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CABINET

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

THURSDAY 10 MAY 1984

at 10.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Lord Hailsham
Lord Chancellor

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

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

The Rt Hon Peter Walker MP
Secretary of State for Energy

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon John Biffen MP
Lord Privy Seal

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

The Rt Hon Tom King MP
Secretary of State for Employment

The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

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SECRETARIAT

Sir Robert Armstrong
 Mr P L Gregson (Item 5)
 Mr A D S Goodall (Items 2-4)
 Mr D F Williamson (Items 2-4)
 Mr M S Buckley (Item 5)
 Mr C J S Brearley (Item 1)
 Mr R Watson (Item 1)

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

THE FOREIGN AND COMMONWEALTH SECRETARY said that the public statement about the future of Hong Kong issued by the Unofficial Members of the Hong Kong Legislative and Executive Councils on the eve of their forthcoming visit to London was likely to have an unhelpful impact on the negotiations with the Chinese. The latter had already reacted severely on being warned by Her Majesty's Ambassador at Peking that the statement was being made, and that neither the British nor the Hong Kong Governments carried any responsibility for it. The concerns expressed in the statement were understandable and needed careful consideration, but it was unfortunate that the Members of the Executive Council who had been working closely with the Government on the conduct of the negotiations with the Chinese were also parties to it. It could, however, be pointed out to the Chinese that over-reaction on their part to an unofficial statement of this kind would cast doubt on the sincerity of their commitment to a continued right of free speech in Hong Kong after 1997. A principal, and understandable, concern of the people of Hong Kong was to secure nationality arrangements after 1997 which would not only protect their right to travel freely to and from Hong Kong with British Consular protection in third countries (on which the British Government was seeking to reach agreement with the Chinese), but also give them a right of abode other than in Hong Kong.

THE FOREIGN AND COMMONWEALTH SECRETARY said that several people had been killed in heavy firing which had taken place in Tripoli on 8 May. The National Front for the Salvation of Libya (NFSL) based in the United Kingdom, had subsequently claimed responsibility for the incident, and the Libyan authorities had blamed a group of terrorists trained in Britain and the Sudan. The Foreign and Commonwealth Office had made it clear that there was no truth in any allegations of British involvement. There were some indications that the shooting had been a premeditated attack by Libyan security forces designed to show domestic opinion that there were enemies within Libya which justified the break with Britain. Tripoli now appeared to be calm and there were no reports of difficulty for British residents, despite the threat reported in the Libyan journal "Green March" of violent reprisals against British residents in Libya for the detention of the five Libyans held in the United Kingdom on charges arising from bombing incidents here on 10 and 11 March. The threat was probably intended as a means of pressure for an exchange of prisoners, which the Government had consistently refused. There had been no progress in securing the release of the two British detainees in Libya, Mr Ledingham of British Caledonian Airways and Mr Campbell of Intairdrill: despite the reluctance of some of British

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Caledonian's cabin staff to fly to Tripoli, the company was maintaining its scheduled service, discontinuance of which at Government behest could be interpreted by the Libyans as provocative. He was in close touch with the Chairman of British Caledonian who was proposing to write a personal letter to the Libyan President, Colonel Qadhafi, seeking Mr Ledingham's release. Interdepartmental consideration was being given to the wider question of how best to protect the 8,000 British residents in Libya and British commercial interests there. Evacuation plans were also being reviewed in consultation with the Italians. An unopposed evacuation operation could be mounted with relative ease; but, given the Libyans' military capability, an opposed evacuation could be achieved only at the risk of general war. With the exception of Syria, other Arab Governments shared the United Kingdom's dislike of Colonel Qadhafi's regime in Libya, but were reluctant to expose themselves to the risk of becoming targets of Libyan state terrorism or to support any form of military action against Libya. On balance he believed that the aim should be to encourage a gentle but steady diminution in the size of the British community in Libya but not to seek to achieve a rapid and complete withdrawal which could invite Libyan counter-measures. It was also necessary to review the position of Libyan and other foreign dissidents in the United Kingdom whose presence and activities here could lead to reprisals against British residents overseas. In the case of Libya this risk had been exacerbated by NFSL's claiming responsibility for the shooting incident in Tripoli on 8 May. Any administrative action which could properly be taken by the police to discourage dissident violence or claims of violence would be welcome, but legislation would be difficult and, in considering deportation, great care had to be taken not to infringe the principle of political asylum. In consultation with the Home Secretary and the Secretary of State for Defence, he would be convening a small Ministerial group to examine urgently the various measures which might need to be taken in relation to Libya over the next few weeks.

THE FOREIGN AND COMMONWEALTH SECRETARY said that discussions were continuing with the Swiss about the arrangements for informal talks in Berne between the British and Argentine Ambassadors there about future relations between the United Kingdom and Argentina.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in Cyprus was increasingly worrying and unpredictable. The United Nations Security Council debate continued, but the Secretary-General's attempt to get the five Permanent Members of the Security Council to make a joint demarche to the parties to the dispute had failed. The President of the United States' recent proposal to Congress for a \$250 million "peace and reconstruction fund for Cyprus", to be drawn on only when a solution acceptable to both parties was within sight, was helpful; and the outgoing Secretary-General of the North Atlantic Treaty Organisation, Dr Luns, had agreed to express Western concerns to the Turks.

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THE FOREIGN AND COMMONWEALTH SECRETARY said that there had been no new developments in the Iran/Iraq war. The continued delay in the expected Iranian offensive was puzzling. There was no indication of any significant opposition to it within Iran: flooding of strategic areas by Iraq was a more probable explanation. Other European Community countries had joined the United Kingdom in taking action to prevent the export to Iran and Iraq of chemicals which could be used in the manufacture of chemical weapons.

THE FOREIGN AND COMMONWEALTH SECRETARY said that negotiations continued with the French Government to maintain arrangements for "no passport excursions" from the United Kingdom to France, and the British Government had offered the French a number of concessions. The French concern, although they had not admitted it, appeared to be with illegal immigration; and they were insisting on a travel document which would authenticate the nationality of the holder. There was still some possibility of achieving a compromise solution, although the French Foreign Minister, Monsieur Cheysson, had not so far proved helpful.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Deputy Under Secretary of State, Foreign and Commonwealth Office, Sir John Leahy, was proceeding to Angola to secure the return of the hostages held by the Union for the Total Independence of Angola (UNITA). It was hoped that he would arrive at the UNITA base on 12 May and that the hostages would be released on 13 May. They should arrive in London on 15 May. If all went according to plan, a statement might be made in the House of Commons on 14 May.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the decision by the Soviet National Olympic Committee not to participate in the forthcoming Olympic Games at Los Angeles in July was symptomatic of continuing tension in relations between the Soviet Union and the United States. One element in the Soviet decision might have been fear of defections by Soviet athletes. Despite public expressions of regret by Western Governments, including the British Government, the Soviet Union seemed unlikely to reconsider its decision.

The Cabinet -

1. Took note.

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THE FOREIGN AND COMMONWEALTH SECRETARY drew attention to press reports of hooliganism by British football supporters in Brussels in the course of which one British supporter had been killed and another injured.

THE PRIME MINISTER, summing up a short discussion, said that recurrent hooliganism by British football supporters abroad was a slur on the good name of the United Kingdom. Although some measures had been taken to combat it, these were plainly insufficient and more determined action was required.

The Cabinet -

2. Invited the Secretary of State for the Environment, in consultation with the Home Secretary and the Secretary of State for Transport, to enter into discussions with the Football Association with a view to reaching agreement on measures to control football hooliganism both overseas and at home.

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3. THE PRIME MINISTER said that she had met the French President, Monsieur Mitterrand, on 4 May. She believed that he would like to see the outstanding question on the reform of the Community's financing settled before the end of June when the French Presidency of the Council of Ministers ended. For the present, however, he was taking no immediate initiative. It had to be borne in mind that the European Parliamentary election was being seen in France, in particular, as a test of the French Government's political popularity. The United Kingdom's position on the outstanding question under negotiation was that a further small move could be contemplated, provided that it clinched the whole settlement.

THE FOREIGN AND COMMONWEALTH SECRETARY reported that he would be holding further discussions with the President of the Commission, Monsieur Thorn, on 13 May and with the French Minister responsible for European affairs, Monsieur Dumas, on 14 May, but that he was not in favour of substantive discussion in the Council of Ministers (Foreign Affairs) on 14-15 May, which could be counter-productive. In discussion it was pointed out that another French Minister had made clear in informal contacts that the most likely period for a settlement was between the end of the European Parliamentary election in France and the end of the French Presidency on 30 June: this pointed to the meeting of the European Council at Fontainebleau on 25-26 June.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that, at the Council of Ministers (Agriculture) on 7 May the Republic of Ireland had continued to hold out against the five-year arrangement for the import of butter from New Zealand. Some member states had suggested a three-year arrangement. The United Kingdom stood by a five-year period, as proposed by the Commission. In view of the opposition of the Republic of Ireland, the Council of Ministers had agreed to a rollover for two months. The Council of Ministers had also discussed the Commission's proposals for a revised programme of aid for improving agricultural structure. In the United Kingdom's view this proposal was too lavish and would involve the expenditure of large sums of money which the Community did not have available. There had also been a discussion on wine, since the 1984 budget provision had already been fully spent. It appeared that the Italians had misreported the quantity produced, but the Commission had stood out against new action until this situation had been cleared up.

In discussion it was pointed out that there would be continuing political repercussions from the discontent among United Kingdom farmers. The Cabinet was firmly behind the Minister of Agriculture, Fisheries and Food in the difficult task of correcting the situation where surpluses could not be sustained. It would be very helpful, however, if all the detailed arrangements for the milk quota/superlevy scheme could be made available quickly, as uncertainty added to rural unrest. Farmers were feeling beleaguered but would probably gain wider sympathy as the effect of agricultural restraint began to be felt more widely.

in rural communities and in the industries supplying or linked with agriculture. There were genuine problems in the milk sector, but grain producers and other farmers were also now becoming worried, partly as a result of certain statements by the Commission. During this period it was important that other actions which might potentially have an adverse effect on the rural areas should be closely scrutinised and also that the banks should be encouraged not to take a short-term view of the prospects for agricultural enterprises. In reply it was pointed out that the Community rules on the treatment of hard cases under the milk quota/superlevy scheme were now available and secondary legislation was being prepared. In relation to direct sales of milk the United Kingdom was not satisfied but was already in contact with the Commission about the figures. On the question of unused quotas there were good arguments for redistributing these to small farmers who might by this means be able to have their quotas brought up to the level of their best production year.

The Cabinet -

Took note.

4. THE CHANCELLOR OF THE EXCHEQUER said that the previous day's increases in the United Kingdom banks' Base Lending Rates would not in his view impede economic recovery, particularly in the light of high corporate liquidity. A significant cause of the increase was the rising level of interest rates in the United States.

The Cabinet -

Took note.

5. THE SECRETARY OF STATE FOR ENERGY reported to the Cabinet on the latest position in the coal industry dispute. The Cabinet's discussion is recorded separately.

THE HOME SECRETARY said that, with the agreement of his colleagues, he had already made it known that the Government would consider sympathetically and generously what additional help might be given by central Government to local authorities towards meeting the costs of extra policing during the current financial year due to the coal industry dispute. He had, however, said that the Government could not yet decide on the extent of that help. This inevitably left some uncertainty, which was worrying to both Chief Constables and to police authorities (some of whom were seeking to embarrass the Government politically over the issues). It was essential to remove the uncertainty without delay by announcing the extent of Government help. Otherwise there would be cuts in police budgets in the areas most affected which would result in wholly unacceptable reductions in the standard of policing. He had circulated full details of his proposals to the Ministers concerned. Additional expenditure up to the product of a penny rate would qualify for police grant of 50 per cent in the usual way. Above that figure, there should be a special payment of 40 per cent in addition to police grant. It was possible that some police authorities might eventually need some additional lump sum payment; but he did not seek a decision on this possibility yet. A further question was the basis of compensation paid by one police authority for mutual aid from another. This was, in the first instance, a matter for agreement between the authorities concerned. But the additional payments from central Government which he had proposed should take account of any payments that a police authority receiving mutual aid might agree to make in recognition of the additional overtime being worked in the police areas of those forces supplying mutual aid, but not of any payments in respect of the basic costs of the men and vehicles involved. It was important that the Secretary of State for the Environment should make a simultaneous announcement to the effect that the Government would exempt from holdback of block grant the additional part of any local authority's expenditure in 1984-85 which arose from the policing of the miners' industrial action. Both statements should be made the following day by written Parliamentary Answer.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet broadly agreed with the Home Secretary's proposals. He should, however, discuss urgently with the Secretary of State for the Environment and the Chief Secretary, Treasury the details of the proposed exemption from holdback in order to ensure that it covered only additional expenditure which was genuinely due to the policing of the miners' industrial action.

The Cabinet -

1. Invited the Secretary of State for the Environment to agree with the Home Secretary and the Chief Secretary, Treasury the details of the proposed exemption from holdback of block grant in 1984-85.

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2. Invited the Home Secretary and the Secretary of State for the Environment to announce the following day by written Parliamentary Answers the Government's decisions regarding the financing of additional costs due to the policing of the coal miners' industrial action.

Cabinet Office

10 May 1984

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Mr Robert Armstrong (Ground Volume)

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CABINET

LIMITED CIRCULATION ANNEX

CC(84) 18th Conclusions, Minute 5

Thursday 10 May 1984 at 10.00 am

THE SECRETARY OF STATE FOR ENERGY said that in the preceding week over 600,000 tonnes of coal had been produced and moved. Deliveries of coal to industry had run at 85 per cent of normal; and coal stocks at power stations had fallen by only about 250,000 tonnes. Lorries had delivered adequate amounts of coal the previous day to the steel works at Ravenscraig. The President of the National Union of Mineworkers (NUM), Mr Scargill, was being driven by his lack of success to encourage increasing resort to violence and intimidation. Significant numbers of miners wished to return to work, but until they were in a clear majority it would be hard for them to organise a return in the face of the threats that this would inevitably produce.

The Daily Express had printed an article critical of Mr Scargill. The Society of Graphical and Allied Trades (SOGAT) had demanded equal space for a reply by themselves. The Editor of the Daily Express had been willing to offer Mr Scargill the right of reply, but not to concede it to SOGAT. The proprietor of the newspaper had reversed this decision under pressure from the union. It was understood that SOGAT had adopted a policy of demanding equal space for reply to any criticism of the leadership of the NUM, and of preventing the production of any newspaper which refused.

THE HOME SECRETARY said that reports from the police confirmed that there was increasing resort to violence and intimidation. Much of the violence was directed against the police. The police were bringing prosecutions whenever sufficient evidence was available; but it was difficult to obtain satisfactory evidence of intimidation. Besides a vigorous policy of bringing prosecutions whenever possible, the police would welcome maximum publicity for acts of violence by pickets and others: public opinion would be outraged by these acts. No doubt it was partly to prevent such publicity that SOGAT had adopted the policy described by the Secretary of State for Energy.

In discussion, the following main points were made -

- a. The tactics of the NUM suggested that it might be right to encourage employers, including the National Coal Board, to make use of the remedies provided by the civil law, in particular

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against unlawful picketing. Against this, it was argued that it might rally opinion among coal miners behind the leadership of the NUM and induce other trade unions to give more co-operation to the NUM than they had so far provided.

b. The main problem was violence and intimidation. These were matters for the criminal not the civil law. It was unacceptable that trade union leaders should seek to dictate to either their members or the community by such means. It was for consideration whether any stronger measures could be taken to enforce the relevant criminal law. The Government should proceed with caution. Its tactics so far had been successful: indeed, that success was the main reason for the apparent change in Mr Scargill's tactics. They should not be changed without careful consideration.

THE PRIME MINISTER said that the increasing incidence of violence and intimidation by pickets and others was a matter of grave concern. It was an essential responsibility of Government to maintain law and order. The Cabinet recognised the need to proceed with caution and not to change without good reason tactics which had so far worked well. She would arrange for the issues to be considered further by the group of Ministers, under her chairmanship, which kept the coal industry dispute under review.

The Cabinet -

Took note.

Cabinet Office

11 May 1984