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CABINET

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

THURSDAY 27 MARCH 1980

at 11.00 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Lord Carrington
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Privy Seal

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Humphrey Atkins MP
Secretary of State for Northern Ireland

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

The Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster

The Rt Hon John Nott MP
Secretary of State for Trade

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education and Science

The Rt Hon John Biffen MP
Secretary, Treasury

The Rt Hon Angus Maude MP
Paymaster General

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THE FOLLOWING WERE ALSO PRESENT

Hon Norman Fowler MP
Minister of Transport

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

Earl Ferrers
Minister of State, Ministry of Agriculture,
Fisheries and Food

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 2-5)
Mr P J Harrop (Item 1)
Mr R L Wade-Gery (Items 2-4)
Mr P Mountfield (Item 5)
Mr W N Hyde (Item 1)

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AMMENTARY

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Budget

1. THE PRIME MINISTER, on behalf of all members of the Cabinet, offered warm congratulations to the Chancellor of the Exchequer on the presentation of his Budget the previous day. Following the initial Press and public reception to the Budget, Ministers now faced the important task of sustaining a clear and consistent presentation of the strategy and the measures in the Budget. The Paymaster General would arrange for the circulation of speaking notes for all Ministers, and she hoped that every opportunity would be taken of putting across the Government case.

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

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2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the crisis over the American hostages in Tehran was becoming more acute: this could create problems for President Carter in the present political situation in the United States. Meanwhile it was clear that the former Shah was very gravely ill.

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THE FOREIGN AND COMMONWEALTH SECRETARY said that the British Olympic Association's decision to participate in the Moscow Games was regrettable. The Secretary of State for the Environment and he had tried without success to persuade the Chairman, Sir Denis Follows, that the Association's decision should at least be made dependent not only on events in Afghanistan but also on the Games having a genuinely international character. The British athletes would now be somewhat isolated if, as the United States Government expected, the American National Olympic Committee (NOC) decided on 12 April against participation and were in due course followed by the German and French NOCs.

THE HOME SECRETARY referred to Press reports of 26 March that the British Broadcasting Corporation (BBC) would give massive coverage to the Moscow Olympics. He had been assured that no such decision had in fact been taken. But the reports were known to have come from BBC sources; and it was clear that opinions within the Corporation were sharply divided on the matter.

THE FOREIGN AND COMMONWEALTH SECRETARY said that Jamaica was in serious economic trouble, and difficult decisions might in due course be involved for Britain. Negotiations between the International Monetary Fund (IMF) and Mr Manley's Government had broken down. The capable Minister of Finance and his deputy had resigned, and

Mr Manley was becoming increasingly dependent on his party's pro-Cuban left wing. Elections were due in October, and might well happen sooner. There seemed an even chance that they would be won by the Opposition under Mr Seaga. If so, negotiations with the IMF would no doubt be resumed; but economic aid would also be required and Britain would need to participate in an international rescue operation. If Mr Manley won, it was improbable that anyone would bail him out. He seemed unlikely to get much more support from Social Democrat Governments in Europe.

The Cabinet -

Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that, after a cursory attempt at consultation, the Italian Presidency had decided to postpone the European Council scheduled for 31 March-1 April. We had indicated that we would not object provided that a new date, within two or three weeks, could be fixed. The most likely date now seemed to be 27-28 April; postponement until after the end of April would be unacceptable. The Italian domestic crisis and the extent to which it was preoccupying Signor Cossiga was a reasonable justification for the postponement, but Signor Cossiga had clearly felt that the prospects for a European Council next week were poor. So far the Italian Presidency had done very little towards finding a solution to the problem of our net contribution to the Community budget, but it seemed that Signor Cossiga, who appeared to have a good chance of forming a new Government soon, was anxious to be helpful. While his chances of making any significant advance during the next few weeks were doubtful, we could not object to any attempt he might make to secure some preliminary agreement before the European Council met.

In a brief discussion the following points were made -

- a. The latest Commission document, to which reference had been made in the House of Commons debate on 24 March, contained a more explicit statement of ways in which additional Community expenditure could benefit the United Kingdom, and in this sense was an advance on earlier documents. It also contained the Commission's latest estimates which showed that our net contribution in 1980 might be £1,122 - £1,209 million. On the other hand, the document was not particularly helpful about the duration of any settlement and, since it had not at the time of the debate been tabled, it would not be helpful to play up its importance in Parliament.

- b. The postponement of the European Council made it even more important to come as close as possible to settling the budget problem at that meeting.
- c. After prolonged debate, the European Parliament had adopted a resolution on agricultural prices which had been proposed by Italian Communist members. It did not commit the European Parliament to any particular increase in price levels.
- d. The forthcoming meeting with Chancellor Schmidt and Herr Genscher on 27-28 March would provide a useful opportunity for further discussions on the problem of our net budget contribution as well as other issues.

The Cabinet -

Took note.

4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Conference on the future government of Northern Ireland had adjourned on 24 March after 34 sessions during which the whole agenda had been covered at least once. Its major achievement was that the Government and each of the three parties involved now knew where the not insignificant areas of agreement lay; and, in areas of disagreement, where each party's position was immovable and where there might be room for later compromise. It was notable that all three party leaders had said as much when they appeared together on television on 24 March. There was a general expectation that the Government would make the next move when the Conference came to reconvene. He would be consulting the Cabinet on this, after preliminary discussions had taken place in the Ministerial Group chaired by the Home Secretary.

The Cabinet -

Took note.

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5. THE SECRETARY OF STATE FOR INDUSTRY said that a three-man inquiry had now been established, with the agreement of both sides in the dispute. The Chairman would be Lord Lever, and the other members would be Sir Richard Marsh and Mr William Keys. It was for consideration whether he should write or speak to the Chairman of the British Steel Corporation, restating the Government's position, which remained that the previous cash limits established for the industry should not be exceeded.

THE PRIME MINISTER, summing up a brief discussion, said that it was to be hoped that the dispute might now be in its final stages. It was not clear what view the inquiry would form. The Government's position was already on the record, and there was no need for the Government to volunteer any evidence to the inquiry. If the inquiry sought Government evidence, it would be furnished with copies of Ministerial statements and of the relevant correspondence. Beyond that, it was undesirable for the Government to make any further statement or to be drawn into the inquiry in any way.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.

THE SECRETARY OF STATE FOR INDUSTRY said that there was a possibility of industrial action, at least by members of the Transport and General Workers' Union, at British Leyland plants beginning on 8 April. The Amalgamated Union of Engineering Workers, representing the majority of the workforce, were however taking a more constructive attitude. It would be wrong for the Government to intervene.

The Cabinet -

2. Took note.

Cabinet Office

27 March 1980