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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 30 AUGUST 1979
at 10.30 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 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 Francis Pym MP
Secretary of State for Defence

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

The Rt Hon Peter Walker MP
Secretary of State for 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 John Nott MP
Secretary of State for Trade

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon John Biffen MP
Secretary, Treasury

The Rt Hon Angus Maude MP
Paymaster General

THE FOLLOWING WERE ALSO PRESENT

Sir Ian Percival QC MP
Solicitor General
(Item 1)

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

- Mr M D M Franklin (Items 1-3)
- Mr P Le Cheminant (Items 4-7)
- Mr R L Wade-Gery
- Mr P J Fowler (Items 1 and 2)
- Mr G D Miles (Items 4-7)

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1. The Cabinet's discussion and the conclusions reached are recorded separately.

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that invitations to the Constitutional Conference due to open in London on 10 September had been accepted by both Bishop Muzorewa and the Patriotic Front, although the latter had rejected our constitutional outline. Each side would be allowed a delegation of 12 members of its own choosing. We were in touch with President Nyerere of Tanzania and President Kaunda of Zambia, who were continuing to play a helpful role and agreed with our policy of settling the constitution before considering the problems of transition. We were lobbying them and others attending next week's Havana Conference of the Non-Aligned Movement against any action there which might undermine the agreement reached at the Commonwealth Heads of Government Meeting in Lusaka. Our emissary to the South African Government had found them critical of our policy but not disposed to try to wreck the Constitutional Conference. The United States Government was giving us full support.

THE PRIME MINISTER, summing up a short discussion, said that while the chances of reaching agreement all round at the Constitutional Conference were not good we should be well placed to convince moderate international opinion that any breakdown was the fault of our opponents. The decision to include Mr Ian Smith in Bishop Muzorewa's delegation had been a matter for the Bishop but might not be altogether unwelcome to the Patriotic Front. Reactions to the Lusaka agreement among the Government's supporters had not been unsatisfactory; but steps should be taken by the Chief Whip to discourage potentially damaging contacts during the London Conference between backbench Members of Parliament and members of Bishop Muzorewa's team.

THE PRIME MINISTER said that she had been surprised by the statement attributed to the Parliamentary Under-Secretary of State, Department of the Environment on 29 August about the possibility that the proposed South African rugby tour should be cancelled on grounds connected with the Moscow Olympics. It was extremely important, in this as in all other contexts, for the Paymaster General and herself to be informed in advance of Ministerial statements liable to cause public controversy. This was clearly laid down in paragraph 95 of the memorandum on Procedure which she had circulated on 24 May (C(P)(79) 1).

THE SECRETARY OF STATE FOR TRADE said that the problem of overcrowding at Heathrow was becoming acute. He would be bringing the question of a third London airport before Cabinet in the autumn. But it was meanwhile essential to take steps to relieve congestion by transferring certain services from Heathrow to Gatwick, as he had warned members of the Defence and Overseas Policy Committee in a letter of 26 July. He had now concluded with regret that there was no acceptable alternative to so transferring most services between London and Canada and between London and Spain and Portugal. He would therefore soon be announcing the start of the required process of due enquiry into this proposal; the actual transfers would not take place until 1980-81. There would be a very hostile reaction from the Canadians, Spaniards and Portuguese, even though there was to be no discrimination between their airlines and the equivalent British Airways services. He was satisfied that they could not legally compel us to hold a public enquiry. But they might well retaliate against British airlines. It would also be necessary to refuse permission for any new airlines to use Heathrow. This was causing problems with the Chinese, who might raise the matter during Prime Minister Hua's visit later in the year.

The Cabinet -

Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said our information suggested that the early drafts of the Commission's reference paper on the financial imbalances within the Community would confirm that the United Kingdom would be by far the largest net contributor to the Community Budget. While its treatment of monetary compensatory amounts and certain forms of expenditure was not entirely satisfactory, it was probably as favourable a document from our point of view as could be expected. It was still subject to discussion by the Commission.

He further reported that the Minister of Transport had recently written to colleagues about the results of his consultations on the implementation of the European Economic Community regulation on the use of tachographs in commercial vehicles. This would be unpopular but the judgment of the European Court left us with no choice.

THE SECRETARY OF STATE FOR EMPLOYMENT said that the way of implementation needed careful consideration and he would wish to have further discussions with the Minister of Transport and, if necessary, in the relevant Ministerial Committee.

The Cabinet -

Took note.

4. THE PRIME MINISTER said that she was anxious that the review of the future of Quangos should continue to be pressed ahead vigorously. A lot of groundwork had been done but the momentum needed to be maintained. She had now appointed Sir Leo Pliatzky to assist in carrying out the next stage of the review. The intention was that, after a short period during which the collection of basic facts was completed, he would choose the most promising candidates for detailed examination and report. He would also be concerned with the future arrangements for ensuring the proper accountability of Quangos which might have to differ between types of body. All Ministers should ensure that Sir Leo Pliatzky received from their Departments the maximum degree of co-operation in this work and that opportunities for reducing Quangos were taken wherever possible. In any cases where Ministers were already planning to abolish Quangos they should not defer action while the review was in progress. The aim of the exercise was not simply to reduce the number of Quangos but to tackle the big spenders with a view to reducing staffs and total costs.

The Cabinet -

Took note.

INDUSTRIAL
CIVIL
SERVICE PAY

6. THE LORD PRESIDENT OF THE COUNCIL said that negotiations had been in progress with the industrial Civil Service unions, on the basis agreed by the Ministerial Committee on Economic Strategy, Sub-Committee on Economic Affairs. The unions had accepted the size of the proposed increases, but were unwilling to accept the proposed staging of their implementation, which had been chosen to be no more favourable than that given earlier in the year to the non-industrial Civil Service. Any departure from that position could be repercussive for other groups e.g. teachers, as well as for the non-industrial Civil Service and he saw no alternative but to stand firm. Industrial action was now threatened and would no doubt be planned to exert as much pressure as possible on sensitive areas, such as the Defence programme.

In discussion it was argued that the threatened industrial action would be damaging to the defence programme and that some flexibility in negotiations could be justified on this score. More widely it was argued that in these, as in other public sector negotiations, the existence of a single national negotiation could make it particularly difficult to reach an appropriate settlement. Local management had no part in the negotiations, nor any real incentive to communicate with their staff on the realities of wage bargaining. Private industry was moving away from the concept of centralised negotiation, to a more local approach. The Government, too, should consider whether greater use of local negotiations might offer advantages in its own staff management activities and in other public service areas, like the London magistrates courts, where it had statutory or financial responsibilities. The aim should be for the Government to confine its role, wherever possible, to the setting of a suitable framework within which individual managers could take their decisions.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet were agreed that the Civil Service Department should stick to its guns in the negotiations on the pay of industrial civil servants. The discussion had however also raised wide ranging issues about negotiating machinery in the public services and related questions of cash limits. The Chancellor of the Exchequer in consultation with the Lord President of the Council and other Ministers as appropriate should arrange for these to be considered by officials of Departments concerned and should then submit a paper for consideration by colleagues discussing the desirability of changes in the existing systems for settling the pay of suitable public sector groups, in the light of the Government's evolving policies for cash limits.

The Cabinet -

Took note, with approval, of the summing up of their discussion by the Prime Minister, and invited the Chancellor of the Exchequer and the Lord President of the Council to be guided accordingly.

THE PRIME MINISTER, summing up a brief discussion, said that specific examples were particularly valuable in helping to get the message across to the public; and wherever Ministers were aware of cases where jobs were being lost as a result of excessive pay demands, or of union intransigence, they should circulate information to colleagues, so that this could be used in Ministerial speeches.

The Cabinet -

Took note of the summing up of their discussion by the Prime Minister, and invited all Ministers to be guided accordingly.

Cabinet Office

10 August 1979

7. THE CHANCELLOR OF THE EXCHEQUER said that economic prospects were depressing both world wide and also on a national level. There were however some encouraging signs that the Government's monetary policies were beginning to take effect. It would be very important that all Ministers should help to reinforce the message that pay settlements must be earned, and were not for example an entitlement because prices had risen. He would himself be stressing in forthcoming speeches that the action of some trade unions were destroying the jobs of their members.

THE PRIME MINISTER, summing up a brief discussion, said that specific examples were particularly valuable in helping to get the message across to the public, and wherever Ministers were aware of cases where jobs were being lost as a result of excessive pay demands, or of union intransigence, they should circulate information to colleagues, so that this could be used in Ministerial speeches.

The Cabinet -

Took note of the summing up of their discussion by the Prime Minister, and invited all Ministers to be guided accordingly.

Cabinet Office

30 August 1979

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CABINET

LIMITED CIRCULATION ANNEX

CC(79) 14th Conclusions, Minute 1

Thursday 30 August 1979 at 10.30 am

The Cabinet had before them a joint memorandum by the Secretary of State for Northern Ireland and the Secretary of State for Defence (C(79) 34) on Northern Ireland security.

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Government's aim was the defeat of terrorism and the extension of normal policing. The events of 27 August, involving the death of 18 soldiers and the assassination of Lord Mountbatten, had led the Secretary of State for Defence and himself to bring forward proposals for immediate action on two questions which had been concerning them since taking office. These were how to improve the direction and co-ordination of our security operations in the Province; and how to obtain more co-operation in security matters from the Irish Republic. On the first question their agreed proposal was for a new high-level Security Directorate in Northern Ireland. This would be responsible to himself; would operate on a 24-hour basis; and would be designed to reconcile differences which inevitably arose between the viewpoints and methods of the Royal Ulster Constabulary (RUC) and the Army. RUC morale, manpower and effectiveness had been transformed since they had regained primary responsibility for the prevention and detection of all crime. This was an important development which should not be jeopardised since greater RUC strength offered the best hope of achieving the desired reduction of Army involvement in the security field.

THE SECRETARY OF STATE FOR DEFENCE said that the paper was based on agreement about the need to improve co-ordination between the RUC and the Army; and about the key role of the head of the new Directorate. The latter should be a man of seniority and stature who was not a serving soldier nor a civil servant from the Northern Ireland Office.

THE FOREIGN AND COMMONWEALTH SECRETARY said that there was a mood of shame in the Republic following the Mountbatten murders. It was therefore a good moment for the Prime Minister to make a determined effort in talks with the Irish Prime Minister, Mr Lynch (who was much less unsympathetic to us than his likely successor), to bring home the importance of co-operation in security matters. A full list of our requirements in this area should be prepared and put to him. But the resources available to him were limited and we should not be too optimistic about his likely response. If it was inadequate we should not hesitate to reveal publicly what we had asked for.

In discussion there was general agreement that our most important need was to seek greater co-operation from the Irish Government and to publicise the fact that we were doing so. The two main difficulties facing our security forces were the existence of safe havens in the Republic and the lack of intelligence from south of the border. If the Irish Government proved unwilling to co-operate, we would need to consider such means as we had of bringing pressure to bear on them. British public opinion might not be averse to using pressure. But it would be right first to try to persuade Mr Lynch of our common interest in defeating terrorism. As regards the proposed Security Directorate, some doubt was felt about the danger of appointing too eminent a man to head it and giving the matter too much publicity. The Secretary of State for Northern Ireland's position might appear to be undermined; public opinion might regard organisational changes as an inadequate response to the present crisis; and credit might be lost if the new system failed to produce measurable results. The basic trouble seemed to be a difference in diagnosis between the Chief Constable and the RUC, who felt the situation to be slowly improving, and the General Officer Commanding (GOC) and the Army who were less sanguine; and it would be difficult for the head of the Directorate to bridge this gap. Against that it was urged that the new Directorate, if properly presented with stress on its round-the-clock role, could serve to show that the Government were actively seeking to improve the security effort rather than passively awaiting the next tragedy.

In further discussion it was noted that the quality of the Army's leadership might be somewhat better than the RUC's; that extensive further recruiting for the RUC might be no easier than police recruiting in Britain; but that in the Chief Constable's view an adequately enlarged RUC could in time relieve the Army of almost all its security duties. If however it proved impossible to bring terrorism under control within the framework of the existing legal system, it might in the end be necessary to modify

the system and perhaps even move towards the introduction of martial law in areas of particular terrorist activity. The growing professionalism of the Irish Republican Army (IRA) and the high level of casualties in the security forces were new factors for which radical counter-action might well be required.

THE PRIME MINISTER, summing up the discussion, said the Cabinet agreed that she should invite Mr Lynch for talks in London at the time of Lord Mountbatten's funeral. She would arrange for the invitation to be issued and announced forthwith. The Foreign and Commonwealth Secretary in consultation with the Secretary of State for Northern Ireland and the Secretary of State for Defence should prepare a list of requirements to be put to him, which would be made public if he failed to respond. The Foreign and Commonwealth Secretary, in consultation with other Ministers as appropriate, should take all possible steps to ensure that through the media we maintained maximum psychological pressure on the Irish Government. The Secretary of State for Northern Ireland should arrange for an immediate announcement to be made about extra recruitment for the RUC. The establishment of the new Security Directorate was agreed. But a decision on how far to publicise it should not be taken until we knew who its head would be. This would be decided by the Secretary of State for Northern Ireland and the Secretary of State for Defence in consultation with herself. Meanwhile the Secretary of State for Northern Ireland should bring forward early proposals for a political initiative to increase democratic participation in the processes of government in the Province; and he and the Secretary of State for Defence should, in consultation with the Law Officers, arrange for a review of the "Yellow Card" restrictions on the use of firearms by members of the security forces.

The Cabinet -

Took note with approval of the Prime Minister's summing up of their discussions and invited the Foreign and Commonwealth Secretary, the Secretary of State for Northern Ireland and the Secretary of State for Defence to be guided accordingly.

Cabinet Office

30 August 1979