



(c) crown copyright

DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

23rd
ions

COPY NO 80

CABINET

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

WEDNESDAY 28 NOVEMBER 1979

at 11.00 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

Hon Lord Carrington
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Francis Pym MP
Secretary of State for Defence

Hon Lord Soames
President of the Council

The Rt Hon James Prior MP
Secretary of State for Employment

Hon Peter Walker MP
Secretary of Agriculture, Fisheries and Food

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

Hon Humphrey Atkins MP
Secretary of State for Northern Ireland

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster

The Rt Hon David Howell MP
Secretary of State for Energy

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

THE FOLLOWING WERE ALSO PRESENT

Rt Hon Norman Fowler MP
 Minister of Transport

The Rt Hon Michael Jopling MP
 Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
 Mr M D M Franklin (Items 2 and 3)
 Mr P Le Cheminant (Item 4)
 Mr P J Harrop (Item 1)
 Mr R L Wade-Gery (Items 2 and 3)
 Mr D E R Faulkner (Item 1)

CONTENTS

Subject	Page
PARLIAMENTARY AFFAIRS	1
FOREIGN AFFAIRS	
Rhodesia	2
Iran	2
COMMUNITY AFFAIRS	
European Council Dublin 29-30 November	3
European Parliament	4
INDUSTRIAL AFFAIRS	5

1. The Cabinet were provisionally informed of the business to be taken in the House of Commons during the following week. It was noted that the Opposition had not yet chosen the subject for their Supply Day.

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that business in the House of Commons would be very congested in the period before Christmas. He intended to give first priority to the passage of the Zimbabwe Bill, which should be taken through all its stages in both Houses before the recess. To avoid a repetition of the Parliamentary difficulties which had arisen on the earlier Southern Rhodesia Bill, it was important that the House of Commons should be given as much notice as possible. He would also aim to provide time for the Second Reading of the Employment Bill and for allocation of time (guillotine) motions on the Industry Bill and, if necessary, on the Education (No. 2) Bill. It would be for later consideration whether these motions could be combined, but in principle it would be better to take them separately in accordance with the recommendation in the First Report from the Select Committee on Procedure, Session 1977-78. It might be possible to find time for the Second Reading of another Bill, but no assurance could be given at this stage.

In discussion, it was pointed out that a difficult situation could arise if the Second Reading of the Health Services Bill were delayed. The Health Services Board (HSB) were at present under a statutory obligation to make recommendations for the withdrawal of pay beds in National Health Service hospitals, and the Secretary of State for Social Services was obliged to implement them. An understanding had been reached with the Chairman of the HSB, Lord Wigoder, that no further recommendations would be submitted provided that the Bill had received its Second Reading by Christmas. If it did not, there was a risk that a report might be submitted in the New Year on which the Secretary of State would be obliged to act. Such action would be contrary to the policy of the Government, and would cause serious concern among their supporters in the House of Commons and in the constituencies.

In further discussion it was noted that time was unlikely to be available for the Second Reading of the Tenants' Rights Etc. (Scotland) Bill, with the result that this and succeeding Scottish Bills would be delayed in Scottish Standing Committee. Nor was there likely to be time for a debate on the Rate Support Grant orders, which were normally taken before Christmas and on which delay would lead to uncertainty over payments of grant.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet recognised that business in the House of Commons would be seriously congested in the period before the recess and that only the Zimbabwe and Employment Bills could be assured of time for Second Readings before Christmas. If time could be found for

a third Bill the Health Services Bill would have a strong claim; otherwise this and the other items of business mentioned in discussion would be taken as soon as possible after the House returned. The recess should not, however, be curtailed and it would be the intention that Parliament should reassemble on Monday 14 January.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion, and invited the Chancellor of the Duchy of Lancaster to be guided accordingly.

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the Salisbury delegation had now accepted the British proposals for a ceasefire. The Patriotic Front had not done so, but their position would have to be made clear before 1 December, when the Salisbury delegation were determined to return home. There were serious difficulties over the requirement for the Patriotic Front to assemble all their forces (whose true numbers they had publicly exaggerated) in certain designated areas; and over the posture to be adopted by the Salisbury forces, whose reasonable assumption was that at least some of the Front's forces would not in fact comply with the requirement and would need to be contained. It might well be necessary to go ahead without the Front, although the door would in that case be left open for them to accept the settlement at a later stage. It was also possible that Mr Nkomo could be brought to accept the settlement now, without Mr Mugabe. If there was no Patriotic Front agreement, there would be a serious threat to the British community in Zambia, and to British interests there and perhaps elsewhere in Africa. Save in Nigeria, however, the reaction elsewhere in Africa was likely to be more muted, and the seriousness of Britain's efforts to reach a negotiated settlement was widely recognised.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in Iran remained dangerous and uncertain. The size of the British Embassy had been much reduced, but it could not be withdrawn altogether without letting down both the Americans, to whom it was giving vital help, and the several hundred members of the British community who were still unwilling to leave the country. British supplies of Iranian oil had not so far been affected.

THE HOME SECRETARY said that the large number of Iranians currently entering Britain was giving rise to serious concern. A visa requirement should be imposed as soon as this could be done without unacceptable risk to British personnel in Iran. Meanwhile every effort would be made to control the inflow at London Airport, where extra staff was likely to be required.

The Cabinet -

Took note.

3. THE PRIME MINISTER said that, with the Foreign and Commonwealth Secretary, she would be attending the meeting of the European Council in Dublin on 29-30 November. The main issue would be the United Kingdom's budgetary problem. Our Community partners had not yet accepted the seriousness of our intentions. In public expenditure terms it was impossible to justify a situation in which the United Kingdom, as one of the less prosperous members of the Community, would be subsidising other and mostly richer countries of the European Economic Community (EEC), to an extent which greatly exceeded our overseas aid to developing countries. If, as seemed likely, we were not offered a reduction in our net contribution which we could accept, the argument would have to continue. We had no wish to disrupt the Community, and no intention of coming out of it, but our partners would have to realise that if, after reflection, they were not willing to correct the basic inequity, the inevitable impact on the future development of the Community would be their fault rather than ours. She was approaching the meeting with a determination to settle the question and did not wish, at this stage, to reveal what action we might take if the negotiations were to fail. We had some latitude, since the Community Budget was on a calendar year basis and we were looking for relief on public expenditure during our financial year 1980-81.

In discussion it was argued that it was not to be wondered at that our Community partners seemed unlikely to come far enough to meet our needs at Dublin: the Community moved slowly on such matters, and we had come a long way since the previous European Council in Strasbourg in June when other member states had not been ready to accept even that we had a case. We were now likely to be offered a reduction of £300-£400 million, and possibly more. That was not enough, and we should just have to keep plugging away for longer. The Common Agricultural Policy was in such a mess that some improvement was bound to follow. It would be important not to play the hand in such a way as to make the Conservative Party appear to be anti-European. On the other hand the present situation was indefensible, and it was vital not only for the EEC but in domestic

political terms for the Government to stand firm on the Budget. Because vital political and economic interests of some of the Community partners were at stake in the Common Agricultural Policy (CAP), it would be even more difficult to secure adequate changes in the CAP than to get relief on the United Kingdom's net budgetary contribution. But the Commission's latest proposals for reducing agricultural surpluses would hit our own farmers disproportionately, and would have to be resisted.

On the public presentation it was suggested that the two parts of our Budget problem should be distinguished. We could reasonably hope to secure changes which would deal with our excessive contribution although it would no doubt be conditional on an overall settlement, we should be able to welcome this as a first step. We should then be left dealing only with the admittedly larger problem of our inadequate receipts from the Community Budget.

THE PRIME MINISTER, summing up the discussion, said the Cabinet agreed that, unless we were offered something very close to what we had asked for, she should not settle in Dublin. We had a strong case based on the moral commitment which the Community had made in 1970 that if an unacceptable situation of this kind occurred the very survival of the Community would demand that the institutions should find equitable solutions. There could be no doubt that the Community would face a crisis, which our partners would welcome no more than we should, if this problem were not speedily resolved.

The Cabinet -

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

THE CHANCELLOR OF THE EXCHEQUER said that, on the advice of the German Government and in order not to create difficulties with the French in advance of the Dublin meeting, we had recently voted in the Council of Ministers (Budget) against amendments proposed by the European Parliament to the 1980 Community Budget, the effect of which would have been to reduce provision for expenditure on milk surpluses under the CAP. This had upset United Kingdom Members of the European Parliament (MEP's) who had been instrumental in getting the European Parliament to attack the high cost of agricultural surpluses. The reasons for the Government's action would need to be carefully explained to Conservative MEPs. In general, it was important for the Government to keep in close touch with its supporters in the European Parliament.

The Cabinet -

2. Took note.

INDUSTRIAL
AFFAIRS

4. The Cabinet briefly discussed the current industrial situation. Among the points made were:-

a. Events were now moving favourably in British Leyland (BL) following the sacking of Mr Robinson. The major trades unions concerned had pulled back from official strike action, and a great deal of credit was due to certain senior union officials who had worked hard to contain the situation. The Company still faced difficult wage negotiations and the militants were trying to present the Company's affairs as a battle between the Government and the unions. It would be important for Government Ministers to refrain from public comments about the Company which might play into the militants' hands.

b. The reverberations of the resignation of the Board of the National Enterprise Board (NEB) were dying away. While the situation was still sensitive, the reaction of trades union leaders was not as hostile as might have been expected. As with BL it would be important to avoid acts or statements which might be misconstrued and inflame a delicate situation. It might for example be sensible to defer an announcement about worker-directors in the Post Office for the time being.

c. It was thought likely that the mineworkers' ballot would result in overwhelming support for the line being adopted by the Executive of the National Union of Mineworkers (NUM) in wage negotiations with the National Coal Board (NCB). The Secretary of State for Energy had discussed the situation with the Chairman of the NCB on the previous day and would be reporting the outcome to those colleagues most closely concerned. The Ministerial Committee on Economic Strategy would be discussing the situation at its meeting on the following Tuesday.

d. The situation at the Charing Cross Hospital was much improved, and substantial quantities of oil had been delivered to the hospital in the previous 24 hours. The action taken against the strikers by the doctors and nurses of the hospital had been most effective. A point to be noted for future reference was that the strike had revealed the importance to this hospital, and no doubt to other consumers, of specialised tankers able to carry the heated oil required by its furnaces. The Ministry of Defence did not possess tankers of this type.

The Cabinet -

Took note.

Cabinet Office

28 November 1979