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CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 24 MARCH 1988  
at 10.00 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 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 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

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SECRETARIAT

Sir Robin Butler  
Mr P J Weston (Items 3 and 4)  
Mr R G Lavelle (Items 3 and 4)  
Mr A J Langdon (Items 1 and 2)  
Mr S S Mundy (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 in the following week.

Local  
Government  
Bill:  
Contract  
Compliance

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that on the previous Tuesday the House of Lords had upheld the reversal by the House of Commons of the amendment made to the Local Government Bill at Report Stage in the House of Lords, enabling local authorities to question potential contractors about their treatment of disabled persons. He congratulated the Business Managers in the House of Lords on their handling of the matter.

Previous  
Reference:  
CC(88) 11.1

The Cabinet -

Took note.

HOME AFFAIRS

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Terrorist  
Murders in  
Belfast of  
Corporal Wood  
and Corporal  
Howes

2. THE PRIME MINISTER said that the Cabinet would wish to put on record their grief and horror at the murder of Corporal Wood and Corporal Howes in Belfast on the previous Saturday, and their sympathy for the bereaved. They trusted that all possible steps would be taken to bring to justice those responsible for the outrage.

The Cabinet -

1. Strongly endorsed themselves the Prime Minister's comments.

Northern  
Ireland

Previous  
Reference:  
CC(88) 11.2

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the detailed pictures in the media of the horrific attacks on the two soldiers had magnified the distress of the bereaved. He had described to the Cabinet the previous week the background against which the Chief Constable of the Royal Ulster Constabulary (RUC) had decided that the police should seek to adopt a low profile in policing the funerals. There had been a number of reports of anonymous calls from persons claiming to be members of the security forces and contending that the security forces could have intervened more quickly and saved the lives of the soldiers. All these assertions had been investigated, and no substantiation had been found for any of them. In fact, the security forces, while naturally being alert to the risks of being drawn into a terrorist trap, had reacted with all practicable speed. His statement in the House of Commons the previous Monday had also been misinterpreted in some quarters as suggesting that no members of the security forces had been anywhere near the scene of the attacks. The security forces had, in fact, been kept available nearby and had reached the bodies of the two



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soldiers only a matter of two or three minutes after they had been murdered. The British Broadcasting Corporation (BBC) and the Independent Television News (ITN) had now agreed, in response to a formal demand by the RUC, to hand over their untransmitted films of the incidents. He believed they would have been wiser to have released the films immediately that this had been requested by the RUC, and that such a course would have drawn far less attention to the possible risks to reporters and cameramen who sought to cover terrorist incidents. He understood that the relatives of the two soldiers had been outraged by the initial refusal of the BBC and ITN to hand over their recordings to the police. Radio Telefis Eireann had indicated informally that they would willingly pass their untransmitted films to the RUC if they received a request to do so. The RUC had put in hand a massive operation to correlate all the available evidence: he believed that it should prove possible to make a number of arrests and bring serious charges in connection with this appalling incident.

Proposed Ford  
Factory at  
Dundee

THE SECRETARY OF STATE FOR SCOTLAND said that, following the decision by Ford to drop their proposal to open a factory in Dundee in the face of the failure of trades unions to endorse a single union agreement, the Trades Union Congress (TUC) had belatedly voted the previous day in favour of such an agreement. The Transport and General Workers' Union (TGWU), which had done most to block the proposed deal, remained divided: while the General Secretary, Mr Todd, had said that he would refuse to recommend the TUC decision to his members, the shop stewards at the Ford factory at Dagenham had made clear that products from the proposed factory at Dundee would not be boycotted there. Ford appeared to be genuinely surprised by the strength of opposition to the intransigence of the TGWU and by the groundswell of support for the proposed factory, and there were some signs that they were beginning to back away from their previous unqualified statement that the decision to pull out of the Dundee project was irrevocable. A delegation of trades unionists, which would include the General Secretaries of the TUC and of the Amalgamated Engineering Union, were due to fly to the United States that day to meet the Ford management. He doubted whether that initiative would bear any immediate fruit; the most that could be hoped for was that the door would not finally be closed on the project. The recent industrial action by Ford workers was bound to have damaged the case for opening a factory at Dundee, and it would not be unreasonable for the Ford management to be sceptical of the TUC's ability to keep individual trades union elements in check.

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Industrial  
Action in  
the Motor  
Industry  
  
Previous  
Reference:  
CC(88) 11.2

THE SECRETARY OF STATE FOR EMPLOYMENT said that, following a confused workplace meeting, the Transport and General Workers' Union (TGWU) were balloting their members at Land Rover on a revised pay offer which had been negotiated under the auspices of the Advisory, Conciliation and Arbitration Service. The result of the ballot was due to be announced on the following Saturday and it appeared probable that the workforce would vote in favour of a return to work. The revised offer contained no additional money and the workforce would therefore have gained nothing by their strike action. Workers at Jaguar had voted by a massive majority at a mass meeting at the Coventry plant the previous day in favour of strike action over plans to increase production there. The unions would ballot their members on the issue, but he did not believe that strike action was imminent.

Industrial  
Action at  
P&O European  
Ferries

THE SECRETARY OF STATE FOR EMPLOYMENT said that P&O European Ferries and the National Union of Seamen (NUS) had been negotiating under the auspices of the Advisory, Conciliation and Arbitration Service in an attempt to settle the strike action which had been affecting the movement of ferries at Dover. P&O would seek an injunction against the NUS the following day and it appeared that the NUS's tactics were to string out the negotiations until the outcome of P&O's legal action was known. The overall position remained fluid and confused. The NUS's position had been weakened as a result of the agreement to P&O's proposals by representatives of ships' officers. He understood that lorries were being delayed for up to 16 hours at Dover but that cars were passing through without significant delay.

The Cabinet -

2. Took note.

FOREIGN  
AFFAIRS  
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United  
States/Soviet  
Union  
Summit  
Meeting

3. THE FOREIGN AND COMMONWEALTH SECRETARY, referring to the meeting in Washington on 21-23 March between the United States Secretary of State, Mr George Shultz, and the Soviet Foreign Minister, Mr Eduard Shevardnadze, said that preparations were continuing for the Summit meeting between the United States President, Mr Ronald Reagan, and the General Secretary of the Communist Party of the Soviet Union, Mr Mikhail Gorbachev, which would take place from 29 May to 7 June. Among the subjects which had been discussed in Washington was the situation in Afghanistan. American proposals for a moratorium on Soviet military assistance to the Afghan regime of Mr Mohammed Najib had so far not proved acceptable to the Soviet side but they remained on the table. There was no reason to suppose that the prospect of withdrawal of Soviet troops from Afghanistan had receded. The two Foreign Ministers had also discussed in Washington the war between Iran and Iraq. It was clear that the prospects of a second arms embargo resolution at the United Nations had been set back by the resumption by Iran and Iraq of missile



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attacks against cities, and also by Iraqi use of chemical weapons in the war. he had taken up this latter point with the Iraqi Foreign Minister, Mr Tariq Aziz, who had defended Iraq's action by saying that if she were under attack by a more powerful neighbour no military response could be ruled out. Nevertheless, this development did not help the atmosphere of current discussions in the United Nations framework and made it much harder to secure an arms embargo. The current mood in New York was one of exasperation on all sides.

Soviet  
Armenia

Previous  
Reference:  
CC(88) 8.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Supreme Soviet had met the day before under the chairmanship of President Andrei Gromyko to discuss unrest in Armenia and Azerbaidjan. Since the previous discussion in Cabinet on 1 march subsequent information and events, including dramatic media coverage, had shown that the disturbances had been more serious than at first realised. The Soviet authorities had admitted 32 deaths, while unofficially the figure was put in the hundreds. Some demonstrations had since resumed in the region. It remained to be seen whether there would be further major disturbances at the end of the week when the moratorium on demonstrations declared by the organisers would expire. No fresh measures had been announced by the Soviet authorities. It was fortunate for Mr Gorbachev and for the cause of glasnost that this first major nationality crisis had not been anti-Russian or anti-Soviet. There was reason to suppose that the personal instincts both of Mr Gorbachev and of Mr Shevardnadze (who had run Georgia for 13 years and claimed to have introduced multi-lingual education there) were in the direction of greater tolerance toward the other nationalities within the Soviet Union. But the problem of coping with the minority peoples remained very real.

Central  
America

THE FOREIGN AND COMMONWEALTH SECRETARY said that a ceasefire had been negotiated between the Sandinista Government of President Daniel Ortega and the Contra forces in Nicaragua. This had followed withdrawal from Honduras of Sandinista forces after failure to destroy the Contra supply depot there which had been the objective of their incursion. At the same time, the Contra forces felt themselves weakened as a result of loss of American aid following decisions by the United States Congress; and therefore had no option but to agree to a ceasefire. In the continuing discussions the Sandinista Government claimed to be fulfilling their commitments on press freedom. It remained to be seen whether they could be taken at their word over this.

The Cabinet -

Took note.

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COMMUNITY  
AFFAIRS

Agricultural  
Stabilisers

4. THE MINISTER FOR AGRICULTURE, FISHERIES AND FOOD said that some progress had been made at the most recent meeting of the Special Committee on Agriculture in resolving outstanding issues on the stabiliser package and in particular the wine stabiliser. On the latter point, the February European Council had agreed that the compulsory distillation price should be made "truly deterrent". The proposals put forward initially by the Commissioner had been correspondingly severe. Some countries were determined to weaken these but revised proposals tabled by the Presidency remained consistent with the European Council conclusions. It was not yet clear if moves would be made to weaken them to an unacceptable extent at the meeting of the Agriculture Council on 28-29 March when it was hoped to reach agreement on the stabiliser package as a whole. In a brief discussion, it was noted that it should be made clear to other member countries that if they weakened parts of the stabilisers, other countries would want to unpick other parts, for example the United Kingdom would want to reopen the sheepmeat regime. Unacceptable proposals for weakening the wine stabilisers should therefore be resisted, even if ultimately the whole package had to be referred back to the next Council meeting at Hanover.

THE MINISTER FOR AGRICULTURE, FISHERIES AND FOOD, reporting on his recent visit to the United States and Canada, said that he had encountered some scepticism about the extent to which the decisions reached at the European Council would be strong enough to deter agricultural production although there had been widespread appreciation of the United Kingdom's role in the negotiations, not least in relation to the oils and fats tax issue. He believed that he had had some success in getting over the point that the new commodity regimes were tougher. The severity of the decisions reached on the oilseeds stabiliser had for example not been fully understood at the outset. A second major theme in his visit had been the prospects for the mid-term review in the Uruguay Round of negotiations under the General Agreement on Tariffs and Trade (GATT). Although he was not himself over-optimistic about this the United States Administration attached a good deal of importance to inclusion of an adequate agricultural element in the package. United States farmers were used to the levels of support provided by the 1985 farm bill which came up for renegotiation next year. If sufficient progress had not been made in the GATT discussions the danger would be maintenance of support levels and inclusion by the Congress of a strong export enhancement programme in the successor bill.

Airbus  
Industrie

THE MINISTER FOR TRADE AND INDUSTRY said that very little progress had been made in the Economic Community-United States talks on Airbus on 18 March. The United States Administration appeared to take the view that faster progress would be possible after the French elections. But it was by no means clear that French objections to constraints on support levels would be any different after the elections.



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Environment  
Council,  
21 March

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that the meeting on 21 March of the Environment Council had not gone well. The German Presidency and the Commission had sought to isolate the United Kingdom on the question of controls over sulphur emissions from large combustion plants. In particular, the Germans had proposed the establishment of a 50 megawatt threshold rather than the 100 megawatt threshold proposed by the Danish Presidency. In a brief discussion it was noted that controls were being built into new United Kingdom combustion plant and a very expensive retrofit programme was already being undertaken. The German proposals were not cost-effective and the large sums of money involved could be spent in other ways with greater effect on the environment. Further work would be needed to find a basis for agreement at the next Council. Meanwhile it would be important to arrange for adequate public presentation of the United Kingdom position.

The Cabinet -

Took note.

Cabinet Office

24 March 1988

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