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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 5 JUNE 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 Lord Soames
President of the Council

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 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

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

The Rt Hon John Biffen MP
Chief Secretary, Treasury

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Norman Fowler MP
Minister of Transport

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Mr M D M Franklin
Mr P J Harrop (Items 1 and 4)
Mr R L Wade-Gery (Item 2)
Mr D M Elliott (Item 3)
Mr W N Hyde (Items 1 and 4)

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PARLIAMENTARY BUSINESS 1. THE CHANCELLOR OF THE DUCHY OF LANCASTER informed the Cabinet of the business to be taken in the House of Commons during the following week. Looking further ahead, there was not likely to be any shortage of business for the House before the Summer Recess. There would be debates on the remaining stages of a number of Government Bills, including the Criminal Justice (Scotland) Bill and the Local Government, Planning and Land (No 2) Bill. Time had also to be found for 11 Supply Days and for debates in Government time on a number of important subjects such as the Government's constitutional proposals for Northern Ireland and the outstanding recommendations of the Report of the Procedure Committee.

The Cabinet -

Took note.

PARLIAMENTARY BUSINESS 2. THE FOREIGN AND COMMONWEALTH SECRETARY said that a difficult situation had arisen in the Anglo-French New Hebrides Condominium, which was due to achieve independence on 30 July. The party led by the present Chief Minister, Father Lini, was in power in the capital, Vila, having won both a general election and local elections in the island of Santo, where it had defeated a faction led by a Mr Stephens. The latter had now made a unilateral declaration of independence in Santo, with the support both of local French and half-caste estate owners and also of a Mr Oliver of the Phoenix Foundation in the United States. A number of New Hebridean policemen in Santo had been captured; but the evacuation of British subjects from the island had now been completed. The French Government, like Her Majesty's Government, supported Father Lini; but it was believed in some quarters that the attitude of the French Resident Commissioner was more equivocal. The Minister of State, Foreign and Commonwealth Office (Mr Blaker), had agreed with the French Overseas Territories Minister, M Dijoud, that one last attempt should be made to reach a negotiated settlement, under which Mr Stephens might be persuaded to climb down in return for some minor concessions from Father Lini. If this attempt failed, force might have to be used to put down the rebellion which could otherwise spread and endanger the Vila Government. If British troops had to be used, with or without French troops, it would be preferable for them to be Gurkhas. But the commitment of troops should if possible be avoided since it could prove controversial, although the Opposition at Westminster seemed at present disposed to favour the use of force.

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THE FOREIGN AND COMMONWEALTH SECRETARY said that under the agreement which he had reached at Lisbon with the Spanish Foreign Minister, Senor Oreja, the Spanish authorities had been due to open the Gibraltar frontier on 1 June, as a prelude to talks involving the Spanish, British and Gibraltarian Governments. The Spaniards had however been moving very slowly and were now suggesting that talks should precede the opening of the frontier. An alternative proposal for immediate talks plus a firm agreement that the frontier be opened on a fixed date, eg 30 June, had been opposed by the Gibraltarians. It was now hoped that talks could take place simultaneously with the opening of the frontier. Despite their dilatoriness the Spanish Government still appeared to be sincere in not wanting to keep the frontier closed, not least in order to avoid unnecessary obstacles to their hopes of joining the European Community.

Africa

THE FOREIGN AND COMMONWEALTH SECRETARY said that the sabotage of oil-from-coal installations in the Orange Free State, and the accidental killing of a black child by the police in Cape Province, had had an unfortunate impact on public opinion in South Africa. Current negotiations on Namibia might be adversely affected.

The Cabinet -

Took note.

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3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the meeting on 12-13 June of the European Council in Venice was likely to be mainly concerned with the discussion of Middle East problems and preparations for the Economic Summit later that month.

The Cabinet -

Took note.

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4. THE SECRETARY OF STATE FOR THE ENVIRONMENT said that, as agreed in the Ministerial Committee on Economic Strategy, he had met the Consultative Council on Local Government Finance on 3 June to call for revised budgets designed to bring local authority spending back into line with the public expenditure ceilings which the Cabinet had agreed for 1980-81. In order to win the co-operation of the local authorities, many of which were now Labour-controlled, he had not spelt out the measures which the Government might need to employ to

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enforce spending limits. Some sections of the Press had taken this as a sign of weakening resolve on the part of the Government, but he had done it solely as a means of securing the backing of the local authority associations to the issue of a circular calling for revised budgets, which he proposed to send out in the next day or so when he had received their final comments. He would do his utmost to secure the necessary reductions in local authority expenditure. There were a number of measures which the Government might take should local authorities not comply with his request. None of them would preclude a local authority from putting up its rates to maintain an excess level of expenditure. The Government were, of course, committed to the abolition of rates in the longer term and he had already instituted a comprehensive review. He had now asked officials additionally, and as a matter of urgency, to consider what measures might be needed if local authorities failed to reduce their expenditure sufficiently; and he would put proposals to his colleagues shortly. The most effective sanctions might involve additional powers by way of amendment to the Local Government, Planning and Land (No 2) Bill, but he recognised that any proposal to add controversial provisions would create difficulties for the business managers in both Houses.

The Cabinet -

Took note.

Cabinet Office

5 June 1980