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CC(81) 11th
Conclusions

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CABINET

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

THURSDAY 12 MARCH 1981

at 11.00 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 Industry

The Rt Hon Francis Pym MP
Chancellor of the Duchy of Lancaster and
Paymaster General

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 John Biffen MP
Secretary of State for Trade

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education and
Science

The Rt Hon Norman Fowler MP
Secretary of State for Transport

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

SECRET

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 2 - 4)
Mr R L Wade-Gery (Items 2 - 4)
Mr W N Hyde (Item 1)
Mr L J Harris (Item 1)

C O N T E N T S

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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.

Prevention of
Terrorism
(Temporary
Provisions Act)

THE HOME SECRETARY said that the House of Commons would be asked on 18 March to approve the Order continuing for a further year the provisions of the Prevention of Terrorism (Temporary Provisions) Act 1976. The Opposition were deeply divided on their attitude to the Order, and their spokesman on Home Affairs (Mr Hattersley) had approached him with the suggestion that the Government might institute a review of the necessity for the Act. When he had replied that he did not think that the Government would consider any form of review which called in question the continuing need for the legislation, Mr Hattersley had proposed a review of the working of the Act, to the findings of which the Government need not be committed: if the Government proposed such a review, he would advise the Opposition not to vote against the renewal of the Act. If the Government did not promise some form of review, the Opposition were likely to put down a motion asking for a review of the necessity for the Act, which would be debated before the motion on the Order continuing it in force. The powers in the Act had greatly contributed to the successful combating of terrorism and there could, in present circumstances, be no question of considering abandoning them. He saw no case for a further review of the operation of the provisions since Lord Shackleton had carried out such a review in 1978. While he would have preferred to obtain a measure of all-Party support for the continuance of what were undoubtedly difficult provisions, he did not think it right to accede to Mr Hattersley's suggestion, and proposed, therefore, that the Government should not recommend a review of the working of the Act.

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that he agreed with the Home Secretary's proposal. The Act remained of value in Northern Ireland as well as in Great Britain.

The Cabinet -

1. Agreed that proposals by the Opposition for a review of the need for the Prevention of Terrorism (Temporary Provisions) Act, or of its operation, should be resisted.

Wildlife and
Countryside Bill

THE LORD PRESIDENT OF THE COUNCIL said that the Report Stage of the Wildlife and Countryside Bill in the House of Lords had begun on 10 March. He hoped that it would be possible to send the Bill to the House of Commons by the end of March or early in April, but considerable difficulties would arise during the remaining Lords'

stages. These would be most acute during the debates on the Government amendments on sites of special scientific interest which, in accordance with the decision of the Home and Social Affairs Committee, would strengthen the position of the agricultural interests at the expense of the conservationists.

Companies Bill

Previous
reference:
C(81) 4th
conclusions,
minute 1.

THE LORD PRESIDENT OF THE COUNCIL said that he was very doubtful whether it would prove possible to carry at Committee Stage in the House of Lords the provisions of the Companies Bill which dealt with the abolition of the Register of Business Names. These provisions were strongly opposed by the relevant consumer interest groups, and had attracted virtually no support at Second Reading. If they were deleted, the Bill would contain little of major interest, apart from the proposals on companies' purchase of their own shares, although consideration was currently being given to adding provisions on the disclosure of interest in shares which, because of lack of Parliamentary time, had not been included in the Bill as introduced.

Marriage of the
Prince of Wales

Previous
reference:
C(81) 9th
conclusions,
minute 4

THE PRIME MINISTER said that the proposal for a public holiday on the occasion of the marriage of the Prince of Wales on 29 July had now been agreed with the Palace. She intended to announce the decision that afternoon in a Written Reply to a long-standing unstarred Parliamentary Question by Mr Arthur Lewis MP.

The Cabinet -

2. Took note.

Internal Audit
Procedures

THE CHANCELLOR OF THE EXCHEQUER said that the Comptroller and Auditor General (C and AG) had prepared a highly critical report for the Public Accounts Committee (PAC) about the state of internal audit in Government. The report would probably be published within the next week or two. The C and AG had found that internal audit in Government, particularly in the area of computer audit, had suffered from a lack of professionalism and top management support. Similar criticisms of internal audit in local government had recently been made by the Chief Inspector of Local Government External Audit. Although the C and AG had not identified specific cases of fraud, he had suggested that systematic abuse was unlikely to come to light under existing procedures. These criticisms were soundly based, and when the report was published the Government had to expect adverse publicity on the grounds that they were apparently unable to exercise effective overall control of the administration. There was

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an urgent need for the central Departments to adopt a more positive role on standards of financial management and control throughout Government Departments. The Permanent Secretary to the Treasury and the Head of the Civil Service intended to send a joint letter to other Permanent Secretaries suggesting a long-term programme of reform, and asking them to take a close personal interest in their Department's internal audit arrangements including, in particular, the level and quality of staffing of the sections concerned. He hoped that all Ministers in charge of Departments would ensure that swift and effective action in response to this initiative was taken by their officials.

The Cabinet -

3. Took note.

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the London negotiations with Guatemala had ended successfully with Heads of Agreement being signed by the Guatemalan Foreign Minister, Ing Castillo, by the Prime Minister of Belize, Mr Price, and by the Minister of State, Foreign and Commonwealth Office, Mr Ridley. This represented a considerable personal achievement by Mr Ridley, who had over a long period devoted much effort to winning and retaining the confidence of both the Guatemalans and the Belizeans. A full agreement was not yet assured, and the Guatemalans in particular might still encounter strong domestic opposition to the proposed settlement, but it would be harder for either side to pull back now that Heads of Agreement had been signed. If a full settlement were reached, it might not be necessary for British forces to remain in Belize for long after independence, but the Belizeans would need British help in building up their own forces. A complicating factor was that, while Britain's main concern had been the danger of Guatemalan attack on Belize, the United States Government were more worried about the possibility of Belize being used as a base for left-wing subversion against Guatemala.

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had had an interesting talk with the Mexican Foreign Minister, Senor Castaneda, who had come to London for a meeting of Mexican Ambassadors. He was clearly eager that the United States President, Mr Reagan, should attend the proposed "North/South" Summit meeting in Mexico. To that end he seemed ready to contemplate a short postponement of the proposed date. But he had expressed his concern that, if the Mexico meeting took place after the industrialised countries' seven-power Summit meeting in Ottawa, the developing countries would likewise hold a preliminary Summit meeting of their own, which would increase the danger of a systematic clash between the two groups when they got to Mexico. He had also spoken about the situation in El Salvador and had insisted in somewhat extravagant terms that Cuban involvement was not a major factor there.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Prime Minister and he had had useful meetings with the Iraqi Foreign Minister, Dr Sa'adoun Hammadi, who had recently visited London. The Iraqi regime was not an attractive one. But Britain's trade with Iraq had developed substantially from a very low base over the past two years, and there was now a prospect of substantial arms sales, since the Iraqis seemed determined to move away from their previous reliance on Soviet arms supplies. There was little prospect of a cease-fire between Iraq and Iran, and fighting might indeed intensify when the rainy season ended. The Iraqis were strongly opposed to Britain supplying Iran with spare parts or other military equipment.

FOREIGN
AFFAIRS

Belize

Previous
reference:
(81) 9th
conclusions,
page 2

Mexico

Iran

Previous
reference:
(81) 8th
conclusions,
page 2

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Such supplies were in any case out of the question until the British businessman detained in Iran had been freed. He hoped that he had persuaded the Iraqi Foreign Minister that it would be ridiculous to see any threat to Iraq in Britain releasing thereafter the fleet auxiliary vessel Kharg which had been built for the Iranian navy but was very lightly armed and at present unseaworthy. If other military supplies to Iran were also resumed, however, the chance of securing large military orders from Iraq would be much reduced.

South Africa

Previous
Reference:
(81) 8th
Conclusions,
Minute 3

THE FOREIGN AND COMMONWEALTH SECRETARY said that a crisis over Namibia was approaching, and it seemed likely that new mandatory sanctions against South Africa would be demanded at a meeting of the United Nations Security Council in mid-April. International hostility to South Africa was mounting. It was not yet clear what would be the effect of the list of persons involved in sporting contacts with South Africa which the United Nations Centre against Apartheid was reportedly about to publish. This issue might well cause difficulty at the next Commonwealth Heads of Government Meeting at Melbourne in September, if damaging attempts were made to extend the scope of the existing Gleneagles Agreement.

United Nations
Law of the Sea
Conference

THE FOREIGN AND COMMONWEALTH SECRETARY said that after nearly seven years the United Nations Law of the Sea Conference had almost reached agreement on a major new International Convention. But the new United States Administration, apparently under the influence of American companies hostile to the proposed regime for deep seabed mining, had now replaced their delegation with a new team headed by a known opponent of the proposed Convention, and were refusing to proceed further until they had had time to review the policy issues involved. This had caused considerable dismay both in Europe and among the developing countries. The matter was of major importance to Britain on a number of counts, and he would be consulting closely with his colleagues concerned.

Soviet Union

Previous
Reference:
(81) 9th
Conclusions,
Minute 2

THE PRIME MINISTER said that the Soviet Ambassador, Mr Popov, had delivered to her on 9 March a personal message from President Brezhnev. The Soviet Government were clearly making an effort to appear reasonable in their approach to arms control negotiations and a possible Summit meeting with the Americans. Their hope was no doubt to sow division between the United States and Europe.

The Cabinet -

Took note.

3. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that, following the unsatisfactory proposals on fisheries access which the Commission had adopted, the Foreign and Commonwealth Secretary and he had met the President of the Commission, M Thorn and M Kontogeorgis, the Commissioner responsible for Fisheries, on the morning of Monday, 9 March. The British case had been fully explained to them, but at the subsequent meeting of the Council of Ministers (Fisheries) the Commission had been consistently unhelpful and had even sought to dissuade the Dutch Presidency from putting forward compromise proposals closer to the British position. It seemed that M Thorn, who had gone on to visit the French Prime Minister in Paris on 9 March, was supporting the French point of view.

THE PRIME MINISTER reported that, at a meeting earlier that day, the Defence and Overseas Policy Committee had decided that, in the forthcoming negotiations on agricultural prices, we should argue for increases in general no higher than those proposed by the Commission and lower increases on cereals and Mediterranean products. It would not be realistic to advocate increases significantly lower than those proposed by the Commission. Moreover some price increases were necessary to meet the needs of the British farming industry, especially in the grassland areas. If price increases above those proposed by the Commission were in question, it would be necessary to consider some revaluation of the Green Pound. In the negotiations the Minister of Agriculture, Fisheries and Food would oppose the extension of co-responsibility levies applied to production generally, but support the so-called super levy on additional milk production, and seek continuation of the premium payments for beef. It would also be an object of policy to seek agreement that the level of agricultural expenditure within the Community should be held down to a rate of increase markedly lower than the increase in the Community's own resources.

The Cabinet -

Took note.

CIVIL SERVICE PAY

previous
reference:
C(81) 9th
conclusions,
minute 1

4. THE LORD PRESIDENT OF THE COUNCIL said that the response to the civil service unions' call for a one day strike of the non-industrial Civil Service on Monday 9 March had met with a response of about 60 per cent of the union membership of the non-industrial Civil Service. Selective industrial action was continuing: on 11 March some 1,200 people had been on strike. The consequences of this industrial action had so far been manageable, but it was not yet clear what forms further selective action might take. He would be considering the Government's further action with the Prime Minister shortly.

THE CHANCELLOR OF THE EXCHEQUER said that the response to the call for strike action had been relatively high in the Inland Revenue, in the Department of National Savings and in particular in Customs and Excise. Action at Customs and Excise had mainly taken the forms of withdrawal of coverage on the border between Northern Ireland and the Republic, an attempt to block trade between British and Irish ports, and the withdrawal of data processors from work in the VAT computer at Southend. If this last action was continued for much longer, the point would be very quickly reached where there would be no work for some of those not now on strike and they would have to be sent home without pay.

The Cabinet -

Took note.

Cabinet Office

12 March 1981