsibility to pursue the promotion of efficiency and the elimination of waste in their Department and through the reduction of quasi-autonomous non-governmental

organisations for which they were responsible. This campaign would be assisted by the appointment of Sir Derek Rayner to advise her on these matters. All Ministers in charge of Departments should send her progress reports by 7 June recording the action taken up to that point and proposals formulated for achieving economies.

The Cabinet -

Took note with approval of this summing up of their discussion by the Prime Minister, and invited the Ministers concerned to be guided accordingly.

FOREIGN AFFAIRS

Rhodesia

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that early decisions would be required on Rhodesia, and he would be circulating a paper for early consideration by the Defence and Oversea Policy Committee. He would be seeing his Community colleagues at an informal meeting in France during the coming weekend, and the United States Secretary of State, Mr Vance, on 21 and 22 May. Lord Boyd's report on the elections in Rhodesia should be available on 16 May and there would be a need for a debate in Parliament. The Government's objective, as set out in the Manifesto, was not in doubt: but we should aim to achieve it with the minimum damage to our other interests.

Namibia

THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in Namibia had taken a turn for the worse. The South African Government had rejected the United Nations' proposal for supervised elections, but the door was not entirely closed and our aim should be to try to keep negotiations going. The Government were committed not to accept economic sanctions against South Africa, but we should do all we could to avoid getting into a position where we had to veto alone. We were in close touch with the other members of the five member Contact Group about the handling of this problem.

The Cabinet -

Took note.

COMMUNITY AFFAIRS

3. THE FOREIGN AND COMMONWEALTH SECRETARY said it was likely that the European Economic Community (EEC) would be moderately quiescent until after the elections in Italy on 3 June and the direct elections to the European Parliament on 7-10 June. His forthcoming meeting with the other EEC Foreign Ministers would enable him to explain the Government's general approach to the Community.

In a brief discussion the following points were made -

a. The visit of Chancellor Schmidt would be used to underline the Government's European commitment but to stress that if we were to carry public opinion on this we should need German help over our legitimate interests on fisheries, the Community Budget and the Common Agricultural Policy.

b. An informal meeting of Agriculture Ministers early next week would allow the Minister of Agriculture, Fisheries and Food to sound out the attitude of his colleagues towards the forthcoming negotiations on agricultural prices. The activities of his predecessor had created a disposition to line up against the United Kingdom.

c. The Chancellor of the Exchequer would be developing the British case on the Community Budget at the Council of Ministers (Finance) on 14 May.

d. During the Election campaign the Government had committed itself firmly to securing a satisfactory settlement on the Common Fisheries Policy and this had helped to win several seats in Scotland. The way in which the original members of the Community had rushed through the Common Fisheries Policy before our accession had been disgraceful, as our Community partners now recognised. The Minister of Agriculture and his Minister of State would be sounding out opinion within the Community and were hopeful that a sensible solution could be speedily found. While they had not admitted as much in public, the Scottish fishery industry recognised that an exclusive 50-mile zone was not negotiable. Moreover, it was pointed out that the port of Lowestoft took 80 per cent of its catch within 50 miles of other countries' coastlines. On the other hand it was essential for us to have exclusive control over what happened within 50 miles of the United Kingdom coast. The Government needed to settle this vital issue before the accession of Spain to the Community.

The Cabinet -

Took note.

QUEEN'S
SPEECH ON
OPENING
PARLIAMENT

4. The Cabinet had before them a memorandum by the Home Secretary (C(79) 1), to which was attached a draft of The Queen's Speech on the Opening of Parliament.

THE HOME SECRETARY said that the draft had been prepared by The Queen's Speeches and Future Legislation Committee (QL) and was based on the assumption that the Session would continue until the autumn of 1980. It was intended to be an action-oriented Speech concentrating on what the Government would do, as distinct from making general statements of aspirations. Departmental Ministers had made a number of suggestions; QL had done their best to meet them, but it was important to avoid giving any unnecessary financial commitments and to keep the length of the Speech within acceptable limits. The references to overseas aid, to the Price Commission and to Scotland and Wales raised matters requiring further consideration.

In discussion, it was suggested that mention should be made of the Strategic Arms Limitation Talks on which the United States Government were anxious for our support. The United Kingdom had not however been party to the negotiations and many of the Government's supporters in Parliament would be opposed to the outcome. On the other hand, to omit all reference might prejudice the co-operation of the United States with us on certain other matters. It was agreed that a reference to the progress of disarmament should be included, but drafted in suitably general terms.

On overseas aid, it was suggested that the sentence should be amended to take account of the changes which were needed in the size and shape of the programme and to avoid giving the impression that expenditure would remain at its present level. The alternative of omitting the sentence or of redrafting it in a way suggesting that aid would be limited would cause unnecessary concern in the developing countries. A reference should therefore be retained but the sentence should be redrafted to avoid any impression that current expenditure levels would necessarily be maintained.

In further discussion it was argued that the reference to legislation on trade unions should be in terms consistent with the completion of normal consultations with the interests concerned. The impression should not be given, however, that such discussions would deflect the Government from introducing legislation that was needed. The words "at the earliest opportunity" should accordingly be omitted. It was pointed out that there was no reference to regional aid for industry. Although there should be no suggestion that expenditure would be maintained at a particular level, the Government's commitment to regional policy, as indicated in the Manifesto and

during the Election campaign, should be reflected in the Speech. Legislation on the Price Commission would be considered at a future meeting of Ministers; the sentence referring to it should therefore be omitted. References should be included in The Queen's Speech to the repeal of both the Scotland Act and the Wales Act, and should be in similar terms. The reference to changes in House of Commons procedure should avoid any suggestion that separate Select Committees should be appointed to scrutinise the work of each Government Department. The timing of any debate on procedure would need to be carefully considered and an early debate should not be promised in the Speech.

A number of drafting amendments were agreed.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet approved the draft Speech, subject to the amendments agreed and to further consideration by the Ministers concerned of the points outstanding from the discussion.

The Cabinet -

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

LECTIVE
POSSIBILITY

5. THE PRIME MINISTER said that she would be circulating the usual document giving guidance to Ministers on procedural matters. There were a few points to which she would be drawing the attention of Ministers specifically. It was important that the Government should work as a team from the very outset. It would be necessary to maintain the strictest standards of confidence in Cabinet and between members of the Cabinet. The principle of collective responsibility must prevail absolutely and should outlast the office. As Ministers maintained confidence among themselves, so they had a right to expect the same confidence to extend between Ministers and their senior officials. Whatever were done about deliberate open Government, there must be no unauthorised leaking of confidential information.

The Cabinet -

Took note, with approval, of the Prime Minister's statement.

Cabinet Office

10 May 1979