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CC(83) 28th
Conclusions

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CABINET

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

THURSDAY 22 SEPTEMBER 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 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 James Prior MP
Secretary of State for Northern Ireland

The Rt Hon Peter Walker MP
Secretary of State for Energy

The Rt Hon Michael Heseltine MP
Secretary of State for Defence

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 John Biffen MP
Lord Privy Seal

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

The Rt Hon Norman Tebbit MP
Secretary of State for Employment

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

The Rt Hon Lord Cockfield
Chancellor of the Duchy of Lancaster

The Rt Hon Tom King MP
Secretary of State for Transport

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

The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

THE FOLLOWING WERE ALSO PRESENT

Sir Patrick Mayhew QC MP
Solicitor General

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

SECRET

SECRETARIAT

Sir Robert Armstrong
 Mr A D S Goodall (Items 1 and 2)
 Mr D F Williamson (Items 1 and 2)
 Mr C J S Brearley (Items 3-5)
 Mr R Watson (Items 3-5)

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FOREIGN
AFFAIRS

Lebanon

Previous

Reference

CC(83) 27th

Conclusions,

Minute 1

1. THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in the Lebanon continued to give cause for serious anxiety. There were worrying signs of divergence between the positions of the four powers contributing units to the Multinational Force (MNF) and in particular between the European contributors and the United States. On the ground, the Lebanese Army still held Suq el Gharb, but United States naval forces operating under different rules of engagement from the other components of the MNF had intervened in defence of the Lebanese Army in a way which was difficult to reconcile with the strictly peacekeeping character of the force. Efforts to negotiate a ceasefire continued and Saudi Arabia was playing an active part, but it was difficult to be optimistic about the chances of success. Recent visits to Beirut by the Minister of State, Foreign and Commonwealth Office, Mr Luce, and the Minister of State for the Armed Forces, Mr Stanley, had confirmed that the British contingent was highly regarded there and the MNF still had a role to play. But there was an increasing risk of rebel retaliation against United States warships leading to progressively greater United States involvement in the fighting. Spokesmen for the Labour Party were beginning to advocate the withdrawal of the British contingent and the Leader of the Social Democratic Party, Dr David Owen, while not favouring withdrawal, had privately expressed concern about the American position. He had also argued for the establishment of a joint command structure for the MNF, but this would mean putting the other contingents under United States command and could only increase the dangers. In consultation with the French Foreign Minister, Monsieur Cheysson, and the Italian Foreign Minister, Signor Andreotti, he had agreed that the three European Governments contributing to the MNF should warn the United States privately (although the French had characteristically done so publicly) of the risks inherent in the present American policy and should question the wisdom of the American tendency to isolate Syria and treat it as a front for the Soviet Union. There were signs that the Americans were now paying more attention to Syria as a result. At the same time it had been agreed to urge the Syrian Government to exercise restraint, and to impress on the Lebanese Government that the MNF was not a blank cheque: the Lebanese Government must make serious efforts to achieve reconciliation and create a situation in which an eventual ceasefire could result in a lowering of tension and in a reduction in the size and role of the MNF. The United States was concerned to defend the Lebanese Government and saw the credibility of United States policies in the Middle East as being at stake. For the time being withdrawal of the British contingent was not a realistic option, but the Government should give full support to current efforts to achieve a ceasefire while using their influence with the United States to discourage deeper American involvement. Meanwhile it had been decided to accede to an Italian request to be allowed to station a small number of aircraft at the British base at Akrotiri in Cyprus, in order to provide air cover for the Italian component of the MNF. The Government of Cyprus had privately expressed understanding of what was proposed, although it was likely publicly to express its dissent; the Italians would be stressing to the Cypriots that their aircraft would be stationed at Akrotiri strictly for defensive, peacekeeping purposes. A request had also been received from the French to be allowed to stage troops through Akrotiri en route to the Lebanon. This would require careful consideration, as would a

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request from the Lebanese Government to buy six obsolete Hunter aircraft from the United Kingdom, partly as replacements for those destroyed in the hostilities.

THE SECRETARY OF STATE FOR DEFENCE said that from his recent talks in Washington with senior members of the United States Administration it was clear that the Americans felt that they could not extract themselves from the conflict in the Lebanon without serious international humiliation. They believed that the Druze rebels were backed by Syria, which was in turn backed by the Soviet Union. The French Government, supported by French public opinion, also saw France's involvement as a matter of honour. The Americans justified their bombardment of Suq el Gharb on the grounds of the town's strategic position and the danger of counter bombardment to which American forces would be exposed if it fell into rebel hands. To withdraw the British contingent at this juncture would seriously damage relations with Britain's allies.

THE PRIME MINISTER, summing up the discussion, said that allies participating in the same operation naturally looked to one another for support and would be rightly indignant if it was refused. At the same time requests to use the British base at Akrotiri were in danger of giving Britain a higher profile in the conflict than was desirable, especially bearing in mind the small size of the British contingent. The Lebanese Government's request to buy six Hunters presented particular difficulties and, if agreed, would heighten the risk of rebel attacks on the British contingent which had so far suffered no casualties. To withdraw the British contingent in present circumstances would cause unacceptable disruption between allies, but every effort must be made to bring home the dangers of increased American involvement to the United States Administration.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the objective of keeping arms control negotiations separate from Western reactions to the Soviet Union's shooting down of the Korean civil airliner had so far been achieved. There had been wide international support for measures against the Soviet Union in the civil aviation field, a strong resolution had been adopted by the International Civil Aviation Organisation and the Soviet Union had been obliged to veto a condemnatory resolution in the United Nations Security Council. The ban on flights to and from the Soviet Union on which many Western Governments had agreed would expire on 28 September. Suggestions to extend it would find little international support, and the Federal Republic of Germany, which together with the United Kingdom had most strongly favoured vigorous action, would also be against it. The United States might favour extension but would be wary of forcing a rift in the Alliance. Despite pressure from hardliners at home to break off all contacts with the Soviet Union, President Reagan had not interrupted current arms control negotiations. But there was concern at the possibility on the part of the European allies, especially the Federal German Government who needed to maintain domestic support for the impending deployment for Pershing IIs and cruise missiles, and who

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East-West
Relations

Previous
Reference:
CC(83) 22nd
Conclusions,
Minute 2

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regretted that the Soviet Foreign Minister, Mr Gromkyo, had in effect been given an excuse by the Americans not to attend the United Nations General Assembly. The primary British concern was to keep the allies together. Private visits from the Soviet Union were being allowed to proceed, but not governmental ones, although the line was sometimes difficult to draw. The refusal of visas to prospective Soviet visitors continued to be made on security grounds only. The forthcoming visit in October of a Soviet Deputy Prime Minister to the United Kingdom at the invitation of Imperial Chemical Industries would need further consideration, but on balance it would probably be right to allow it to go ahead.

THE SECRETARY OF STATE FOR TRANSPORT said that while the Government ban on Aeroflot flights would expire on 28 September, the British Airline Pilots Association (BALPA) action on flights to the Soviet Union would continue until 7 October (he understood it was unlikely to be extended for a further 30 days after that). The Transport and General Workers' Union at Heathrow Airport had imposed a ban on handling Aeroflot flights coterminous with BALPA's action and this meant that Aeroflot flights would not be able to use Heathrow Airport until the BALPA action ended, even though the Government's ban expired earlier.

THE PRIME MINISTER, reporting on a series of recent bilateral meetings with other European Heads of Government, said that she had been impressed by the personality of Signor Craxi, the new Socialist Prime Minister of Italy. He took a robust view of the Soviet Union and was determined to stick to the timetable for the deployment of cruise missiles in Italy. The Netherlands Prime Minister, Mr Lubbers, had explained that his Government had been unable to agree to a ban of more than 14 days on flights to and from the Soviet Union because of the fear of losing airline business to the Netherlands' competitors. He expected great difficulty in mustering support for cruise missile deployment in the Netherlands, but he and his Foreign Minister would do their best to stand firm. The West German Chancellor, Dr Kohl, had as always been very firm on the issue. His Party were organising 10,000 meetings throughout the Federal Republic to maintain support for deployment and counter Soviet propaganda.

Hong Kong

THE PRIME MINISTER informed the Cabinet of the state of negotiations on the future of Hong Kong.

Previous
Reference:
CC(83) 19th
Conclusions,
Minute 2

The Cabinet -

Took note.

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COMMUNITY AFFAIRS

Community Budget and United Kingdom Refunds

Previous Reference: CC(83) 27th Conclusions, Minute 2

2. THE PRIME MINISTER said that her discussions with the Italian and Dutch Prime Ministers and with the Federal German Chancellor had indicated that the chances of final agreement on budgetary reform at the European Council at Athens in December were not promising. The Italians certainly did not consider it possible within this time-scale. The Dutch Prime Minister had continued to stand firmly with the British position on the guideline for controlling agricultural spending but was looking for a partial result on budgetary reform rather than the full British safety net proposal. She doubted whether the Germans would remain firm on the control of agricultural spending.

THE FOREIGN AND COMMONWEALTH SECRETARY, reporting on the meeting of the Special Council on 20 September, said that agreement at Athens would be extremely difficult. Nonetheless, the situation in the Community was very different from that in the recent past. It was clear from the discussions in the Special Council that all member states now acknowledged that there was a budgetary problem. So far only the Germans supported the British proposals for a safety net scheme, but all member states were supporting one proposal or another to correct the budget situation. It would be important to continue to insist that there could be no question of an increase in the Community's own resources if the United Kingdom did not obtain a satisfactory result on correcting the budget inequity and on control of agricultural spending.

THE FOREIGN AND COMMONWEALTH SECRETARY reported that at the Council of Ministers (Foreign Affairs) on 19 September the United Kingdom had raised the question of the figure in the 1983 draft supplementary budget for the additional payments to the United Kingdom under the 1982 risk-sharing arrangement. There had been no support from other member states. It was probable, however, that the issue would come back to the Budget Council when the European Parliament had taken a position on the draft supplementary budget.

Economic Measures in Germany and the Netherlands

THE PRIME MINISTER drew attention to the strong attitude to public expenditure which the Dutch and German Governments were showing. In the Netherlands not only were rates of value added tax being increased but the Government was proposing a substantial percentage cut in salaries and benefits paid from public funds. In Germany there would be a freeze until 1985 on salary increases in the public sector and even pensioners were being asked to bear additional charges.

The Cabinet -

Took note.

ASSOCIATION
OF LONDON
AUTHORITIES

3. The Cabinet considered a memorandum by the Secretary of State for the Environment (C(83) 32) on the Association of London Authorities (ALA).

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that 11 Labour-controlled London boroughs, together with the Greater London Council (GLC), had established the ALA, primarily in furtherance of the campaign being conducted by the GLC and other left-wing authorities against Government policies on local government, and to provide a vehicle by means of which ratepayers' money could be used to finance the campaign. Although nominally open to all London authorities, membership of the ALA was effectively restricted to Labour authorities by the objects of the Association, which included the retention of the GLC. The ALA had requested Departments formally to recognise them and to include them in consultations in the same way as the existing London Boroughs Association, from which seven of the member councils had resigned. He had statutory obligations to consult local authority associations and the Law Officers had advised that the ALA must be included amongst those to be consulted. The Law Officers had also warned against the dangers of any form of consultation which could be challenged in the Courts as being less than wholehearted. He had therefore concluded that the ALA would have to be invited to statutory joint consultative bodies, such as the Consultative Council on Local Government Finance. Failure to do so would almost certainly result in Court action which could hold up the process of determining the rate support grant settlement. He had now heard that two Conservative-controlled London boroughs, Bromley and Westminster, were about to commence a Court action against the GLC, which would aim to prevent it from using money from rates levied upon their ratepayers to finance its subscription to the ALA. This altered the position, and meant that final decisions should not be reached now. He would, however, still like to have the views of colleagues about what should be done. His own view was that the ALA must be brought into the statutory consultation arrangements. At the same time he should make a statement explaining the Government's position and deploring the political polarisation of the London boroughs which had taken place. The statement should also say that discussions would begin with the other local authority associations to prevent similar polarisation and that, if necessary, the Government would legislate so that the ALA would not have to be consulted. He felt that legislation would be the only long-term solution, although he was advised that it would be very difficult to draft legislation which would be effective and also acceptable to Parliament.

In discussion the following points were made -

- a. In view of the Court case which the Councils of the London Boroughs of Bromley and Westminster might bring, the Government should say and do as little as possible, and only what was unavoidably necessary, at this stage. No statement should be made for the time being. Phrases like "recognition" or "formal recognition" should not be used.

b. Many Conservative London Members of Parliament and local authority leaders would be looking for a firm Government response. They might expect legislation or the setting up of a purely Conservative association. The latter would however prejudice an eventual return to a bi-partisan association if the Bromley case led to the winding up of the ALA, and such action would not be appropriate at this stage.

c. Statutory requirements to consult varied in their precise terms; there was also a considerable amount of consultation which was undertaken on a non-statutory basis. Work should be done to establish precisely what minimum consultation would be required to meet the legal requirements and this alone should be undertaken with the ALA. No consultation other than that required by statute should be undertaken with that body, although it might on occasion be necessary to consult the individual boroughs.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that the Government should be careful not to take any action which would prejudice the outcome of the Court case to be brought by the Councils of the London Boroughs of Bromley and Westminster. Nevertheless the Government must comply with the law and undertake the minimum consultation with the ALA which the law required, both in form and scope. It should not go beyond that minimum. Urgent work should be undertaken to establish precisely what was required in this respect. At this stage no formal statement should be made; nor should any action be taken to set up a rival association or to talk to the other local government associations. Legislation should not be ruled out for the future, but it should not be publicly threatened. There would need to be further discussion in the light of the outcome of the proposed Court action by the London Boroughs of Bromley and Westminster.

The Cabinet -

1. Took note, with approval, the Prime Minister's summing up of their discussion and invited the Secretary of State for the Environment to be guided accordingly.
2. Invited the Secretary of State for the Environment to consider, in consultation with those colleagues who also had occasion to consult local authority associations in London, the precise form and scope which minimum consultation would require in order to avoid legal challenge.

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4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that he did not believe the resolution on Northern Ireland approved by the Liberal Party conference the previous day and which included a commitment to the principle of a united Ireland as a long-term objective needed to be taken too seriously; but it was not helpful to the Government's policies and would upset Unionist opinion in the Province. It came at a time when there were some signs that the implications of a united Ireland were being more seriously and realistically considered in both parts of Ireland than for many years.

The Cabinet -

Took note.

5. THE CHIEF SECRETARY, TREASURY, said that figures published by the Central Statistical Office earlier in the week showed that output in the first half of 1983 had risen by 3 per cent over the same period in 1982, and by 5½ per cent over the same period in 1981. These suggested that economic recovery was soundly based and stronger than earlier figures had suggested. It was expected that this recovery would be sustained over the coming months.

The Cabinet -

Took note.

Cabinet Office

22 September 1983

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