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CC(82) 12th
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 25 MARCH 1982
at 10.00 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 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 Education and Science

The Rt Hon Francis Pym MP
Lord President of the Council

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

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
Lord Privy Seal

The Rt Hon John Biffen MP
Secretary of State for Trade

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
Chancellor of the Duchy of Lancaster

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
Paymaster General

SECRET

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr R L Wade-Gery (Items 2 and 3)
Mr D J S Hancock (Items 2 and 3)
Mr D H J Hilary (Item 1)
Mr R M Whalley (Item 1)

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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.

Nurses' Pay

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that he was due to meet the staff side of the Whitley Council for Nurses and Midwives on 29 March, at their request, to discuss the pay offer to nurses of 6.4 per cent. The unions had said that they were not happy with this offer, but he would make it clear that no more money was available. He would be seeing the management side separately. While the detailed negotiations were a matter for the Whitley Council, he would remind the unions that nurses had been treated exceptionally favourably since the Government came to office: the numbers of nursing and midwifery staff in the National Health Service had already increased by 34,000 and the total pay bill by 76 per cent, and the working week had been reduced to 37½ hours. The union leaders understood the force of these arguments, and there was a reasonable chance that they would accept the Government's offer.

THE PRIME MINISTER, summing up a short discussion, said that the Government endorsed the line which the Secretary of State proposed to take in discussion with the unions. The outcome of the nurses' pay settlement would be closely scrutinised by other groups in the public sector. As the economic position of the country improved, it was important to discourage expectations of higher pay settlements. While the pay of some nursing staff was not high, the Government had significantly improved the pay and conditions of nurses generally. It would be helpful if the Secretary of State for Social Services could circulate to the Cabinet a note setting out the changes in the numbers and pay of each grade of nursing and midwifery staff since the Government came to office.

The Cabinet -

1. Invited the Secretary of State for Social Services to circulate a note setting out the changes in the numbers and pay of each grade of nursing and midwifery staff since the the Government came to office.

Coal Mining:
Vale of Belvoir

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that he would be making a statement in Parliament later that day about the outcome of the planning inquiry following the application of the National Coal Board (NCB) for new coal-mines in the Vale of Belvoir area. He had not been able to accept the recommendation of the inspector that limited approval be given, for the mines but not for the spoil tips. The application had related to three separate proposals and for legal reasons it was not open to him to distinguish between the merits of each in his decision. Were it not for that, he would

have been inclined to grant planning permission for mines at Asfordby and Saltby subject to acceptable proposals for spoil disposal. He would make it as clear as he could that the Government accepted that mining in the North-East Leicestershire coalfield should be developed. He would arrange urgently for his officials to explain to the NCB that it was open to them to submit a fresh application straightaway, and he would be writing to those principally concerned with a view to initiating discussions on how the spoil disposal problem could be overcome. If the local authority were able to approve a fresh application, as seemed possible, a new planning inquiry might not be necessary.

THE SECRETARY OF STATE FOR ENERGY said that the NCB would be extremely disappointed at the outcome of their application. He was in close touch with the Chairman, Sir Derek Ezra, and would be seeing the outgoing President of the National Union of Mineworkers (NUM), Mr Gormley, and the Secretary of the Leicestershire area of the NUM, Mr Jones, later that morning. It was important that the NCB submit a more limited application urgently and that it be resolved before the next negotiations on miners' pay. It was essential not to undermine the position of the East Midlands mineworkers, whose support was crucial to the moderate elements within the NUM.

THE PRIME MINISTER, summing up a short discussion, said that the Cabinet recognised that there was no alternative to the Secretary of State for the Environment's turning down the application. A great deal was at stake, and every effort should be made to ensure that the decision was not misinterpreted. Urgent attention should now be given to ensuring that the NCB submitted a fresh application which stood a reasonable chance of succeeding. The reasons for the decision of the Secretary of State and the action the Government was taking would need to be carefully explained in Parliament, in briefing the press, and in discussions with the Government's supporters with constituencies in the area and with the NUM. There was likely to be pressure for debates in both Houses of Parliament. It would be helpful if the Secretary of State for the Environment could circulate to the Cabinet the text of his letter to the NCB setting out his decision.

The Cabinet -

2. Invited the Secretary of State for the Environment to circulate the text of his letter to the National Coal Board setting out his decision on their application for coal-mining in the Vale of Belvoir area.

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that a serious situation had arisen in the island of South Georgia which was a dependency of the Falkland Islands inhabited only by about 30 members of the British Antarctic Survey manning the permanent station at Grytviken.

There was an abandoned whaling station at Port Leith which was being disposed of by its British owners to a scrap merchant known to have acted as an agent provocateur for the Argentine Government. An unarmed Argentine naval transport vessel had in this context without authorisation landed a party of some 60 Argentine civilians and a quantity of equipment at Port Leith on 19 March. The Argentine Government had been requested to ensure their immediate departure and had agreed to do so. When their naval vessel left about 10 members of the party had remained behind and were still there. The position had been explained to the House of Commons, where feelings were running high. HMS Endurance, a survey ship of the Royal Navy, was now at Grytviken and could at any time remove the remaining Argentinians in order to take them to Port Stanley for repatriation. Public opinion in Argentina was also, however, in a highly charged state over the incident, and there was a real risk that, if Endurance removed the remaining 10 Argentinians from Port Leith, Argentine warships in the area might either intercept Endurance on her way back to Port Stanley, or carry out some counter-action against the Falkland Islands themselves. Efforts were therefore being made to persuade the Argentine Government to arrange for the departure of those concerned. If they failed to do so, Britain would face a very difficult policy decision. The Foreign Ministry in Buenos Aires seemed disposed to be helpful, but attitudes among the ruling military junta were less co-operative. Whatever happened, there seemed certain to be an adverse effect on the current negotiations with the Argentine Government over the Falkland Islands issue. In that event the Argentine Government might then cut off the Islands' only existing air link with the outside world, and Britain would then need to sustain the Islanders' supplies and communications by other means, which were bound to be expensive. If the Argentines thereafter threatened military action, Britain would face an almost impossible task in seeking to defend the Islands at such long range.

In the course of a brief discussion it was noted that existing plans to withdraw HMS Endurance from service might now need to be reconsidered by the Secretary of State for Defence on his return. She was the sole Royal Navy ship in the area, but she was only on station for part of the year and was not heavily armed.

Central
America

THE FOREIGN AND COMMONWEALTH SECRETARY said that it was not clear what would be the outlook of the new military regime which had seized power in Guatemala. The coup seemed certain to increase instability in the area, and it might be necessary to reconsider existing plans for the withdrawal of British forces from Belize. Meanwhile British television reporters seemed to be presenting a very unbalanced view of the position in El Salvador and to be exaggerating the extent to which the fighting there was undermining the credibility of the impending elections. If the existing regime won the elections, it seemed likely that they would agree to open negotiations with the guerillas; but they could not be expected to say so until the campaign was over.

In the course of a brief discussion some disquiet was expressed at the possibility of British forces remaining in Belize if the situation in the area was deteriorating. Britain did not have to be guided by the wishes of the Prime Minister of Belize, Mr Price, and it might not be easy to find an alternative moment for disengagement. On the other hand Britain's moral obligations to her friends could not be disregarded, and there well might be criticism in Parliament of too precipitate a withdrawal in present circumstances.

Bangladesh

THE FOREIGN AND COMMONWEALTH SECRETARY said that the recent military take over in Bangladesh had come as no surprise. Mr Sattar, the deposed civilian President, was elderly and had taken office only with reluctance. His regime had done little towards solving the country's very real political, economic and administrative problems.

Arab/Israel

THE FOREIGN AND COMMONWEALTH SECRETARY said that he would be visiting Israel the following week. Serious trouble had erupted in the Israeli-occupied Arab territories on the West Bank of the Jordan. The Israelis had now removed the Arab mayors of Nablus and Ramallah; and it was possible that they would seek to annex the whole area, although they might be restrained by the prospect of the large increase in Israel's Arab population which that would involve. Britain was consulting her European partners about the line to be taken at the United Nations, where active consideration of the crisis was continuing.

The Cabinet -

Took note.

Previous
Reference:
CC(82) 6th
Conclusions,
Minute 2

COMMUNITY
AFFAIRS---
30 May MandatePrevious
Reference:
CC(82) 11th
Conclusions,
Minute 2

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the discussion of the Mandate in the Council of Ministers (Foreign Affairs) on Tuesday 23 March had begun in a desultory way but the Presidency and the Commission had then suddenly proposed a new scheme. No delegation was prepared to discuss it in detail that day and, after a few preliminary comments had been made, Foreign Ministers had agreed to meet again in Luxembourg on Saturday 3 April to discuss it. The new scheme had some good features but it would need to be changed substantially if it were to be acceptable to the United Kingdom. The Foreign and Commonwealth Secretary would do his best to secure the necessary changes on 3 April. In the meantime, the atmosphere in the Community would by then no doubt have got worse because the Minister of Agriculture, Fisheries and Food would have been unable to agree to a farm price settlement at the Agricultural Council on 31 March-2 April. The question of the Mandate was not likely to figure formally on the agenda at the European Council on 29-30 March but the Prime Minister would no doubt wish to take the opportunity to make plain the position of the United Kingdom.

Commercial and
Economic
Relations with
JapanPrevious
Reference:
CC(82) 7th
Conclusions,
Minute 3

THE SECRETARY OF STATE FOR TRADE said that the Council of Ministers (Foreign Affairs) had agreed on 22 March to use the procedures in Article XXIII of the General Agreement on Tariffs and Trade (GATT) to put pressure on the Japanese Government. This Article enabled parties who did not receive the expected benefits of liberalised trade arrangements to discuss the matter with the other parties concerned. If no agreement could be reached bilaterally, there was a procedure for taking matters a stage further. The advantage of using this Article of the GATT was that it kept the discussions with Japan within the framework of the multilateral system. The GATT discussions would enable the Community to put points to Japan about their macro-economic policy as well as their commercial policy. The Italians had been troubled by the proposal to use Article XXIII because they feared that the Japanese might be able to show that Italian protective arrangements were worse than those of Japan. The Italians had finally come into line, and it was to be hoped that the bilateral discussions with the Japanese would be completed before the Versailles Economic Summit (4-6 June).

Cabinet Office

25 March 1982