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CC(85) 33rd
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 21 NOVEMBER 1985
at 9.30 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 Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Leon Brittan QC MP
Secretary of State for Trade and Industry

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

The Rt Hon Douglas Hurd 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 Michael Heseltine MP
Secretary of State for Defence

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 John Biffen MP
Lord Privy Seal

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

The Rt Hon Norman Tebbit MP
Chancellor of the Duchy of Lancaster

The Rt Hon Tom King MP
Secretary of State for Northern Ireland

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 Lord Young of Graffham
Secretary of State for Employment

The Rt Hon Kenneth Baker MP
Secretary of State for the Environment

The Rt Hon Kenneth Clarke QC MP
Paymaster General

The Rt Hon John MacGregor MP
Chief Secretary, Treasury

ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

SECRETARIAT

Mr C L G Mallaby
Mr D F Williamson (Items 3 and 4)
Mr D E J Jago (Items 2-4)
Mr A J Langdon (Item 1)
Mr R Watson (Item 1)

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PARLIAMENTARY
AFFAIRS

Liverpool
City Council

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

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that the position on the financial viability of the Liverpool City Council was still uncertain. Negotiations were taking place that day between the City Council and the Association of Metropolitan Authorities, and Mr David Blunkett, Leader of the Sheffield City Council, was also involved. It was possible that, in the light of these negotiations, the City Council would be able to put together a financial package that would keep them afloat; if they failed, their money would run out in that or the following week. He had made it plain on a number of recent occasions that for as long as the present situation obtained there was no more money available from the Government. One factor in the situation was an idea being canvassed by the Greater London Council that they might be able to transfer to Liverpool the use of some of their unused capital allocations; the legal position on this, and particularly the statutory position of the Secretary of State, was under urgent consideration in the Department of the Environment. He had satisfied himself that, if the City Council allowed their finances to collapse, the urgent voluntary services would be able to keep going for the immediate future. He hoped that, while the situation was poised so delicately as at present, colleagues would feel they did not need to write to the City Council about the conduct of services in their areas of responsibility. If the City Council's current discussions did not lead to a financial settlement, he had it in mind to have an early discussion with Ministerial colleagues responsible for the main services affecting the people of Liverpool, but he doubted whether it would be necessary to convene a meeting of the Ministerial Group on Local Government Contingencies at that stage.

THE PRIME MINISTER said that she had noted that the Home Secretary was in correspondence with colleagues about the maintenance of the Magistrates' Courts in Liverpool. It was clearly essential that the courts should carry on with their work and, if it proved necessary to take any special action to that end, her strong preference would be to enable them to use receipts of fines and fees, which seemed to offer the minimum of publicity.

The Cabinet -

Invited the Home Secretary and the Chief Secretary, Treasury, to pursue the possibility of Magistrates' Courts in Liverpool using receipts of fines and fees to finance their continuing work.

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NORTHERN
IRELAND
AFFAIRS

Previous
Reference:
CC(85) 32nd
Conclusions,
Minute 4

2. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the debate in the House of Commons on the Anglo-Irish Agreement of 15 November 1985 would take place on 26 and 27 November. The Prime Minister would open the debate and he would speak first on the second day. The Summit meeting on 15 November between the Prime Minister and the Taoiseach, Dr Garret FitzGerald, had gone well. There had been only one small demonstration nearby. The Prime Minister's statement on the Agreement in the House of Commons on 18 November had found exactly the right tone for the public in Northern Ireland. Nevertheless, the Anglo-Irish Agreement had contained more substance than the Unionist community had expected in advance. There was genuine and widespread concern about the Agreement. The provision for the Government of the Republic of Ireland to have a voice in Northern Ireland affairs was anathema to many Unionists. Unionist Members of Parliament might resign their seats after the debate on 26 and 27 November, possibly in pairs rather than all at once. He was working hard to reassure Unionist opinion as a whole. Particular efforts should be made, despite the difficulties, to communicate with moderate opinion among Unionists. He would take every opportunity to emphasise that opposition to the Agreement should be expressed by constitutional means. He would be seeing Mr John Hume MP to urge that the Social Democratic and Labour Party (SDLP) should express more clearly its support of the Agreement.

The situation in the public order in Northern Ireland was generally quiet. The incident in which he had been involved on the previous day had not been caused by any lack of loyalty on the part of the Royal Ulster Constabulary, in which he had full confidence. There would be a major rally on 23 November in opposition to the Agreement; the security forces were taking all necessary precautions. The public order situation could of course deteriorate at any time.

In discussion the following points were made -

- a. The Government should adopt a calm style, maintaining a firm and consistent policy for as long as might be necessary.
- b. At the same time, there was a danger that Unionists, if they failed to gain sympathy or achieve results through their opposition to the Agreement by political means and in the courts, could become increasingly truculent. The Government therefore had an interest in finding means of reassuring moderate Unionists opinion. The question of finding a step which would be entirely consistent with present policy but might provide a safety valve for Unionist frustration should be considered.
- c. Although the Unionist Members of the Northern Ireland Assembly might at present see that body as a platform for propaganda and not as a forum for contact with the Government, it would be wrong for the Government to make any move to reduce the role of the Assembly. Unionists might come to see it as a forum where they could express their views, while nationalists' views were being expressed through the Irish Government in the new Intergovernmental Conference.

d. The Prime Minister would see Mr John Cushnahan of the Alliance Party, some of the members of which wanted the Assembly to be dissolved, on 22 November.

e. If the SDLP could be persuaded to enter the Assembly, the latter could become more effective. The Secretary of State for Northern Ireland would be seeing Mr John Hume of the SDLP later that day and would argue for the Party's participation in the Assembly. Subject to Mr Hume's reactions, it would be for consideration whether the Prime Minister should send a message to the Taoiseach asking the Irish Government also to put to Mr Hume the case for SDLP participation in the Assembly.

f. The Prime Minister would be replying to a letter of 16 November from Mr James Kilfedder, Speaker of the Northern Ireland Assembly. Her reply might indicate that the Government had no wish to see any reduction in the role of the Assembly.

g. Another possible means of providing reassurance to Unionists would be some increase in the role of the Standing Committee on Northern Ireland of the House of Commons, which included all members sitting for constituencies in Northern Ireland. A further possibility might be to make less use of Orders in Council in relation to Northern Ireland, and greater use of primary legislation applying to the whole of the United Kingdom. But the first of these ideas would be difficult to implement quickly and the second might be criticised by the minority community in Northern Ireland, and by others, as an integrationist measure and thus to run counter to the spirit of the Anglo-Irish Agreement.

h. Yet another possibility might be to require persons elected to public positions in Northern Ireland to make a statement rejecting violence. This would appeal to the Unionists, who were worried at the participation in elected bodies of members of Sinn Fein.

THE PRIME MINISTER, summing up the discussion, said that it was essential to maintain the balance between the interests of the Protestant and the Roman Catholic communities in Northern Ireland. Every effort should be made in the forthcoming debate in the House of Commons on the Anglo-Irish Agreement, and subsequently, to ensure that Unionists were made aware of all the constitutional avenues already available to them for putting their views to the Government. Everything should also be done to urge the Unionists to express their objections to the Anglo-Irish Agreement by constitutional means. It seemed likely that the Ulster Unionist Party would come to take a different view from the Democratic Unionist Party with regard to the Agreement, and such differences might be helpful to the Government in gaining public acceptance for the Agreement in Northern Ireland.

The Cabinet -

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

2. Decided that the Government should take no action to reduce the role of the Northern Ireland Assembly.

3. Invited the Secretary of State for Northern Ireland, in consultation with the Lord President of the Council and the Home Secretary, to consider whether any steps should be taken in relation to the Northern Ireland Assembly to provide reassurance to Unionists; and to propose a draft reply from the Prime Minister to Mr Kilfedder's letter.

4. Invited the Lord Privy Seal, in conjunction with the Secretary of State for Northern Ireland, to consider what changes in Parliamentary arrangements at Westminster would be feasible and suitable as means of providing reassurance to Unionists.

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FOREIGN AFFAIRS

Summit Meeting Between the United States and the Soviet Union

Previous Reference: CC(85) 30th Conclusions, Minute 2

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the statements which had just been made by the President of the United States, Mr Reagan and the General Secretary of the Communist Party of the Soviet Union, Mr Mikhail Gorbachev, at the press conference concluding their Summit meeting in Geneva had been warm and positive in tone. The contents of the Joint Statement signed by the United States Secretary of State and the Soviet Foreign Minister in the concluding ceremony were not yet known. The meeting seemed to have fulfilled the higher level of expectation in that, having covered the full range of arms control and regional issues in their discussions, President Reagan and Mr Gorbachev had agreed to meet again in 1986 in the United States and to accelerate current arms control negotiations.

In a brief discussion, it was noted that, despite the good atmosphere generated by the Summit, the statements by the two leaders indicated that no substantive agreement had been reached on major issues. There should be no illusions about Mr Gorbachev's aim of improving the public image of the Soviet Union without changing its policies.

Middle East

Previous Reference: CC(85) 28th Conclusions, Minute 1

THE FOREIGN AND COMMONWEALTH SECRETARY reported that there had been regular contact with Mr Terry Waite in his attempt, as personal emissary of the Archbishop of Canterbury, to secure the release of hostages held in the Lebanon. Mr Waite did not rate his chances of success highly but had established contact with the kidnappers of the four American hostages. He was also seeking new information on the whereabouts of Mr Alec Collett, the British subject held in the Lebanon.

The Foreign and Commonwealth Secretary reported Israeli claims to have shot down two Syrian MIG 23 aircraft over Lebanon on 19 November.

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Mr Shimon Peres, the Israeli Prime Minister, had been reported as saying that Israel regarded the clash as an isolated incident. The Syrians had said that their aircraft had engaged Israeli F-15 aircraft but had not admitted any losses.

Colombian Disaster

THE FOREIGN AND COMMONWEALTH SECRETARY said that, as widely reported, the scale of the disaster, following the eruption of the Colombian volcano Nevado del Ruiz on 13 November, was enormous. The response from the United Kingdom had been swift and generous: the Government had made a contribution of nearly £1 million. The Royal Air Force (RAF) Hercules aircraft, two Puma helicopters and the RAF medical team deployed to the area had been warmly welcomed by the Colombian authorities. The speed and scale of what had been achieved was an excellent illustration of how the United Kingdom responded to such disasters.

Ethiopia

Previous Reference: CC(85) 26th Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the point was being reached when the United Kingdom should withdraw the RAF Hercules aircraft, currently deployed in Ethiopia. Progress made in relief operations and the planned closure of Addis Abbaba airport for refurbishment for a period of two months presented an opportunity for withdrawal which would permit a more flexible use of these aircraft for operational training and other purposes.

Anglo-French Summit Meeting

THE FOREIGN AND COMMONWEALTH SECRETARY said that at the Summit meeting between the Prime Minister and President Mitterrand of France on 18 November a common approach had been successfully achieved on major issues relating to East-West relations, arms control and the European Community. Progress on the Channel Fixed Link had been particularly encouraging.

Visit of War Widows to the Far East

THE SECRETARY OF STATE FOR DEFENCE said that the remembrance ceremonies held in the Far East during the previous week, involving widows of British servicemen killed in the Second World War, had been deeply moving. He considered that the Government's arrangement of this visit of war widows to the Far East had been valuable in balancing the emphasis placed on the European theatres of war in other remembrance ceremonies that had taken place that year.

The Cabinet -

1. Took note.

Falkland Islands

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United Nations debate on the Falkland Islands would take place on 26 and 27 November. Argentina was expected to table a draft resolution couched in seemingly moderate terms, calling for negotiations on "all aspects of the future of the Falkland Islands". United Kingdom lobbying efforts were exposing the implicit insistence in the Argentine text on negotiations about the sovereignty of the Falkland Islands and were stressing the importance of the principle of self-determination. A United Kingdom amendment would be tabled emphasising self-determination which, if carried, would have the effect of wrecking the Argentine text. If the amendment failed, however, a number of the states which had abstained on similar resolutions in the past would probably vote for the Argentine resolution.

In a brief discussion, it was noted that much diplomatic effort was devoted each year to countering successive Argentine resolutions on the future of the Falkland Islands, and that this could use up the United Kingdom's credit with other countries. France, when faced in the 1960s with resolutions about Algeria, had simply made clear that she would not feel bound by them.

The Cabinet -

2. Invited the Foreign and Commonwealth Secretary to consider in the context of future United Nations debates on the Falkland Islands whether the United Kingdom should again expend a high level of diplomatic effort in lobbying against Argentine resolutions.

4. THE FOREIGN AND COMMONWEALTH SECRETARY said that the Intergovernmental Conference had met again at Ministerial level on 19 November and there would be two further meetings before the European Council on 2-3 December. The United Kingdom was still succeeding both in lowering unjustified expectations and in making the texts more satisfactory. In discussion it was said that some unexpected change in the French or German positions could not yet be excluded: both the French President, Monsieur Mitterrand, and the Federal German Chancellor, Herr Kohl, had not so far been closely concerned with the actual proposals under discussion. It was therefore desirable that the United Kingdom should keep its own tactical position open at this stage.

COMMUNITY AFFAIRS

Intergovernmental Conference

Previous Reference: CC(85) 32nd Conclusions, Minute 3

Trade with
the United
States: Steel
Previous
Reference:
CC(85) 31st
Conclusions,
Minute 4

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that he was pressing the United States hard to modify their position on semi-finished steel products. He had spoken to the United States Trade Representative, Mr Yeutter. The United States authorities had indicated earlier that they would put forward new proposals but they had not done so. He had made clear that the United Kingdom could not accept the agreement reached at referendum between the Community and the United States unless there were satisfactory assurances about semi-finished steel products.

Finance

THE CHANCELLOR OF THE EXCHEQUER said that the Council of Ministers (Economy and Finance) had a responsibility following the European Council in Milan for examining any proposed Treaty changes on monetary matters. At its meeting on 18 November the Council had discussed a Commission proposal for including references to the European Monetary System and to Economic and Monetary Union in the European Community Treaty. There was a clear division of opinion in the Council. The United Kingdom, the Federal Republic of Germany, the Republic of Ireland and Denmark had seen no necessity for, and some harm in, these proposed amendments. The Dutch position had been slightly more open, while some other member states had been in favour. Nothing had therefore been decided. No doubt the Commission would try to come forward with less ambitious proposals. The United Kingdom should, however, maintain its position for the time being, particularly since the Germans were taking a firm line because the constitutional position of the Bundesbank would be affected. The situation so far was satisfactory. The Council had also agreed on a loan of just over £1,000 million for Greece because of its economic difficulties. The loan would be made available in two instalments and strict conditions were attached.

Agriculture

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Council of Ministers (Agriculture) on 18-19 November had discussed but reached no conclusions on the Commission's latest unsatisfactory proposals on cereals; nor had they reached agreement on sugar and on battery cages for poultry. There had been a difficult discussion on the Commission's proposal, which in their view could be decided by qualified majority, to ban the use of all hormones as growth promoters in cattle. The United Kingdom was resisting this proposal, which was not based on scientific evidence.

Transport

THE SECRETARY OF STATE FOR TRANSPORT said that the Council of Ministers (Transport) on 14-15 November had reached an agreement on drivers' hours and on the full liberalisation of road transport by 1992. The Council had also come close to an agreement on an important package of measures

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on shipping. The French alone were standing out and it might yet be possible to push them into an agreement before the end of the year.

The Cabinet -

Took note.

Cabinet Office

21 November 1985

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