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CABINET

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CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 24 APRIL 1980

at 11.00 am

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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 Keith Joseph MP  
Secretary of State for Industry

The Rt Hon Francis Pym MP  
Secretary of State for Defence

The Rt Hon James Prior MP  
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP  
Privy Seal

The Rt Hon Peter Walker MP  
Minister of Agriculture, Fisheries  
and Food

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 Norman St John-Stevas MP  
Bishop 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 and 3)  
Mr P J Harrop (Item 1)  
Mr R M Hastie-Smith (Items 2 and 3)  
Mr W N Hyde (Item 1)

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

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that Legislation Committee had discussed the previous day a further problem in the progress of the Local Government, Planning and Land (No 2) Bill. Clause 106 of the Bill raised the statutory borrowing limit for the New Towns. The Development Corporations would exceed the present limit on 14 September, when they had to make interest payments of £150 million to the National Loan Fund. The Local Government Bill could not become law until October. Legislation Committee had been assured that the Government could not make a special grant to the New Towns in the expectation of later repayment, since that would be tantamount to a loan and would breach - or at least be a palpable evasion of - the statutory borrowing limit. There was no other way in which money could properly be made available. The rules of the House of Commons precluded the withdrawal of Clause 106 and its replacement by a clause in the Housing Bill, which would become law in time, or by a one-clause Bill. The only course was to lay before the House an instruction to the Standing Committee considering the Local Government Bill to report Clause 106 in advance of the rest of the Bill. It would then become a separate Bill requiring Report and Third Reading in the Commons, but, as a money Bill, should not encounter difficulties in the Lords. The Standing Committee considering the Local Government Bill were at present likely to reach Clause 106 the following week, whereas there was unlikely to be time available before the Whitsun Recess to debate the necessary instruction on the Floor of the House. For the course proposed to be feasible, therefore, a Motion would have to be passed in the Standing Committee altering the order in which they considered the clauses in the Local Government Bill. He and the Chief Whip would do their best to see that the need to proceed separately with Clause 106 did not impede the passage of other Bills required before the Summer Recess. There was, however, a real risk that the Opposition would make capital out of the use of the procedure for splitting the Bill.

In discussion concern was expressed about Parliamentary reaction to the procedure suggested. There were means for giving short-term financial assistance to private companies in financial difficulties, and the Cabinet needed to be fully satisfied that there was no proper way of finding bridging finance for the New Towns for a period of less than two months. On the other hand, it was pointed out that the New Towns had to make payments to private contractors as well as the payments due to the National Loan Fund, and that for public bodies to default on their financial obligations or for the Government to be seen to be advancing money to the New Towns in breach of a specific statutory limit would in the end cause more Parliamentary criticism than the use of the proposed

procedure. There was no doubt about the power of the House to give an instruction to a Standing Committee, although one in this precise form had not been given since 1871.

In further discussion it was agreed that it was not possible to solve the problem by advancing the Local Government Bill at the expense of the Housing Bill, since that Bill contained provisions raising the borrowing limits of the Housing Corporation, which also required to be enacted before September. It was in any event now too late to make major changes in the order of priority of Bills agreed by the Cabinet in March.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that, though the procedure proposed was not attractive, it might be the only means available of ensuring that the New Towns were not forced into default. It was desirable to test once again the advice that the New Towns could not properly defer interest payments to the National Loan Fund which were due in mid-September and that there were no lawful means of providing bridging finance to the New Towns in the short period between then and the end of the Parliamentary Session. The Cabinet recognised that the Local Government Bill could not become law before the Summer Recess and that the rules of the House precluded the introduction of a separate Bill to increase the borrowing limits of the New Towns. It was, however, most unsatisfactory that the problem, which had been identified several months earlier, had only that week been brought before Legislation Committee; and that the Cabinet had not been made fully aware of the implications of their decision on the timing of the Local Government Bill. The Chief Secretary, Treasury, should examine urgently with the Secretary of State for the Environment the possibility of enabling the New Towns to stay within their existing borrowing limits until the Bill received Royal Assent at the end of the Session. If, as seemed likely, it was necessary to increase the statutory borrowing limits of the New Towns before mid-September, they agreed that Clause 106 should be separated from the rest of the Local Government Bill by the procedure outlined by the Chancellor of the Duchy of Lancaster. Time would have to be found to debate the necessary instruction to the Standing Committee and to secure the passage of the resultant Bill before the Summer Recess.

The Cabinet -

1. Invited the Chief Secretary, Treasury, in consultation with the Secretary of State for the Environment, to consider whether there was any way of enabling the New Towns to remain within the present statutory borrowing limits until the Local Government Bill received Royal Assent, by means which were both lawful and did not involve a substantial increase in public expenditure; and to report urgently to the Prime Minister and other Ministers concerned.

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2. If such means could not urgently be found, agreed that Clause 106 of the Local Government, Planning and Land (No 2) Bill should be separated from that Bill and brought to Royal Assent by the Summer Recess.

3. Invited the Chancellor of the Duchy of Lancaster, in consultation with the Secretary of State for the Environment and the Chief Whip, to make the necessary arrangements with as little disruption as possible to the legislative programme as a whole.

THE LORD CHANCELLOR said that he was under an obligation to talk further to Lord Wade about his Bill of Rights Bill, which sought to make the European Convention on Human Rights part of our domestic law. He himself was on the whole in favour of such a Bill. He had earlier told the House of Lords that there was no prospect of the Bill becoming law this Session, but he had undertaken to write to the other political parties about the holding of all-party talks. The Liberal Party had responded enthusiastically, but he had had no reply from the Labour Party. In addition to talks between the political parties, it was desirable that there should be interdepartmental discussion to see how a Bill of Rights would affect domestic legislation, and to identify any real problems. A Bill might be a possible candidate for the third Session of this Parliament. He proposed to see Lord Wade, whose Bill was now blocked in the House of Commons, to let him know that he was still pursuing an answer from the Labour Party and that, in any case, all-party talks on this subject could not take place before the conclusion of the all-party discussions on the government of Scotland and on Northern Ireland.

THE PRIME MINISTER, summing up a brief discussion, said that the Home Secretary had indicated that, despite his personal views, he was prepared to see his Department take the lead in examining with other Departments the implications of a Bill of Rights for existing legislation, and updating two earlier reports as necessary. Departments should not be burdened with a lot of extra work, nor should matters of higher priority be sacrificed. Officials should, however, be asked to report to Ministers in due course on the questions requiring decision. There was no prospect of holding all-party talks until those on Scotland and Northern Ireland had been concluded; effectively that meant not before the next Session. Much would turn on the attitude of the Labour Party. In talking to Lord Wade, the Lord Chancellor should explain how matters stood on all-party talks, and counsel patience. She would take the same line in replying to Mr Alan Beith MP, who had written to her about the present Bill.

The Cabinet -

4. Invited the Home Secretary to arrange for interdepartmental consultation to take place on the effect of a Bill of Rights on existing legislation, and for officials to report to Ministers.
5. Invited the Lord Chancellor to be guided by the Prime Minister's summing up of their discussion in his further talks with Lord Wade.

THE HOME SECRETARY said that he had now received a full report from the Chief Constable of Avon and Somerset about the serious disorder that had taken place on 2 April in the St Paul's area of Bristol. The Chief Constable accepted that the police had made errors in the initial stages of the incident but the Chief Constable's subsequent decision to withdraw all police officers from the area for several hours had been the only one open to him at the time. Bristol City Council was among the organisations pressing for a full public inquiry. Such an inquiry would be undesirable: the Chief Constable and the police would be pilloried to no good purpose; there would be demands for substantial sums of Government money to be spent in the area, which he believed was not necessary; a public inquiry would duplicate the on-the-spot investigation of the Sub-Committee on Race Relations and Immigration, who were determined to take evidence in Bristol into the background of the disturbances; and, more generally, the pressure to hold a public inquiry into every controversial matter affecting the police ought to be resisted, not least because of the demands such inquiries made on the time of senior judges. Nevertheless, it was important to see what conclusions could be drawn from the serious disturbances in Bristol. He proposed that the Home Office and the Association of Chief Police Officers should study the lessons the police might learn for the future and that the conclusions of their study should be published. In announcing this to the House of Commons he would also welcome the investigation which the Sub-Committee on Race Relations and Immigration proposed to make and the proposal of the Chairman of the County Council to hold a conference of all concerned locally, even though it might not, in fact, achieve much. He had secured the support of Mr Merlyn Rees, the Opposition spokesman for Home Affairs, for this approach and proposed, if the Cabinet agreed, to see all the local Members of Parliament before making a statement in the House of Commons the following week. There would, undoubtedly, be criticism of the actions of the Chief Constable and of the decision not to hold a full public inquiry, but he thought the approach he suggested provided the best way forward.

The Cabinet -

6. Endorsed the proposals of the Secretary of State for the Home Department and invited him, after consultation with the Chancellor of the Duchy of Lancaster, to make a statement on the lines he had indicated in the House of Commons the following week.

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that there appeared to be some chance that the Saudi reaction to the British television film on the executed Saudi Princess might not be extended beyond their request for the withdrawal of HM Ambassador. Planned Ministerial and Parliamentary visits to Saudi Arabia and the forthcoming State Visit of King Khalid to Britain had all been put off. It had been possible to get a proposed television film about the case of Mrs Penelope Arnott postponed. If such a film were shown, it would be likely to make her position in Saudi Arabia worse. The television company who had produced the original film which had been offensive to the Saudi Arabians had shown little concern for its possible consequences.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Defence and Oversea Policy Committee would be considering in detail that afternoon the outcome of his meeting with Community Foreign Ministers in Luxembourg on 22 April. Some reduction in enthusiasm for economic sanctions had been shown by the French, West German and Italian Governments when they realised that these would involve existing as well as new contracts. Nevertheless agreement had been reached. The Government was now firmly committed to legislation by 17 May to implement the sanctions, should they then be decided to be necessary.

THE PRIME MINISTER, summing up a brief discussion, said that the position described by the Foreign and Commonwealth Secretary was in accordance with the decision taken by the Cabinet at their previous meeting. Although legal powers already existed to control imports and exports, new legislation in the form of a short Enabling Bill would be needed to control shipment of goods to Iran and new service contracts. Such legislation might face opposition from backbenchers on both sides of the House, even though the official Opposition had agreed to co-operate over it. Nevertheless the Government had an inescapable commitment to pass such legislation by 17 May.

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had attended the independence ceremonies in Zimbabwe which had gone off well. He had, however, been concerned at the extent to which Mr. Nkomo felt that he had been humiliated by being pushed into the background, and by the refusal of middle ranking white officers of the old Rhodesian Army to co-operate with the new forces in Zimbabwe. He was discussing with the Secretary of State for Defence the possible provision of a few more British officers to assist in the merger of the forces.



THE FOREIGN AND COMMONWEALTH SECRETARY said that he expected South Africa to send a temporising reply to the United Nations (UN) Secretary General, Dr Waldheim, next week. It was not clear that this would satisfy the Front Line States. The Iranian precedent of applying economic sanctions without the backing of a formal UN resolution could well be embarrassing in this connection.

THE FOREIGN AND COMMONWEALTH SECRETARY said that Britain had agreed to accept a handful of the refugees who wished to escape from the Peruvian Embassy in Havana, as a gesture to balance its readiness to accept refugees with left-wing sympathies from Chile in the past. Further trouble in Cuba seemed likely.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Minister of State, Foreign and Commonwealth Office (Mr Nicholas Ridley) would be shortly visiting the Argentine for exploratory discussions on the future position of the Falkland Islands. It would be his aim not to allow any such discussion to reach a point at which a decision would need to be taken.

THE FOREIGN AND COMMONWEALTH SECRETARY said that there seemed to be a considerable risk that the forthcoming European Council might be interrupted by the funeral of President Tito, as his death now seemed imminent.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the boycott of the Moscow Olympics now seemed to be going better. The German National Olympic Committee (NOC) was likely to accept their Government's advice not to go to Moscow and other countries such as France and Canada seemed likely to follow suit. British athletes were therefore being left in an increasingly isolated position. It would be timely to apply further pressure to the British NOC when some more NOCs in other countries had formally declared their intention not to go to Moscow.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that, in preparation for the European Council in Luxembourg on 27-28 April, there had been considerable discussion of the United Kingdom's Budget problem at meetings earlier in the week of the Council of Ministers (Finance) and the Council of Ministers (Foreign Affairs). No real progress had been made on the central issues remaining to be solved. The French Foreign Minister had made a number of unhelpful interventions and had circulated a tendentious draft about Community principles which the French Government wished to see endorsed. These were predictable tactics which would not endear them to some of their partners.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that a long session of the Council of Ministers (Agriculture) had ended in the early hours of that morning. The French Minister of Agriculture had tried to exert pressure on his colleagues to reach agreement on agricultural prices in advance of the forthcoming Council and much play had been made with the statement by President Giscard that there would be little prospect of progress on the United Kingdom's budgetary problem if the Agriculture Ministers failed to agree. The Council had agreed to a document for the European Council recording the different positions but the French Permanent Representation in Brussels were now arguing that it was unsuitable for submission to the European Council. On substance, the French had set out their requirements including an average increase in agricultural prices for 1980-81 of 5 per cent. This figure had been supported by the Belgians and the Irish. The Italians had proposed a 4½ per cent average increase. The others had refused to go along with these figures but all member states apart from the United Kingdom were agreed that the average increase should be higher than the 2.4 per cent originally proposed by the Commission. No agreement had been reached on the co-responsibility levies to be applied in the milk sector and there had been no discussion on sheepmeat.

THE PRIME MINISTER, summing up a brief discussion, said it seemed likely that the forthcoming European Council meeting would be difficult. No real progress had been made recently on an acceptable level for the United Kingdom's net contribution in 1980; nor on an adequate duration for the special arrangements for the United Kingdom or the possibility of adjusting amounts in future years so as to prevent the problem recurring. But as compared with the situation before the previous European Council meeting we had more cards in our hands through our ability to block progress on agricultural prices, sheepmeat and the 1980 Community Budget. She would use these weapons in negotiation in order to try to achieve a satisfactory settlement. Chancellor Schmidt was aware, and had been telling our partners, that if no settlement was reached there was a serious risk that the Government would decide to withhold

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contributions to the Community Budget. At the meeting she and the Foreign and Commonwealth Secretary would be guided by the decisions of Cabinet on 20 March (CC(80) 12th Conclusions, Minute 5).

The Cabinet -

Took note.

Cabinet Office

24 April 1980

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