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CC(83) 31nd
Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 3 NOVEMBER 1983
at 10.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

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 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 Trade and Industry

The Rt Hon Tom King MP
Secretary of State for Employment

The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport

ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

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SECRETARIAT

Sir Robert Armstrong
Mr A D S Goodall (Items 2-4)
Mr G Stapleton (Items 2-4)
Mr C J S Brearley (Item 1)
Mr R Watson (Item 1)

C O N T E N T S

Item	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
2.	FOREIGN AFFAIRS	
	Grenada	1
	Lebanon	2
	Argentina	3
	Disarmament and Arms Control	4
3.	COMMUNITY AFFAIRS	
	Community Budget and United Kingdom Refunds	5
4.	ECONOMIC AFFAIRS	
	Unemployment Figures	5

PARLIAMENTARY
AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

FOREIGN
AFFAIRS

Grenada

Previous
Reference:
CC(83) 31st
Conclusions,
Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the United States Secretary of State, Mr Shultz, had expressed regret to him at the United States Government's failure to consult the British Government earlier about American plans to intervene in Grenada. The failure had been due largely to preoccupation with the terrorist attack on the United States force in the Lebanon on 23 October. The military intervention by the United States and certain Caribbean countries in Grenada now appeared to be in its final stage, although there was still some uncertainty about the degree of continuing guerilla resistance. The United States had announced its intention of withdrawing its forces as soon as possible. Meanwhile the Governor General, Sir Paul Scoon, was more firmly in the saddle and had declared his intention of forming an interim Administration of non-political figures to prepare the way for elections which, on the basis of present information, were unlikely to prove practicable before the spring of 1984. The Foreign and Commonwealth Office was in close touch with the United States Administration and with the Secretary General of the Commonwealth, Mr Ramphal, about developments in Grenada, and was exercising an important moderating influence on American decisions. Although it was not clear how far the Caribbean countries involved in the military intervention would welcome a Commonwealth initiative, the Secretary General of the Commonwealth was exploring the possibility of putting together a Commonwealth "interim security presence" in Grenada if one were requested. Canada, New Zealand and possibly Australia would be willing to contribute, but India was less helpful and there would be Latin American objections, notably from Venezuela, to British participation. The Government therefore needed to approach the question more cautiously than some of its supporters in Parliament would like; but a cautiously positive reply to Mr Ramphal would be appropriate. Meanwhile the Governor General had accepted the Government's offer to resume bilateral aid to Grenada and £2 million had been earmarked for this purpose. The British Regional Aid Team in the Caribbean would be visiting Grenada shortly, together with a police adviser; and the United Kingdom would be ready if asked to help with the organisation of free and fair elections on the island. He would be announcing these measures in the House of Commons that afternoon.

THE SECRETARY OF STATE FOR NORTHERN IRELAND, reporting on his visit to the United States, said that the close relationship between the United States and the United Kingdom did not appear to have been seriously damaged by the difference of view between the two Governments over Grenada, despite some grumbling among the American public at what was seen as Britain's failure to support the United States in the way that the Americans had supported Britain over the Falkland Islands. The weight of opinion in the American media was highly critical of President Reagan's decision to intervene in Grenada, largely because journalists had not been allowed to accompany the United States forces who landed in Grenada. But the Democratic Party, which had been opposed to the American intervention, was now cautious of criticising it in view of the groundswell of public approval for the President's action. Whether or not the intervention would be seen as a success for the President would

now depend largely on the speed with which American forces could now be withdrawn from the island. Present thinking in Washington about this appeared over-optimistic.

THE PRIME MINISTER, summing up the discussion, said that priority in the allocation of aid funds should normally be given to British colonies for which the Government had a continuing and direct responsibility rather than to countries where that responsibility had ended. It would be preferable for the Foreign and Commonwealth Secretary not to mention a specific figure for British aid to Grenada in his Parliamentary statement. The Cabinet agreed that any British commitment to Grenada in terms of police, technical assistance or other personnel should be for a limited period only.

The Cabinet -

1. Took note.

Lebanon

Previous
Reference:
CC(83) 31st
Conclusions,
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had been to Paris on 27 October for talks with the Foreign Ministers of the other three countries contributing to the Multinational Force (MNF) in the Lebanon and that national reconciliation talks between the main Lebanese political groups had started in Geneva on 31 October. Although President Gemayel was showing some readiness to compromise, the attitudes of the other participants in the talks was less clear, and it was too soon to judge whether they might lead to the formation of a viable Lebanese Government which would make it possible for the MNF to be withdrawn. The ceasefire was still holding, despite repeated infringements, and the United Kingdom contingent to the MNF was still providing the guard for the Ceasefire Security Committee. Recommendations for improving the security of the British Embassy in Beirut had been received and would be implemented as soon as possible. Looking to the longer term, there was a worrying divergence of approach between the United States and the other three contributors to the MNF about the creation of conditions in which the force could be withdrawn: there were signs that the United States might wish to retain a military presence in the Lebanon indefinitely. Meanwhile there was a risk that the Americans were contemplating large scale retaliation, possibly including action against the Iranians, for the terrorist attacks on the American and French MNF contingents on 23 October, thereby increasing the threat to the British contingent. Efforts were being made to persuade the Americans to confine any retaliatory action to the terrorist group directly responsible for the attack, if that could be clearly identified.

Argentine
Previous
Reference
CC(83) 30th
Conclusions
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the elections in Argentina on 30 October had resulted in the defeat of the Peronists and a decisive victory for the Radical Party under Senor Alfonsin. The new Government were not due to assume office until January 1984, but there were signs that the military junta was preparing to hand over power earlier. Although the Radicals would face severe difficulties with the trades union movement, the decisiveness of their election victory offered the country some hope of greater stability. There was unlikely to be any significant change in Argentina's attitude to the Falkland Islands; but Senor Alfonsin had been opposed to the Argentine invasion and there might now be some slackening of the Argentine military threat to the islands. There was however no incentive for the incoming Government to declare a formal cessation of hostilities. At the United Nations, several of Britain's Community partners were looking for excuses to enable them to support the Argentine draft resolution and the Foreign and Commonwealth Office was making intensive efforts to prevent this. Indications that the United States was moving towards a resumption of arms sales to Argentina were also increasing, despite the further adverse consequences this was bound to have for the United States/United Kingdom relationship in the aftermath of Grenada.

In discussion it was argued that the advent to power of a democratically elected Government in Argentina would make international opinion less sympathetic to the British Government's continued refusal to enter into any form of negotiation with Argentina. The high cost to the British defence budget of defending the Falkland Islands, now running at about £500 million a year, was also likely to command less public support at home as the military action to recover the islands receded. Consideration should therefore be given to the possibility of indicating some readiness to engage in talks with the new Argentine Government on subjects other than sovereignty over the Falkland Islands. As against this it was argued that it would be unacceptable to enter into any negotiations with Argentina as long as the Argentine Government refused to declare a formal cessation of hostilities; that sovereignty was the only issue about which the Argentines would be prepared to negotiate and no concession on that could be contemplated; and that, in the light of Argentine history, there could be no confidence that a democratically elected Government would remain in power long enough to be a valid negotiating partner.

THE PRIME MINISTER, summing up the discussion, said that it was right for the Government to welcome the accession to power in Argentina of a democratically elected regime. But there could be no question of entering into negotiations with Argentina on the question of sovereignty over the Falkland Islands. Although there was no evidence that the new Argentine Government was contemplating a debt repudiation, a decision by the United States Government to resume arms sales to Argentina would make it necessary for the Government to reconsider British participation in the arrangements for an international commercial loan to Argentina which was being negotiated in conjunction with the aid to be made available by the International Monetary Fund.

The Cabinet -

2. Invited the Foreign and Commonwealth Secretary, in consultation with the Chancellor of the Exchequer, to review the Government's policy towards debt relief for Argentina in the light of the considerations mentioned by the Prime Minister in her summing up.

Disarmament
and Arms
Control

Previous
Reference:
CC(83) 30th
Conclusions,
Minute 2

THE SECRETARY OF STATE FOR DEFENCE said that the meeting of the Nuclear Planning Group of the North Atlantic Treaty Organisation which he had just attended in Ottawa had reaffirmed support for the Alliance's twin track decision of November 1979 and for the planned deployment programme for cruise and Pershing 2 missiles. The first consignment of cruise missiles for the United Kingdom would be arriving shortly and he would inform Parliament when that happened. Meanwhile deliveries of the related equipment were proceeding. The security situation at the Greenham Common base was under control and the level of public protest there less than had been feared. Measures for the protection of the outer perimeter were adequate and it would be undesirable to intensify them further. He trusted that the inner defences round the missiles themselves were impregnable. As the same time it was important, not least in order to deter terrorists, that the public should understand that attempts to penetrate those defences would have in the last resort to be, and would be, met with force. The Nuclear Planning Group meeting had also agreed on a measure of great importance in the arms control context, which had unfortunately been overshadowed in the media by developments in Grenada: this was the decision to reduce the Alliance's stockpile of nuclear warheads in Europe by 2,000 bringing the stockpile to its lowest level for 20 years. This was additional to the earlier withdrawal of 1,000 warheads, and went very substantially beyond the commitment entered into at the time of the December 1979 decision to ensure that one warhead was withdrawn for every one of the 572 cruise or Pershing 2 missiles deployed. It was thus an effective demonstration of the importance which the Alliance attached to arms control and disarmament. The British Government had played an influential part in securing American agreement to this decision.

The Cabinet -

3. Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that his talks with the Italian Foreign Minister on 31 October had shown that Signor Andreotti had not yet fully turned his mind to Community affairs. In more productive discussions with the Minister for Community Policy, Signor Forte, there had been some signs of an Italian recognition that the budget inequity would have to be solved on the revenue side, as the United Kingdom wanted.

THE FOREIGN AND COMMONWEALTH SECRETARY also reported that the European Parliament had, as expected, voted to put the provision for the United Kingdom's 1983 refunds into the reserve chapter of the 1984 draft budget. This was unhelpful because it altered the conditions on which the refunds had been agreed, made the expenditure non-obligatory, and linked the release of the refunds to the outcome of the post-Stuttgart negotiations. After some initial hesitation, it had been opposed by the majority of the European Democratic Group in the Parliament. The United Kingdom would have an opportunity to put matters right at the Budget Council on 22 November.

THE CHANCELLOR OF THE EXCHEQUER said that the Germans had now tabled their paper on future financing and the budget inequity but that, following his discussions with Herr Tietmeyer, the State Secretary in the German Ministry of Finance, it had been corrected in a number of ways more helpful to the United Kingdom. It still, however, envisaged the possibility of a solution which was not based on net contributions, even though the Germans acknowledged that this would be the best basis.

The Cabinet -

Took note.

4. THE SECRETARY OF STATE FOR EMPLOYMENT said that modestly encouraging unemployment figures for October were to be released later that day, showing a fall of 73,000 in the gross total since September; the seasonally adjusted figure was a fall of 10,000. There had been a further rise in vacancies and a decline in short and part-time working.

The Cabinet -

Took note.

Cabinet Office

3 November 1983

COMMUNITY AFFAIRS

Community Budget and United Kingdom Refunds

Previous Reference: CC(83) 31st Conclusions, Minute 3

ECONOMIC AFFAIRS

Unemployment Figures

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