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HC(81) 14th
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held in the Prime Minister's Room,
House of Commons, on
THURSDAY 2 APRIL 1981

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 Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

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

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon Humphrey Atkins MP
Secretary of State for Northern Ireland

The Rt Hon John Biffen MP
Secretary of State for Trade

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

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Lord Soames
Lord President of the Council

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 George Younger MP
Secretary of State for Scotland

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon Norman Fowler MP
Secretary of State for Transport

SECRET

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 2 and 3)
Mr R M Hastie-Smith (Items 2 and 3)
Mr W N Hyde (Item 1)
Mr L J Harris (Item 1)

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PARLIAMENTARY
AFFAIRS

British
Telecommunica-
tions Bill

1. THE CHANCELLOR OF THE DUCHY OF LANCASTER AND PAYMASTER GENERAL said that the Report Stage of the British Telecommunications Bill in the House of Commons had begun the previous afternoon, and was still continuing. It had originally been agreed through the usual channels that Report and Third Reading of the Bill would be completed within a single day, but the Opposition Whips appeared unable to control a number of their backbenchers who were determined to delay the progress of the Bill because of the Government's insistence on resisting and where necessary reversing the insertion in the Bill of provisions on the interception of postal or telephone communications. In spite of various overtures from the Opposition, he had agreed with the Chief Whip that the sitting should continue until the remaining stages of the Bill had been completed. There were still a large number of amendments to be considered on which divisions might be forced. The closure had been successfully carried at 9.30 that morning, and would continue to be moved as appropriate throughout the remainder of the debate. It was possible that opposition to the Bill would collapse shortly before 2.30 pm, but it seemed more likely that that day's business would be lost. There should be no great difficulty about adding the essential items to the business planned for the following week. The morale of the Government's own supporters was high, and he did not foresee any major damage being done to Government business as a result of the obstruction by the Opposition Members concerned.

He then informed the Cabinet of the business which it was intended to take in the House of Commons during the following week, including the additions which might be necessary as a result of the possible loss of that day's business.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Poland
Previous
reference:
C(81) 13th
conclusions,
Minute 2

2. THE LORD PRIVY SEAL said that the decision by the Solidarity national co-ordinating committee to call off the proposed general strike had brought Poland back from the brink of a major crisis. The Solidarity leader, Mr Walesa, had come under considerable criticism from extremists in Solidarity for the way in which he had conducted the negotiations, but the Polish Government appeared to have made significant concessions. The Soviet armed forces remained at a high state of military readiness. The decision of the Communist Central Committee Plenum on 29 March that an extraordinary party congress should meet by 20 July seemed to have resulted from pressure by reformists, and would be a further cause of concern to the Soviet Union. Meanwhile the group of representatives of Poland's creditors were continuing to meet to consider the best way of dealing with Poland's financial difficulties. The European Community had already made some food aid available, which had included a British contribution.

THE LORD PRIVY SEAL said that there had been significant developments in Canada. The Supreme Court of Canada had agreed to begin on 28 April its hearing of a Provincial appeal against the judgment by the Manitoba Court of Appeal which found by a majority of three to two in favour of the Federal position. On 1 April the Newfoundland Court of Appeal had found unanimously that the Federal plan to bring home the constitution from Britain without Provincial consent was legally invalid because it affected Provincial rights and privileges. The Canadian Prime Minister, Mr Trudeau, had now offered in the Canadian House of Commons that, if the Canadian Conservatives would allow the resolution at present before the Canadian Parliament to come to a vote, he would undertake not to forward the proposed request to the British Government for action until the Supreme Court of Canada had reached a decision on the Manitoba appeal. Although this offer was still under discussion in Canada, if accepted, it would represent a very considerable easement in the political problem which the British Government was facing on this issue.

THE LORD PRIVY SEAL said that, despite considerable violence in Belize, arrangements for the Constitutional Conference in London were going ahead. There was a possibility that the Opposition might not attend.

THE LORD PRIVY SEAL said that the cause of the attempted coup against the Thai Government was obscure. The existing Prime Minister, General Prem, had withdrawn to the North East of the country with the King and Queen, and still claimed the majority support of the Thai armed services. It seemed possible that the attempted coup would fail.

THE LORD PRESIDENT OF THE COUNCIL said that the Government of Zimbabwe was well satisfied with the outcome of the aid donors' conference in Salisbury which he had just attended. The Prime Minister, Mr Robert Mugabe, had got the amount of aid for which he was asking, which was probably more than he had been expecting. His record of firm government was building up confidence in the country. Within the next year he seemed more likely to encounter economic than political difficulties, although the attitude of President Reagan's Administration to the problems of Namibia and South Africa would be of critical importance to him. The maintenance of law and order in

Zimbabwe depended on bringing the three armies which at present existed into a new integrated national army. The presence and assistance of British officers and other ranks was essential to this process. Without them, there would almost certainly have been a breakdown in law and order in Zimbabwe. They were doing a fine job.

THE LORD PRIVY SEAL said that the Iranian Government had now dropped the spying charges against Mr Andrew Pyke, the British businessman imprisoned in Tehran. Although they were going ahead with charges relating to the financial affairs of his company, these seemed relatively trivial, and efforts were continuing to obtain the release of Mr Pyke.

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THE LORD PRIVY SEAL said that, although there was some reason to think that President Reagan had suffered more severe injury from the assassination attempt than had been reported, his political position in the United States and that of Vice-President Bush had been strengthened by the incident. The standing of the Secretary of State, Mr Haig, had perhaps unfairly suffered some diminution as a result of his observations on television immediately after the President was shot.

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The Cabinet -

Took note.

3. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that, after three days of negotiation, during which there had been violent demonstrations by farmers from certain Community countries, the Council of Ministers (Agriculture) had agreed on agricultural prices and economy measures. The effective average increase would be 8.9 per cent, or 9.5 per cent if measured by the level of target prices. These would increase the food price index in the United Kingdom by 1.0 per cent and the retail price index by 0.2 per cent. There would be no revaluation of the green pound, and he had secured agreement to continuation of the Community-financed butter subsidy and the beef premia scheme. The premium claw-back arrangements on exports of sheepmeat both to third countries and within the Community had been improved. The additional aid measures for the Irish Republic would be extended in full to Northern Ireland. The decision to maintain the level of subsidies on starch production would help to preserve jobs in the United Kingdom. Agreement had finally been reached on the retrospective payment of refunds on whisky exports. Decisions on continued access for New Zealand butter and Australian beef, which had previously been blocked by the Italians, would now be implemented. Changes in the arrangements for beef and fruit and vegetables would produce substantial savings, and the principle of co-responsibility for cereals had been agreed, although for administrative reasons its application would be deferred until next year. The Council had agreed to take additional measures if the budgetary cost of surpluses in the milk sector rose above the provision in the 1981 Budget. It had also endorsed a Commission statement that the price decisions were consistent with ensuring that the rate of increase of agricultural guarantee expenditure would not exceed the rate of increase in the Community's own resources. A United Kingdom declaration that the rate of increase in such expenditure should be markedly lower than the rate of increase in own resources had been endorsed by the Germans and the Dutch.

In discussion it was noted that the settlement would bring a significant improvement in farm incomes, especially in the livestock sector. The benefits of this to the countryside should be stressed. In spite of a small increase in the co-responsibility levy on milk, there would be a significant net increase in the price paid to producers for dairy products. This should help to secure greater stability in the retail price of liquid milk. The figures quoted in the Press for the effect on prices of individual commodities were unofficial and tendentious estimates. It would be important for the Government to make clear whether or not these figures were correct. It was in practice difficult to estimate the precise effect on individual commodities. The German Minister of Agriculture had done very little to support the United Kingdom in securing restrictions on the growth of agricultural expenditure. It was not possible to predict what the provision for agricultural expenditure in the 1982 budget would be, but the British Government would be in a position to press for further economies at that time. The price settlement had not contributed to restructuring the Community budget and the Government would need to continue its efforts in this direction.

Common
Fisheries
Policy

Previous
reference:
C(81) 13th
conclusions,
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that, at the Council of Ministers (Fisheries) on 27 March the French Minister of Fisheries had made no secret of his unwillingness to settle the question of access before the Presidential elections, in spite of President Giscard's statement to the Prime Minister at the European Council in Maastricht that the elections were not an obstacle to early settlement. Assurances had however been given to the Germans and the Dutch Presidency that the French would be genuinely ready to negotiate after their elections. It remained to be seen whether they would do so, or would seek either to link a settlement on fisheries with discussions on restructuring of the Common Agricultural Policy and of the Budget or to postpone decisions until the end of 1982 when the present access arrangements came to an end.

transport

THE MINISTER OF TRANSPORT reported that, at a recent meeting of the Council of Ministers (Transport), the Germans had once again blocked the attempts being made by his Department to secure more permits for road haulage on the Continent.

steel

Previous
reference:
C(81) 9th
conclusions,
Minute 3

THE SECRETARY OF STATE FOR INDUSTRY said that efforts to secure a voluntary agreement on continued restrictions on steel deliveries within the Community had made some progress but had not yet been completed. The Federal Government was putting pressure on the one German company which was making difficulty.

The Cabinet -

Took note.

Cabinet Office

2 April 1981