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CC(83) 21st  
Conclusions

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CABINET

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

THURSDAY 30 JUNE 1983

at 10.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon Viscount Whitelaw  
Lord President of the Council

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign and  
Commonwealth Affairs

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer

The Rt Hon James Prior MP  
Secretary of State for Northern Ireland

The Rt Hon Michael Heseltine MP  
Secretary of State for Defence

The Rt Hon Nicholas Edwards MP  
Secretary of State for Wales

The Rt Hon John Biffen MP  
Lord Privy Seal

The Rt Hon Norman Tebbit MP  
Secretary of State for Employment

The Rt Hon Lord Cockfield  
Chancellor of the Duchy of Lancaster

The Rt Hon Michael Jopling MP  
Minister of Agriculture, Fisheries  
and Food

The Rt Hon Lord Hailsham  
Lord Chancellor

The Rt Hon Leon Brittan QC MP  
Secretary of State for the Home Department

The Rt Hon Sir Keith Joseph MP  
Secretary of State for Education and Science

The Rt Hon Peter Walker MP  
Secretary of State for Energy

The Rt Hon George Younger MP  
Secretary of State for Scotland

The Rt Hon Patrick Jenkin MP  
Secretary of State for the Environment

The Rt Hon Norman Fowler MP  
Secretary of State for Social Services

The Rt Hon Cecil Parkinson MP  
Secretary of State for Trade and Industry

The Rt Hon Tom King MP  
Secretary of State for Transport

The Rt Hon Peter Rees QC MP  
Chief Secretary, Treasury

ALSO PRESENT

The Rt Hon John Wakeham MP  
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong  
Mr A D S Goodall (Items 2-4)  
Mr D F Williamson (Items 2-4)  
Mr D H J Hilary (Item 1)  
Mr R Watson (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.

Parliamentary  
Pay and  
Allowances

The Cabinet had a preliminary discussion of the Parliamentary handling of Report No 20 by the Top Salaries Review Body on Parliamentary and Ministerial pay and allowances.

THE PRIME MINISTER, summing up the discussion, said that it would be necessary to take further soundings of opinion among the Government's supporters before decisions could be taken. The Cabinet would be invited to consider the issues further when those soundings had been taken.

The Cabinet -

1. Invited the Chief Whip to take further soundings of opinion among the Government's supporters in the House of Commons, having regard to the views expressed in discussion.

2. Agreed to resume that discussion of Reports No 19 and 20 by the Top Salaries Review Body at their meeting on 7 July 1983

FOREIGN  
AFFAIRS

Kenya

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the dismissal of Mr Njonjo as Minister for Constitutional Affairs marked a further stage in the jockeying for power which was taking place in Nairobi. Mr Njonjo had been a target for nationalist criticism because of his British connections and links with the United States.

Italy

THE FOREIGN AND COMMONWEALTH SECRETARY said that in the recent Italian General Election the ruling Christian Democrat Party had scored its lowest vote since the war with a fall of several percentage points. But there had been no shift to the Communists: the beneficiaries had been the smaller, lay parties, especially the Republicans led by the former Prime Minister, Signor Spadolini. Italy would now be even less easy to govern than hitherto, but the likeliest outcome was the formation of a right of centre coalition Government on familiar lines. No significant change was to be expected in Italy's foreign or defence policies.

Warsaw Pact

THE FOREIGN AND COMMONWEALTH SECRETARY said that the declaration issued at the end of the recent meeting of Heads of Government of Warsaw Pact countries in Moscow had evidently been drafted with an eye to the outcome of the Williamsburg Economic Summit and the forthcoming visit to Moscow of the Federal German Chancellor, Dr Kohl. It contained no new formulations; there was no evidence on which to assess the significance of the omission of any reference to Warsaw Pact counter-measures in the event of the North Atlantic Treaty Organisation proceeding with its proposed deployment of cruise missiles and Pershing IIs.



Falkland  
Islands

Previous  
Reference:  
CC(83) 15th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the announcement that the labour force for the construction of the proposed strategic airfield on the Falkland Islands would be staging through South Africa had attracted criticism from predictable quarters, but it had also led to a protest from the South African Government, who were apparently concerned at the possible impact on South Africa's relations with Latin American countries. It would be essential to minimise the use of South Africa for any purpose connected with the Falklands Garrison and to seek wherever possible to develop commercial links between the Falkland Islands and the Latin American mainland.

United States

Previous  
Reference:  
CC(83) 14th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Vice President of the United States, Mr Bush, had been in London within the last week and the United States Secretary of State, Mr Shultz, was expected shortly. He would himself be having wide-ranging talks with Mr Shultz in Washington in two weeks' time. Meanwhile the United States had reacted with unexpected sharpness to the Government's decision to make an Order under the Protection of Trading Interests Act in connection with British Airways' and British Caledonian's attempt in the Court of Appeal to stop the "treble damage" action being brought in the United States by the liquidator of Laker Airlines. The liquidator's action presented a formidable threat both to British Caledonian and to British Airways and hence to the Government's privatisation plans for the latter. Following the United States Ambassador's protest on 24 June, he had sent a team of officials to Washington to explain the position to the United States Administration and seek some accommodation with them. The Americans' response had been discouraging. But although they were now saying that they regarded the negotiations as being at an end they had nevertheless posed a number of further questions to the British delegation, which had been instructed to remain in Washington. Meanwhile British airlines operating in the United States were exposed to the risk of American sanctions. The matter was both complicated and delicate, being subjudice in the United Kingdom. Much would depend on the outcome of the case now opening before the Court of Appeal; and it would be important not to prejudice the United Kingdom's right to seek arbitration under the Bermuda II Treaty.

Gibraltar

Previous  
Reference:  
CC(83) 12th  
Conclusions,  
Minute 4

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Chief Minister of Gibraltar, Sir Joshua Hassan, was in London to discuss the Government's decision to close the Naval Dockyard at Gibraltar from December 1983 and replace it by a commercial dockyard to be operated by A & P Appledore International Ltd. The terms of the closure included some £28 million of development aid to help refurbish the yard and get it off to a good start: and although some 900 jobs would be lost in Gibraltar, the rate of unemployment there would still be lower than in Chatham. Sir Joshua Hassan and his Ministers, who faced elections in March/April 1984, were united in believing that closure at the end of 1983 was politically unacceptable and were seeking to defer it for two years. There was no advantage to the United Kingdom in deferment, and evident danger in allowing the date of closure to slip. But there was in any case likely to be a slippage of three months in the commercialisation arrangements: and it would be undesirable to compound the difficulties which were to be expected with the



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Gibraltarians over Spain's accession to the European Community with a confrontation over the dockyard if that could be avoided. It might therefore be wise to explore with Sir Joshua Hassan, by way of compromise, an arrangement whereby the Naval Dockyard would remain open for a further six months. The Ministry of Defence estimated the cost of such an arrangement at £6½ million but thought it might be possible to reduce this to £3½ million net.

THE PRIME MINISTER, summing up a short discussion, noted that six months' deferment of closure might be insufficient to meet Sir Joshua Hassan's electoral requirements, and that any deferment would make it more difficult for the British Government finally to close the door. The terms on which closure was being implemented were generous. At the same time Sir Joshua Hassan was an excellent Chief Minister and deserved some degree of understanding for his political difficulties. She would wish to explore the situation further with him when he came to see her that afternoon.

The Cabinet

Took note.

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COMMUNITY AFFAIRS

Community Budget and United Kingdom Refunds

Previous Reference: CC(83) 20th Conclusions, Minute 3

Steel

Previous Reference: CC(83) 20th Conclusions, Minute 3

INDUSTRIAL AFFAIRS

Industrial Action on Telecommunications

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that Mr Dankert, the President of the European Parliament, during his visit to London last week had not given a helpful impression of the likely attitude of the European Parliament to the inclusion of United Kingdom refunds in the Community's budget for 1984. Steps would be taken, however, to mobilise support in the European Parliament for our position. It had been pointed out to Mr Dankert that his attitude risked undermining recent improvements in the attitude of British public opinion to the European Community, and it would be better if the European Parliament were to take a more realistic position.

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that the Commission's latest decision on capacity reduction appeared to be reasonably favourable for the United Kingdom. The Commission was requesting a United Kingdom reduction of 500,000 tonnes but substantially higher figures for some other member states. The British steel industry had in hand possible reductions of about the volume requested.

The Cabinet -

Took note.

4. THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that the Post Office Engineering Union was committed by resolutions passed at its Annual Conference to industrial action against the Bill to privatise British Telecom and against the interconnection of the British Telecom network and Mercury. Some minor industrial action had already been taken in London. The consequences of that had been contained, but it was not clear how industrial action might develop.

Cabinet Office

30 June 1983