

CONFIDENTIAL

BV

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

COPY NO 76

CC(88) 5th
Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
WEDNESDAY 10 FEBRUARY 1988
at 9.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

The Rt Hon Lord Mackay of Clashfern
Lord Chancellor

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

The Rt Hon George Younger MP
Secretary of State for Defence

The Rt Hon Norman Fowler MP
Secretary of State for Employment

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

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment

The Rt Hon Lord Young of Graffham
Secretary of State for Trade and Industry

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

The Rt Hon Kenneth Clarke QC MP
Chancellor of the Duchy of Lancaster

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

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

The Rt Hon Paul Channon MP
Secretary of State for Transport

The Rt Hon John Moore MP
Secretary of State for Social Services

The Rt Hon John Wakeham MP
Lord President of the Council

The Rt Hon The Lord Belstead
Lord Privy Seal

The Rt Hon Cecil Parkinson MP
Secretary of State for Energy

The Rt Hon John Major MP
Chief Secretary, Treasury

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon David Waddington QC MP
Parliamentary Secretary, Treasury

The Rt Hon Peter Brooke MP
Paymaster General

CONFIDENTIAL

CONFIDENTIAL

SECRETARIAT

Sir Robin Butler
Sir Christopher Mallaby (Items 3-5)
Mr R G Lavelle (Items 3-5)
Mr A J Langdon (Items 1 and 2)
Mr S S Mundy (Items 1 and 2)

C O N T E N T S

Item	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
	Firearms Control	1
2.	HOME AFFAIRS	
	Removal of Tamils Seeking Political Asylum	2
	Industrial Action at Ford Motor Company Limited	2
	Industrial Action in the Coal Industry	3
3.	FOREIGN AFFAIRS	
	Afghanistan	3
	Arab/Israel Dispute	4
4.	COMMUNITY AFFAIRS	
	Future Financing	4
	Agriculture Council, 8 February 1988	6
5.	NORTHERN IRELAND	6

PARLIAMENTARY
AFFAIRS

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

Firearms
Control

Previous
Reference:
CC(87) 34.1

THE HOME SECRETARY said that he had informed the Cabinet at the time of the publication of the White Paper on Firearms the previous November that there might be difficulties with Government supporters over some aspects of the controls that needed to be established over firearms. That prediction had proved to be correct, and the Standing Committee considering the Firearms (Amendment) Bill was an unusually difficult one. In the previous week the Standing Committee had defeated a sittings motion and had made it clear that progress on the Bill would continue to be blocked unless the Government was prepared to offer a compensation scheme in respect of the weapons, now lawfully held, that would be prohibited under the provisions of the Bill. There seemed to be no exact precedent for a situation in which it would become a criminal offence to possess articles for which individuals currently held certificates of lawful ownership, and the Home Office had been given an opinion by Counsel that there could be difficulties under the European Convention on Human Rights if the Government did not offer compensation, which should at least represent about half of the value of the weapons in question. There was also a strong security interest, notably in respect of Northern Ireland, in ensuring that the prohibited weapons were in fact taken out of circulation. In all these circumstances, and with the help of the Chief Secretary, Treasury and the Attorney General, he was working up a scheme of compensation at a flat rate, or at half the value of the weapons if it could be proved to be greater, to enable the Bill to make progress.

THE PRIME MINISTER, summing up a brief discussion, said that it would be intolerable if the expectation grew up that the Government was under an obligation to compensate those who were adversely affected by its decisions. It was essential, therefore, that the proposed scheme should be presented in a way that prevented its being used as a precedent in more normal situations. Since the weapons in question would be handed in to the authorities, the word "compensation" might not be the most appropriate to describe the scheme, which seemed to have some affinities with compulsory purchase.

The Cabinet -

Took note.

HOME AFFAIRS

Removal of
Tamils Seeking
Political
Asylum

Previous
Reference:
CC(87) 37.3

2. THE HOME SECRETARY said that he hoped that it would be possible later that day to remove to Sri Lanka the first of the Tamils seeking political asylum in the United Kingdom, whose removal had been enabled by the recent judgment in the House of Lords.

Industrial
Action at
Ford Motor
Company
Limited

Previous
Reference:
CC(88) 3.2

THE SECRETARY OF STATE FOR EMPLOYMENT said that no end was immediately in sight to the strike of employees at the Ford Motor Company. A ballot was shortly to be held at Vauxhall. The three-year pay deal against which the Ford employees were striking was, in fact, a generous one, though the Ford management hoped to get major changes in work practises in exchange. The idea was gaining ground in parts of the media that the strike in some way signified the failure of the industrial relations legislation promoted by the Government, because the workforce had been fully balloted. That criticism was totally misconceived and it would be important to rebut it.

In discussion it was noted that if the strike continued it might prove necessary for the Department of Health and Social Security (DHSS) to set up facilities for the payment of social security benefits to those on strike. If that point were reached, it would be essential to stress that such arrangements were no more than administrative measures necessary to prevent DHSS offices being swamped with business, and that no special favours were being extended to those on strike.

THE PRIME MINISTER, summing up the discussion, said that members of the Government would wish vigorously to rebut the criticism of the Government's industrial relations policies that the Secretary of State for Employment had mentioned, and the Secretary of State should circulate a note to his colleagues indicating the general line that might be taken. Although 11 Ford plants had voted against strike action, those who had voted for strike action must be regarded as having taken account of the implications for their families, their future job prospects and their company.

The Cabinet -

1. Endorsed the Prime Minister's remarks, and invited the Secretary of State for Employment to proceed accordingly.

Industrial
Action in
the Coal
Industry

Previous
Reference:
CC(88) 3.2

THE SECRETARY OF STATE FOR ENERGY said that the National Association of Colliery Overmen, Deputies and Shotfirers (NACODS) had voted for a ban on overtime. British Coal had responded by re-rostering in order to cover pit safety. NACODS had accepted re-rostering at a number of pits, but it had been necessary to send the men home at some places. NACODS's line now appeared to be that if British Coal withdrew their re-rostering orders, together with threats of further action, they would lift their overtime ban and accept the arbitration of the National Reference Tribunal. In the meantime, British Coal had withdrawn the monopoly recognition previously extended to NACODS and had given the Union of Democratic Mineworkers the right to form a group representing overseers and supervisors if they were able to attract the necessary members. The situation was highly confused, but the indications were that the firm line taken by British Coal management was paying off. The industrial action had had no more than a minimal effect on the coal stocks available to the Central Electricity Generating Board, which were very substantial.

The Cabinet

2. Took note.

FOREIGN
AFFAIRS

Afghanistan

Previous
Reference:
CC(88) 1.5

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the General Secretary of the Communist Party of the Soviet Union, Mr Mikhail Gorbachev, had announced on 8 February that Soviet troops could begin a withdrawal from Afghanistan on 15 May and complete it within ten months. This was contingent on agreement being reached by 15 March in the negotiations about Afghanistan under the auspices of the United Nations. This was the first time that Mr Gorbachev had personally made such an announcement and it was hard now to believe that the Soviet Union did not intend to withdraw. But the Soviet Union probably hoped to distance itself from responsibility if things went very wrong in Afghanistan. The President of Afghanistan, Mr Mohammed Najib, had endorsed Mr Gorbachev's statement and had offered a large number of places in his administration to the Afghanistan resistance. International reactions to Mr Gorbachev's statement had varied. The President of Pakistan, General Zia-ul-Haq, was optimistic. France was very cautious. The United States position was between these two. Much would depend on whether the resistance in Afghanistan could respond in a co-ordinated way. The British reaction should be cautious; the Government should welcome Mr Gorbachev's statement as far as it went. It should draw attention to the important question whether the Afghan refugees in Pakistan would return to their country on the basis of the proposed agreement. It would be important to prevent the Soviet Union from plausibly blaming others if things went wrong in Afghanistan, but the prospects were better than in the previous eight years. He would be discussing Afghanistan with Soviet leaders in Moscow on 15 February.

Arab/Israel
Dispute

Previous
Reference:
CC(88) 1.5

THE FOREIGN AND COMMONWEALTH SECRETARY said that the violence in the territories occupied by Israel was continuing. Some 45 Palestinians had been killed during the current phase of unrest. This increased the polarisation between the parties; the Israeli settlers in the occupied territories among others were becoming increasingly truculent. The Foreign Ministers of the Twelve countries of the European Community (EC) had discussed the subject on 8 February. King Hussein of Jordan had been present for part of the meeting. He had spoken with his usual dignity and charm, on the basis of his recent talks with the United States Assistant Secretary of State for Near Eastern and South Asian Affairs, Mr Richard Murphy. The United States had become more active again on this matter, partly because the continuing unrest in the occupied territories was causing widespread concern in public opinion in the United States. The direction of the renewed United States activity was not entirely clear. Mr Murphy was seeking discussion of interim arrangements in the occupied territories, while neither drawing too much attention to what the ultimate arrangements should be nor allowing this aspect to be shelved. King Hussein was understandably wary of being drawn into arrangements about the immediate future without knowing what the ultimate arrangements would be. The Foreign Ministers of the EC countries had issued a statement which reaffirmed support for an international conference on the Arab/Israel dispute and welcomed the renewed efforts for progress which had been made by the President of Egypt, Mr Hosni Mubarak, as well as the United States. King Hussein was expected to visit London later that month.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Future
Financing

Previous
Reference:
CC(88) 4.3

4. THE FOREIGN AND COMMONWEALTH SECRETARY, reviewing the prospects for the European Council on 11-12 February, said that the proposals in the Presidency paper, which had only been circulated late the previous evening, suggested that the German Agriculture Minister, Herr Kiechle, had come off relatively well from the tug of war in Bonn. The proposals generally fell short of what Britain might have hoped and would need substantial improvement if they were to provide the basis for a settlement. This was especially the case in relation to the proposals on cereals and oilseeds, the latter having substantial budgetary implications, and in relation to the agriculture guideline provisions. The Dutch remained firm on agriculture and the Commission were also behaving reasonably well in this area. As regards the Structural Funds, where we had pressed the case for maintaining a 1½ maximum rate frontier, the Presidency proposals contemplated an overall increase of up to 77 per cent. Although the French had hitherto supported us on this issue up to now, they were unlikely to be helpful in the final stages. On the proposal for new contribution arrangements, through a fourth resource, we could fortunately stand aside: this was essentially a matter for dispute between the Italians and French. The United Kingdom abatement had in the course of negotiations been gradually

CONFIDENTIAL

pushed to the back of the agenda and the Presidency paper now only had a pro memoria reference to the issue. It remained possible that Monsieur Chirac of France, whose conduct generally at the Council was difficult to predict, might decide to press this question. If he did, no doubt others would join in. There were a number of tactical issues that would need to be addressed at the Council. For example, at present, it was proposed, quite illogically, that the level of own resources should be discussed before agriculture.

THE FOREIGN AND COMMONWEALTH SECRETARY, concluding, said that the German Presidency appeared concerned to reach a settlement at the meeting. Britain faced a real struggle to achieve the necessary improvements in the conclusions they had proposed. If Britain was able to do so, there could be advantage in expressing a decision on the level of own resources on an abatement exclusive basis. This would have the merit of keeping the overall number down as well as keeping the abatement out of competition with other Community expenditure.

THE CHANCELLOR OF THE EXCHEQUER said that what was being proposed was an addition in the Community's revenue of some 25-30 per cent. This would be a massive increase. Even assuming Britain maintained the abatement arrangements intact, which would clearly be essential, such an increase would involve an addition of some £250 million to Britain's published net contribution. An increase in the structural funds was of no value to Britain: the Government should seek to keep the increase as low as possible. Some benefit could be derived from new agricultural arrangements insofar as they introduced discipline where existing arrangements had been wholly inadequate. But the Presidency proposals as circulated contained insufficient improvements to match the prospective increase in the British contribution. Discussions in restricted session at the meeting of the Economic and Financial Council the previous day supported a view that agreement could be reached on a fully symmetrical monetary reserve. He did not rule out a declaration on unfair trading practices but this must not be linked to an exceptional circumstances provision. He was not clear that either the Commission or the Dutch were wholly reliable on the latter issue. On the level of own resources, we would need to be watchful that an abatement-exclusive solution did not in practice lead to a more expensive outcome than could otherwise be obtained.

In discussion there was general agreement that an improvement on the Presidency proposals on agriculture would be necessary if Britain was to contemplate and present an increase in own resources of an order which would go well beyond the levels contemplated at Fontainebleau. Expenditure was in fact already running well beyond that level. Britain should seek improvements in the proposals for the agricultural guideline including the growth provision. Any declaration on unfair trading practices by third countries should only represent a deterrent to such practices, not a loophole to the guideline provisions. Stabiliser regimes had been devised for application across the board, but it was essential that those for cereals and oilseeds be strengthened if the problem of surpluses was to be tackled more effectively.

CONFIDENTIAL

CONFIDENTIAL

Agriculture
Council,
8 February
1988

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that he had taken the opportunity of the meeting of the Agriculture Council on 8 February to draw attention to the problems of fraudulent payments in the operation of the Common Agricultural Policy. This received a constructive response from the Commission and a number of member countries. In a bilateral with the French Minister of Agriculture, Monsieur Guillaume, the latter had reverted to the question of the derogation for rum imports into the Community from French overseas dependencies, an issue which had been discussed during the recent Anglo-French summit. The French now appeared, in return for removal of an existing British reservation, only prepared to offer limited help to forward British interests in relation to the spirits directive. The matter was of electoral interest to Monsieur Chirac and could be raised in the margins of the European Council.

The Cabinet -

Took note.

NORTHERN
IRELAND

Previous
Reference:
CC(88) 4.2

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

CONFIDENTIAL

AL

CONFIDENTIAL

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

The Cabinet -

Took note.

Cabinet Office

10 February 1988

7
CONFIDENTIAL