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CC(85) 20th
Conclusions

COPY NO 74

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 13 JUNE 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 Roes QC MP
Chief Secretary, Treasury

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

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

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 D F Williamson	(Items 3-5)
Mr C L G Mallaby	(Items 3-5)
Mr C J S Brearley	(Items 1 and 2)
Mr R Watson	(Items 1 and 2)

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DISCLOSURE OF
PROCEEDINGS
IN CABINET

1. THE PRIME MINISTER drew attention to the publication of reports in the press and other media on 6 and 7 June 1985 which purported to disclose what had passed in the course of the Cabinet's discussion of the legislative programme for 1985-86 at its meeting on 6 June, and particularly an exchange of views about whether a measure to deregulate private rented housing should be included in the programme. The disclosures in these reports had been an embarrassment to Department of the Environment Ministers in subsequent debates in the House of Commons. It was clear that the information on which these reports were based was already in the hands of the journalists concerned by 3.30 pm on 6 June, when her Chief Press Secretary had been asked to comment. The information could not have come from him, because he had not been present at the Cabinet meeting and did not know what had passed at it. The reports were sufficiently accurate (though they were not entirely so) for it to be clear that the disclosure could have come only from someone present at the meeting. It would be generally agreed by the Cabinet that it was deplorable that such disclosures should be made. The frankness indispensable for effective Cabinet discussion depended on the proceedings and exchanges of view in Cabinet being kept in strict confidence. If members of a Cabinet could not rely on that confidence being maintained, they would be inhibited in their readiness to express their views freely and frankly in discussion.

It was pointed out in discussion that some of the press reports in question had referred to "guidance" on what had occurred. Once reports of this kind came out, journalists inevitably rang up members of the Cabinet for comment. In these circumstances a Minister could not credibly claim ignorance, and anything he said by way of comment would tend to be described as "guidance".

THE PRIME MINISTER, summing up the discussion, said that the lesson of this episode was that it was essential to maintain the confidentiality of proceedings in the Cabinet; she trusted that all her colleagues would be guided accordingly.

The Cabinet -

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

PARLIAMENTARY
AFFAIRS

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

European
Defence
Equipment
Co-operation

THE SECRETARY OF STATE FOR DEFENCE said that he might need to make a statement the following week about the outcome of intergovernmental meetings on European arms co-operation which were to be held in London on 17 and 18 June. One meeting was of the Independent European

Programmes Group (IEPG), the other of the five countries considering joint production of a European Fighter Aircraft. There were prospects of progress at IEPG. It was not, however, possible at this stage to predict whether five-power agreement on the characteristics for a European Fighter Aircraft would be obtainable. Lord Carrington, the Secretary General of the North Atlantic Treaty Organisation, had made a speech the previous day urging greater armaments co-operation among the European allies but referring in particular to the need for British industry - as distinct from Government - to make more forthcoming efforts in this field.

Water Charges

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that recent and planned increases in water charges would undoubtedly have a prominent place in the debate on 19 June on an Opposition motion entitled "Government Imposed Price Increases". The Opposition spokesman on the environment would be winding up the debate, and it would be necessary for an Environment Minister to speak. The Chairman of the Thames Water Authority had resumed his campaign against the current pricing policy and this would be likely to have an effect on a number of Conservative Members of Parliament. In his view the policy would need to be reviewed later in the year during the annual public expenditure discussions.

The Cabinet -

Took note.

FOREIGN AFFAIRS

Strategic Arms Limitations

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that President Reagan of the United States had taken the important and welcome decision that the United States should continue to observe the constraints embodied in the second Soviet/American agreement on strategic arms limitations (SALT II). The President's decision had been taken after thorough consultation with the European allies, notably in the Ministerial meeting of the North Atlantic Council in Lisbon on 6 and 7 June. The United Kingdom had played an important part, through the Prime Minister's meeting with the United States Secretary of State, Mr George Shultz, on 7 June, and through the Prime Minister's subsequent message to the President. The European allies had all argued that it was most important that the United States should uphold the constraints in SALT II. The President's decision was therefore a very positive event. It would be necessary to continue to watch closely the Soviet record of compliance with the constraints; the Soviet reaction to the President's decision had been entirely predictable.

Gibraltar

Previous Reference: CC(85) 5th Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had visited Gibraltar on 7 and 8 June as well as meeting the Spanish Foreign Minister, Senor Moran, on 7 and 12 June. The atmosphere in Gibraltar had been relaxed. The community there was responding well to the increased economic opportunities created by the full opening of the frontier with Spain. The need to develop practical co-operation with Spain was recognised. He had made clear to the Chief Minister of Gibraltar, Sir Joshua Hassan, and also to Senor Moran, that independence was not an option for Gibraltar. One encouraging element in his visit had been his meeting with the leader of the opposition, Mr Joe Bassano. Mr Bassano liked to present himself as a disruptive factor, but he now seemed to be taking a longer view and to be less negative than in the past. This was significant: Sir Joshua Hassan's period in office might not last very much longer and Mr Bassano might win an election.

Denmark

THE SECRETARY OF STATE FOR DEFENCE said that he had taken the step, which was not without risk, of making a frank speech about Denmark's performance in the defence field at Friedrichsborg Town Hall on 4 June. The occasion seemed to have gone well; the British Ambassador's report of reactions were rather positive. The Secretary of State for Defence had found real affection in Denmark for the United Kingdom, which went back to the British role in the liberation of the country forty years before.

In a brief discussion, it was noted that the Danish Foreign Minister had commented to the Foreign and Commonwealth Secretary that the Secretary of State for Defence's speech had helped the minority Government in Denmark in its dealings with the opposition.

The Cabinet -

Took note.

COMMUNITY AFFAIRS

Accession of Spain and Portugal

4. THE FOREIGN AND COMMONWEALTH SECRETARY said that the Treaty of Accession under which Spain and Portugal would enter the Community on 1 January 1986 had been signed by the 12 countries in Madrid and in Lisbon on 12 June.

Development of the Community

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had taken the opportunity at the informal meeting of Foreign Ministers at Stresa on 8-9 June and in the margins of the signing of the Treaty of Accession in

Madrid and Lisbon to stress the realistic and positive proposals for the development of the Community which the United Kingdom was putting forward for the Milan European Council. There was an increasingly widespread acceptance of the United Kingdom's approach. In particular, he had had a useful exchange of views with the Danish Prime Minister, Mr Schulter, and with the Prime Minister of Italy, Signor Craxi. The French, however, had not declared their hand and it was not yet clear whether a further initiative would come forward from the French President, Monsieur Mitterrand, after his discussion with Signor Craxi.

Agriculture:
Use of the
Luxembourg
Compromise

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Council of Ministers (Agriculture) on 11-12 June had resumed discussion of support prices and related measures for cereals and rapeseed. The Commission had stood firm, with United Kingdom and French support, on a reduction of 1.8 per cent in cereals support prices. There was, therefore, no question of unpicking the package. Faced with a request to vote, the German Minister, Herr Kiechle, had formally invoked paragraph 2 of the Luxembourg compromise. The President of the Council had nonetheless proceeded to a vote in which four member states participated. Six member states - the United Kingdom, France, Greece, Denmark, the Republic of Ireland and the Federal Republic of Germany itself - declined to take part in the vote since the Luxembourg compromise had been formally invoked. There was, therefore, no decision. It was not clear what the next steps would be on cereals and rapeseed prices. When the current marketing year ended, the Commission might simply operate the market in the legal vacuum. There were some who considered that in these circumstances the full 5 per cent reduction in support prices resulting from the threshold guarantee should be given effect; but this point was disputable and, in view of the potential objections, the Commission would be unlikely to enforce so large a cut.

In discussion it was pointed out that the pressure remained on the Germans. Furthermore, the events in the Council of Ministers (Agriculture) had established the Luxembourg compromise more firmly in Community procedures, while casting doubt on the German justification for invoking a very important national interest over a small difference in the size of a reduction in cereal support prices. All of this was a powerful reinforcement for the United Kingdom's position at the Milan European Council, which was to insist on retention of the Luxembourg compromise but propose a procedure for more formal justification of its use in particular cases. It was also stated that the position taken by the Federal Republic of Germany in the Council of Ministers (Agriculture) was a reflection of strains in the Government coalition. It was clear that the Minister President of Bavaria, Herr Strauss, had insisted that measures which would give rise to a fall in farmers' incomes in Bavaria were not acceptable and that, if the Federal Republic were to agree to them, the coalition would be threatened.

The Cabinet -

Took note.

HOME
AFFAIRS

Fixing of
Rates in
Liverpool,
Lambeth and
Edinburgh

5. THE SECRETARY OF STATE FOR THE ENVIRONMENT said that there were only two local authorities in England - Liverpool and Lambeth - which were resisting the setting of a rate. There was some hope that Lambeth would reverse its earlier decision, taken by 32 votes to 30 in the absence of some Council members, not to set a rate. The Conservative group there had requisitioned a meeting, and letters had now gone out from the District Auditor as the first stage towards surcharging the Council members responsible for the failure to set a rate. It was important to avoid any charge of inconsistency between this situation and the decision of the Public Works Loan Board to make a loan of £7 million to Lambeth, since the criteria for the actions were quite different. The situation in Liverpool was less promising. The Council might decide to set a rate but it was unlikely to be at a level consistent with the requirements.

THE SECRETARY OF STATE FOR SCOTLAND said that he had moved to reduce the rate in Edinburgh and would reduce the grant. He would hold firmly to this position.

The Cabinet -

1. Took note.

Violence at
European Cup
Football
Match

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that he had attended a religious service in Liverpool on Saturday 8 June, together with the Ambassadors of Belgium and Italy. The theme had been of sympathy, penitence and reconciliation following the violence at the European Cup football match in Brussels. The two Ambassadors had not been alone in finding it a moving occasion. A delegation from Liverpool would also be visiting Turin the following week to express sympathy and regret.

The Cabinet -

2. Took note.

Gift to
the National
Gallery

THE CHANCELLOR OF THE DUCHY OF LANCASTER told the Cabinet that later that day the National Gallery would be announcing a gift of £20 million and a promise of a further gift of £30 million in a few months by Mr J Paul Getty II.

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THE PRIME MINISTER said that the Cabinet would wish to express their gratitude to Mr Getty for this munificent donation; she would herself write to Mr Getty accordingly.

The Cabinet -

Took note, with warm approval, of the Prime Minister's intention to write to Mr J Paul Getty II to express their warm appreciation of his generous gift to the National Gallery.

Cabinet Office

13 June 1985

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