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CC(81) 29th
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 23 JULY 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
(Item 4)

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 John Nott MP
Secretary of State for Defence

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

SECRET

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

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

The Rt Hon Tom King MP
Minister of State, Department of the
Environment (Item 4)

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 2 and 3)
Mr R L Wade-Gery (Items 2 and 3)
Mr W N Hyde (Item 1)
Mr D J L Moore (Item 4)
Mr L J Harris (Item 1)
Mr D J Bostock (Item 4)

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1. THE CHANCELLOR OF THE DUCHY OF LANCASTER AND PAYMASTER GENERAL informed the Cabinet of the business to be taken in the House of Commons during the following week. Monday 27 July had now to be set aside for the Opposition motion of censure, and the House would not sit on the day of the Royal Wedding, Wednesday 29 July. The House would be asked to extend the normal sitting on Friday 31 July to provide time for debates on the adjournment motions. If this were done, it should still be possible to deal with the considerable amount of outstanding Government business in time for the House to rise for the Summer Recess on that day. Some oral statements had to be made, and he proposed that the Secretary of State for Industry should make his intended statement on the telecommunications network immediately before the censure debate on 27 July, and the appropriate Department of the Environment Minister should make one on the proposed Audit Commission the following day. The Home Secretary had agreed that he would, if necessary, make a statement on the inquiry into complaints about the recent police raids in Brixton on Friday 31 July. He hoped it would not be necessary for the Minister of Agriculture, Fisheries and Food to make a statement after the forthcoming Fisheries Council, though Opposition pressure might make such a statement unavoidable. The Commons consideration of the Lords amendments to the Transport Bill on Tuesday 28 July would be governed by a timetable motion which would give an adequate opportunity for debate on the amendments on seat belts made in the Lords, on which there would be a free vote.

THE LORD PRESIDENT OF THE COUNCIL said that Lord Bethell's amendment to the British Nationality Bill to give the people of Gibraltar the right to British citizenship had been carried in the House of Lords the previous evening by 150 votes to 112 against the strong advice given in speeches by himself and the Lord Chancellor. The majority had included about 30 Conservative Peers. The Government might well suffer a further defeat in the House of Lords in the debate arranged for Thursday 30 July on a motion calling upon the Government to reconsider the instructions given to the British Broadcasting Corporation to cut certain external broadcasting services.

THE PRIME MINISTER, summing up a short discussion, said that there was a danger that there would now be increased pressure for the rights granted to citizens of Gibraltar by Lord Bethell's amendment to be extended to Hong Kong and other colonies. The Home Secretary would consider whether to attempt to reverse the Lords decision in the House of Commons, though the Cabinet noted that over 20 Government supporters in the House of Commons had earlier voted for an amendment similar to Lord Bethell's which had been defeated by three votes only because of the fortuitous absence of some members of the minority parties.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Namibia

previous
reference:
C(81) 18th
conclusions,
minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that in the margins of the Ottawa Economic Summit Conference it had been possible to hold a useful meeting of the Foreign Ministers of the Five-nation Western Contact Group on Namibia. This had agreed on a procedural framework for holding the position until the United Nations General Assembly session opened in September, when the Contact Group would meet again at Ministerial level. It was clear that the United States Government had not in fact managed to make much progress in their contacts with the South Africans, and pressure from Black African Governments for faster movement on Namibia seemed certain to grow.

Israel/Lebanon

THE FOREIGN AND COMMONWEALTH SECRETARY said that current hostilities in Southern Lebanon were a cause for serious concern. A ceasefire was being urgently sought, both by Mr Habib, the American special envoy in the area, and by the United Nations Secretary General, Dr Waldheim, who had been instructed by a Security Council resolution of 21 July to report back not later than 24 July. The leader of the Palestine Liberation Organisation (PLO), Mr Arafat, had indicated that he would accept a ceasefire if Israel did; but the Israeli position was that this was a matter for the Lebanese Government, not for the PLO. He himself had just seen the Israeli Ambassador, as well as a representative group of Arab Ambassadors. The Israelis argued that a pre-emptive strike had been necessary because of the build-up of arms held by the PLO inside Lebanon, and said that their action would continue so long as those arms remained. It was true that a build-up had occurred, but this had been a gradual process over several months and nothing had happened in recent weeks to justify Israel's action; indeed the PLO had been responding well to Dr Waldheim's appeal to them to refrain from attacks on Israeli territory. The crisis represented a severe setback to the progress which had been being made towards restoring peace in the area and the Lebanese Government's control of their own national territory. The United States Government were clearly unhappy about Israel's attitude, as was clear from a recent attack on the Israeli Prime Minister, Mr Begin, by the American Defense Secretary, Mr Weinberger. But President Reagan and his advisers still appeared to feel committed to the support of Israel and to be afraid that too much pressure on Mr Begin would merely provoke him into military occupation of the whole of Southern Lebanon. It was likely that the Security Council would soon be faced with a skilfully worded Lebanese draft resolution calling for international sanctions under Chapter 7 of the

United Nations Charter in view of the threat to peace. This would be vetoed by the United States, but it would present a difficult dilemma for the United Kingdom. Sanctions could not be supported; but the threat to peace was genuine, and British relations with the Arabs would suffer if the Government appeared to be obstructing United Nations action.

Gibraltar/Spain

THE FOREIGN AND COMMONWEALTH SECRETARY said that he much regretted the Spanish announcement that the King and Queen of Spain would not after all be attending the wedding of His Royal Highness the Prince of Wales because of the decision that the Prince and Princess of Wales should pass briefly through Gibraltar during their honeymoon in order to embark on the Royal Yacht. It had been hoped that the Spanish authorities would refrain from reacting with such hostility to what was not even an official visit to the Colony. There would certainly have been a major outcry in Britain if the Government had advised His Royal Highness to avoid Gibraltar (as there had been when it was learnt that Her Majesty The Queen had been advised against passing through the Colony at the time of her State Visit to Morocco in 1980); and this in turn would have had even more unfortunate repercussions than had actually occurred as regards Parliamentary and public attitudes to the position of the Gibraltarians under the Government's proposed Nationality Bill.

Ottawa
Economic
Summit
Conference

THE PRIME MINISTER said that the seven-power Economic Summit in Ottawa on 19-21 July had been markedly more successful than earlier conferences in the same series. For five of the eight main participants it had been their first Economic Summit; the opportunity for an exchange of views and a wide-ranging discussion of world political and economic issues had therefore been very valuable. The arrangements made by the Canadian Government had been good, as had the quality of the discussions. No one issue had overshadowed the meeting, as had happened with oil policy at Tokyo in 1979 (when the chairmanship had also been inadequate) and with the Afghanistan question at Venice in 1980. There had been a full discussion of all major economic issues, with particular emphasis on the need to combat the problems of inflation and unemployment which were a dominant preoccupation in all participating countries except Japan. A satisfactory statement on the Middle East had also been agreed, despite some difficulties with the Americans, whose commitment to Israel did not seem to be balanced by adequate public understanding of the Arab case. A particularly valuable feature of the Summit had been the robust approach shown by President Mitterrand of France towards the Soviet threat and the need for strong Western defence policies; he had been notably firm in his commitment to the French nuclear deterrent, as well as to the

development of civil nuclear energy. The Summit's wide agreement both on economic issues and on East-West relations had been a striking commentary on the position both of the Socialist President of France and the Social Democratic Chancellor of Germany, and could only make it harder for the Opposition in Britain to criticise the Government's economic and foreign policies. A clear reference in the Summit communique to the problem of Japanese exports had not been practicable, because of Japanese opposition; but the French, and even to some extent the Germans and the Americans, had lent support to British disquiet on this subject, and the Japanese well understood the message which lay behind the communique's reference to keeping under close review the role played by all seven countries in the smooth functioning of the multi-lateral trading system.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

French
Government
led to
agriculture
previous
reference:
C(81) 28th
conclusions,
minute 1

3. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that, at the meeting of the Council of Ministers (Agriculture) on 20-21 July, the Commission representative had catalogued the large number of national agricultural aids given by the French Government and had expressed concern at the failure of the French Government to respond to the Commission's representations, but there was very little sign of the Commission taking effective action in pursuit of their powers under the Treaty of Rome. He would shortly be putting a paper to his colleagues on the particular problem of competition from subsidised imports of French turkeys.

The Cabinet -

Took note.

1981 PUBLIC
EXPENDITURE
SURVEY

Previous
references:
C(81) 23rd
conclusions and
C(81) 22nd
conclusions,
Minute 5

4. The Cabinet considered:
 1. A memorandum by the Chancellor of the Exchequer (C(81) 37) on tax and public expenditure.
 2. Memoranda by the Chief Secretary, Treasury (C(81) 38) and the Secretary of State for the Environment (C(81) 40) on local authorities' current expenditure in 1982-83.
 3. A note by the Secretary of the Cabinet (C(81) 39) covering a note by the Central Policy Review Staff on public expenditure.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet would need to resume their discussion at a further meeting, with the benefit of a further memorandum by the Chancellor of the Exchequer on the factors relevant to decisions about public expenditure in 1982-83.

The Cabinet -

1. Invited the Chancellor of the Exchequer to circulate a further memorandum on the factors relevant to decisions about public expenditure in 1982-83 and later years.
2. Agreed to resume their discussion of the 1981 Public Expenditure Survey when that memorandum was available.
3. Agreed to resume consideration of the memoranda by the Chief Secretary, Treasury, and the Secretary of State for the Environment at a later meeting.

Cabinet Office

23 July 1981