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Conclusions

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CABINET

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

THURSDAY 4 DECEMBER 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 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
Deputy President of the Council

The Rt Hon James Prior MP
Secretary of State for Employment

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 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

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 2 - 5)
Mr R L Wade-Gery (Items 2 - 5)
Mr W N Hyde (Item 1)
Mr L J Harris (Item 1)

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PARLIAMENTARY
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Security
(Contributions)

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. The Social Security (Contributions) Bill would have its Second Reading on Monday, 8 December and Thursday, 11 December had been set aside for its remaining stages. It was evident from the attitude of the Opposition that even with the expected all-night sitting there was no likelihood of completing the Commons consideration of the Bill that day. If the Opposition were prepared to agree that the remaining stages could be completed with a further half day's debate, time could be set aside on Monday 15 December for this purpose; but if, as seemed more likely, they continued to withhold their co-operation, a timetable Motion would be moved on that day. The administrative timetable for introducing the changes in employees' national insurance contributions meant that the Bill would have to have First Reading in the House of Lords before Christmas, and receive Royal Assent by the end of January.

The Cabinet -

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2. THE FOREIGN AND COMMONWEALTH SECRETARY said that prospects in Poland remained uncertain and disquieting. The position of the Polish leader, Mr Kania, seemed to have been strengthened by the dismissal from the Politburo of a number of his predecessor's associates; but the appointment of the hard-line General Moczar was a worrying development. Unless the workers in the Solidarity movement moderated their demands, it seemed inevitable that there would be some kind of show-down with the Polish Government, who were so far continuing to give way on almost all points. Military moves by the Soviet Union had enhanced its capacity to intervene, but it was not clear whether these moves reflected the imminence of intervention, a wish to be ready to move at short notice if need be (but no decision to do so), or merely a desire to influence Polish attitudes. Nor was it clear what form a show-down might take. The Polish Government might try to use the Polish Army, and if this failed invoke Soviet military help; or the Russians might take their own military steps and replace Mr Kania. The Western response would vary with the circumstances, but, if the Russians intervened militarily without having been invited in, detente would clearly be at an end; the Conference on Security and Co-operation in Europe would collapse; pressures on the European allies in the North Atlantic Treaty Organisation to increase their defence effort would be intensified; and the abandonment of arms limitation negotiations would lead to a major arms race, in which the United States would no doubt in the end have the

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advantage but at great cost to all concerned, including Britain. There would also be economic sanctions; but it was unlikely that there would be Western agreement in advance on what these would involve.

In the course of a brief discussion emphasis was laid on the need for contingency planning in relation to economic sanctions. Ineffective sanctions would be disastrous. Britain would wish to support sanctions but not to become more exposed than her partners. The effect of past sanctions, eg the grain embargo, should not be underestimated. But some Western European countries would be hampered by their dependence on Soviet energy supplies. Britain too would be vulnerable to Soviet retaliation eg over supplies of key raw materials. The Secretary of State for Trade would arrange for a factual review of what main items might be involved.

East

THE FOREIGN AND COMMONWEALTH SECRETARY said that the war between Iraq and Iran remained deadlocked, although there were rumours of an impending Iranian counter-attack. Meanwhile the prospect of a Syrian attack on Jordan, which had seemed imminent, had now receded; but Syria's motives for provoking the crisis remained uncertain.

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THE FOREIGN AND COMMONWEALTH SECRETARY said that the Government had now announced their intention of bringing Belize to early independence and of convening a constitutional conference in the near future. The Guatemalans' reaction had so far been encouragingly mild. Negotiations with them would be continued in January. They appeared genuinely to want an agreed settlement, but it remained to be seen whether an acceptable basis for this could be found.

and Islands

THE FOREIGN AND COMMONWEALTH SECRETARY said that, while there was no legitimacy in Argentina's claim to the Falkland Islands, her stranglehold over their communications and supply routes was having a blighting effect on their prospects. The Minister of State, Foreign and Commonwealth Office, Mr Ridley, had therefore discussed with the Islanders various possible bases for a settlement which would enable the blight to be removed, including the idea of sovereignty being ceded in return for long-term leaseback. He had found a vociferous minority against any settlement and another in favour of one, while the majority were still undecided. The considered reactions of the Islanders' leaders were now awaited.

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If these proved to favour a settlement, arrangements would be made to explore without haste the possibility of negotiating one. If they proved unfavourable, it would be necessary to consider what other ways could be found of keeping the Argentines in play.

In the course of a short discussion it was noted that this was a highly emotive issue for parliamentary and public opinion in Britain, where the Islanders' hostility to Mr Ridley's approach seemed to have been exaggerated. It would be tragic if the Islands' chances of escaping from economic blight were to be diminished by the attitude of their champions at Westminster.

The Cabinet -

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agricultural prices. There were indications that President Giscard now had even more ambitious ideas for increases in agricultural prices next year than had previously been expressed. On the other hand, they might be seeking to link the question with the restructuring of the Community Budget or to delay it until after the French Presidential elections. It would be intolerable if there was any interruption to New Zealand's access to our market, given the previous commitments and the fact that New Zealand's position had such widespread support from other member states and the Commission.

by Council

THE SECRETARY OF STATE FOR ENERGY said that at the Council of Ministers (Energy) on 27 November it had eventually been possible to reach a common Community position on arrangements to deal with the present oil supply situation by running down and redistributing stocks, provided that the Americans and the Japanese were willing to do likewise. There were signs that the United States would be able to secure the co-operation of the American oil companies, thus ensuring wider agreement at the forthcoming meeting of the International Energy Agency.

al Care for
Self-Employed

THE SECRETARY OF STATE FOR SOCIAL SERVICES reported that, at the recent meeting of the Council of Ministers (Social Affairs), agreement had been reached on the extension of reciprocal social security benefits so that the self-employed would be able to carry their rights to medical care with them when they travelled within the Community.

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NORTHERN
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4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the hunger strike in the Maze Prison was now in its sixth week. The strikers were losing weight, but were in good health; they had been moved with their agreement into the prison hospital where it was easier to deal with them. The strike was getting less support from outside than the organisers had hoped. The level of public response had not increased and the size of marches had not grown. Seven Roman Catholic bishops led by the Cardinal Archbishop of Armagh had put out a helpful statement on 28 November, condemning the strike and urging the strikers to call it off. All but one of the leaders of the political parties in Northern Ireland had come out against the strike; the Government would be putting out a statement that afternoon giving a comprehensive account of the conditions already available to the prisoners as part of the normal regime, and it was hoped that on the basis of that statement Mr John Hume would also declare himself against the strike. The police were handling the marches and other demonstrations sensibly and sensitively, and it had not been necessary to call out the Army.

THE HOME SECRETARY said that it had to be assumed that the car bombs in Hammersmith on 2 December were the responsibility of the Provisional Irish Republican Army (PIRA). Though no evidence was available about the attempt on the life of Mr Christopher Tugendhat in Brussels, it was known that there were Irish sympathisers and an Irish colony there, and this attack seemed likely also to be the responsibility of the PIRA or one of the other Republican movements. It had been expected that the PIRA might resort to a campaign of heightened violence, not only in Northern Ireland but also on the mainland, in support of the hunger strike in the Maze Prison, and it looked as if they had succeeded in getting an active cell into London. He would be proposing the appropriate precautions in Government Departments and other Government buildings.

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5. THE HOME SECRETARY said that negotiators representing the local authorities and the Fire Brigades Union (FBU) had reached agreement, subject to ratification at a delegate conference of the FBU, on a settlement which gave the firemen increases of pay of 13 per cent with effect from 7 November 1980 and a further 5.8 per cent in April 1981. The local authorities had sought to make the settlement conditional on agreement upon (or at least agreement to discuss) reductions of manpower. The FBU had been unwilling to accept any conditions; the employers had therefore put out their own statement of objectives, and the FBU had put out another statement disagreeing with those objectives. It was helpful that the Trades Union Congress had said publicly there should be no knock-on effect from this settlement, though no doubt that would not prevent the unions representing local authority manual workers and others from praying the increase in firemen's pay in aid of their own claims. He expected that the FBU delegate conference would ratify the agreement, but the "Green Goddesses" and other precautions against the possibility of industrial action would be kept in a state of appropriate readiness in case of an adverse decision by the delegate conference. He had made it clear that reductions of fire cover in consequences of reductions in manpower required his approval; he would of course consider any proposals which were put to him. In the last 18 months only 19 fire authorities had applied for approval for a reduction of cover; he had given his approval in every case but one.

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THE HOME SECRETARY said that representatives of the Home Office and of the Prison Officers Association (POA) were meeting on that day to consider proposals for a new duty system in the prison service. The proposals would provide for a shorter working week with no change in basic pay, and no meal break payments. The Chairman and other officials of the POA wanted to settle the dispute on the basis of these proposals, but the Executive Committee was thought to be sharply divided. If the proposals were accepted by the negotiators and the Executive, they would be put to a delegate conference of the POA on 15 and 16 December; that was likely only to recommend a truce in the industrial action for a month, and to postpone a decision on the proposals until a further delegate conference in January. If the proposals were then accepted, it was to be hoped that they would constitute the basis on which more effective management of the prison service could be re-established. He would be seeking approval of Parliament for the renewal of the emergency powers before Christmas; by these and other means he hoped to keep up pressure on the POA to reach agreement on the basis of the current proposals.

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THE SECRETARY OF STATE FOR SCOTLAND said that the Prison Officers Association in Scotland was not involved in the dispute about meal break payments which was going on in England and Wales, but there were some signs of unrest in the Scottish service. The Prison Officers Association in Scotland was conducting a ballot on the question of whether to take industrial action on the pay offer of 6 per cent, and there was some working to rule in one or two establishments where not enough overtime was being worked to maintain earnings at what was regarded as an acceptable level.

The Cabinet -

Took note.

Cabinet Office

4 December 1980