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CE(90), 22nd
Conclusions

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CABINET

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

THURSDAY 14 JUNE 1990

at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Sir Geoffrey Howe QC MP
Lord President of the Council

The Rt Hon Douglas Hurd MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon David Waddington QC MP
Secretary of State for the Home
Department

The Rt Hon Nicholas Ridley MP
Secretary of State for Trade and
Industry

The Rt Hon Kenneth Clarke QC MP
Secretary of State for Health

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

The Rt Hon John Wakeham MP
Secretary of State for Energy

The Rt Hon Antony Newton MP
Secretary of State for Social Security

The Rt Hon Peter Brooke MP
Secretary of State for Northern Ireland

The Rt Hon Norman Lamont MP
Chief Secretary, Treasury

The Rt Hon The Lord Mackay of Clashfern
Lord Chancellor

The Rt Hon John Major MP
Chancellor of the Exchequer

The Rt Hon Tom King MP
Secretary of State for Defence

The Rt Hon Kenneth Baker MP
Chancellor of the Duchy of Lancaster

The Rt Hon John MacGregor MP
Secretary of State for Education
and Science

The Rt Hon Cecil Parkinson MP
Secretary of State for Transport

The Rt Hon The Lord Belstead
Lord Privy Seal

The Rt Hon Christopher Patten MP
Secretary of State for the Environment

The Rt Hon John Gummer MP
Minister of Agriculture, Fisheries
and Food

The Rt Hon Michael Howard QC MP
Secretary of State for Employment

The Rt Hon David Hunt MP
Secretary of State for Wales

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ALSO PRESENT

The Rt Hon Timothy Renton MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robin Butler
Mr L V Appleyard (Items 3 and 4)
Mr D A Hadley (Items 3 and 4)
Mr A M Russell (Items 1 and 2)
Mrs J M Bailey (Items 1 and 2)

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PARLIAMENTARY
AFFAIRS

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

Human
Fertilisation
and Embryology
Bill

Previous
Reference:
CC(90) 16.1

THE SECRETARY OF STATE FOR HEALTH said that a number of amendments had been tabled by backbench members for the remaining stages of the Human Fertilisation and Embryology Bill. Although some of these raised new points, others were aimed at re-opening issues relating to abortion on which the House had taken a view on a free vote at the Committee Stage. Under the conventions applying to Report Stage amendments, such amendments would not normally be selected, and it would be right to make representations to the Speaker to this effect. Members of the Pro-Life Lobby were objecting to the Government's decision to impose a two line whip on Third Reading of the Bill, on the grounds that some members would be required to vote against their consciences on the ethical issues of embryo research and abortion. The Government had always taken the view that this Bill was necessary to provide a legal framework for embryo research. Now that the House had taken a decision on the ethical issues, it was right to expect the decision of the majority to be accepted by the Government's supporters, so that the Bill could pass into law.

In the course of a brief discussion there was general agreement with the Secretary of State for Health's view. It was noted that the Lord President of the Council would represent to the Speaker the Government's view that the usual conventions on the selection of Report Stage amendments should apply in this case, in order to avoid a re-run of the sensitive ethical issues on which votes had been taken at the Committee Stage.

The Cabinet -

Took note.

HOME AFFAIRS

The Maguires
Case

2. THE HOME SECRETARY said that he had been informed that morning that Counsel for the Director of Public Prosecution (DPP) would be telling the Inquiry into the circumstances of the Guildford Four case, chaired by Sir John May, that he believed the convictions of seven people in 1976 for possessing explosives had been unsafe and unsatisfactory. He understood that the DPP had reached this view as a result of new forensic science tests carried out for the Inquiry. It was not Counsel's intention to criticise those who had given forensic evidence at the original trial. It was to be expected that Sir John May would concur with DPP's conclusion and it would be necessary to consider during the day how to respond to this development. There would inevitably be claims in the media that the

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convictions of six people for the 1975 Birmingham pub bombing were also unsafe, since those convictions were also based partly on scientific evidence. The two cases were, however, different.

Bomb Explosions
in London,
Bristol,
Salisbury and
Hampshire

THE HOME SECRETARY said that there had been four bombing incidents on the United Kingdom mainland since Cabinet had last met. An explosive device had detonated at the headquarters of the Honourable Artillery Company on 9 June injuring 17 people. A second device had detonated at the former home of Lord McAlpine the previous day. Both appeared to be the work of the Provisional Irish Republican Army, though responsibility had not yet been claimed. Two further incidents on 6 June in Salisbury and 9 June in Bristol appeared to be the work of animal rights campaigners. In these cases, devices which had been placed under the cars of animal researchers had detonated, though the drivers had been unharmed. In the second of these incidents, a 13-month old baby had been wounded by shrapnel. It was particularly disturbing that a security guard had spotted the second device and reported it to the police, but no action had been taken. The Chief Constable of Avon and Somerset had apologised for this and it was possible that a disciplinary charge against a police officer would follow.

In discussion it was noted that the animal rights campaigners tended to operate in small independent groups, so that their activities and methods were difficult to predict. For this reason, a requirement for poultry flocks to be registered, and the details of their locations made publicly available had recently been revoked. It was also noted that the fact that Sinn Fein had had to apologise frequently for terrorist incidents outside Northern Ireland had increased tensions among terrorist groups.

City Technology
Colleges

THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that he had recently announced the establishment of a City Technology College (CTC) in Derby and had hoped to be in a position to announce two further sites shortly. His decision to announce the Derby site without a full public consultation had, however, been subject to an application for judicial review and, although the relevant legislation imposed no requirement on him to consult publicly on the location of CTCs and there was no previous practice of doing so, the Treasury Solicitor had given him advice, which had been confirmed by the Solicitor General, that because there were reasonable grounds for consultation it was likely that the application would succeed. This would have meant a delay of 12 months, and in order to ensure that the CTC programme as a whole was not disrupted, he had decided to embark

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on a public consultation in relation to the Derby CTC and any subsequent proposals. He wished to alert colleagues to this unexpected legal advice, which might be relevant to other areas where decisions were not subject to a statutory consultation procedure.

In a brief discussion, it was pointed out that this appeared to represent an extension in the circumstances requiring consultation which could have wide repercussions. While it had been right not to test the issue in this case, it would be right to consider whether the Government should contest this requirement in the Courts in a further instance.

Labour Market
Statistics

Previous
Reference:
CC(90) 19.2

THE SECRETARY OF STATE FOR EMPLOYMENT said that the unemployment statistics to be published later that day would show a rise in unemployment in May of 4,400, on a seasonally adjusted basis, to 1,611,000. The corresponding headline total had fallen by 47,821 to 1,578,527. Unemployment had continued to fall in Yorkshire and Humberside, the North West, Scotland and Northern Ireland. The Average Earnings Index for May, also to be published that day, showed an annual underlying increase of 9.5 per cent for the fourth consecutive month. The number of days lost in April was estimated at 82,000 and the number of industrial stoppages in was provisionally put at 56, which, with the exception of 1988, was the lowest April figure since 1935.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Romania

Previous
Reference:
CC(90) 20.3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the violence in Bucharest over the past twenty-four hours had been caused by the measures taken by the Romanian Government to remove students and hunger strikers from University Square. There were unconfirmed reports of several deaths and many injured in the disturbances. Communications with the British Embassy in Bucharest had been interrupted. Workers from outside areas were being brought in to Bucharest by the Government. Although the disturbances could not be described as either a revolution or an attempted coup, they were undoubtedly a setback to the Government's position. In the House of Commons the previous day he had said that, while the overall results of the Romanian elections probably reflected the balance of public opinion, the procedures had been flawed to a considerable extent. The British Government would continue to adopt a cautious attitude towards relations with Romania.

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Czechoslovakia

Previous

Reference:

CC(90) 12.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that in contrast to Romania, the elections in Czechoslovakia had been well-conducted. There had been a 96 per cent turnout with a sweeping victory for the Civic Forum and Public Against Violence parties, who had been supported by President Havel. The Christian Democrat vote had been lower than expected, marginally below that of the Communist Party. The two principal tasks facing the new Government were economic reform and drafting a new Constitution which would satisfy Slovak national aspirations.

Bulgaria

THE FOREIGN AND COMMONWEALTH SECRETARY said that the first round of the Bulgarian elections had been reasonably free and fair. The Bulgarian Socialist Party (the former Communist Party) had obtained nearly half of the votes, while the opposition, the Union of Democratic Forces (UDF), which was particularly strong in Sofia, had gained a third of the votes. The Bulgarian Socialist Party would be well advised to form a coalition with the UDF, otherwise the political situation could become much more troubled.

North Atlantic
Council
Meeting,
7-8 June 1990

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Foreign Ministers of the North Atlantic Treaty Organisation (NATO) had held a meeting of the North Atlantic Council at Turnberry on 7 and 8 June. It had been a successful and workmanlike meeting. Much of the time had been taken up with preparations for the NATO Summit to be held in London on 5/6 July. There was widespread recognition that this would be a major international occasion. Efforts would be made to minimise the disruption of daily life in London during that period, although with so many Heads of State and Government present there would inevitably be some traffic problems. At the Summit it would be important for the Prime Minister and other Heads of Government to give a simple and eloquent explanation to Western public opinion of why NATO continued to be necessary in the 1990s. The main shadow over NATO's future was not the question of whether a united Germany should become a full member. The risk was that smaller NATO states might be susceptible to arguments from the Soviet Union and some Eastern European countries that NATO no longer had a sustainable role in a changed Europe and that it should be subsumed within a pan-European structure. The British Government's position was clear. The Conference on Security and Co-operation in Europe (CSCE) should be strengthened as a forum for regular political consultation between East and West. The British Government had put forward a series of specific proposals to that end. At the same time, an expanded CSCE could not substitute for NATO. The firm security guarantee provided

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by NATO, the integrated command structure and the continuation of stationed forces would remain essential components of Western security. The North Atlantic Council meeting had also discussed ways of making further progress in the current arms control discussions, particularly the negotiations on Conventional Forces in Europe (CFE). It now seemed possible for a CFE agreement to be signed in the autumn, followed by a CSCE Summit in Paris in late November or December. The process of German unification was now accelerating. All-German elections were scheduled to take place in December this year or in January 1991. Although there were many uncertainties in the present situation, there was now a reasonable chance that all these events would take place by the beginning of 1991. Nevertheless, such an outcome remained dependent on continuity of leadership in the Soviet Union.

Soviet Union

Previous

Reference:

CC(90) 20.3

THE PRIME MINISTER said that she had had a useful and illuminating visit to the Soviet Union from 7-10 June. She had been impressed by the increasing pace of movement towards democracy. New leaders were emerging with strong personal views and more radical ideas even than President Gorbachev. She had been impressed by the newly elected Mayor of Moscow, Mr Gavril Popov. It would be advantageous if he were invited officially to visit the United Kingdom.

Turning to her discussions with President Gorbachev, the Prime Minister said that he was seeking some kind of reassurance that, if Germany became a full member of NATO, Soviet sensitivities and interests would be recognised and the Soviet Union would be safeguarded from fear of future attack by Germany. He had put forward a number of ideas including the proposal that NATO and the Warsaw Pact should make a joint statement to allay Soviet concerns. He was also looking for an agreement to enable Soviet forces to continue to be stationed in the former territory of East Germany for a transitional period. This was acceptable, but President Gorbachev was now trying to link the continued presence of these forces with the stationing of United States forces in West Germany. The two cases were completely different. The United States forces were in Germany at the invitation of the German Government, and Western Governments must stand firm on this principle. In addition, President Gorbachev was asking for a ceiling on West German force levels. More generally, he was looking for substantial Western financial assistance in the form of grants or loans. There were many contradictions in the ideas coming from the Soviet side at the present time. For example, at his press conference President Gorbachev had not sought to deny that a united Germany would become a full member of NATO, but in his speech at the Plenum on 13 June he had stated his objections to continued German membership of NATO.

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Continuing, the Prime Minister said that President Gorbachev had also talked about Soviet policy towards the Baltic States. He had shown his irritation with the Lithuanian leadership but had indicated that he was now more hopeful of making progress. Since then the Council of the Federation had met on 12 June with the leaders of the Baltic States present. President Gorbachev had described the pressure which was now being exerted upon him by Arab Governments over the flow of Soviet emigrants into the Israeli occupied territories. She had urged him to maintain the policy of permitting emigration from the Soviet Union.

After briefly describing her meeting with the Soviet Defence Minister and General Staff, the Prime Minister said that she had also had a useful discussion with Prime Minister Ryzhkov. She had found that his attitude was still based on the principle that measures should be dictated by the Central Government and applied throughout the Soviet Union, despite his Government's commitment to moving towards a free market. He had argued that it was essential to compensate Soviet workers for price increases by higher wages. His sense of commitment to a genuine economic liberalisation was doubtful, and his programme would now be substantially revised following discussion in the Congress of People's Deputies.

The Prime Minister said that her visit to the Ukraine had given her useful insights into the problems facing the Soviet Union as a whole. The Ukrainians were becoming increasingly nationalistic and independent-minded. The Ukraine Supreme Soviet had rejected the economic reform programme proposed by Prime Minister Ryzhkov. She had been invited at very short notice to address the Ukraine Supreme Soviet and had underlined the need for a proper constitutional and legal framework for democracy. During the question time which followed, members of the Ukraine Supreme Soviet had asked about establishing independent diplomatic relations between the United Kingdom and the Ukraine. Mr Yeltsin had made a similar plea for the Russian Federative Republic when she had seen him in London recently. She had been very impressed by the British Exhibition in Kiev, "British Days in the Soviet Union", which depicted the life of an ordinary British family. It had attracted enormous crowds. She had been given an extremely warm welcome when she had visited Armenia. The Armenians had been very grateful for the primary school which had been set up in Leninakan as part of the contribution from the United Kingdom to relief efforts after the earthquake.

In a brief discussion, it was noted that one of the major regional problems in the Soviet Union concerned the failure of the food transport and distribution system. 30 to 40 per cent of the food production did not reach the market place. There was no distribution structure involving wholesalers, middlemen or multiple stores. There was more food available in the countryside than in Moscow or the other major cities. The existence of an efficient black market system alleviated the

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problem to some extent. Eastern European countries were no longer prepared to accept payment for their food deliveries through the rouble account in the form of sub-standard Soviet products. British companies were encountering increasing problems over obtaining payment from Soviet enterprises which had become self-financing, since the Central Government no longer accepted responsibility for repayment.

Liberia

THE FOREIGN AND COMMONWEALTH SECRETARY said that fighting was continuing around Sierra Leone, although the two sides had now begun negotiations. Two British naval vessels were standing off the coast in case there was a need for rapid evacuation. Western Embassies had advised their residents to leave Liberia, and most had now done so. The situation would be kept under close watch.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Bovine
Spongiform
Encephalopathy

Previous
Reference:
CC(90) 21.4

4. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that a special meeting of the Agriculture Council had been held on 6 and 7 June at the request of the United Kingdom to consider the ban on imports of British beef imposed by France, Germany and Italy on account of bovine spongiform encephalopathy (BSE). Discussions had lasted for 29 hours. The three Member States concerned, supported by Spain, had initially proposed arrangements under which United Kingdom exports of calves and carcase beef would have been banned and exports of boned beef would only have been permitted if accompanied by complex guarantees which would have been very difficult to provide. The proposal totally lacked scientific basis. Had the Commission espoused such a proposal it would probably have been adopted by a substantial majority. This would have undermined the position which the Government had adopted in respect of domestic consumers. Fortunately the Irish Chairman of the Council, Mr O'Kennedy, and the Agriculture Commissioner, Mr MacSharry, had strongly supported the United Kingdom's position, as had the Community's Standing Veterinary Committee. The agreement eventually reached provided for unhindered export of calves and boned beef, and for carcase beef to be exported subject to a declaration that it had come from farms on which there had been no recent outbreak of BSE. While he would have preferred to avoid that condition, which could fuel domestic criticisms, the overall outcome had been very satisfactory. The importance of not using ruminant offal as an ingredient of feed for ruminants had been emphasized. Only the Netherlands had previously followed the United Kingdom in banning such use, although

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Denmark had subsequently followed suit. It had also been agreed that the Commission should investigate whether BSE was occurring outside the United Kingdom and Ireland: evidently the French authorities considered it was occurring there, and they had that week made the disease notifiable. Following the Council meeting, he had promulgated certain changes in slaughterhouse practices recommended by the Standing Veterinary Committee.

Environment
Council,
7 June

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that a major dispute between the United Kingdom and other Member States at the Environment Council on targets for reductions in emissions of carbon dioxide had not happened. The Council had been chaired in a workmanlike manner and had finished early. A number of useful measures had been adopted. Discussion of climatic change had not ended in disagreement. It was evident that the ambitious aspirations of certain Member States were being modified as the nature of the practical changes which they implied became clearer. He had argued for work to continue on concrete measures for reducing greenhouse gases, and for possible targets to be considered in the light of this work. On the same day as the Council, a working group of the Intergovernmental Panel on Climate Change (IPCC) had been meeting in Geneva and a number of major countries including the USSR, China, Brazil and Saudi Arabia had refused to agree to early movement towards targets for reductions. During the current week a further meeting had been taking place under IPCC auspices in London, for the purpose of detailed work on the methodology for allocating targets to countries. He believed that the United Kingdom's position was close to a consensus which might command general assent at the Economic Summit and on which negotiations might centre in the Autumn.

Economic and
Finance Council

Previous
Reference:
CC(90) 16.4

THE CHANCELLOR OF THE EXCHEQUER said that he and the Paymaster General had attended a meeting of the Economic and Finance Council. Agreement had been reached on a long outstanding package of company tax measures which would remove certain disincentives to cross-border mergers. This would be welcome to the Confederation of British Industry and others. There had been useful discussion on the proposed Directive on Investment Services, and it had been agreed that it would need to enter into force at the same time as the Banking Directive. The main discussion had been on economic and monetary union, on the basis of papers from the Committee of Central Bank Governors, the Monetary Committee and the Economic Policy Committee. He had set out the United Kingdom position in familiar terms, stressing the problems involved in transition from stage 1 to full monetary union. Contributions from other Ministers had been encouraging in certain respects. The French were evidently

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undecided on what should follow the first stage, while the German Minister, Herr Waigel, had helpfully emphasised economic convergence as a precondition for monetary union. There was evidently disagreement on the nature of a Community central bank, with the French wanting it to be politically accountable in some way, and the Germans insisting on independence. On economic union, the Commission had repeated their opposition to binding budgetary rules, although he was not convinced that they would maintain this line. The discussion also contained worrying features. All other Ministers had taken it as given that a single central bank and single currency would inevitably be established, the only issue being how the various detailed problems would be overcome. Further, the southern Member States were evidently building up a case for additional budgetary transfers. The Chairman of the Bundesbank, Herr Poehl, had hinted during the meeting, and had explicitly stated to the press afterwards, that the likely outcome was an initial move to monetary union by an inner core consisting of the Member States with more convergent economies, probably Germany, France and Benelux. These remarks had naturally caused concern to the southern Member States.

Social Action
Programme

Previous
Reference:
CC(90) 20.4

THE SECRETARY OF STATE FOR EMPLOYMENT said that on the previous day the Commission had decided to put forward three proposals as part of their Social Action Programme. They were aimed at regulating part-time and temporary work. Two of the three measures had been put forward on legal bases permitting adoption by qualified majority vote. British press comment that morning on their likely adverse effects had been useful. The fact that both German Commissioners had joined Sir Leon Brittan in voting against the measures within the Commission gave some grounds for encouragement about the position of the German Government when the proposals came to be discussed by Ministers.

In a brief discussion it was noted that, if adopted, the proposals would have major implications for the national insurance system. They would confer pro rata benefits on all employees working for more than eight hours per week, which was at variance with present arrangements for a lower limit for national insurance based on earnings.

The Cabinet -

Took note.

Cabinet Office

14 June 1990

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