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CABINET

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

THURSDAY 12 JANUARY 1984

at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

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 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

THE FOLLOWING WERE ALSO PRESENT

Mr Malcolm Rifkind MP
Minister of State, Foreign and
Commonwealth Office

Mr John Gummer MP
Minister of State, Department of Employment

SECRETARIAT

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

Housing
Benefit

THE PRIME MINISTER said that the debate on housing benefit on the Opposition's Supply day on 19 January would give further opportunities for criticism of the Government's planned reductions in this area. Currently £3.4 billion was being spent and one in three households received the benefit. She understood that some of these had above average incomes. This level of expenditure was unacceptably high, even if it resulted in part from a higher rate of take-up following the re-organisation of the benefit arrangements and from increases in council house rents and rates. She was most concerned that the facts should be presented clearly and that those sections of the press which argued for cuts in public expenditure in general, but against the 5 per cent cut in housing benefit, should be brought to realise what large sums were involved. This was only one feature, but a significant feature, of the problem of containing welfare expenditure which was general to Western European countries. This problem had been well discussed in a recent report by the Organisation for Economic Co-operation and Development, which could be quoted in support of the Government's campaign to promote public discussion of the issue of how to deal with the rising level of social welfare expenditure. It might be useful to co-ordinate a campaign of speeches by Ministers about housing benefit on the lines of what had successfully been done on the Rates Bill.

Rates Bill

Previous
Reference:
CC(83) 38th
Conclusions,
Minute 3

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that he was grateful for the contribution colleagues had made by their speeches. He would be circulating updated briefing that day. Statements in support of the Government's action would shortly be forthcoming from a number of bodies representing trade and industry.

The Cabinet -

Took note.

FOREIGN
AFFAIRS---
Middle EastPrevious
Reference:
CC(83) 38th
Conclusions,
Minute 1

2. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (MR RIFKIND), said that the Foreign and Commonwealth Secretary was at present in the Middle East. He had visited Egypt from 8 to 10 January and Saudi Arabia from 10 to 11 January, and he was seeing President Assad of Syria in Damascus that day. Both in Cairo and Jedda he had encountered strong criticism of the Strategic Co-operation Agreement between the United States and Israel. His speech the previous day restating the Government's position on the Middle East conflict in standard terms had received widespread publicity. In Jordan, Parliament had been recalled after a long period of abeyance in an attempt by King Hussein to regain the initiative in the peace process and put pressure on Mr Yasser Arafat, the leader of the Palestine Liberation Organisation, to go to Amman.

King Hussein himself had been admitted to hospital and was likely to be out of action for some days. In the Lebanon, President Gemayel's new Security Plan, which would allow deployment by Lebanese Government forces outside Beirut, had suffered a setback and its implementation was uncertain. The Foreign and Commonwealth Office was in touch with the other contributors to the multinational force (MNF) about options for widening the involvement of the United Nations in the Lebanon; and the issues would be considered by the Foreign Ministers of the four MNF contributors in the margins of the European Disarmament Conference in Stockholm on 16 January. There had been significant reductions in both the Italian and French contingents to the MNF, but the Lebanese Government wanted it to remain, and the Saudis had made it clear that this was their wish too.

THE PRIME MINISTER, summing up the discussion, noted that the American contingent to the MNF had now withdrawn within its base and there was no activity on the part of the French. The British contingent continued to carry out its prescribed tasks and to attract widespread admiration and respect. It must continue to be the Government's objective to have the MNF replaced by a United Nations force. But, since the Secretary General of the United Nations could not take action to this end without a request from the host country as well as an appropriate Security Council Resolution, agreement must first be reached between the four contributing Governments which could then be followed by a concerted demarche to President Gemayel.

Nigeria

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that the recent military coup d'etat in Nigeria had been staged by senior officers apparently to pre-empt action by more radical junior ranks. The constitution had been suspended and political parties had been banned. Former President Shagari and some of his colleagues were in detention but were apparently being well treated. The new Nigerian Government was emphasising continuity of policy especially in the economic field, and talks with the International Monetary Fund on rescheduling Nigeria's debts were to resume. The new Government had sent a delegation to a number of capitals, including London where it was expected the following day. The British High Commissioner in Lagos had been instructed to have normal working contacts with the new regime. No official British comment on the coup had been volunteered, but if asked spokesmen would express the British Government's disappointment at the overthrow of a democratically elected civilian regime. It appeared that although President Shagari had had genuine majority support in last year's Nigerian general election, there had been little enthusiasm within Nigeria for his Government, which had been increasingly regarded as ineffective as well as corrupt. The indications were that the change of regime had been accepted by most of the population with relief.

Southern Africa
Previous Reference: CC(83) 38th Conclusions, Minute 1

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that the last few weeks had seen major military and diplomatic developments in Southern Africa. A major South African offensive into Southern Angola - the largest since 1976 - had been mounted to pre-empt the annual infiltration into Namibia by the South West African People's Organisation and to destroy a Soviet supplied missile base. Having achieved their objectives, the South African forces were now being withdrawn. Meanwhile the United Nations Security Council had adopted two Resolutions strongly condemning South Africa. The United Kingdom had supported the first Resolution, which called for the withdrawal of South African forces from Angola, but had abstained (together with the United States) on the second because it came close to calling for economic sanctions against South Africa and appeared to encourage military support for Angola from Cuba and the Soviet Union. Prospects for progress now centred on the South African Government's offer to disengage from Angola from 31 January 1984 and to observe an extendable truce; and on the resumption of contact between Angola and the United States, which would start with a working meeting between the two sides in Cape Verde the following week at which all relevant issues were to be discussed including the possibility of Cuban withdrawal.

The Cabinet

Took note.

3. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (MR RIFKIND), reported that, contrary to some press reports, the meeting on 6-7 January between the Foreign and Commonwealth Secretary and the President of the European Commission, Monsieur Thorn, had been useful. Monsieur Thorn had been concerned that the French Presidency might see the European Council in March only as a staging post to a later settlement and had been stressing to French Ministers that decisions, or at least significant progress, were needed in March. It appeared that the French were suggesting in contacts with the Commission and other member states that the United Kingdom would be ready to accept a time-limited and degressive solution to the problem of budget inequity. The Foreign and Commonwealth Secretary had made clear once again that there was no basis for this suggestion, which was not acceptable. On the disputed amount of the risk-sharing element of the United Kingdom's 1982 refunds, the Foreign and Commonwealth Secretary had now written formally to the Commission. Monsieur Thorn had not been completely negative, and had expressed readiness to act as an "honest broker" on this matter. It was suggested that this might be because the United Kingdom had expressed the firm view that the Community was now in default on this payment, although it was pointed out that other member states did not accept that they were in default.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that, at the Council of Ministers (Agriculture) on 9-10 January, there had been general agreement with the French Presidency that the agricultural issues raised in the Commission's proposals of last summer, which had been discussed unsuccessfully in the Special Councils leading up to the European Council in December, should now be carried forward in the Agriculture Council. The strict financial guideline for agricultural spending would continue to be treated with the other financial and budgetary questions. The agricultural work programme would also cover the Commission's proposals on agricultural prices for 1984-85, which were expected to be presented the following week and would be restrictive, probably containing mainly freezes on farm support prices. The Council of Ministers (Agriculture) had also discussed Community measures on agricultural structure. These measures had expired, and the Council did not reach agreement either on new measures or on a roll-over. Since the schemes were no longer in existence, there would be no payments to farmers in the immediate future of these structural aids, including capital grants and some aids in less favoured areas.

The Minister of Agriculture, Fisheries and Food also reported that two United Kingdom lorries carrying lamb (including a consignment of New Zealand lamb) had been stopped by French farmers, who had stolen some of the lamb and distributed it to hospitals and other charitable organisations, and apparently intended to make the British drivers take their lorries to Paris as part of a demonstration. Similar incidents had taken place recently against Dutch and Danish lorries in France. The United Kingdom had immediately made representations to the French authorities. He had himself spoken to the French Minister of Agriculture, Monsieur Rocard, who had apologised and given an assurance that instructions had been sent from Paris to the local police to ensure that the lorries were released.

COMMUNITY AFFAIRS

Community Budget and United Kingdom Refunds

Previous Reference: CC(83) 38th Conclusions, Minute 2

Agriculture Previous Reference: CC(83) 34th Conclusions, Minute 3

The Cabinet -

Took note.

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that he had visited Dublin the previous day for talks with the Irish Minister of Justice, Mr Noonan. The Minister had at first been nervous of being put under British pressure to take more effective action on the security front, but the general atmosphere had been reasonably good and the meeting had resulted in agreement on a number of measures to improve co-operation between the police forces in the Irish Republic and Northern Ireland, including the appointment of Liaison Officers to the respective Police Headquarters. Talks would also take place between officials of the two Governments on possible ways to strengthen the law on incitement to violence in both countries. Security co-operation remained a politically sensitive matter for the Irish Government, and the hostile reception given by the local population to units of the Irish Army and the Garda Siochana during recent security operations in County Leitrim showed that anarchy was close to the surface south as well as north of the Irish border. It was an important British interest to ensure that there was no general breakdown of law and order throughout the island of Ireland and to co-operate closely with the Irish Government in pursuit of that objective. In Northern Ireland terrorist murders continued at a reduced level. He had recently had a useful meeting with the leaders of the Official Unionist Party (Mr Molyneux) and the Democratic Unionist Party (Mr Ian Paisley), following which there had been no breach of the confidentiality of the discussions. As a result of that meeting he had agreed with the General Officer Commanding in Northern Ireland that an attempt should be made to close a number of crossing points on the border which afforded terrorists easy access to and from the Irish Republic.

The Cabinet -

Took note.

5. THE PRIME MINISTER said that she was proposing that, as was customary at this time of year, the Cabinet should have a general discussion of the economic situation and prospects at a meeting early in February, as a prelude to the Chancellor of the Exchequer's preparation of his Budget. That meeting would have before it a memorandum by the Treasury containing information about the trend over time in the distribution of public expenditure between current and capital expenditure, as had been requested in earlier discussions.

The Cabinet -

Took note.

Cabinet Office

12 January 1984

NORTHERN
IRELAND

Previous
Reference:
CC(83) 38th
Conclusions,
Minute 4

ECONOMIC
AFFAIRS