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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 17 MARCH 1988
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
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 Peter Walker MP
Secretary of State for Wales

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 Science

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

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

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SECRETARIAT

Sir Robin Butler
Mr R G Lavelle (Item 3)
Mr P J Weston (Item 3)
Mr A J Langdon (Items 1 and 2)
Mr S S Mundy (Items 1 and 2)

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PARLIAMENTARY
AFFAIRS

The Cabinet were informed of the business to be taken in the house of Commons in the following week and that, subject to the progress of business, the House would rise for the Easter Adjournment on Thursday 31 March until Tuesday 12 April.

the Budget

THE PRIME MINISTER said that the Cabinet would wish to extend their warm congratulations to the Chancellor of the Exchequer on the success of his Budget Statement, which had been very widely welcomed.

Local
Government
Bill:
Contract
Compliance
Previous
reference:
C(88) 9.1

THE LORD PRIVY SEAL said that on the following Tuesday the House of Lords would consider the reversal by the House of Commons of the amendment made to the Local Government Bill in the House of Lords, enabling local authorities to question potential contractors about their treatment of disabled persons. The Opposition would make a serious attempt to reinsert this amendment, and every effort would be made to mobilise Government supporters in the House of Lords against it.

The Cabinet -

Took note.

HOME
AFFAIRS

Attack at
Funeral of
Terrorists
in Belfast

2. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that a serious incident had taken place the previous day during the funeral in Belfast of the three Irish terrorists who had been shot on Sunday 6 March in Gibraltar, where they had been engaged in a bombing attack. There had been considerable anxiety before the funerals that the Provisional Irish Republican Army (PIRA) would do their utmost to exploit the occasion, but assurances had been received through the Roman Catholic Church that there would be no paramilitary display and that the funerals would be conducted in a proper and orderly fashion. In the light of these assurances the Chief Constable of the Royal Ulster Constabulary (RUC) had decided that the police presence at the funerals should be kept at a low and unobtrusive level. This decision, which he believed to have been the right one, led to the funerals initially taking place in an orderly way, and without the risk of unwelcome coverage in the media of the police being involved in scuffles with those escorting the coffins. However, an unexpected act of violence had then taken place when a man had thrown a number of fragmentation grenades at the mourners and also opened fire with a pistol, killing three people and injuring nearly 70. The man responsible for the attack had been beaten unconscious by members of the crowd before he was taken into custody by the RUC, and he was now detained in hospital. The RUC had also taken another man into custody in connection with the incident. There was some reason to suppose that the attacker was mentally unstable, and both men were

thought to have previously had no more than distant connections with paramilitary organisations, although questions arose over the means by which they had obtained their weapons. Sinn Fein, who had vehemently attacked the RUC for the policing of previous funerals, had attempted to make capital out of the incident by alleging that the low level of policing on this occasion was the result of sinister collusion between the RUC and Protestant extremists, but this allegation had been repudiated by responsible opinion among the nationalist community. The Chief Constable would now need to consider whether it would be practicable to maintain that approach to the policing of a number of sensitive funerals over the next few days. It was possible that the PIRA might try to make a display at these but it would be very welcome if the RUC were able to maintain a low profile approach. He had issued a statement calling for calm and restraint in the immediate aftermath of the incident, and would make a further statement to the House of Commons that afternoon. Bishop Cahal Daly, the Bishop of Down and Connor, had told him, in private conversation, that he shared his revulsion at the sermons preached by Roman Catholic priests over two of the terrorists shot in Gibraltar, in which the terrorists were represented as the innocent victims of officially condoned murder. It could be expected that the Bishop would seek to restrain such sermons in future.

employment

THE SECRETARY OF STATE FOR EMPLOYMENT said that the unemployment figures for February would be published that day. The seasonally-adjusted total had fallen by about 33,000 in January to 2.531 million, the lowest figure for 6 years. Unemployment had fallen by about 400,000 since June 1987 and by about 680,000 in the 19 months since unemployment had begun to fall. The largest reductions had been in the West Midlands, where the rate was below 10 per cent for the first time since April 1981, the North West, the North and Wales. Unemployment stood at 9.1 per cent which was below the levels of many of our major European competitors, including France, Belgium and the Netherlands. Unfilled vacancies at jobcentres stood at a little under 250,000. This represented only about one-third of the number of vacancies in the economy as a whole. The overall position continued to be very encouraging.

previous

reference:

(88) 6.3

Industrial

action in

the National

Health

Service

previous

reference:

(88) 9.2

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that 211 operations had been postponed as a result of industrial action in the National Health Service on Monday and Tuesday of that week, bringing the number of operations postponed in England since the beginning of February to 737. He understood that industrial action by Scottish health workers in recent weeks had also caused the postponement of a significant number of operations in Scotland.

Industrial
Union in
Department of
Health and
Social Security
Services

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the Civil and Public Servants Association had balloted their members in Department of Health and Social Security offices, with a view to indefinite strike action from the middle of that month. On a turnout of a little under 50 per cent, union members had voted by two to one against industrial action.

Previous
Reference:
(88) 6.3

Industrial
Union at
Land Rover

THE SECRETARY OF STATE FOR EMPLOYMENT said that, although strike action by employees at Land Rover was continuing, there was increasing pressure on the Transport and General Workers' Union (TGWU) to reach a settlement: some employees had already returned to work; and Peugeot were reported to be considering withholding their contract for gearboxes. The TGWU proposed to take disciplinary action against employees who had returned to work. That development underscored the importance of the provisions in the Employment Bill which would prohibit disciplinary action of that nature. The Land Rover management had made clear that they would not increase their pay offer.

Previous
Reference:
(88) 9.2

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Republic of
South Africa

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the prospects of clemency being granted to the six Africans held responsible for the murder in Sharpeville in 1984 of a black African deputy mayor (the Sharpeville Six) were at best slim. The Government had done its best to help. This was an exceptional case involving allegations of torture and a widely criticised interpretation of the legal concept of common purpose. The Parliamentary Opposition in the United Kingdom were making a lot if it, partly motivated by a desire to score political points here. The Prime Minister's intervention on 15 March had done much to take the wind out of the Opposition's sails. The latest news was of a bomb at Krugersdorp which had killed three people and although it was not clear who was responsible, it made the possibility of clemency for the Sharpeville Six even more unlikely. Execution of the six might spark a new flurry of pressure on sanctions. The United Kingdom was well placed to resist this, but possible action in the United States Congress over the Wise Bill could force withdrawal of international oil companies from South Africa.

Previous
Reference:
(88) 9.3

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ab/Israel
pute
vious
ference:
(88) 5.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the visit to the United States of the Prime Minister of Israel, Mr Yitzhak Shamir, was now nearly over, with the final outcome unclear. The differences between Mr Shamir and the United States Secretary of State, Mr George Shultz, were now out in the open: these related essentially to Mr Shamir's resistance on the question of an international conference, on the proposed close linkage between phases of Mr Shultz's peace plan and on the principle of exchanging land for peace. Mr Shamir's attitude in blocking progress on these issues was now clear to everybody including the Jewish community in the United States. There was a greater prospect of early elections in Israel.

THE FOREIGN AND COMMONWEALTH SECRETARY said he had given lunch on 15 March to the Committee of Seven of the Arab League, which had been a good meeting. The Arab side had clearly recognised the need to prevent escalation of violence in the occupied territories and had claimed that the Palestinian Liberation Organisation (PLO) were helping to ensure restraint. They had stressed for example that no Israeli deaths had been reported. They knew that they must not be seen to scotch the American peace plan. The inclusion in the group of Mr Walid Khalidi, who was not a member of the PLO, had provided a moderate and effective expression of the Palestinian point of view.

an/Iraq
r
vious
ference:
(88) 9.3

THE FOREIGN AND COMMONWEALTH SECRETARY said he had discussed with the Iraqi Foreign Minister, Mr Tariq Aziz, on 15 March latest developments in the Persian Gulf. Mr Aziz had shown appreciation of United Kingdom efforts in mobilising the follow-on resolution in the United Nations Security Council while complaining of Iranian delaying tactics. He had told Mr Aziz that the prospects in the Security Council had been good until Iraq had renewed the "war of the cities". He had pointed out that Iraqi action had let the Russians and the Iranians off the arms embargo hook; and had urged restraint on Iraq. Mr Aziz had defended the Iraqi actions while acknowledging their adverse impact on United Nations negotiations.

He had thanked Mr Aziz for the release from prison in Iraq of Mr John Smith and had requested similar clemency for Mr Ian Richter. In discussion, it was noted that while conditions for such prisoners in Iraq were now less cruel than they had been at the outset, great self-discipline was required of British prisoners to be able to survive the experience. Quiet and patient efforts on their behalf were more likely to succeed than high profile publicity.

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Falkland
Islands

Previous
reference:
C(87) 33.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United Nations Security Council would be meeting later that day at Argentine request. The United Kingdom had been lobbying actively. Following his intervention with the United States Secretary of State, Mr George Shultz, Argentina had been successfully discouraged from tabling a resolution, although she would no doubt receive some support in the discussions which would take place. Meanwhile the military reinforcement exercise "Fire Focus" had reached the point of greatest risk as regards the possible diversion to Latin American airports by British military aircraft getting into difficulties en route to the Falkland Islands.

Italy

Previous
reference:
C(87) 26.2

THE FOREIGN AND COMMONWEALTH SECRETARY recalled that Signor Giovanni Goria had resigned on 11 March from the position of Italian Prime Minister. The President, Signor Francesco Cossiga, had asked Signor Ciriaco de Mita to form a government. Signor de Mita lacked Ministerial experience but apparently not political enemies. It was not yet clear whether he would be able to restore a measure of stability.

Japan

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY, reporting on his visit to Japan, said that he had pursued the Scotch whisky issue and also the question of acquisition of a further two seats on the Tokyo Stock Exchange. The former had been held up by delays in the tax reform bill but he believed would be satisfactorily resolved in the course of that year. He expected the question of additional Stock Exchange seats to be settled within the next few months. During his visit, two significant Japanese investments in the United Kingdom had been announced, both without the offer of any United Kingdom assistance. In the other direction, Guinness had during his visit announced their intention to set up a new company in Japan and Coates/Viyella were building a factory on a greenfield site there. In general, Japanese market potential was now approaching that of the United States and there was a new willingness to buy imported goods. Although British exports had increased substantially, we still needed to exploit this export opportunity more effectively: for example German car sales greatly exceeded British ones. In a brief discussion it was noted that the severe shortage of land with which very high house prices were likely to create social and economic problems. Comparisons with the United States reflecting the dollar/yen rate should be made with care: on a purchasing power parity basis United States living standards remained well ahead.

The Cabinet -

Took note.

Cabinet Office

17 March 1988

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