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CC(85) 17th
Conclusions

COPY NO 74

CABINET

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

THURSDAY 16 MAY 1985

at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

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 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 Peter Rees QC MP
Chief Secretary, Treasury

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

The Rt Hon Lord Young of Graffham
Minister without Portfolio

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 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 Nicholas Ridley MP
Secretary of State for Transport

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

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THE FOLLOWING WERE ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

Mr John Gummer MP
Paymaster General

SECRETARIAT

Sir Robert Armstrong
Mr P L Gregson (Item 4)
Mr D F Williamson (Items 2 and 3)
Mr C L G Mallaby (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 in the following week.

House of
Lords

Previous
Reference:
CC(85) 16th
Conclusions,
Minute 1

THE LORD PRESIDENT OF THE COUNCIL said that the Government had lost one further division, on the Inner London Education Authority, during the Committee Stage of the Local Government Bill in the House of Lords earlier that week. They had however successfully resisted several other difficult and important amendments, as a result of very good support from Conservative Peers. Lord Home of the Hirsel had made a particularly helpful and influential speech. A number of difficult issues remained but, in his judgment, the Government had gained ground during the course of that week.

Review of
Public Order
Law

THE HOME SECRETARY said that a White Paper announcing the Government's decisions following the review of public order law was to be published that day. There were no major flaws or lacunae in the existing law; but some changes were necessary to take account of developments since the last Public Order Act in 1936. His concern throughout had been to construct a package which made sense in policing terms. The main changes were to give the police powers to impose conditions on static demonstrations as well as processions; to extend the grounds for imposing conditions on both demonstrations and processions to cover the risk of serious disruption to the life of the local community including the coercion of individuals and serious damage to property as well as the existing test of the risk of serious public disorder; to make universal the requirement to give advance notice of processions; to make arrestable the offence of intimidation under the Conspiracy and Protection of Property Act 1875; and to revise and codify the common law offences of riot, unlawful assembly and affray as proposed by the Law Commission. The proposals did not include any power to ban static demonstrations. The result was in his view a balanced set of proposals. The intention was to implement them by legislation the following Session.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Sri Lanka

Previous
Reference:
CC(85) 13th
Conclusions,
Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that there had recently been two worrying incidents in Sri Lanka. The security forces had shot 12 Tamil youths and blown up a building containing others. Tamil terrorists had attacked the religious and historical site of Anuradhapura, and about 220 people had been killed. The situation in Sri Lanka was deteriorating. There was a risk of a backlash from the Sinhalese community. There was no sign of the Government asserting control of the situation. The British Government could advise tourists to stay away from Sri Lanka and urge President Jayawardene to take a reasonable line, but there was little prospect of influencing him.

Nigeria

Previous
Reference:
CC(85) 14th
Conclusions,
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that there had been some tentative signs that Nigeria might be disposed to place relations with the United Kingdom on a better basis. The factors on the Nigerian side were the position of the exiled former Minister for Transport, Mr Umaru Dikko, and Major Mohammed Yusufu, presently in prison in the United Kingdom; on the British side the position of the two engineers from Bristow Helicopters Limited, held in prison in Nigeria, was the major factor. An attempt to obtain a ruling in the Nigerian High Court of autrefois acquit in favour of the two engineers had failed. A further attempt would be made on 3 June. Subject to that, the dates of 13, 14 and 17 June had been reserved for the trial of the engineers. The conditions in which they were held were bad, although they now had beds and slightly better food. They had no contact with their legal representatives. The Nigerian authorities had suggested that Major Yusufu was being badly treated in gaol in the United Kingdom. At the suggestion of the Foreign and Commonwealth Office, the Nigerian Deputy High Commissioner in London had visited Wormwood Scrubs and seen Major Yusufu and the conditions of his detention. That should have reassured the Nigerian authorities. Meanwhile, the Home Secretary had concluded that asylum should not be granted to Mr Dikko. The Foreign and Commonwealth Secretary said that he and the Home Secretary would consult carefully about when this decision should be made known and about its presentation. It should be possible to move gradually towards more normal relations with Nigeria on the basis of the decision not to give asylum to Mr Dikko, and this might open a prospect of better treatment for the engineers of Bristow Helicopters Limited.

In a short discussion, it was noted that Nigeria's request for extradition of Mr Dikko raised difficult issues. It would be advisable, in making known the decision not to grant asylum to Mr Dikko, to create the impression neither that extradition would follow nor that it would not. Although the Nigerian Government might be displeased if Mr Dikko decided to leave the United Kingdom while the question of extradition was still under consideration, it might not be against British interests if Mr Dikko were to decide on such a course.

Middle East
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THE FOREIGN AND COMMONWEALTH SECRETARY said that there was a clear impression that the visit to the Middle East of the United States Secretary of State, Mr George Shultz, had been more productive than might have been expected. The United States believed that the Israeli Prime Minister, Mr Shimon Peres, King Hussein of Jordan and President Mubarak of Egypt now shared the American objective of opening peace negotiations by the end of 1985. King Hussein appeared to be persuaded that the United States accepted his view that the Palestine Liberation Organisation would need to be associated with negotiations at some stage. The United States was now concentrating on the problem of identifying suitable Palestinian representatives. Mr Shultz had requested that the United Kingdom should do what it could, in consultation with himself and King Hussein, to advance matters towards negotiations. The subject would require very sensitive handling; it was particularly important not to raise public expectations.

Celebration of the Anniversary of the Austrian State Treaty

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had attended the celebration in Vienna on 15 May of the 30th Anniversary of the signature of the Austrian State Treaty. The Foreign Ministers of the four signatory powers had also attended, as had those of Austria's neighbours. The celebrations had been impressive. Austria had been able to project itself as a successful, independent and neutral country. In private, Austrian leaders were ready to recognise the debt that their country owed to the West and its values.

East-West Relations
Previous Reference: CC(85) 14th Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that, during the celebrations in Vienna of the Anniversary of the Austrian State Treaty, he had had a meeting with the Soviet Foreign Minister, Mr Gromyko. There was no reference to, and Mr Gromyko's attitude did not appear to be affected by, the recent expulsions of members of the Soviet Embassy in London. It seemed that Anglo-Soviet relations would return gradually to the position before those expulsions. Mr Gromyko had not been willing to settle dates for his proposed visit to the United Kingdom in 1985. He had given the impression that the main preoccupation of Soviet foreign policy at present was to drive wedges between the United States and the West European countries in NATO, especially with regard to President Reagan's Strategic Defence Initiative (SDI). The United States Secretary of State had also had a meeting with Mr Gromyko which had lasted six hours. The latter had given the impression that Soviet policy on the Geneva arms control negotiations was at present static. This might be because the General Secretary of the Soviet Communist Party, Mr Mikhail Gorbachev, had not yet engaged himself fully in the subject. Some time might pass before there were developments in Soviet policy. This could affect the question of a Soviet-United States summit meeting. The Soviet Union, while concentrating its propaganda on the SDI, might be willing to talk more seriously about other arms control matters and perhaps some regional questions. The talks between the

United States and the Soviet Foreign Ministers had been practical in tone, although the shooting of the American Army Office, Major Nicholson, remained a shadow in relations between the super powers. In the Geneva negotiations, there was no prospect of early progress, but equally no absolute deadlock. The Foreign and Commonwealth Secretary said that he had agreed with the Foreign Ministers of the United States, France, the Federal Republic of Germany and Italy, at a meeting they had held during the celebrations in Vienna, that a coherent Western approach would be important in the long haul which lay ahead in arms control.

Berlin Air
Corridors

THE FOREIGN AND COMMONWEALTH SECRETARY said that he, the French and the United States Foreign Ministers had impressed upon Mr Gromyko, when they had met him in Vienna during the Austrian State Treaty celebrations, the importance of the representations made by their Ambassadors the previous week in Moscow on the subject of Soviet reservations of air-space in the Berlin air corridors. Mr Gromyko had later taken Mr Shultz aside and said that he would try to ensure that Soviet officials took account, in the talks proceeding in the Berlin Air Safety Centre, of what had been said to him in Vienna.

Federal
Republic of
Germany:
Regional
Elections in
North Rhine-
Westphalia

THE FOREIGN AND COMMONWEALTH SECRETARY said that the results of the regional elections in North Rhine-Westphalia on 12 May had been a major setback for the Federal Chancellor, Herr Kohl. The Social Democratic Party had secured a big success in an area where it was traditionally strong. The Free Democratic Party had secured more than 5 per cent of the vote, and thus would return to the regional parliament. The Green Party had failed to enter the regional parliament.

People's
Republic of
China

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that he had had a meeting with Mr Zhu, the Minister of Culture of the Chinese People's Republic, whose responsibilities seemed to go wider than the cultural field. Mr Zhu had said that China's interest was that conditions in Hong Kong should remain the same as at present. Japan would probably become a major trading partner of China, but the Chinese Government preferred to trade with the European countries which, unlike Japan, were willing to teach the Chinese about products and techniques.

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Visit to the
United States
by the
Secretary of
State for
Trade and
Industry

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that he had visited the United States from 7 to 11 May. United States politicians and senior officials were disappointed at the failure of the seven power Summit in Bonn to agree on a new round of trade negotiations under the General Agreement on Tariffs and Trade. Senior United States officials were displaying a lack of realism in believing that the United States could enter a trade round at a time when the President had no authority from the Congress to negotiate about tariffs. Other participants in negotiations would soon raise the subject of tariffs. The Secretary of State for Trade and Industry said that he had found American representatives more realistic than previously on the question of tackling the Administration's budget deficit and the effects that this could have on the strength of the dollar, as well as the problems in trade with Japan. He had the impression that pressure from protectionism in the United States might now have peaked. United States officials had been grateful for the arrest in the United Kingdom of Mr Werner Bruchhausen, a United States citizen suspected of exporting strategically significant computer equipment to countries in the Warsaw Pact. The hope had been expressed that Mr Bruchhausen would be extradited to the United States. The Secretary of State for Trade and Industry said that he had gained the impression that legislation might soon be put forward in Washington concerning the activities of United States companies in South Africa.

India:
Westland
Helicopters

Previous
Reference:
CC(85) 14th
Conclusions,
Minute 2

THE SECRETARY OF STATE FOR WALES said that he had seen a leading Indian industrialist with interests in Wales. had spoken of the effect on Anglo-Indian relations of the unhappy story concerning the sale of Westland helicopters to India. He would be in contact with colleagues, with a view to giving a full account of the story.

Falkland
Islands:
Opening of
Mount
Pleasant
Airport

THE SECRETARY OF STATE FOR DEFENCE said that His Royal Highness Prince Andrew had on 12 May opened the new airport, capable of taking wide-bodied jet aircraft, at Mount Pleasant in the Falkland Islands. The project had been a notable success, especially for the Property Services Agency and the contractor companies involved: construction had been completed on time and apparently within the expected costs. The morale of those concerned was justifiably high. One contributory factor had been that the workers employed by the contracting firms had been subject to severe financial penalties if they did not fulfil the conditions of their employment contracts.

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Northern
Ireland
District
Elections

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the results of the district elections in Northern Ireland, held on 15 May, would begin to appear later on 16 May. The election, like the campaign, had passed quietly. Attempts by the Irish Republican Army to cause explosions in Belfast had failed. This had been the first election in Northern Ireland where documents had been required of voters, so as to eliminate personation. It appeared that this had been successful. The Sinn Fein Party had concentrated on winning seats rather than amassing a high total of votes. It had said that it would be content with winning 30-35 seats, but judging from the Party's past performance, when there was personation, it was capable of winning 70-75 seats. The test of its performance in the elections would be how near it came to this number.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Finance

Previous
Reference:
CC(85) 16th
Conclusions,
Minute 3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that those members of the European Parliament who had wished to transfer the United Kingdom's 1,000 million ecu (about £580 million) abatement from the revenue side to the expenditure side of the Community's draft 1985 budget had failed to secure the necessary votes to do so. Unless, therefore, the European Parliament were to reject the whole budget, which seemed improbable, the United Kingdom's abatement was now secure. The European Democratic Group had done much to obtain this result, together with the action which the French and German Governments had taken, on British prompting, with French and German members. He had now discussed with colleagues the handling in Parliament of the revised Own Resources Decision and the intergovernmental agreement on finance for 1985. They had decided that there should be a single Bill, which would designate both the revised Own Resources Decision and the intergovernmental agreement as Community treaties under Section 1(2) of the European Communities Act 1972. The aim would be to introduce the Bill in the second half of June, on the assumption that the Community's 1985 budget would have been adopted. As much progress as possible would be made on the Bill before the Parliamentary Recess.

Agriculture

Previous
Reference:
CC(85) 16th
Conclusions,
Minute 3

THE FOREIGN AND COMMONWEALTH SECRETARY reported that the Council of Ministers (Agriculture) was still in progress. The Federal German Minister, Herr Kiechle, had rejoined the Council after returning to Bonn for further discussions with his colleagues. The Federal Republic of Germany was continuing to insist on no cut in cereal prices, because of its concern for the incomes of German farmers. They had come close - for example, in a letter from the Federal German Chancellor, Herr Kohl, to the President of the Commission, Monsieur Delors - to making explicit a willingness to invoke the terms of the Luxembourg compromise. At 4.30 am that morning the Presidency had produced another document

including a cut of 1.8 per cent in cereal support prices, which the Germans were still rejecting. It appeared that it remained the Commission's intention to offset additional costs which might arise above the level of their own revised proposal. The estimated costs were still within the financial guideline. The extraordinary contrast between the Federal German attitude to budgetary expenditure in general and its position in these agricultural negotiations was notable.

In discussion it was pointed out that the latest Presidency document represented the limit to which the United Kingdom could go. The President of the Council, Signor Pandolfi, was clearly trying to avoid isolating the German Minister. It would, however, be in the United Kingdom's interest to avoid further changes in the proposals and to bring the matter to a vote. In this way the Federal German Government would either have to accept a cut in cereal prices or invoke the Luxembourg compromise. The Commission were continuing to stand by their own proposals.

THE PRIME MINISTER, summing up the discussion, said that the latest Presidency document on agricultural support prices represented the limit to which the United Kingdom could go.

The Cabinet -

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

INDUSTRIAL
AFFAIRS

Coal Industry

Previous
Reference:
CC(85) 8th
Conclusions,
Minute 4

4. THE SECRETARY OF STATE FOR ENERGY said that the National Coal Board (NCB) had been in discussion with the unions in the coal industry about a revision to the colliery review procedure. There were also a number of pits which, as a result of the strike, were in such poor condition that the NCB did not wish to reopen them. The NCB had informed the unions of its intentions in relation to the pits which were not to be reopened, and the National Union of Mineworkers (NUM) had agreed to an arrangement by which miners could transfer to other pits or take redundancy terms. The NCB had however failed to take sufficient care in the handling and presentation of the issues. The impression had been given, incorrectly, that the NCB had gone back on the agreement about a revised colliery review procedure reached the previous October with the National Association of Colliery Overmen, Deputies and Shotfiring (NACODS). Mr Eaton had now been brought back as NCB spokesman to handle the presentation of these issues. NACODS had, however, balloted its members on an overtime ban and the result was likely to be announced later that day. The latest estimate was that they would not get a two-thirds majority but might get more than 50 per cent in favour of the ban. A two-thirds majority was required for a strike, but the rule on the required majority was less clear in relation to an overtime ban. If the result fell short of a two-thirds majority but exceeded 50 per cent, the outcome might be that there would be no ban in some areas but, at least for a time, a ban in others. It was hoped that support for the

ban by rank and file NACODS members would fall away after a few weeks under pressure from NUM members wishing to earn overtime payments to make up for earnings lost during the strike. Provided that the ban did not last too long it ought not to have a significant effect on the rebuilding of power station stocks by the autumn. In the meantime the NCB would need to consider carefully the handling and presentation of the discussions on a revised colliery review procedure and announcements shortly to be made about the future of particular pits. NACODS had made some unreasonable demands, for example that the time taken by the colliery review procedure should be increased not from six months to nine months as the NCB had proposed but for a longer period, probably with a view to putting off pit closures beyond the lifetime of the present Parliament. The NCB had announced that, if the overtime ban went ahead, the further talks about the colliery review procedure arranged with NACODS for later that week would be cancelled. A resumption of the talks might be desirable, and the NCB would need to ensure that its position was seen by the public to be reasonable.

The Cabinet -

Took note.

BRADFORD FIRE
DISASTER

5. THE HOME SECRETARY said that the Cabinet would wish to express its deep sympathy with the relatives of those who had lost their lives and with those who had sustained injury, in the appalling fire which had destroyed a stand at the Bradford City Football Club ground on 11 May. He had announced in the House of Commons on 13 May the setting up of a wide-ranging inquiry, to be conducted by Mr Justice Popplewell, into that disaster and into the collapse of a wall which had caused a fatal accident at a Birmingham football ground the same afternoon. He had also announced that the grounds of Third and Fourth Division football clubs would be designated under the Safety of Sports Grounds Act 1975. In the meantime Chief Fire Officers were conducting urgent investigations of stands and other facilities at football and other sporting grounds all over the country.

In discussion the following points arose -

a. The Trust which administered grants to football grounds for safety improvements was trying to assess what was required in football grounds to minimise fire and other safety risks, and would be endeavouring to estimate the cost of carrying the work out. It might in due course be appropriate for the Government to contribute to the funds required for this purpose. One possibility might be a reduction of tax on football pool betting, on the understanding that the pool promoters would invest more in contributing to the improvement of safety at football grounds; but it might not be appropriate to seek to finance a Government contribution to a once-for-all programme of improvement by means of a reduction in tax which it would be difficult subsequently to reverse.

b. The Lord Mayor of Bradford had established a disaster relief fund. The Bradford City Council had decided to give £100,000 to this fund, and had asked that this expenditure should be subject to disregard. It would clearly be difficult to penalise the Bradford City Council for making such a contribution. On the other hand making the contribution subject to disregard could set unwelcome precedents, both for contributions by other local authorities, possibly without any close connection with Bradford, to this fund and in respect of contributions by local authorities to other causes (not necessarily always of a strictly charitable nature). It would be necessary so to define the purposes for which disregard was being allowed as to minimise these risks.

c. It was for question whether the Government should also make a contribution to the Lord Mayor of Bradford's disaster fund. The Government had not contributed to the relief fund in respect of the Ibrox Park disaster or to other similar disasters. Apart from the risk of making it difficult to withhold contributions from other disaster relief funds in future, there was also the consideration that there could well in due course be massive claims for damages against the Bradford City Football Club, to the funding of which the Government could well be pressed to contribute. There was also the risk that, if the Government contributed to the Bradford fund, it could in due course be drawn into disputes about how the fund should be distributed. On the other hand, it would look flinty-faced for the Government not to contribute and, if there were to be a contribution, it should be made sooner rather than later.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet wished to express its deep sympathy with the relatives of those who had lost their lives, and with those who had suffered injury, in the Bradford City fire disaster. The Secretary of State for the Environment, in consultation with the Secretaries of State for Scotland, Wales and Northern Ireland, and with the Treasury, would need to decide whether contributions by local authorities to the Lord Mayor of Bradford's disaster relief fund should be subject to disregard, and, if so, how the purpose of such a concession could be so defined as to limit the risk of expensive repercussions. There was general agreement in Cabinet that the Government should make a contribution of £250,000 to the Lord Mayor of Bradford's fund, and that she should announce this contribution later that day.

The Cabinet -

1. Expressed its deepest sympathy with the relatives of those who had lost their lives, and with those who had suffered injury, as a result of the Bradford City fire disaster.

2. Invited the Secretary of State for the Environment, in consultation with the Secretaries of State for

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Scotland, Wales and Northern Ireland, to consider whether contributions by local authorities to the Lord Mayor of Bradford's disaster relief fund should be subject to disregard, and how the repercussions from such a concession should be limited.

3. Agreed that the Prime Minister should announce later that day a Government contribution of £250,000 to the Lord Mayor of Bradford's disaster relief fund.

Cabinet Office

16 May 1985

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CAB 128/82

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SUBJECT

MOST CONFIDENTIAL RECORD

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SECRET



Copy No 1 of 3 Copies

MOST CONFIDENTIAL RECORD
TO
CC(85) 17th Conclusions

Thursday 16 May 1985

ECONOMIC
AFFAIRS

Retail
Price
Index

Previous
Reference:
CC(85) 13th
Conclusions,
Minute 4

THE SECRETARY OF STATE FOR EMPLOYMENT said that the increase in the Retail Price Index (RPI) for April, which would be announced the following day, would be 6.9 per cent. It had been expected that the figure would be higher than that for March (6.1 per cent) for several reasons: the second instalment of the increase in mortgage rates; increases in rents and rates; and the effect of taxation changes in the Budget. In the event the magnitude of the increase had been higher than predicted, probably because companies had found it possible to reflect taxation increases in retail prices more quickly than the previous year. The May figure was also likely to be high and this would have an unwelcome effect on the social security upratings and on public expenditure. Later that year the monthly increase would fall, reflecting the strengthening of the sterling exchange rate and the reduction in mortgage interest rates which ought to occur before long. The line to take in public would be that the Government still adhered broadly to the view of inflation prospects taken by the Chancellor of the Exchequer in his Budget speech which forecast a rise in the RPI to over 6 per cent but a fall to 5 per cent by the end of that year.

The Cabinet -

Took note.

Cabinet Office

17 May 1985

SECRET