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(1980) 16th  
Conclusions

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CABINET

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

THURSDAY 17 APRIL 1980

at 11.00 am

PRESENT

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon Lord Hailsham  
Lord Chancellor

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 James Prior MP  
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP  
Lord 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

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

The Rt Hon John Biffen MP  
Chief Secretary, Treasury

The Rt Hon Angus Maude MP  
Paymaster General

SECRET

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

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

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

ment Bill

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that the Employment Bill would complete its remaining stages in the House of Commons on 28 April. The Bill would be introduced in the House of Lords later that week and could expect to receive a Second Reading in that House before the Whitsun recess and to receive Royal Assent in the week beginning 14 July. Even if it had proved possible to secure the passage of the Bill through the House of Commons a few days earlier, he understood its progress could not have been advanced in the House of Lords without risking delay on other Bills which were required before the summer recess.

The Cabinet -

1. Took note.

mentary Pay  
allowances

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that the new aggregate secretarial and research allowances agreed by the House of Commons on 4 March had effect from 14 February 1980. While the new application forms were not yet available, he had agreed that the Fees Office should make the relevant payments and the Office had now issued an appropriate circular to Members. He was not yet in a position to make proposals about an approved pension scheme for Members' secretaries. There were a number of factors which it was necessary to take into account to meet the different circumstances of Members' secretaries, including the needs of those who wished to continue their employment after the age of 60.

The Cabinet -

2. Took note.

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THE CHANCELLOR OF THE DUCHY OF LANCASTER said that he hoped that after consultation with the Minister of State in the Civil Service Department and other colleagues he would be able to bring a memorandum on the cost of Parliament to the Cabinet within the next two or three weeks. He did not propose to consult the House of Commons Commission or the Opposition until after Cabinet colleagues had had an opportunity to consider the memorandum.



THE PRIME MINISTER, summing up a brief discussion, said that it would be important for the public to be made aware that increases in the costs of Parliament were largely determined by decisions of Parliament itself and not by the Government.

The Cabinet -

3. Noted that the Chancellor of the Duchy of Lancaster would shortly circulate to the Cabinet a memorandum on the cost of Parliament.

2. THE LORD PRIVY SEAL said that Rhodesia would become independent at midnight on 17-18 April. Events seemed to be developing fairly satisfactorily. The appointment of General Walls to oversee the integration of the various military forces in the country had provided a measure of reassurance to white opinion. The Prime Minister, Mr Mugabe, appeared to be keeping his distance from the Soviet Union. For instance, there were no plans for a Soviet embassy to be opened in Salisbury or a Zimbabwean embassy in Moscow. So far the United States and five other Western countries in addition to Britain had agreed to offer Zimbabwe economic aid.

THE LORD PRIVY SEAL said that the Defence and Oversea Policy Committee had agreed on 15 April that joint measures to support American sanctions against Iran should be discussed with Britain's European allies as well as with Japan, Canada and Australia. The measures under consideration were unlikely to contribute effectively to the release of the hostages and were liable to increase Iran's alienation from the West. Allied action in support of the United States was nevertheless widely recognised to be inevitable, given the state of American public opinion, the risk of the United States being driven to more drastic courses of action and the long-term danger to the cohesion of the Western Alliance. It was hoped to agree on a first package of measures, which would be relatively innocuous from the point of view of British interests. But it would be necessary also to consider a second and more serious package, for which the Government would need to take legislative powers. There was a reasonable chance that allied solidarity would be achieved, although hesitation was for different reasons at present being shown by the French, Italian and Danish Governments.

THE PRIME MINISTER, summing up a short discussion, said that it was to be hoped that the Opposition would co-operate over any necessary legislation, which would minimise the danger of damage to the existing legislative programme; but it was noted that the attitude of some Opposition backbenchers was uncertain. Legislation should if possible be avoided in areas where the Government were already achieving satisfactory results through persuasion. For this reason, and in the light of fears expressed by the Governor of the Bank of England, there should at this stage be no discussion with allies about the possibility of legislating to reinforce existing voluntary measures in the financial field.



Games THE LORD PRIVY SEAL said that the National Olympic Committee (NOC) in the United States had met and decided to boycott the Moscow Olympics. The German NOC was expected to take a similar decision next week; and the French and Japanese NOCs were likely to follow suit. The Soviet Union was now suggesting that the Olympic rules should be bent so that individual athletes could compete even without the support of their NOC. Besides the United Kingdom, 31 Governments had now come out against participation in the Moscow Olympics; 16 were inclined that way; 14 were unlikely to participate anyway; 20 were undecided; 11 were inclined towards participation; and 16, in addition to the East European Governments, were definitely in favour. Most of the Governments opposed to participation were likely to persuade their NOCs to agree.

THE PRIME MINISTER, summing up a short discussion, said that the Lord Privy Seal, in consultation with the Secretary of State for the Environment, the Paymaster General and herself, should arrange for suitable publicity to be given to the extent of the growing international movement against participation; and should also consider how further pressure might be applied to the British NOC and individual athletes, after the decisions of the German and French NOCs were known.

THE LORD PRIVY SEAL said that the Foreign and Commonwealth Secretary and the Spanish Foreign Minister, Senor Oreja, had agreed on a declaration under which the Spanish Government would lift the existing restrictions against Gibraltar and the British Government would agree to start negotiations on the Gibraltar question. The making of this declaration had been agreed between the British Government and the Gibraltarian leaders, and it had been made quite clear in public that Britain stood by her pledge not to surrender sovereignty against the wishes of the Gibraltarian people. This settlement should open the way to increased defence sales to Spain.

THE PRIME MINISTER, summing up a short discussion, said that the Secretary of State for Trade would be pursuing further with the Commission of the European Community a separate problem in Anglo-Spanish relations which had arisen over trade in cars. It was difficult for British exporters to sell cars in Spain. But an increasing number of Spanish-made cars were being sold in Britain, often as models which the public regarded as British (eg the Ford Fiesta). British practice in this matter should not be more forthcoming than that of other members of the European Community.



THE LORD PRIVY SEAL said that in early April, following an incident in which a policeman had been killed, the Cuban Government had withdrawn police protection from the Peruvian Embassy in Havana. The unexpected consequence had been that thousands of Cubans who wished to escape from Cuba had crowded into the Embassy. International negotiations were in progress over the future of these refugees. The United States had agreed to take a third of them; and Caribbean Governments were also being urged to co-operate. The events usefully demonstrated the oppressiveness and unpopularity of the Communist regime in Cuba. As a token gesture Britain was being pressed by the United States and the Peruvian Governments to take 100 of the refugees.

THE PRIME MINISTER, summing up a short discussion, said that this proposal should be discussed by the Lord Privy Seal with the Home Secretary on the latter's return from abroad.

THE LORD PRIVY SEAL said that the trouble caused by the British television film on the executed Saudi Princess appeared to be dying down. But members of the Saudi Royal Family had been instructed to leave Britain; the forthcoming State Visit of King Khalid to Britain would probably be cancelled; and it was possible that the Saudi Government might feel unable to proceed with the proposed visit of the Secretary of State for Defence to Saudi Arabia. A further problem had now arisen over the intention of a British television company to make a film about the case of Mrs Penelope Arnot. In view of the unpleasant background to this case, and of the danger to British lives which might be involved, representations were being made to the Independent Broadcasting Authority, who had powers to prevent the film being shown. It was recognised that there was likely to be a major outcry in this country if Mrs Arnot's sentence, which was at present under appeal, were carried out. But her conduct had placed her in a position where under Saudi law it would have been at least theoretically possible to sentence her to death.

THE LORD PRIVY SEAL said that the consequences of the recent assassination at the London Mosque were likely to be serious. The two Libyans who had been arrested by the British police were government officials, though without diplomatic status, and it was clear that the Libyan Government were involved. Some action would have to be taken but the situation was complicated by the current unrest in Libya, where there were 5,000 British subjects. British exports to Libya, currently worth some £300 million a year, might also be at risk.

THE LORD PRIVY SEAL said that President Tolbert, who had paid a State Visit to Britain in 1979 and had played a helpful role in the context of Rhodesia, had been killed in a coup d'etat led by a Liberian Army sergeant. The new regime now appeared to be re-establishing order. No British lives had been lost; but there had been extensive looting, and one British subject had been raped.

The Cabinet -

Took note.

3. THE LORD PRIVY SEAL said that the President of the Italian Council of Ministers, Signor Cossiga, was expected to embark next week on his second tour of Community capitals to prepare for the forthcoming European Council, now postponed to 27-28 April. He would be meeting the Prime Minister in London on 22 April. Neither the Foreign Affairs nor the Finance Councils scheduled to meet on 21-22 April were likely to advance progress on our budget problem, but the associated informal meeting of Finance Ministers in Sicily might provide a more useful opportunity for further consultations with our partners.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that he had met Signor Marcora and M Mehaignerie, his Italian and French counterparts, for separate bilateral talks on 14 and 15 April respectively. Both had confirmed that they wanted agricultural price increases well above the levels proposed by the Commission, and M Mehaignerie had made clear that in French eyes a satisfactory settlement of our budget problem could not be achieved without parallel progress on agricultural prices. He in turn had made it clear that we were not prepared to make concessions on prices or on sheep-meat at next week's Agriculture Council in advance of the European Council's discussions on the budget.

The Cabinet -

Took note.



4. THE SECRETARY OF STATE FOR INDUSTRY said that he and Sir Michael Edwardes were agreed that the present dispute with the British Leyland workforce, which had led the company to threaten to dismiss the strikers, should not develop into a confrontation between the Unions and the Government. The real conflict was essentially between the Transport and General Workers Union and those who wished to continue working normally. The Board were planning to send a letter to each employee's home address setting out the facts of the situation. It was important that any Ministerial speeches on this subject should not appear to engage the Government directly in the dispute. He would agree a proposed speaking note with the Paymaster General for circulation to colleagues.

THE MINISTER OF TRANSPORT said that London Transport were likely to offer a 12 per cent pay increase to their workers as the maximum they could afford on their present budget. This would probably not be acceptable, and it was possible that the negotiations arranged for next week would break down and that a strike would ensue on the Underground and the buses. Contingency plans were being made and would be put into effect if necessary.

The Cabinet -

1. Took note.

THE CHANCELLOR OF THE EXCHEQUER said that the 25 per cent increase in public sector pay which had been publicised following his recent appearance before the Select Committee on the Treasury and the Civil Service was valid if applied to central government as a straight year on year comparison between Financial Years 1979-80 and 1980-81. The equivalent figure for the whole of the public service was 23 per cent. It was important to recognise however that, as he had explained to the Select Committee, much of this increase was the inevitable result of the second stage of the catching up operation initiated by the previous Government. It was therefore not inconsistent with the 14 per cent cash limit for the Civil Service and 13 per cent for Local Government. Increases in central government pay were below the current rate of inflation. He proposed shortly to put out a further statement clarifying these points and would provide speaking notes for colleagues.

In discussion, it was suggested that recent experience underlined the dangers of centralised pay bargaining, which put excessive leverage in the hands of small groups of Union leaders. It was essential to break bargaining units down. It was further suggested that the Clegg award for teachers could pose a presentational problem, in that the local authorities were likely to argue that the allowance made for this



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award by the Government in the Rate Support Grant (RSG) negotiations was inadequate and that the Government should accordingly now provide further funds. In fact the assessment of the likely Clegg increase made at the time when the RSG was agreed was 17.5 per cent, which did not fall far short of the 19.7 per cent now recommended, but use could not be made of this argument without revealing the original assessment. Moreover further comparability exercises, for which similar allowances had been made but not publicised, were still in train. One answer might be to say that the Government had made realistic assumptions in the RSG for all the relevant Clegg references, that the resulting allowance gave local authorities reasonable freedom to manoeuvre in their pay negotiations, and that the increases proposed for the teachers accordingly provided no excuse for increases in rates. Further pressure to find compensating savings could also be exerted on local authorities through the publicity given to the quarterly manpower figures published in respect of named local authorities by the Secretary of State for the Environment; and by mobilising the local Party organisations to influence Conservative Councillors.

THE PRIME MINISTER, summing up the discussion, said that on public sector pay, Ministers should rebut the impression that 25 per cent was the going rate on the basis suggested by the Chancellor of the Exchequer. These large figures were the inevitable result of an incomes policy for which the present Government was not responsible and must end once this phase was over. The recent Clegg recommendations for teachers did not justify any claim for more Government money or for rate increases.

The Cabinet -

2. Took note with approval of the Prime Minister's summing up of their discussion.
3. Invited the Chancellor of the Exchequer to circulate a speaking note designed to enable the 25 per cent increase in the provision for public sector pay to be put in its proper perspective in relation to the Government's policy on cash limits.
4. Invited the Secretary of State for Education, in consultation with the Secretary of State for the Environment, to circulate a speaking note aimed at forestalling any local authority demands for extra Government money to fund the margin between the allowance made in the Rate Support Grant for the expected Clegg recommendations on teachers' pay and the increases actually proposed.

Cabinet Office

17 April 1980