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CC(83) 95th
Conclusions

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CABINET

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

THURSDAY 1 DECEMBER 1983

at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Viscount Whitelaw
Lord President of the Council

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Leon Brittan QC MP
Secretary of State for the Home Department

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Education and Science

The Rt Hon James Prior MP
Secretary of State for Northern Ireland

The Rt Hon Peter Walker MP
Secretary of State for Energy

The Rt Hon Michael Heseltine MP
Secretary of State for Defence

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 Patrick Jenkin MP
Secretary of State for the Environment

The Rt Hon John Biffen MP
Lord Privy Seal

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

The Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry

The Rt Hon Lord Cockfield
Chancellor of the Duchy of Lancaster

The Rt Hon Tom King MP
Secretary of State for Employment

The Rt Hon Michael Jopling MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

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ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

SECRETARIAT

Mr P L Gregson
Mr A D S Goodall (Items 2 and 3)
Mr D F Williamson (Items 2 and 3)
Mr C J S Brearley (Item 1)
Mr R Watson (Item 1)

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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.

Independence
of the
Judiciary

THE LORD CHANCELLOR said that he would be answering a question in the House of Lords about the independence of the judiciary. This had arisen from reports in the press about contact between a senior civil servant and a member of the judiciary to discuss future legislation. He had already taken the matter up with the Minister concerned. He could not emphasise too strongly that the doctrine of the independence of the judiciary precluded them from giving advice to the executive about policy proposals. He asked all his colleagues to observe this principle for the future. He should be consulted in any case of doubt.

The Cabinet -

1. Took note.

Film on
Effects of
Nuclear
Attack

THE SECRETARY OF STATE FOR DEFENCE said that the film "The Day After" depicting the effects of a nuclear attack on a small town in Kansas, which was to be shown on independent television between 9.15 pm and 11.30 pm on December 10, would attract widespread Parliamentary and public interest. The film had already been shown in the United States, where it had attracted a very large audience. At the end of the transmission there, the United States' Secretary of State, Mr George Schultz, had given his Government's point of view. A small group of Ministers had considered the Government's response to the showing of the film in this country. They had concluded that there could be no question of the film not being shown, and he had already said that people should watch it. The group had felt, however, that it would be appropriate for the Government to ask for an opportunity to present its case at the end of the transmission. He therefore proposed that he should ask the Independent Broadcasting Authority (IBA) if he could be interviewed immediately after the film. This would not be a Ministerial broadcast. His message would be that the Government's policy of deterrence was designed to prevent, and in fact had prevented, events of the kind portrayed from happening in reality. The Home Secretary had indicated that, if the IBA refused this request, he would be prepared to raise with the IBA whether they were fulfilling their duty to provide balance. In addition other opportunities to put across the Government's point of view in the media, both before and after the film, would be fully exploited.

The Cabinet -

2. Approved the course of action proposed by the Secretary of State for Defence and invited him to proceed accordingly.

FOREIGN
AFFAIRS
Disarmament
and Arms
Control
Previous
Reference:
CC(83) 34th
Conclusions,
Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the Soviet delegation had withdrawn from the Geneva talks on Intermediate Range Nuclear Forces (INF) on 23 November after the West German Parliament had voted in favour of the deployment of Western INF the previous day. Letters from the Soviet leader Mr Andropov had been addressed to a number of Western Heads of Government, including the Prime Minister, transmitting a Soviet statement describing the counter-measures which the Soviet Union would be taking in response to Western INF deployment. These were on expected lines and suggested some Soviet concern not to provoke further western counter-measures. He had seen the American INF negotiator, Mr Paul Nitze, the previous day who did not know whether the Russians were likely to return to the INF negotiations; he thought they might in due course propose a new negotiating framework linking INF with the Strategic Arms Reductions Talks and the Mutual and Balanced Force Reductions negotiations. Meanwhile the Government would stress that the Soviet withdrawal from the talks at the first sign of Western deployment contrasted with the West's willingness to negotiate with the Soviet Union on INF throughout the period when the Soviet Union had been deploying its own INF; and that the West remained ready to resume the talks at any time.

Cyprus
Previous
Reference:
CC(83) 34th
Conclusions,
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United Nations General Assembly resolution on Cyprus sponsored by the United Kingdom following the unilateral declaration of independence by the Turkish Cypriots had commanded general support and helped to contain pressure for economic sanctions. Within the European Community, suggestions for economic sanctions against Turkey and the Turkish area of Cyprus had not been pressed but it had been agreed that Community aid should be for the benefit of the people of Cyprus as a whole. Representatives of the European Commission would be visiting Nicosia shortly to discuss this with the Government of Cyprus. He had made two approaches to the Greek Government to take part in tripartite consultations with the British and Turkish Governments in accordance with the 1960 Treaty of Guarantee without success; but it was possible that there might be some change in the Greek position as a result of the forthcoming meeting between President Kyprianou of Cyprus and the Greek Prime Minister, Mr Papandreou. Meanwhile the Government was urging the Secretary General of the United Nations, Senor Perez de Cuellar, to appoint a successor to Dr Gobbi as United Nations Special Representative on Cyprus and was encouraging the United States to use its influence with the Turks and the Turkish Cypriots to show greater flexibility. The Commonwealth Heads of Government Meeting in New Delhi had also set up an action group on Cyprus, of which the United Kingdom would not be a member. It was to be hoped that the group's efforts would be complementary to those of the Secretary General of the United Nations and would help to discourage other Governments from recognising the Turkish Cypriot state. It would not be in the United Kingdom's interest to become involved in detailed mediation between Greece, Turkey and Cyprus.

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Lebanon

Previous
Reference:
CC(83) 34th
Conclusions,
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that, despite serious violations, the ceasefire in the Lebanon was still in place. President Gemayel of the Lebanon was at present in Washington and planned to visit London later in the month.

The Palestine Liberation Organisation had disintegrated further and the United States and Israel had drawn closer together. The Minister of State, Foreign and Commonwealth Office, Mr Luce, would be visiting Syria shortly. But the prospects were not hopeful. Lack of co-ordination between the four countries contributing to the multinational force (MNF) was a continuing cause of concern. The unilateral French decision to follow Israel's example in retaliating against terrorist installations in the Bekaa Valley had particularly upset the Italians, who were pressing for consultation between the four contributing Governments. The four Foreign Ministers concerned were likely to meet in the margins of the North Atlantic Council meeting in Brussels the following week. There might also be a draft statement about the Lebanon for consideration at the European Council meeting at Athens from 4-6 December.

THE SECRETARY OF STATE FOR DEFENCE said that the British contingent to the MNF was now in a very isolated position. HMS Fearless was standing off Beirut and could provide accommodation for the British contingent if required.

Commonwealth
Heads of
Government
Meeting

THE PRIME MINISTER, reporting on the Commonwealth Heads of Government Meeting in New Delhi which she had attended from 23-29 November, said that the predominance of the non-aligned countries had been particularly marked, and had been enhanced by Mrs Gandhi's chairmanship. It had been necessary to work hard to ensure that the Western point of view was effectively presented. In the end, despite the non-aligned flavour of the language, the communique had been broadly satisfactory both on world security and on economic issues. No commitment had been made either to a new Bretton Woods conference or to the need for new economic institutions. There had been exceptionally bitter debate both on Grenada and on Namibia but the United Kingdom had not been a main target of criticism. It had been clear from the discussion on Grenada that unless United States forces were withdrawn from the island as soon as possible there would be deep disillusionment with the West on the part of the non-aligned nations. It had been agreed that there should be an examination of the security problems of small states. The Prime Minister of Australia, Mr Hawke, had made effective contributions to the discussions on the economy, Namibia and the Middle East. She had had useful bilateral meetings with other Heads of Government including the Prime Minister of Zimbabwe, Mr Mugabe, as a result of which a number of misunderstandings had been removed. In general, the Meeting had provided a valuable opportunity to put the British and Western point of view to a largely Third World audience; to explain the Alliance's position on arms control and disarmament and to obtain a

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first-hand insight into the preoccupations of a wide range of Governments - 48 countries had been represented, 33 of them by Heads of Government. Although it had gone on too long, it had been an interesting and very useful Meeting.

The Cabinet -

Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY, reporting on the Special Council of Ministers of 28-29 November, said that it was not possible to say now whether an overall agreement would be reached at the European Council in Athens on 4-6 December. The most positive aspect was that many member states considered that failure to achieve agreement at Athens would be damaging to credibility and would prejudice the normal decision-making of the European Community. On new policies and on structural funds there were no great problems. On enlargement, there was support for our view that the accession negotiations should be completed within a fairly short timescale. In the agricultural sector there were difficult problems on milk, cereal substitutes and monetary compensatory amounts but these could be resolved if agreement on the whole package was in sight. On the control of agricultural and other expenditure a legally binding guideline on agricultural spending alone was not negotiable. The French, however, had now tabled a proposal for control of all Community spending which involved fixing the amount of available revenue before fixing the expenditure programmes. If they held on to these ideas, the question of control of expenditure might be manageable. On the correction of the budget inequity, progress had been made towards agreement that there had to be permanent corrective arrangements on the revenue side. Beyond this, member states were also ready to solve part of the problem but there would be great difficulty in persuading them to accept that the net contribution was the real issue and that the whole of the problem had to be solved.

In discussion it was pointed out that a safety net was the essential protection against an excessive net contribution by the United Kingdom. The safety net would operate by reducing the amount of Value Added Tax (VAT) which the United Kingdom contributed to the Community. It was also important, however, that the gross contribution should not rise unreasonably and that expenditure decisions should not pass unjustifiably from national to Community competence. For this reason the United Kingdom had argued and should continue to argue for better control of Community spending. It had been made clear at Stuttgart that the United Kingdom would not consider the Community's requirements for own resources, unless the budgetary inequity was corrected and there was an effective control of agricultural and other expenditure. If unexpectedly a satisfactory settlement on the correction of the budget inequity and control of spending were to emerge at Athens, it would be necessary to consider an increase in

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COMMUNITY
AFFAIRS

European
Council of
4-6 December

the Community's own resources by increasing the VAT ceiling. This would be required in order to pay for the costs of enlargement and, in certain circumstances, to allow the other member states to finance the relief for the United Kingdom. The ceiling might be lifted from 1 per cent to a figure of the order of 1.2-1.4 per cent. This would be an increase of 15-25 per cent in the Community's total own resources. If a safety net were in place, the actual VAT contribution of the United Kingdom would be substantially below the ceiling. If the United Kingdom did not get a safety net, there should be no increase in the 1 per cent VAT ceiling.

THE PRIME MINISTER, summing up the discussion, said that she had laid down clear conditions at Stuttgart before the United Kingdom would consider the Community's requirement on own resources. It remained essential to obtain a lasting correction of the budget inequity which took account of the United Kingdom's excessive net contribution. It was also necessary to have effective control of agricultural and other expenditure in the Community. If these conditions were met, the United Kingdom would be able to consider a small increase in the VAT ceiling, particularly since through the operation of a safety net the United Kingdom's contribution of VAT would be substantially below this ceiling. She would arrange for a short fact sheet to be circulated to members of the Cabinet showing the Community's total resources the estimated increase for each 0.1 per cent increase in the VAT ceiling and the United Kingdom's share of the financing.

THE CHANCELLOR OF THE EXCHEQUER reported that at the Council of Ministers on 22 November the Economic Secretary, Treasury had been successful in persuading the Community to reject the European Parliament's proposal to put the United Kingdom's 1983 refunds in the reserve chapter of the 1984 draft budget. Provision for these refunds had now been reinstated by the Council on the budget lines.

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY reported that the Council of Ministers on 29 November had discussed the Commission's proposals for shoring up the measures in the steel market, which were threatened by insufficient capacity reductions, for example in Italy and Germany. We had not yet given our approval but some action was necessary. Steel prices in the United Kingdom had fallen. The next negotiating session in the Council of Ministers would be difficult.

The Cabinet -

Took note.

Community Budget and United Kingdom Refunds
Previous Reference: CC(83) 34th Conclusions, Minute 3

Steel
Previous Reference: CC(83) 33rd Conclusions, Minute 3

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INDUSTRIAL
AFFAIRS

National
Graphical
Association
Dispute

4. THE SECRETARY OF STATE FOR EMPLOYMENT said that the dispute between the National Graphical Association (NGA) and Mr Eddie Shah, who printed free newspapers in the North West of England, was primarily about the enforcement of a closed shop rather than, as had been asserted in the media, about the reinstatement of six workers. Industrial action taken by the NGA against Mr Shah had been found unlawful by the courts. The NGA had ignored an injunction granted to Mr Shah and this had led to fines and a sequestration of the NGA's assets. A temporary limit placed by the Master of the Rolls on the amount of assets to be sequestered had now been lifted although it would be open to the NGA to pursue the question of a limit in the court in Manchester. Meanwhile NGA assets amounting to £2 million had been identified. Although the General Secretary of the Trades Union Congress (TUC) and more moderate members of the TUC General Council had argued that the TUC should exert pressure on the NGA to abide by the court ruling and pay the fines, this view had not prevailed. The Newspaper Publishers' Association had been divided in their response to the NGA's action the previous weekend to stop the publication of national newspapers. They had however secured interim injunctions and had potential claims, if they chose to pursue them, of £3 million. The Advisory, Conciliation and Arbitration Service (ACAS) had been in close touch with the NGA and Mr Shah in recent weeks. Negotiations about a possible agreement on the basis that a post-entry closed shop would be conceded, that existing workers who were not members of the NGA would not be required to join, and that the six workers dismissed would be employed in a separate company, had so far been unsuccessful. Mr Shah might well feel, after the extent and violence of the picketing at Warrington, disinclined to make further efforts to seek an accommodation with the NGA. He would be making an application to the courts the following day about the NGA's continuing refusal to desist from unlawful industrial action.

THE HOME SECRETARY said that he had made a statement in the House of Commons the previous day about the action by the police to maintain law and order at Warrington. He had made it clear that the Chief Constable of Cheshire had, and would continue to have, his full support. The allegations about methods used by the police, for example, in relation to the NGA's communications van, were unfounded, although care had to be taken in dealing with them because of the procedures relating to complaints against the police. He had stressed that the violence that had occurred was, and always had been, a breach of the criminal law and that mass picketing was inherently likely to lead to such violence. Similar disturbances might occur on Tuesday of the following week when Mr Shah's next edition was to be printed and distributed. There was however the possibility that the widespread condemnation of the violence which had occurred and the effectiveness of the police action in preventing interference with the printing and distribution of Mr Shah's newspaper might discourage further mass picketing both in Warrington and elsewhere.

THE PRIME MINISTER, summing up the discussion said that the rule of law had to be seen to prevail. Criminal charges would be brought in appropriate cases. Mr Shah and his family would need to be given adequate protection, at public expense, both during and after the dispute. It

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would be for the parties affected to pursue their civil actions against the NGA. Meanwhile, as the Lord Privy Seal had made clear in the House of Commons, it was not for the Government to intervene. It would be undesirable if, as a result of the activities of ACAS, Mr Shah felt that he was being pressed to accept an unsatisfactory compromise under duress.

The Cabinet -

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

Cabinet Office

1 December 1983

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