

CONFIDENTIAL

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LEADER'S CONSULTATIVE COMMITTEE

220TH MEETING

2.30 p.m., Wednesday, 4th October 1978, in the
Leader's Room at the House of Commons.

AGENDA

1. Paper on Rhodesia by Mr. John Davies, LCC(78)188. ✓
2. A background paper on The Bingham Report by the Research Department, LCC(78)187 - attached. ✓
3. The Party Conference.
4. Attitudes to the Government's income policy.
5. Any other business.

LEADER'S CONSULTATIVE COMMITTEE

Minutes of the 220th Meeting held at 2.30 p.m. on Wednesday, 4th October 1978, in the Leader's Room at the House of Commons.

Present: Mrs. Thatcher (in the Chair)

Mr. Whitelaw, Sir Keith Joseph
Lord Carrington, Lord Hailsham,
Lord Thornycroft, Sir Geoffrey Howe,
Mr. Pym, Mr. Jenkin, Mr. Peyton,
Mr. Neave, Mr. Heseltine,
Mr. Maude, Mr. Edwards, Mr. Nott,
Mr. King, Mr. Taylor.

Mr. Atkins

In attendance: Mr. Fowler, Mr. Luce, Mr. Butler,
Mr. Stanley, Mr. Patten, Mr. Wolfson,
Mr. Ridley, Mr. Nicholson.

Apologies: Mr. Prior, Sir Ian Gilmour,
Mr. Davies, Mr. St. John Stevas,
Mrs. Oppenheim, Sir Michael Havers.

1. Rhodesia

In the absence of Mr. Davies, who had submitted a paper (LCC(78)188), Lord Carrington introduced a discussion on Rhodesia. The following points were agreed:

(i) In discussing this issue, it was vital to bear in mind the enormous economic and diplomatic interests at stake in Europe, the United Nations and the Third World generally. It should not appear that the Party's policy had been changed by activists at the Conference.

(ii) Removing sanctions might also take away a valuable negotiating card with the various Rhodesian interest groups.

(iii) We should suggest to the Conference that it should not increase the difficulties we would encounter in dealing with the Rhodesian issue when we were in office by tying our hands on sanctions before the election.

(iv) Our best line to take therefore, would be to concentrate on attacking the Labour Party in general and Dr. Owen in particular, indicate some of the difficulties of removing sanctions, and state that we understood and sympathised with the powerful emotions of the Conference but could not accept any motion or amendment to end sanctions unilaterally. It would be unwise to discuss the practical alternatives in any detail but reference might be made to the establishment of a "contact group" on the lines of that which had participated in the recent Namibia negotiations. There might still be a hope of some agreement between Mr. Smith and Mr. Nkomo.

2. The Bingham Report

Mrs. Thatcher said that this was a preliminary discussion designed to give Mr. Davies some indication of what line he might take if he thought it advisable to refer to the subject in the Conference debate, or if he was asked about it by the press at the Conference. There was a discussion and the following points were agreed:

(i) The country was likely to encounter serious disadvantages, if not humiliation, if there were any further enquiry into the evasion of sanctions. A judicial tribunal under the 1921 Act would be particularly undesirable. But it was almost certain that the Government would wish to have a further inquiry, and the best course for us would be not to vote against one but to point out all the disadvantages of holding an inquiry in our speeches. If the inquiry were to take the form of a Select Committee, this should be a joint Select Committee of both Houses.

(ii) We should be prepared for attempts by the Government to tarnish us with some of the blame for the evasion of sanctions. We should emphasise that we did not know that the Labour Government had been a party to the "swap" arrangement, and that in the absence of contacts between civil servants and the oil companies of South Africa between 1969 and 1976 we had assumed that British oil was not going to Rhodesia. The only people who knew what was really happening were former Labour Ministers.

3. The Party Conference

There was a short discussion on other matters which would arise at the Party Conference, in particular pay policy in the light of the recent vote against the 5 per cent limit by the Labour Conference. It was agreed that we should make the point, that, once again, events and reality were forcing the Government to adopt more of our policies; the Prime Minister's references to fiscal and monetary policy in his speech on Tuesday morning underlined this.

It was also agreed that we should avoid giving the impression that our views on pay and public expenditure made us hostile to civil servants. It was understood that a number of Scottish candidates were concerned about this as it was believed that most civil servants in Scotland normally voted Conservative. It was noted that in all speeches at the Conference, and in interviews to the press and on television, we should seek to get across the argument that we were the next Government.

4. Publications

Mrs. Thatcher reported that three publications on unemployment, on law and order and on housing had been drafted and were awaiting agreement about publication. It was agreed that:

(1) We should not consider publishing any of these pamphlets before or during the Conference, but that we would consider publishing the one on housing shortly after Christmas when fresh initiatives would be most desirable.

(ii) If the pamphlet on housing was to be published, certain figures relating to the terms on which we would sell council houses would need to be omitted.

(iii) We should consider publishing a pamphlet setting out our objections to the proposal to set up a Welsh Assembly, and our proposals for the government of Wales for use in the referendum campaign.

The meeting closed at 4.15 p.m.

LCC MEETING - WEDNESDAY, 4TH OCTOBER 1978

Lord Carrington stressed that the likely sanctions amendment would put us in a very difficult position were it to be carried. Not only would the leadership appear to be being pushed on the issue but pushed too far down a road that we could not sensibly take unilaterally. The involvement of the United Nations in sanctions made the complications of doing this enormous. Furthermore, if the party leadership decided to go against sanctions now, before acceptability of the internal settlement had been properly tested, this would be going against our own (5th) principle. Once we were in office, a commitment to remove sanctions - let alone their actual removal - would constitute de facto recognition of the internal settlement in the eyes of the Patriotic Front. This would put us in an extremely weak position to act as any kind of bridge between the various parties to the Rhodesian dispute. It was also vital to bear in mind the enormous economic and diplomatic interests which would be at stake if we pursued this course, whether in Europe, the United Nations itself or the Third World.

The best line to take would therefore be to recognise that sanctions were largely futile and useless, but to stress the nature of our diplomatic obligations, thus leading to the conclusion that the party must wait till it has won office before changing from its present policy. On the practical front there was very little to be done, with one important qualification. Although Owen is wrong to suggest that there is any further hope in round-table conferences involving all major Rhodesian interests (particularly since the Viscount disaster), there would still be something to be said for a "contact group" which might undertake much the same role as in the recent Namibia negotiations. A peripatetic group drawing on such nations as West Germany, Nigeria, the United States and the United Kingdom would be able to undertake some sort of multi-lateral dialogue with the key participants while avoiding the embarrassment of face to face contact between them. By this means the differences between the parties might still be narrowed. In conclusion, Lord Carrington said that Mr. Davies's paper, LCC(78)188, seemed to impose sole responsibility on Britain's shoulders, when many others were, in reality, interested or responsible parties.

Mr. Edwards agreed with Lord Carrington. Rhodesia was by far the likeliest subject of a revolt at the Conference. The real question was how far the split between the Front Bench and the conference itself would matter.

Mrs. Thatcher asked the Chief Whip to say something about the sanctions order which would have to be passed by Parliament by 15th November. Mr. Atkins reported that the Government intended to organise a two-day debate the preceding Wednesday and Thursday (8th/9th November?), during which the Bingham Report

sanctions and Rhodesian matters generally would be debated. He had not yet had an opportunity to learn through the usual channels about how precisely the Government wanted to manage business during the two days. However, they were of the firm view - and rightly - that the House of Lords should debate the matter second. The last votes would be over by 14th November.

In the previous debates on the sanctions issue, 20 Tory MPs had opposed the Order in 1976 and 27 in 1977. On the latter occasion the Front Bench guidance to the party had been on the lines "I cannot advise My Honourable Friends to vote against this Order".

Mrs. Thatcher asked Lord Thorneycroft how he imagined the Conference would handle the issue, and in particular whether it might not be possible to tell delegates to be fairly relaxed about sanctions since they did not matter very much one way or the other. Lord Thorneycroft doubted whether we would be able to get away with a relaxed approach and sought to establish how likely it was that there could be (an election on the Rhodesian issue.) Mrs. Thatcher thought it very doubtful.

D.W. LORD T. ASKED IF THERE COULD BE A "CREDIBLE" ELECTION IN RHODESIA, NOT IN S.B. OF RHODESIA!

Lord Hailsham observed that the party must be warned very clearly of the international issues at stake. The trouble went back to Mr. Wilson involving the United Nations in the imposition of sanctions. This meant they could only be removed in two ways. First, the Security Council could vote to suspend them. This would not happen since the Russians would veto such a move. Second, sanctions would lapse on the resumption of legality in Rhodesia. Since neither method offers any hope we could only take unilateral action for the time being. This would be bound to provoke violent and painful retaliation from both our friends and foes.

Removing sanctions would also take away a valuable negotiating card, thereby committing the cardinal sin of sacrificing much of our credibility as an alternative government. To be craven about a sanctions motion would make us look extremely absurd in many quarters.

Mr. Whitelaw strongly agreed with Lord Hailsham, particularly if it came to our subsequently voting against sanctions in Parliament. He also suspected that it would pay us to stand up to the party on this issue. He was not sure that Mr. Davies's draft was the best way to handle the issue at the Conference. His own preference would be to attack Dr. Owen on every possible front in the bulk of the speech, to set out Lord Hailsham's reasons for questioning the wisdom of the removal of sanctions, and then, very briefly, to urge the rejection of the motion.

Mr. Maude questioned whether the reasons put forward for retaining sanctions as a bargaining weapon really made much sense. Lords Carrington and Hailsham seemed agreed that they

were fairly useless. If so, it was not obvious why they should be retained as a bargaining weapon. As far as he could tell, the best case for renouncing them was that it would do nothing in Rhodesia and do considerable damage to our good name elsewhere.

Mr. Taylor wondered whether there was not a middle way which Mr. DAVIES might take. He could stress to the Conference that sanctions could not be removed by us since it was a matter for the United Nations. However, we could then promise the Conference that we would go to the Security Council once we were in government and ask them to take sanctions away on the grounds of their uselessness.

Mr. King agreed with Mr. Maude and recommended that as much blame as possible should be heaped on Mr. Wilson for having imposed the sanctions through the medium of the UN. He also wondered whether it would not be prudent to have a statement ready against the contingency of our losing the motion. Mrs. Thatcher suggested that the obvious response would be on the lines that we understood and sympathised with the powerful emotions of the floor, but could not accept that the motion would bind any future Conservative Government.

Mr. Jenkin referred to a very firm warning he had received from a contact in Nigeria, who had put great stress on the vast damage which our interests there would suffer through nationalisation etc. were we to give up sanctions. Lord Hailsham observed that it was dangerous to stress the weak points in our negotiating position. It was of equal importance not to mention the two major policy alternatives - to emulate Pontius Pilate, or to despatch an expedition to Rhodesia to put things right.

Mr. Neave agreed with Mr. Whitelaw's proposals. If Britain could not remove sanctions on her own then we must say so forthrightly. This would have to be done in a new passage which would take the place of the last two sentences of Mr. Davies's paper as circulated to LCC.

Sir Geoffrey Howe agreed with Lords Carrington and Hailsham and Mr. Whitelaw. He added that, drawing on by his experiences when considering Rhodesian matters with Lord Rawlinson in 1972, it would be imprudent to accept as much responsibility as Mr. Davies wanted us to do while having so little power. It was also wrong to describe sanctions as totally useless. They did involve significant inconveniences to Rhodesians in their personal and commercial lives and should be condemned in a less extreme way. In public we should maintain the view that this fragment of an option should not be ruled out.

Mrs. Thatcher referred to the recent Bow Group letter deploring the fact that the Conservative Party had not invited Rhodesian leaders to a round-table conference in London and asked what was the legal position about the refusal of entry into the UK of Mr. Smith. Lord Hailsham explained that such

visitors would technically be in breach of the Treason Act. It was therefore very likely that a private individual or organisation would bring a private case against eg. Mr. Smith, which in all probability would lead to his arrest. The only way in which further trouble could be avoided would be for the Attorney General to issue a writ of "nolle prosequi" and that would be quite embarrassing enough. No-one could remove this risk, and while it lasted it was far better that Mr. Smith should not come to the country.

Lord Thorneycroft observed that there was a certain unreality about the discussion - talk of sanctions would do little to reduce the very real risk of a blood bath. The real question was whether a British Government could take or offer to take some steps that would be of real use. Lord Carrington pointed out that the "contact group" a la Namibienne was such a concrete suggestion. Smith and Nkomo had come quite close to an agreement until leaks by Mr. Nyerere and the shooting down of the Viscount had led to the break-down of talks. A contact group was probably the only way to build on the still significant chances of an agreement with Mr. Nkomo which, in turn, was the only possible basis for a peaceful settlement. The only other option would be multilateral intervention.

Mr. Luce felt that the right line in the Conference would be to criticise the Government and not to say too much about sanctions, as Mr. Whitelaw had suggested. There were definite attractions in Lord Carrington's proposal of the contact group. There was also the question of the formula used by Mr. Davies in the House of Commons debate of 2nd August. He had said then that our judgement on the sanctions Order would depend on first, the degree of progress towards majority rule; and second, the imminence of a free and fair election. Sir Geoffrey Howe and Mrs. Thatcher felt that events had moved too swiftly and too far for this formula to be sufficient in the present circumstances. Lord Thorneycroft pointed out that the party would face quite enough difficulties on the foreign policy front if it achieved office with things as they were currently. Why on earth should the next Tory Government be landed in still more trouble by an impractical motion about sanctions which would create nothing but complications? It was generally agreed that this point should be put before the Conference.

THE DISCUSSION ON THE BINGHAM REPORT

Mrs. Thatcher said that the LCC would have to decide what line to take on the Report - whether to agree to further inquiry and, if so, of what nature the inquiry should be. We would also need to decide our line for the debate, which would be in the nature of a post mortem. This was a preliminary discussion, but Mr. Davies might be asked about our line either in the Conference debate or by the press at the time of the Conference.

Mr. Maude said that we should agree straight away not to have a tribunal under the 1921 Act. He noted that Lord Home had said that the issue of the evasion of sanctions in this way had not arisen during the Conservative Government of 1970-74, whereas Lord Thomson had made a curious remark about carefully framing his replies to Parliamentary question which suggested that he at least intended to mislead the House. The most we should agree to was a Select Committee.

Lord Hailsham summarised the legal position. There had been a breach of British law prior to 1968 which was condoned by the Labour Government at the time when they agreed to swap arrangements which were in breach of international law. He would prefer to see no sort of inquiry - neither a Select Committee nor a judicial inquiry. It would be very damaging to the country. However, the initiative lay with the Government which would certainly grant an inquiry of some kind. We should make it clear that this was the case and point out the disadvantages of an inquiry in our speeches.

Sir Geoffrey Howe agreed vigorously with Lord Hailsham. Very few other countries - perhaps only the United States and possibly Canada - would have an inquiry on such a subject. Everyone, including Conservative Ministers, knew oil was reaching Rhodesia but we did not know by what means. A tribunal would stop any prosecution following the Bingham Report but Mrs. Thatcher recognised that we could have no influence on whether the DPP prosecuted or not.

Mr. Jenkin did not remember the question ever arising in the Treasury while he was there. There had been no Select Committee on such a subject since the Marconi Committee before 1914, and that showed how damaging it was to have an inquiry on so politically charged an issue. We should note that the Watergate case was itself resolved through the courts.

Lord Carrington asked whether, if the Government proposed an inquiry, we could vote against it. Lord Hailsham said that we could not vote but that we should point out in our speeches the disadvantages of such a course.

Lord Carrington then suggested that we should examine the fact that oil was being supplied to Rhodesia through Lourenco Marques thus evading the Beira patrol. The British Government had been against involving itself in a blockade against South Africa or the Portuguese territories. Lord Hailsham pointed out that the point of the Beira patrol was to stop oil reaching Rhodesia direct via the pipeline from Beira to Umtali. There was no question of stopping oil reaching the Portuguese territories or South Africa. The lesson of the attempt to impose oil sanctions against Italy in 1936 was that such a measure inevitably involved the danger of open warfare.

Lord Hailsham suggested that the Government might wish to have a two-day debate on Bingham, and that the Liberals would support them in setting up a Select Committee. He thought that we would be compelled to take part in the Select Committee in order to defend our record.

Mrs. Thatcher asked who would serve for us on a Select Committee. We would not wish to involve anyone who was in the late Conservative Government and the only Privy Councillors outside that group included Sir Derek Walker-Smith, Sir David Renton and Mr. Hugh Fraser. It would have to be a Joint Select Committee because, as Lord Hailsham pointed out, a Commons Select Committee would only be able to take evidence from Lords with the leave of that House.

Mr. King said that we should try to prevent the Bingham issue being confused with the existence and renewal of sanctions. Mr. Pym suggested that the Government might put down a sanctions renewal Order at the end of the second day's debate on Bingham, perhaps with an 1½ hour debate. Other colleagues and Mrs. Thatcher said that there would have to be a much more substantial debate on the renewal of sanctions.

Mr. Whitelaw warned that the Government would try desperately to pin some blame on us. He did not recall the late Conservative Government seeing position papers on the subject, but the question would be "why didn't you ask?" Labour would argue that we knew it was happening and we didn't mind. Lord Hailsham pointed out that we did not know that the Government was a party to the swap arrangement. Mr. Heseltine referred to the Bingham evidence that between 1969 and 1975 there was no contact between the South African management of the oil companies and either their head office in London or the civil service. We simply assumed that British oil was not going to Rhodesia. The only people who knew the contrary were Labour Ministers.

Mr. King said that he did not believe that the management of Shell and BP did not know the provenance of Rhodesian oil supplies in those areas. From his dealings with them he believed that they possessed enough expertise to be adequately informed about the flow of such large quantities.