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CC(85) 21st
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 20 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 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 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 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 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

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 2-4)
Mr C L G Mallaby (Items 2-4)
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.

Opposition
Motion on
Child Benefit

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the Opposition Day on 27 June would be used for a debate on child benefit and housing benefit. The Opposition would argue that child benefit should be uprated in line with inflation, rather than by the smaller increase which he had announced earlier that week. They were likely to use the statement by the Conservative candidate in the Brecon and Radnor by-election, that child benefit should be inflation-proofed and taxed, to embarrass the Government. Some Government backbenchers might agree with that view. It would be necessary to praise the candidate's independence whilst arguing against his views. He would circulate briefing to colleagues on both child benefit and housing benefit.

House of
Lords

Previous
Reference:
CC(85) 17th
Conclusions,
Minute 1

THE LORD PRESIDENT OF THE COUNCIL said that the Local Government Bill had so far taken up 19 days on the floor of the House of Lords. There had not yet been any Government defeats at Report Stage, but one might occur that day on an amendment to set up an elected London Co-ordinating Authority. If the Government were defeated it would not be as a result of a change of heart by its supporters but rather because of the difficulties of maintaining continued full attendance. He would make it clear that any defeat would be reversed in the House of Commons.

THE PRIME MINISTER said that the Cabinet would wish to congratulate the Lord President of the Council on the skill with which he had piloted the Bill through the House of Lords in very difficult circumstances.

The Cabinet -

Took note, with approval, of the Prime Minister's remarks.

Report of
the Select
Committee on
Employment

THE SECRETARY OF STATE FOR EMPLOYMENT said that the Select Committee on Employment had just published a report on the miners dismissed by the National Coal Board (NCB) for misconduct during the miners' strike. The report called on the NCB to review the cases at both national and area level. There were 6 Conservative and 4 Labour members of the Committee, but Mr John Gorst MP had voted with Labour members on this occasion. Voting had initially been evenly divided but, after two Conservative members had walked out, the report had finally been approved by 3 votes to 3. The Chief Whip had suggested that senior backbenchers might put down an Early Day Motion which would express dismay at the report and its apparent denigration of Industrial Tribunals. The Secretary of

State for Employment was considering, with the Chief Whip, the possibility of seeking to increase the size of the Committee so that there would be 7 Conservative and 4 Labour members which would more accurately reflect Party strengths in the House of Commons as a whole.

The Cabinet -

Look note.

FOREIGN AFFAIRS

Nigeria

Previous Reference: CC(85) 17th Conclusions, Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that there were persistent rumours of a coup in Nigeria. It was not clear who might lead one. One possibility was Major General Ibrahim Babangida, the Chief of the Army Staff, who from the British point of view might be preferable to the present leaders. Another possibility was a coup by junior officers in the armed services. A coup by Major General Babangida would probably be bloodless; in a coup by junior officers violence would be more likely. The British Government should be ready to establish contact quickly with any new regime, to increase the chances of good relations with it. Meanwhile, the British refusal of asylum to the exiled former Minister for Transport, Mr Umaru Dikko, had led to a slight improvement in the climate of relations between the United Kingdom and Nigeria. The Nigerian Minister of Information, Mr Omoruah, had visited Britain from 13 to 17 June. A visit by the Foreign and Commonwealth Secretary to Nigeria was a possibility. The trial of the two British engineers of Bristol Helicopters Limited was proceeding slowly; their conditions in prison had improved. Mr Graham Coveyduck, a partner in International Financial Recoveries Limited, was still held in detention without charge.

South Africa

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

THE FOREIGN AND COMMONWEALTH SECRETARY said that the South African raid into Gaborone, the capital of Botswana, on 14 June represented a new and serious development. Following the arrest at Cabinda in Angola on 21 May of a group of South Africans apparently intending sabotage of the oil installations there, it seemed to confirm a change in the posture at least of the South African army and perhaps of the Government as a whole. It contrasted with South Africa's recent attempts, symbolised by the Nkomati accord with Mozambique in 1984, to work with neighbouring countries in order to control terrorism. The United Kingdom had firmly condemned the raid into Gaborone. The United States had, however, gone further, by recalling its Ambassador for consultations. If there were more South African raids of this kind, it might be difficult for the United Kingdom not to react with moves of this type. Meanwhile, the Security Council of the United Nations had a few hours earlier concluded a debate on the Namibian question, which was to be followed by debates on the Cabinda incident and the Gaborone raid. The debate about Namibia had been an indication of how pressure for sanctions against South Africa was mounting. The United States had abstained on the resolution,

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while France and Australia had voted in favour. The United Kingdom had been faced with a choice between abstention or casting a veto in isolation. In explaining our decision to abstain, we had said that we did not feel bound by the terms of the resolution, which had stopped short of a mandatory call for economic sanctions but had represented a move in that direction. Pressure for sanctions might continue to build up. This should be watched carefully, especially as the Commonwealth Heads of Government Meeting approached.

In a short discussion, the rapid increase of support in the United States for sanctions against South Africa was noted as an important development. The United States, however, would suffer proportionately much less than the United Kingdom from any interruption of trade.

Hijacking of Aircraft of Trans World Airlines

THE FOREIGN AND COMMONWEALTH SECRETARY said that the passengers of the hijacked Trans World Airlines (TWA) aircraft, now at Beirut Airport, had been dispersed in groups around the city. Mr Nabih Berri, the Shi'ite leader, was seeking to exert control over the Shi'ites and the hijackers, but it was far from clear that he would succeed in so doing. The United Kingdom was trying to explain to him, to President Gemayel of Lebanon and to the Syrian Government the need for sensible handling of the situation. The prospect was that the hijack would drag on. It was unlikely that the United States would undertake any military operation to rescue the Americans now held in Beirut, given the great difficulty of such an undertaking. If a retaliatory action were later mounted against the Shi'ites by the United States, this would increase the risks facing the British Embassy in Beirut, especially if the United States Embassy withdrew. The British Ambassador, Sir David Miers, was taking a robust and courageous view. But it would be necessary for him and his staff to be ready to move at short notice. The Foreign and Commonwealth Secretary continued that security at Athens Airport had long been considered inadequate. Complaints had been addressed to the Greek authorities by responsible organisations. Some of the main airlines had introduced their own security measures, in addition to such measures as the airport authorities had provided. The Foreign and Commonwealth Secretary had raised the problem of Athens Airport at the Foreign Affairs Council of the European Community on 18 June. The Greek response to this, and even more to a statement by President Reagan of the United States, had been unco-operative. It would be necessary to keep up the pressure on the Greek Government in the European Community and a discussion among Heads of Government at the European Council in Milan on 28-29 June would be desirable. The matter should also be considered in the framework of the declaration on hijacking issued from Bonn in 1978 by the seven states participating in the Economic Summits.

In a discussion, the contrast was noted between the calls by the Israeli Government, and notably the Defence Minister, Mr Yitzhak Rabin, on the United States Government to make up its mind on whether it wanted Israel to release Shi'ite prisoners, and on the other hand Israel's own vacillation in first releasing over 1,000 Palestinian prisoners in

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return for 3 Israelis and then taking large numbers of Shi'ite prisoners in violation of the Geneva Convention. It would be interesting to see whether Israel's behaviour would stimulate greater sympathy in the United States for the efforts of King Hussein of Jordan to make progress on the Arab-Israel problem.

Regarding the security weaknesses at Athens Airport, boycotts of that airport by major airlines could exert pressure for improvement. British Airways (BA) were still operating services to and from Athens, while applying extra security precautions of their own. It would be desirable for Ministers to discuss with BA the continuation and security of their Athens services. Given the possibility that the weapons used in the TWA hijack had been smuggled on to the aircraft with food or other supplies, it was also desirable to consider whether such supplies were subjected to security checks at airports generally. It was noted that Cabinet Ministers flying to or from Athens on commercial flights might be targets for hijacking attempts and might thus endanger other passengers on the same flights. The Chancellor of the Duchy of Lancaster, who was due to fly to Athens the following day, would therefore not travel on a commercial flight.

European
Defence
Equipment
Co-operation

Previous
Reference:
CC(85) 20th
Conclusions,
Minute 2

THE SECRETARY OF STATE FOR DEFENCE reported on the meetings earlier that week of the Defence Ministers of the Independent European Programmes Group (IEPG) and of the 5 countries considering joint production of a European Fighter Aircraft (EFA). The IEPG meeting had been judged a success. While the subject of joint arms production was not a spectacular one, greater co-operation could add significantly to industrial and military efficiency. There was a growing list of types of equipment where joint projects would be undertaken and common specifications agreed. For the first time, the meeting had agreed on areas for co-operative research, 5 of which had been identified. There would be a conference in London in the autumn of directors of research laboratories in Europe. The United Kingdom had played a leading role in imparting new momentum into European co-operation. The meeting on the EFA project had made progress in narrowing some of the differences among the five countries. For instance, the remaining difference over the weight of the aircraft concerned only 110 kilograms in a total weight of 9.75 tonnes. There had also been agreement that a consortium of the 5 countries would produce the radar for the aircraft. There was, however, one major difference which might prove unbridgeable. This concerned the engine thrust for the aircraft: France wanted thrust of 84 kilonewtons, while the Federal Republic of Germany (FRG), Italy and Spain wanted 90 kilonewtons and the United Kingdom was slightly apart from them in wanting 91.7 kilonewtons. The Ministers of Defence of the 5 countries had agreed to instruct industry to examine all 3 levels of thrust and report by 15 July. The FRG and the United Kingdom wanted to reach decisions on the project that summer; France was displaying less urgency. It seemed very likely that this question would need discussion among the Heads of Government of the 5 countries concerned, possibly in

the margins of the European Council in Milan on 28-29 June. The Secretary of State for Defence would report to his colleagues in time for a proper discussion before major decisions were taken.

In a brief discussion, it was noted that France had a commercial interest in delaying decisions about the EFA, since it hoped to sell more Mirage aircraft in the meantime. It seemed doubtful that France would compromise on the remaining major differences in the negotiations. There was no question of French leadership of the project if it went ahead.

The Cabinet -

Took note

COMMUNITY AFFAIRS

Vehicle Emissions

Previous Reference: CC(85) 11th Conclusions, Minute 3

3. THE SECRETARY OF STATE FOR THE ENVIRONMENT said that, in the margins of the Conference of Environment Ministers of the Organisation for Economic Co-operation and Development, there had been further discussion of vehicle emission standards in the Community. This had made quite clear that at the Council of Ministers (Environment) on 28 June it would be very difficult to reach agreement on the detailed standards necessary to implement the earlier broad agreement. It might therefore be raised among Heads of Government in the margins of the meeting of the European Council in Milan on 28-29 June.

In discussion it was said that the Italian Presidency were aiming to restrict the agenda of the European Council to the major issues associated with the development of the Community. On the specific standards for vehicle emissions there had been some indication that France might move closer to the German position but subsequent discussions, in particular between the Secretary of State for Trade and Industry and the French Minister for Industry and Foreign Trade, Madame Cresson, had shown that the French were still taking a robust line and shared our view that the German position was out of line with the agreement reached the previous March. The Commission's latest proposals had not been helpful.

Development of the Community

Previous Reference: CC(85) 20th Conclusions, Minute 4

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Council of Ministers (Foreign Affairs) had discussed on 18-19 June the preparations for the European Council in Milan. The United Kingdom was continuing to move opinion in the Community towards its position and away from support for Treaty amendment and for an open-ended intergovernmental conference. In addition, there was wider support for the United Kingdom's perception of the Luxembourg compromise, which should be maintained but not abused. In a recent discussion with the Foreign and Commonwealth Secretary the Dutch Prime Minister, Mr Lubbers, had made clear his view that the United Kingdom's proposals for the European Council were positive.

Trade with Japan

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Council of Ministers (Foreign Affairs) on 18-19 June had agreed on a strong statement about the unsatisfactory state of trade with Japan. There had been no support, however, for raising this issue at the European Council.

Agriculture

Previous Reference: CC(85) 20th Conclusions, Minute 4

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that, following the failure of the Council of Ministers (Agriculture) to agree on prices and related measures for cereals and rapeseed, the Commission would be managing the market broadly in line with the proposal for a support price reduction of 1.8 per cent. The Germans would be very dissatisfied that, despite their opposition, a de facto cut was being made.

In discussion it was pointed out that a case could be made for applying the full 5 per cent reduction resulting from the guarantee threshold but that the legal position was not clear. Some action was needed to avoid difficulties in the market, and the Commission's action had the advantage that it respected the financial guideline for agricultural spending to which the United Kingdom attached great importance.

The Cabinet -

Took note.

PUBLIC EXPENDITURE

4. THE PRIME MINISTER reminded members of the Cabinet that they would be meeting at Chequers on Sunday 23 June at 4.30 pm for a general discussion about priorities within public expenditure. This was not intended to be the opening discussion of the 1985 Public Expenditure Survey, nor to anticipate the meetings which the Chief Secretary, Treasury would be having with his departmental colleagues about public expenditure programmes for 1986-87 and the two subsequent years. It was not an occasion which Ministers should use to put forward particular departmental bids or advocate departmental programmes. The intention was to provide an opportunity for the Cabinet collectively to discuss what should be the Government's priorities in public expenditure over the medium term, within whatever total was available. Ministers would not therefore need extensive departmental briefing. The basic paper would be last year's Green Paper on long-term public expenditure. The meeting would open with a presentation by the Chief Secretary, Treasury; this would be followed by an introductory statement by the Chancellor of the Exchequer and then by general discussion.

In discussion the question was raised whether the meeting would be given forecasts on the revenue as well as on the expenditure side, so that there could be a general tour d'horizon of public finance and of the alternative strategies that might be open to the Government. It was made clear that the discussion was not intended to range as widely as

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that, but to concentrate on priorities within whatever total of public expenditure might be available. It would, however, be open to Ministers to raise a question of changes in the balance between public and private funding of particular activities.

The Cabinet -

Took note.

Cabinet Office

20 June 1985

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