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CC(85) 1st
Conclusions

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CABINET

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

THURSDAY 10 JANUARY 1985

at 10.30 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 Lord Hailsham of St Marylebone
Lord Chancellor

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

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

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 Nicholas Edwards MP
Secretary of State for Wales

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 Trade and Industry

The Rt Hon Tom King MP
Secretary of State for Employment

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

The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport

The Rt Hon Douglas Hurd MP
Secretary of State for Northern Ireland

The Rt Hon Earl of Gowrie
Chancellor of the Duchy of Lancaster.

THE FOLLOWING WERE ALSO PRESENT

Sir Patrick Mayhew QC MP
Solicitor General (Item 5)

Mr John Gummer MP
Paymaster General

The Rt Hon Baroness Young
Minister of State, Foreign and
Commonwealth Office

Mr John Cope MP
Treasurer of the Household

SECRETARIAT

Sir Robert Armstrong	
Mr P L Gregson	(Items 5 and 6)
Mr D F Williamson	(Items 3 and 4)
Mr B G Cartledge	(Items 3 and 4)
Mr C J S Brearley	(Items 1 and 2)
Mr A J Wiggins	(Items 5 and 6)
Mr R Watson	(Items 1 and 2)

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SECRETARY
OF STATE FOR
TRADE AND
INDUSTRY

1. The Cabinet welcomed the Secretary of State for Trade and Industry back and extended their warmest congratulations to him on his recovery from the injuries which he sustained in the bomb explosion at the Grand Hotel, Brighton, in October 1984.

PARLIAMENTARY
AFFAIRS

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

THE CHANCELLOR OF THE EXCHEQUER said that it would be difficult for him to participate in a debate on the Opposition motion on the reduction of unemployment through public expenditure on 17 January because of a prior commitment to a meeting in Washington.

The Cabinet -

1. Invited the Lord Privy Seal to seek to arrange for the debate of the Opposition motion to be taken on Tuesday 15 January.

Rate Support
Grant Debates

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that the debates on the Rate Support Grant (RSG) Reports on 16 January would raise again the problem of the way in which law spending authorities were affected by the RSG settlement. He would be consulting colleagues on a possible form of words for use in the debate about prospects for these authorities.

THE PRIME MINISTER, summing up a brief discussion, said that previous commitments of this nature had proved very costly. It would be very important in 1985 to show that public expenditure was being kept under strict and effective control.

Explosion at
Putney Hill

THE SECRETARY OF STATE FOR EMPLOYMENT said that there had been an explosion that morning in a block of flats on Putney Hill which had killed several people. It seemed likely that an escape of gas was the cause, although this had not yet been confirmed. He had asked for an urgent report from the Health and Safety Commission. The flats were in the constituency of the Parliamentary Under Secretary of State, Home Office (Mr Mellor) who would be precluded from asking a Private Notice Question (PNQ). It might therefore be appropriate for him to make a statement to the House of Commons. Alternatively, a neighbouring Member of Parliament might ask a PNQ.

THE PRIME MINISTER said that there were precedents for a neighbouring Member raising such matters on a PNQ when the constituency Member was a

Minister. It would be preferable for this to happen in this case, but a statement would be appropriate if it did not.

The Cabinet -

2. Took note.

3. The PRIME MINISTER said that she wished to inform the Cabinet of the overseas visits which she had made during the week before Christmas. The main purpose of her visit to China, from 18 to 20 December, had been to sign the agreement on the future of Hong Kong. The Chinese Government had extended a very warm welcome to her and to her party and had done everything possible to emphasise the significance and status of the visit. She had, during the course of a single day, called on the four most important members of the Chinese leadership: Chairman Deng Xiaoping, President Li Xiannian, Prime Minister Zhao Ziyang and the General Secretary of the Communist Party, Hu Yaobang. This reception was unprecedented for a visiting Head of Government. It was clear from the discussions in Peking that the Chinese were keen to conclude more trade agreements and to increase the volume of business with the United Kingdom. It had not, however, been thought appropriate to conclude commercial negotiations on this occasion since this would have risked misinterpretation, in Hong Kong, of British motives in concluding the Hong Kong agreement. The Chinese Government had arranged for over 100 Hong Kong people, representing all walks of life, to attend the signing ceremony and banquet. The Prime Minister said that she had also been warmly welcomed on her subsequent visit to Hong Kong itself. The people of Hong Kong had shown a good understanding of the purpose and nature of the agreement on Hong Kong's future, despite some reservations on particular points such as the nationality issue.

THE PRIME MINISTER said that from Hong Kong she had travelled to the United States, where on 22 December she had engaged in three hours of discussion with President Reagan, mainly on arms control issues and on the Strategic Defence Initiative in particular. During the talks she and the President had identified four main points of agreement, which had subsequently been embodied in a public statement. It was significant that the United States approach to the meeting in Geneva on 7-8 January 1985, between Secretary of State Shultz and the Soviet Foreign Minister, Mr Gromyko, had been based on the four points which she had agreed with President Reagan. Her impression in Washington had been that the American position was not at that stage fully developed and that the United Kingdom's contribution, carefully worked out in advance, had been timely and welcome. President Reagan's National Security Adviser, Mr McFarlane, had come to London on 9 January, direct from Geneva, to inform the British Government of the outcome of the meeting between Mr Shultz and Mr Gromyko. It was clear that this had been very successful. The Soviet objective of putting a stop to the Strategic Defence Initiative had not been achieved; the United States

FOREIGN AFFAIRS

The Prime Minister's Visits to the People's Republic of China; Hong Kong; and the United States

would continue with the research programme which was in full accordance both with the Anti-Ballistic Missile Treaty of 1972 and with the four points which she had agreed with the President, but testing and deployment, together with all other aspects of strategic defence systems, in which the Soviet Union at one time seemed to have established a lead in both research and deployment, would be on the table. The Prime Minister said that although she did not share President Reagan's dream of eliminating all nuclear weapons, since these could not be disinvented, it was important that the United States should balance Soviet efforts to develop defences against them. In the talks at Geneva, which had resulted in agreement to pursue negotiations on the three issues of strategic weapons reductions, intermediate weapons reductions and space weapons under one overall umbrella, the United States had made it clear that United Kingdom and French nuclear weapon systems would not be the subject of negotiation. The Prime Minister said that the detailed modalities of the eventual negotiations remained to be worked out and that her forthcoming visit to Washington, in February, would consequently offer a further opportunity to provide a United Kingdom contribution to American thinking. It would be important in the period following the Geneva meeting, which represented a significant success for President Reagan and his Administration, to keep in close touch with the United States and to make full use of the close relationship with the United States leadership, both political and personal, which the United Kingdom enjoyed.

Zimbabwe

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

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (BARONESS YOUNG) said that the Foreign and Commonwealth Secretary had completed his visit to Zimbabwe, during which he had had a friendly and businesslike meeting with the Prime Minister, Mr Mugabe. Mr Mugabe had expressed his pleasure with the Prime Minister's message to him and had extended an invitation to her to visit Zimbabwe this year. He was very satisfied both with the performance of the British Military Advisory and Training Team and with the British aid programme. He had undertaken to review his Government's present preference for the purchase of French, rather than British, helicopters and had expressed the hope that the economic upturn might now permit some relaxation of controls over funds blocked in Zimbabwe. Mr Mugabe had claimed that dissident violence in Matabeleland was declining and had made clear his firm commitment to full, free and fair elections in late February or March. The Foreign and Commonwealth Secretary had met other Zimbabwean leaders, both black and white, but it had not been possible to arrange meetings either with Mr Nkomo or with Bishop Muzorewa.

In a brief discussion it was noted that, if free elections were indeed imminent, the inability of Mr Nkomo and Bishop Muzorewa to meet the Foreign and Commonwealth Secretary was curious. Reference was made to reports that Mr Mugabe might intend, following the elections, to abolish the Zimbabwean Upper House; any such move would give rise to concern among Government supporters in the House of Commons about the integrity of the Zimbabwean Settlement. It was noted that under the terms of the

Settlement the Constitution of Zimbabwe could not be amended until 1990 without a unanimous vote to that effect in the Zimbabwean Parliament.

Angola

Previous Reference: CC(84) 19th Conclusions, Minute 2

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that three British subjects were among the prisoners taken by force by the Union for the Total Independence of Angola (UNITA) on 29 December, although two others had escaped and were safe. The captives were now being marched southwards to UNITA's base but were unlikely to arrive there before the end of January. The British Ambassador in Luanda had sought and obtained assurances from the Angolan Government that they would do nothing which might jeopardise the safety of the prisoners. The International Commission of the Red Cross had been asked to intercede with UNITA and a UNITA representative had given assurances to the Foreign and Commonwealth Office concerning the eventual release and repatriation of the three Britons.

In a brief discussion it was confirmed that although the British Government wished to see the withdrawal of Cuban troops from Angola and of South African forces from Namibia, it did not favour a direct linkage between them. It was unlikely that Cuban troops would leave Angola until President dos Santos and Dr Savimbi, the UNITA leader, had reached an accommodation.

Chemical Weapons

In a short discussion of chemical weapons the Prime Minister reaffirmed that the British Government's present policy of pursuing negotiations with the objective of securing the eventual destruction of the Soviet Union's stockpile of chemical weapons would continue.

The Cabinet -

Took note.

COMMUNITY AFFAIRS

Supplementary Finance

Previous Reference: CC(84) 41st Conclusions, Minute 1

4. THE PRIME MINISTER said that it had been intended to provide for the supplementary 1984 finance under the Intergovernmental Agreement by an Order under Section 1(3) of the European Communities Act 1972. A challenge in the courts had not been successful but the consequent delay into 1985 gave rise to some risk under this procedure. The Government would therefore proceed by a Supplementary estimate and a Consolidated Fund Bill.

Fish
Previous
Reference:
CC(84) 40th
Conclusions,
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Council of Ministers (Fisheries) on 19-20 December had reached complete agreement on total allowable catches and quotas for 1985, subject only to a United Kingdom Parliamentary Scrutiny Reserve which would be lifted shortly. This was the first time the agreement had been reached before the year to which it applied. The result was good for the United Kingdom and had been welcomed by the fishing industry.

Milk
Previous
Reference:
CC(84) 41st
Conclusions,
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that in accordance with the conclusions of the Cabinet, as a number of other member states had not charged their milk producers with the supplementary levy, the United Kingdom had not collected or paid over to the Community the small amount of supplementary levy due in Northern Ireland. He would be seeing Mr Andriessen, the new Agriculture Commissioner, this week and would press him to take strong measures against the French who apparently still did not intend to collect or pay over levy. In the margins of the Council of Ministers (Agriculture) on 14-15 January, he would also sound out other member states, such as the Netherlands, in the same position as the United Kingdom, in order to see whether they would all be willing to collect and pay over the levy if the Commission undertook to take strong sanctions against France. If so, the United Kingdom could reconsider its position. He doubted, however, whether they would all be ready to follow this line. If they would not and there was a call to defer the levy collection until the end of the milk marketing year (31 March), he would have no option but to go along with it. United Kingdom producers attached great importance to the undertaking that the United Kingdom should not be in a position in which she kept the rules while others did not. In discussion it was also argued that the present situation was not in the United Kingdom's interest. An important agreement had been reached on the milk quotas and levy. Now the French were apparently not ready to pay the levy. The United Kingdom had pressed for and achieved arrangements on budgetary discipline. Those arrangements would be more difficult to defend, if the milk quota and levy scheme were not being respected. Furthermore, the Commission's decision to reduce, as a penalty for non-compliance with the milk quota and levy scheme, the money advanced for expenditure in support of the milk sector in January fell disproportionately heavily on the United Kingdom. For this reason it was desirable to achieve as soon as possible a common line with other member states that all, including the United Kingdom, would collect and pay over the levy due provided that effective sanctions were imposed on France.

Steel

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY reported that the United States had now confirmed their acceptance of the arrangement with the Community on the export of steel pipes and tubes to the United States market. Following increases in Community exports the United States had

intended to cut back the market share in 1985 to 5.9 per cent but had now agreed to 7.6 per cent. The United Kingdom's share, which under the earlier arrangements had been 0.42 per cent, remained almost unchanged at 0.4 per cent.

The Cabinet -

Took note.

5. THE SECRETARY OF STATE FOR ENERGY reported to the Cabinet on the latest position in the coal industry dispute. The Cabinet's discussion is recorded separately.

INDUSTRIAL
AFFAIRS

Coal Industry
Dispute

Previous
Reference:
CC(84) 41st
Conclusions,
Minute 4

PROGRAMME
FOR 1985

6. THE PRIME MINISTER said that 1985 would be a year in which the Government would be required to take difficult decisions on a number of important issues, including airports policy and the Report of the Stansted Inquiry, the Report of the Inquiry into the proposed nuclear power station at Sizewell, and the level of public expenditure in 1986-87 and later years. These decisions would be crucial to the Government's standing at home and abroad, and would need to be faced with clarity and determination.

The Cabinet -

Took note.

Cabinet Office

10 January 1985

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CABINET

LIMITED CIRCULATION ANNEX

CC(85) 1st Conclusions, Minute 5

Thursday 10 January 1985 at 10.30 am

INDUSTRIAL
AFFAIRS

Coal
Industry
Dispute

Previous
Reference:
CC(84) 41st
Conclusions,
Minute 4

THE SECRETARY OF STATE FOR ENERGY said that some 2,500 miners had returned to work this week. The movement back was particularly significant in Scotland and the North East. Out of the National Coal Board's (NCB's) figure of 170,000 potential miners, 73-74,000 were expected to be working by next weekend, ie. 43 per cent of the total National Union of Mineworkers (NUM) work force. Miners were now at work at every pit in Yorkshire, while coal production had begun for the first time at Kellingley, one of the largest pits. Ten miners had gone into work together that day at a Welsh pit for the first time. 512,000 tonnes of coal had been moved from the pit-head during the two-week period over Christmas and the New Year, although no such movement had been allowed for, and 900,000 tonnes were expected to be moved this week. Provided that these coal movements could be sustained, the Central Electricity Generating Board (CEGB) had informed him that no power cuts would be required during 1985; and he had himself drawn attention to this in a press statement over the New Year holiday. The CEGB had met without difficulty this week the highest peak-load ever experienced, and this had also been well publicised. Indications were emerging of pressure on the NUM leadership in some areas (South Wales, Lancashire, North Derbyshire) to find ways of re-opening negotiations. It seemed unlikely that there would be any significant developments arising from that day's meeting of the NUM executive, and no new initiative was expected from the Trades Union Congress; however, if the drift back continued at its present rate, pressure on the NUM Executive was likely to increase considerably by the time of their next meeting on 28 January.

THE SECRETARY OF STATE FOR TRANSPORT said that the National Union of Railwaymen and the Associated Society of Locomotive Engineers and Firemen leaders were trying to organise industrial action in support of the miners on 17 January, on the pretext of alleged management and police harassment of railwaymen. The complaints had arisen from the replacement of two Leicester signalmen who had retired on health grounds by men more co-operative with the management, and from a quite unconnected incident at Coalville where a number of railwaymen had been charged with theft of railway property. The unions had not been able to

SECRET

agree any detailed plans for industrial action at a meeting on 9 January, and although some sporadic disruption was expected in the Eastern and London Midland Regions, the Chairman of British Rail did not expect the overall impact to be very substantial.

THE HOME SECRETARY said that picketing was continuing at the reduced level experienced before Christmas, with a maximum of 300-400 pickets at two locations each day. There had been some overall reduction in intimidation. The number of more serious cases dealt with in the Crown Courts was increasing, and in one recent case one miner had been sentenced to 3 years' imprisonment and several more to 2½ years for arson. Substantial publicity was being given to this. There had been a number of prosecutions under Section 7 of the Conspiracy and Protection of Property Act for 'besetting' (picketing outside working miners' homes). He would shortly be drawing attention in a public speech to the fact that intimidation and vandalism could lead to prosecutions under that Act.

THE PRIME MINISTER, summing up a brief discussion, said that there were now indications that a much greater number of miners were coming to understand the long-term adverse impact of the strike on the future of the industry. As the NCB had made clear, if the strike continued for a further extended period, job losses could be as high as 50,000. Any advantage to the United Kingdom coal industry arising from the fall in sterling against the dollar would be far more than outweighed by the extensive damage arising from loss of coal faces and other effects of the strike. For the time being, the Government should continue to encourage the drift back to work without emphasising this long-term damage. However, as soon as the winter was over, it would be right to bring this point home vigorously. Meanwhile the NCB should continue to warn individual miners of the faces lost or at risk at their own pits.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion.

Cabinet Office

11 January 1985

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