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(81) 37th
conclusions

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CABINET

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

THURSDAY 19 NOVEMBER 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 Lord Hailsham
Lord Chancellor

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 John Nott MP
Secretary of State for Defence

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 Wales

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry

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

i.

SECRET

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr R L Wade-Gery (Items 2 - 4)
Mr D M Elliott (Items 2 - 4)
Mr D H J Hilary (Item 1)
Mr L J Harris (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.

FOREIGN
AFFAIRS

2. THE PRIME MINISTER said the successful Anglo-German Summit Meeting the previous day had been the tenth in that series. The German authorities had gone to considerable trouble to make arrangements designed to draw public attention to the occasion.

Federal Republic
Germany

In discussion it was noted that the Germans were currently in an introverted mood as regards defence policy and the Western Alliance. In some cases, eg over the North Atlantic Treaty Organisation's infrastructure programme, they seemed ready to disrupt important areas of the Alliance's work for the sake of comparatively small sums of money. They also faced demographic difficulties over maintaining their troop strength on the Central Front. Failure to live up to their commitments to the Alliance in such respects could cause serious difficulties, particularly in their relations with the United States.

Previous
reference:
C(81) 19th
conclusions,
minute 3

Arms Control

THE PRIME MINISTER said that President Reagan's speech the previous day had been skilfully designed to enable the United States to seize the initiative from the Soviet Union. She and the Federal Chancellor had welcomed the President's proposals for reductions as well as limitations across a wide military spectrum including strategic nuclear, theatre nuclear and conventional forces; and in particular his support for the "zero option" under which the North Atlantic Treaty Organisation's plan to strengthen its theatre nuclear forces would be abandoned if the Russians dismantled their corresponding weapons including the SS20, SS4 and SS5 missiles. It was now up to the Soviet Union to respond appropriately; even if the initial response was not totally negative, tough negotiations thereafter would be inevitable; and reliable verification would be an essential element in the outcome.

Previous
reference:
C(81) 32nd
conclusions,
minute 2

In discussion it was generally recognised that the Americans' proposals and the comments of their allies had been well calculated to undermine the position both of the Soviet Union and of the protagonists of unilateral nuclear disarmament in Britain and other Western countries. The zero option was not likely to prove attainable, and this could give rise to later problems with Western public opinion. The key task in the immediate future, therefore, would be to make clear how badly the Russians would be putting themselves in the wrong if, as seemed likely, they failed to respond positively to the present offer.

Arab/Israel
Previous
reference:
EC(81) 36th
conclusions,
Minute 3

THE PRIME MINISTER said that intense diplomatic efforts were being made to overcome the problems which had arisen on the statements which would be associated with the announcement of the agreed participation by Britain and three other members of the European Community in the proposed Sinai multinational force and observers. It would be important for these statement to be issued in good time before the Arab Summit meeting in Fez the following week. They would need to reflect the even-handed approach, as between Arab and Israeli interests, which had been embodied in the European Community's Venice Declaration of June 1980. Agreement had been reached between eight members of the Community, including Britain, but difficulties persisted between the Prime Minister of Greece, Mr Papandrecu, whose close relations with the Palestine Liberation Organisation prejudiced him against the Venice Declaration, and President Mitterand of France, who despite his earlier suspicions of the Declaration was now insisting that it must be favourably mentioned.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Budget
restructuring
Mandate
Previous
reference:
EC(81) 36th
conclusions,
Minute 4

3. THE PRIME MINISTER said that it was clear that the European Council on 26 and 27 November was not going to get far on the 30 May 1980 Mandate. It would be necessary to damp down public and Press expectations accordingly. Little progress had been made in the Council of Ministers (Agriculture) and the Council of Ministers (Foreign Affairs) on 16 and 17 November. There were still major disagreements on the chapter dealing with reform of the Common Agricultural Policy (CAP), relating principally to the proportion of the Community Budget which should be spent on the CAP, the co-responsibility levy in the milk sector, and the regime to be applied to Mediterranean agriculture. Even less progress had been made towards agreeing guidelines on the chapter concerned with budget restructuring. In the Anglo-German summit talks on this subject, the Federal Chancellor had reiterated the German determination to see a limit put on their net contribution, but he had so far come to no conclusion on a formula or scheme for putting this objective into practice. In these circumstances it was likely that the Mandate negotiations would not come to a point of decision until the next European Council in the spring of 1982, when they would get caught up with the agricultural price fixing negotiations.

In a brief discussion, it was suggested that continued efforts should be made to win German support for acceptable guidelines to be agreed at the November European Council as a basis for further negotiations leading up to the March 1982 Council. Herr Matthoeffer, the German Finance Minister, had acknowledged this need in the Anglo-German talks, and had urged that as much progress as possible should be made while M Delors, the French Finance Minister, was in office, since he was more likely than most of his colleagues to show understanding on this score. More generally, it was clear that the Germans were worried about their economic and budgetary problems, and that this was putting a strain on the coalition. Their bankruptcy rate was higher than that of the United Kingdom and their industrial production was falling, whereas British output had risen faster than that of any other member state during the last quarter. On steel, it was noted that the bilateral talks had confirmed that Germany and the United Kingdom saw eye to eye on the need to ensure that the measures to control steel aids agreed in the Council of Ministers (Steel) in June were effectively applied by the other member states and the Commission.

17 November
Council of
Ministers
(Economic and
Finance)

THE CHANCELLOR OF THE EXCHEQUER said that the Council of Ministers (Economic and Finance) had met on 17 November to discuss the draft non-life insurance services Directive. Although difficulties still lay ahead, and it was clear that the Directive would not be adopted during the United Kingdom Presidency, a number of member states had shown a disposition to move towards a compromise agreement.

Previous
reference:
EC(81) 33rd
conclusions,
Paragraph 4

Textiles

THE SECRETARY OF STATE FOR TRADE said that the Council of Ministers (Foreign Affairs) on 17 November had succeeded, except in one important area, in agreeing a negotiating Mandate for the Commission in the current negotiations on the renewal of the Multi-Fibre Arrangement (MFA) in Geneva. The exception related to the transitional arrangements under which suppliers might use up the unexpired portions of existing textile quotas during the currency of the new agreement. The United Kingdom had argued for a more precise and automatic means than that proposed by the Commission for slowing down the rate at which these unused quotas could be taken up, but was now isolated. He was accordingly reviewing the position urgently. The French had also urged, with United Kingdom and Italian support, that no final decision should be taken by the Community on participation

Previous
reference:
EC(81) 25th
conclusions,
Paragraph 3

in the new MFA until member states had a clear picture of the total level of likely imports from all sources including preferential as well as MFA suppliers and imports from outward processing. This global ceiling would be considered at the December Council meeting. He intended to make a statement to the House on these matters next week; he would consult the Lord President of the Council on its timing.

Fisheries

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that it might be necessary to postpone the Council of Ministers (Fisheries) scheduled for 30 November/1 December until after the Danish General Election on 8 December.

The Cabinet -

Took note.

4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the security forces in Northern Ireland had been aware for some time that the Provisional Irish Republican Army (PIRA) terrorists had regrouped during the hunger strike at the Maze Prison earlier in the year and were preparing for a renewed campaign of violence. Though the security forces had had several successes (which could not be publicised), there had been an increasing number of attacks in border areas on part-time members of the Ulster Defence Regiment in particular; and the murder on 14 November of the Member of Parliament for Belfast South, Mr Robert Bradford, had precipitated a crisis of confidence among the Protestant community, who felt that recent events demonstrated that despite many years of struggle there was no sign of victory in the battle against terrorism. A symptom of this had been the hostile reception which he himself had encountered when he had attended Mr Bradford's funeral in accordance with his own wishes and those of the bereaved family. The police had been well aware of his movements on that occasion, and the family had subsequently thanked him for coming and apologised for what happened. Protestant leaders had no very clear ideas on what extra measures should be taken against terrorism, although there were suggestions that suspects should be interned en masse and that the security forces should shoot on sight; but their followers were increasingly in a mood to take the law into their own hands if not enough was done to allay their anxieties. Initially, on the advice of the Chief Constable and the General Officer Commanding (GOC) in the Province, he had sought to play matters down after Mr Bradford's death. Subsequently, as a demonstration of firmness and reassurance, he had arranged for all police leave to be cancelled and for military reinforcements to be provided. It was necessary not only to strengthen the Army presence in the border areas but also to free police resources to deal with the threat of disorder and intimidation posed by Dr Paisley's call for a "day of action" on 23 November involving a general strike that afternoon and protest marches which would culminate in a large rally at Newtownards. It seemed that the strike was likely to be well supported, and the day would certainly be a difficult and dangerous one, although it was perhaps encouraging that the rally was being staged in Newtownards rather than in the middle of Belfast. Contingency plans were being made with a view to ensuring that power stations could be kept in operation despite the strike. Dr Paisley was now denying that he intended to make Northern Ireland ungovernable. His future tactics would depend on how matters went on 23 November. The leaders of the Official Unionist Party were in serious disarray. He had himself made clear to them in private that they must stand up more resolutely against Dr Paisley in defence of their own non-violent principles; and that he would understand if in this process they felt obliged to adopt a tough stance towards the Government. But Mr Molyneaux, whom he had seen the previous day, had had almost nothing to say. Mr McCusker, who accompanied him, was clearly under great strain and his health was uncertain. Mr McCartney, who was also present and had done most of the talking, held no position in

NORTHERN
IRELANDprevious
reference:
(1) 28th
conclusions,
page 4

the Party but was seen in some quarters as its future leader; as a Queen's Counsel he had been particularly concerned over certain legal matters, which he might wish to pursue with the Attorney General. Although there was no real link between the present crisis in Northern Ireland and the Prime Minister's recent meeting with the Taoiseach, the confused state of public opinion meant that that meeting had inevitably come to be thought of as a contributory factor. No-one, however, had followed Mr Powell in suggesting that the "two major traditions in Ireland", to whose need for reconciliation the Summit communique had referred, were the Unionists and Republicans rather than the Protestants and Catholics. Meanwhile the Catholic community had remained quiet and even some of its most anti-British members had strongly denounced PIRA violence. Morale in the security forces remained high, and co-operation between police and Army leaders was excellent. He had the highest confidence in both the Chief Constable and the GOC. It was not yet clear whether additional military reinforcements would be needed to deal with the present crisis, nor whether in the longer term there should be a further increase in the size of the Royal Ulster Constabulary.

In discussion there was strong support for the Secretary of State for Northern Ireland in the very difficult situation he currently faced. Deep sympathy was also expressed both for his own ordeal when attending Mr Bradford's funeral and for the Attorney General and his wife who had fortunately not been injured by the potentially lethal bomb attack on their London home. The police were investigating how this latter outrage had been possible despite the security precautions which had been in force; but it had to be recognised that total protection was not attainable. The Treasury would investigate whether adequate insurance or compensation arrangements existed for the victims of such attacks. Ministers needed to be extremely vigilant in the face of this kind of threat; if they encountered any problems over the provision of surveillance by the police or of protective equipment by the Property Services Agency, they should at once inform the Home Secretary or the Secretary of State for the Environment as appropriate.

In further discussion it was noted that this was not the first such crisis to have erupted in Northern Ireland over the past twelve years. Public emotion and political passion there could die down as suddenly as they arose. It was essential not to show weakness in the face of extremism, as the previous Administration had done at the time of the collapse of the Sunningdale process in 1974. But the task of surmounting the present crisis might be made more difficult by the critical attitude being adopted by some of the Government's own supporters in Parliament. Talk of martial law, in particular, was irrelevant and unhelpful.

The Cabinet -

Took note.

Cabinet Office

19 November 1981