

CC(86) 39th
Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 27 NOVEMBER 1986
at 10.00 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 Nigel Lawson MP
Chancellor of the Exchequer

The Rt Hon Douglas Hurd MP
Secretary of State for the Home Department

The Rt Hon Peter Walker MP
Secretary of State for Energy

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 the Environment

The Rt Hon Lord Young of Graffham
Secretary of State for Employment

The Rt Hon Kenneth Baker MP
Secretary of State for Education and Science

The Rt Hon Kenneth Clarke QC MP
Paymaster General

The Rt Hon John MacGregor MP
Chief Secretary, Treasury

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland

The Rt Hon John Moore MP
Secretary of State for Transport

ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

SECRETARIAT

Mr D F Williamson
Mr C L G Mallaby (Items 2 and 3)
Mr J B Unwin (Item 1)
Mr A J Langdon (Item 1)
Mr M J Eland (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.

Teachers' Pay,
Duties and
Conditions
of Service

Previous
Reference:
C(86) 38.2

THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that the previous week four of the teachers' unions and a majority of the employers (with Conservative members dissenting) had signed a draft document on pay and conditions, subject to ratification by the individual unions. A number of its features were welcome to the Government. For the first time there would be a clear definition of teachers' duties and agreement on hours worked and on the length of the working year. Appraisal would be introduced. It had also been recognised that the existing Burnham pay determination machinery should be abolished. There were, however, a number of unacceptable features. First, the cost of the proposed pay rises fell outside the envelope which he had indicated the Government could accept; there was an excess of £85 million over the amount the Government had offered for 1986-87 and 1987-88. Second, the proposed pay structure was excessively egalitarian and the pay scales too flat. The proposals would mean that the number of promoted posts (other than heads and deputies) would be reduced from 105,000 at present to 80,000 compared with the Government's proposal which had implied an increase to 145,000. It was vitally important that the number of promoted posts should be increased to ensure the proper management of schools. They were needed to reward teachers who took on additional responsibilities, to reward good classroom teachers and to deal with difficulties in recruiting teachers in certain subjects and in certain areas. He proposed to make a statement that afternoon making clear that these two aspects of the draft agreement were unacceptable to the Government. He would also announce that a Bill would be introduced the following day which would repeal the Remuneration of Teachers Act 1965, contain provisions to enable him to set up an interim Advisory Committee on the lines previously agreed and give him powers to determine teachers' pay and conditions. Under present law he would be obliged to promulgate any agreement lawfully reached by the Burnham Committee and it would therefore be crucial for this Bill to secure Royal Assent as soon as possible. In the meantime he would talk further to the employers and unions but on the clear understanding that no resources additional to those already announced were available and that the pay structure must embody satisfactory incentives.

In discussion it was confirmed that, in line with the proposal of the Secretary of State for Education and Science, acceptance of a recommendation of the interim Advisory Committee should require a negative resolution procedure and rejection should require an affirmative resolution procedure.

THE SECRETARY OF STATE FOR SCOTLAND said that the results of the ballot conducted by the Education Institute for Scotland (EIS), the largest Scottish union, had been announced the previous day. The vote against the offer - 84 per cent of those voting - had been surprisingly large. Public and press opinion in Scotland, however, continued to view the

Government offer as reasonable and the unions' position as increasingly unrealistic. He was meeting the EIS on 1 December but it appeared almost inevitable that legislation to impose a settlement would be necessary. He would discuss further with the business managers what legislative vehicle would be appropriate if this was the conclusion he eventually reached.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet were agreed that the Secretary of State for Education and Science should make a statement that afternoon in the terms he had indicated and that the necessary Bill should be introduced on the following day. The business managers would use their best endeavours to secure Royal Assent by the earliest possible date. The Government's offer was a generous one and close attention should be paid to presenting it effectively. The Secretary of State for Education and Science should circulate briefing material to all colleagues. He would also write to backbenchers before the weekend setting out the Government's case. The Cabinet noted the present position in Scotland. The Secretary of State for Scotland should consider urgently with the business managers how legislation might best be effected should it prove necessary.

The Cabinet

1. Took note, with approval, of the Prime Minister's summing up of their discussion.
2. Invited the Secretary of State for Education and Science to proceed as indicated in the Prime Minister's summing up.
3. Invited the Secretary of State for Scotland to discuss with the business managers how legislation might best be effected should it be needed in Scotland.

FOREIGN
AFFAIRS

United
States

Previous
Reference:
CC(86) 36.3

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the disclosure that money generated by the controversial sale of arms by the United States to Iran had been diverted to the Contra rebels in Nicaragua was a major blow to the Administration in Washington, which was under strong criticism from the Congress. The President's adviser for national security affairs, Admiral John Poindexter, had resigned and one of the latter's staff, Lieutenant Colonel Oliver North, had been dismissed. Not all the details of the affair might yet have emerged. In the Middle East, moderate Arab countries were very critical and would probably become more so. The credibility of the essential element of British policy towards terrorism - that there should be no negotiations with terrorists - might be undermined by the way the Administration had behaved. But it was also possible that there would be greater understanding in some quarters of the British policy of firmness, since the alternative of dealing with terrorists had failed on this occasion.

The British policy was right and the Government must continue to uphold it, while being careful not to add to the difficulties facing the United States President.

In discussion it was agreed that anything that weakened the United States also weakened the West. The Government should maintain support for the President, while avoiding any involvement in the controversy within the United States. Two points should be central to the Government's public position: the Government were not responsible for the actions of the United States Administration, and the Government had full confidence in the integrity of the President.

Falkland
Islands

Previous
Reference:
CC(85) 33.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Government had decided a year previously to adopt a more relaxed position towards the annual debate and vote on the Falkland Islands in the United Nations General Assembly. In the present year the Government had again canvassed other Governments, but with a lower profile than in earlier years. The result of the vote on 25 November had been much as expected: 116 votes in favour of the Resolution drafted by Argentina, four including the United Kingdom against it, and 34 abstentions. The number of votes against the Resolution had been the same as in 1985 but some seven countries had switched from abstention to a positive vote. The Government's necessary decision to announce the new Falkland Islands Interim Conservation and Management Zone had probably had an adverse effect on the vote. A change of vote by the Netherlands had brought to five the number of European Community countries supporting the Resolution, but a majority had again withheld support for Argentina. Despite British representations at the highest levels, France had again voted for the Resolution.

South
Africa

Previous
Reference:
CC(86) 31.1

THE FOREIGN AND COMMONWEALTH SECRETARY said that the decision of the Barclays Bank Group to sell its remaining shareholding in Barclays National Bank (BARNAT) in South Africa was being presented as a commercial decision but would inevitably be interpreted as a move in protest against apartheid. It might accelerate the process of disinvestment from South Africa, although British Petroleum PLC was reportedly taking the different route of investing in the provision of racially mixed schools in South Africa. Recent moves to disinvest might diminish some of the pressures for mandatory sanctions against South Africa, by showing that market forces were applying pressure.

Austria
previous
reference:
CC(86) 23.2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the results of the general election in Austria on 23 November showed a shift towards the right. The Socialist Party had lost votes while the People's Party (conservative) had gained, as had the right wing Freedom Party. The next Government was likely to be a "grand coalition" of the two largest parties, the socialists and conservatives, but there was also a possibility that the conservatives might form a coalition with the Freedom Party.

The extremely difficult position of the Austrian President, Dr Kurt Waldheim, would not be affected by these developments. The position remained that researches, including those undertaken by the Foreign and Commonwealth Office and the Ministry of Defence, had not substantiated specific allegations that Dr Waldheim had been involved in executions of allied personnel during the Second World War. At the same time, it remained a fact that Dr Waldheim, when he had assumed office as Secretary-General of the United Nations, had misrepresented the status he had held during the war. It was very difficult to see what the Austrian Government could do to alter Dr Waldheim's inability, caused by doubts about his war role, to carry out many of his duties as President.

The
Philippines
Previous
Reference:
CC(86) 8.2

THE FOREIGN AND COMMONWEALTH SECRETARY said that it had appeared that during the previous weekend the Government of Mrs Corazon Aquino in the Philippines had been in danger from a coup backed by the military and led by the then Minister of Defence, Senor Juan Ponce Enrile. But the Chief of the Armed Forces, General Fidel Ramos, had supported Mrs Aquino. She had called for the resignations of the whole Cabinet and had replaced Senor Enrile. The situation in the Philippines was calm on the surface and the underlying position might now become more stable. A ceasefire of 60 days with the Communist insurgents had been agreed. Mrs Aquino had become more dependent on the right wing. From the point of view of the West, she was still the best available leader for her country.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Foreign
Affairs
Council

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the Foreign Affairs Council on 24 November had made rapid progress leading to agreement on some significant measures including the protocol extending the multifibre agreement. Difficulties with the Greeks and the Dutch on the movement of Turkish workers had been resolved after more extensive discussion and a common position of the Community had been reached. He

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had informed other Foreign Ministers of the United Kingdom's proposed subjects for discussion at the European Council in London on 5-6 December and these had been generally welcomed.

Environment

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that the results of the Environment Council on 24 November had been satisfactory. Agreement had been reached on standards to reduce the level of motorcycle noise. In the discussion on emissions from large combustion plants the United Kingdom was now broadly in line with the majority of member states; the Federal Republic of Germany was still seeking more rigorous standards but, on the other hand, the debate in the Environment Council had usefully shown that some member states, in particular Spain, were not willing to go as far as the United Kingdom. Denmark was continuing to block the agreement on vehicle emissions.

Finance

THE CHANCELLOR OF THE EXCHEQUER said that the Budget Council had been successfully concluded that morning. The Minister of State, Treasury, had again shown very able chairmanship in achieving a majority in the Council for a Community draft budget for 1987 which respected the rules of budgetary discipline. It had not been an easy task to persuade those member states who had been seeking too high expenditure. The Council's budget would now be sent back to the European Parliament. It was too soon to be sure of the outcome but there was a reasonable chance of agreement by the end of the year on a budget which did respect budget discipline. In discussion it was pointed out that once again the results of the Budget Council demonstrated the importance of maintaining as far as possible a common line with France and the Federal Republic of Germany. The Community's budgetary situation still presented serious problems, as the budgetary provision both for 1986 and 1987 was likely to be insufficient to meet all the expenditure being incurred, so that some payments would be deferred into 1988. No crisis was expected this year but there could be a serious problem towards the end of 1987. Much depended on the decisions which the Agriculture Council needed to take. The timing of changes was also influenced by electoral considerations in a number of major member states.

The Cabinet

Took note.

Cabinet Office

27 November 1986

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