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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 29 JANUARY 1987
at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Viscount Whitelaw
Lord President of the Council

The Rt Hon Lord Hailsham of St Marylebone
Lord Chancellor

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

The Rt Hon Douglas Hurd MP
Secretary of State for the Home Department

The Rt Hon George Younger MP
Secretary of State for Defence

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon John Biffen MP
Lord Privy Seal

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

The Rt Hon Norman Tebbit MP
Chancellor of the Duchy of Lancaster

The Rt Hon Tom King MP
Secretary of State for Northern Ireland

The Rt Hon Michael Jopling MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment

The Rt Hon Lord Young of Graffham
Secretary of State for Employment

The Rt Hon Kenneth Baker MP
Secretary of State for Education and Science

The Rt Hon Kenneth Clarke QC MP
Paymaster General

The Rt Hon John MacGregor MP
Chief Secretary, Treasury

The Rt Hon Malcolm Rifkind MP
Secretary of State for Scotland

The Rt Hon Paul Channon MP
Secretary of State for Trade and Industry

The Rt Hon John Moore MP
Secretary of State for Transport

ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary Treasury

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SECRETARIAT

Sir Robert Armstrong
Mr D F Williamson (Items 3 and 4)
Mr C L G Mallaby (Items 3 and 4)
Mr A J Langdon (Items 1, 2 and 5)
Mr M W Townley (Item 5)
Mr M J Eland (Items 1 and 2)

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The Cabinet sent the Secretary of State for Energy their best wishes for a quick recovery from the illness which prevented his attendance.

PARLIAMENTARY
AFFAIRS

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

Human Rights
Bill

THE HOME SECRETARY drew attention to the difficult handling problems that were likely to arise on the Human Rights Bill introduced by Sir Edward Gardner MP, which was first order for consideration during Private Members' business on Friday 6 February. The Bill sought to incorporate the provisions of the European Convention on Human Rights into United Kingdom statute law and thus enable questions of compliance with the Convention to be brought before the United Kingdom courts. The Government had considered this matter on several occasions and each time had decided against incorporation. He saw no reason to change that view on this occasion, but the measure had supporters on both sides of the House of Commons and strong backing in the House of Lords. There was a risk that this support would grow unless the Bill could be stopped from making progress at an early stage.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet noted that the Bill was likely to give rise to difficult problems of handling. They endorsed the view reached by the Legislation Committee on the previous day that it would not be appropriate to use the votes of Ministers to attempt to defeat this Private Members' Bill sponsored by a senior Government backbencher and supported by a number of others amongst the Government's supporters. The better tactic would be to try to arrange for the Bill to be talked out at Second Reading. Failing that, the Bill might run out of time at a later stage, though a Committee Stage could be difficult to handle, and attract increasing support for the Bill.

The Cabinet -

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

House of Lords
Debate on the
Inner Cities

THE LORD PRESIDENT OF THE COUNCIL said that a debate on the inner cities in the House of Lords in the following week was likely to attract a certain amount of media attention. The debate would be on a motion in the name of Lord Scarman. The Secretary of State for Employment would lead for the Government.

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The Cabinet -

2. Took note.

HOME AFFAIRS

Report by
the Audit
Commission:
The Management
of Local
Authorities:
Preventing the
Breakdown of
Services

Previous

Reference:

CC(86) 41.2

2. THE SECRETARY OF STATE FOR THE ENVIRONMENT said that a report of the Audit Commission published that day painted an extremely damning picture of the state of eight local authorities in London, all under Labour Party control. These authorities had expenditure commitments around £400 million in excess of their resources - a gap of some 30-40 per cent. The report compared the activities of these local authorities with two other groups - one consisting of eight other London local authorities under a variety of political control and the second consisting of a group of local authorities elsewhere in the country with similar resources and problems. By contrast with both groups the original eight authorities were shown to have been markedly inefficient. All in all the report contained compelling evidence to back earlier Government criticisms of the performance of certain types of local authorities. The report also contained some criticism of the present systems of rate support grant and local government capital controls: the response to this would clearly be that the Government was committed to radical reform of both systems. The Government would now need to consider the steps that might need to be taken to remedy the situation revealed in the report, and a meeting of the Ministerial Group on Local Authority Contingencies had been arranged to carry that consideration forward.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Lebanon

Previous

Reference

CC(87) 1.3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that Lambeth Palace had made a generally reassuring statement the previous evening about the safety of the Archbishop of Canterbury's Special Representative, Mr Terry Waite, who had been out of sight in Lebanon for some days. The Government did not play any direct role in Mr Waite's attempts to secure the release of hostages in Lebanon, since Mr Waite's chances of success depended on his role being independent of government. The reasonably reassuring note in the statement by Lambeth Palace was on the whole convincing, though the evidence on which it was based was indirect and slender. At the same time, the Government were seeking information about Mr Waite's position from all possible quarters. In particular, Her Majesty's Ambassador in Lebanon, Mr John Gray, had very good contacts in that country. The Government should continue to comment as little as possible on Mr Waite's plight; official comment could increase the risk that Mr Waite would be held hostage by those with whom he was in contact.

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Since April 1986, the Government had been advising British citizens to leave West Beirut. The number of British citizens in West Beirut now stood at 27. That advice had been repeated in recent days by the British Embassy. There might be a case for addressing this advice to British citizens everywhere in Lebanon, who hitherto had received less far reaching advice. On balance it was preferable not to do this at present, since it could contribute to a growing sense of crisis. There was a possibility that the Government of the Federal Republic of Germany might consider a deal involving the release of two German businessmen held hostage in Beirut in return for the discharge to two Arabs from prison in the Federal Republic. Against the background of the common position of the member countries of the European Community that there should be no deals with terrorists, the Government had sought to stiffen the resolve of the German Government.

In discussion, it was noted that one reason for optimism about Mr Waite's position was that the Arab groups who had accepted responsibility for his safety would suffer a severe loss of face if he came to harm. Mr Waite and his dedicated efforts to secure the release of hostages were much respected in Britain and he was a popular figure with the public; but the media were beginning now to question the wisdom of his visits to the most dangerous areas in Lebanon. It might also be asked whether the additional attention which his visits focussed on the question of hostages might cause more hostages to be seized. These were questions on which the Government should take no public position at the present time.

The
Philippines

Previous
Reference:
CC(86) 39.2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Government of President Corazon Aquino in the Philippines seemed to be making some progress in dealing with the military revolt which had begun on 27 January. There would be a referendum on 2 February on the new constitution. It was likely that a majority would vote for the constitution. But the difficulties faced by the Government on both left and right in Filipino politics were great and the position would remain hazardous. The Government should continue to support President Aquino.

Federal
Republic of
Germany

Previous
Reference:
CC(86) 31.1

THE FOREIGN AND COMMONWEALTH SECRETARY said that the general election in the Federal Republic of Germany on 25 January had been won by the centre right coalition of the Christian Democratic Union/Christian Social Union (CDU/CSU) and the Free Democratic Party (FDP). This success for the Federal Chancellor, Dr Helmut Kohl, had been accompanied by a disappointing result for his own party, the CDU/CSU, whose share of the vote had fallen by 4½ per cent, the party's worst result since 1949. The election was unlikely greatly to affect the course of the German Government's policies, but the influence in the coalition government of

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the leader of the CSU, Dr Franz-Josef Strauss, might diminish and that of the FDP, whose share of the vote had increased by 2 per cent, might be enhanced.

Iran/Iraq War

Previous
Reference:
CC(87) 1.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the expectation that Iran might be on the verge of a military break-through in the war with Iraq had diminished. But a serious break in Iraqi morale could still allow Iran a success in the sector of the front near Basra. The war was likely to continue. If Iran achieved a substantial success on the ground and there was a break in Iraqi morale, the Iraqi President, Mr Saddam Hussain, might fall: that was the Iranian objective. Meanwhile, there was an increase in international consideration of moves for a settlement. The current meeting of the Islamic Council, which Iran had not been able to prevent, was providing a forum for a number of interested countries to discuss the war. The United Nations Secretary General, Senor Perez de Cuellar, was in the area. The Foreign Ministers of the member countries of the European Community were again discussing the possibility of a total arms embargo.

The Cabinet -

1. Took note.

Soviet Union

THE FOREIGN AND COMMONWEALTH SECRETARY said that it was too soon to make a full appraisal of the major speech by the General Secretary of the Communist Party of the Soviet Union, Mr Mikhail Gorbachev, at a plenary meeting of the Party's Central Committee on 27 January. It was possible that Mr Gorbachev had not secured from the plenary meeting all the changes he had wanted in the Soviet leadership. In particular, the veteran Party leader in the Ukraine, Mr Vladimir Shcherbitsky, retained his membership of the Politburo. Although Mr Gorbachev had clearly become a powerful leader, there appeared still to be limits on what he could do. His speech, on first reading, appeared to be long on analysis of what was wrong in the Soviet Union but less specific on what should be done to correct the weaknesses. Mr Gorbachev was energetic and restless but might not yet be clear about the remedies to propose.

In discussion, it was agreed that the actions that followed Mr Gorbachev's speech would be more important than the speech itself. At the same time, it was noted that the very suggestion of the limited use of the secret ballot to elect party officials was of significance in the context of the authoritarian Soviet system. For the time being, the Government should adopt in public a sceptical "wait and see" position about Mr Gorbachev's suggestions, avoiding any implication that these could be taken at face value.

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The Cabinet -

2. Invited the Foreign and Commonwealth Secretary to circulate an analysis of Mr Gorbachev's speech and the meeting of the Central Committee of the Communist Party of the Soviet Union, once these had been fully studied.

COMMUNITY
AFFAIRS

Settlement of
Trade Dispute
with the
United States

Previous
Reference:
CC(87) 1.4

4. THE FOREIGN AND COMMONWEALTH SECRETARY reported that the European Community and the United States had reached agreement that morning on a settlement of the dispute over the possible effects of the enlargement of the Community on United States' exports, particularly of maize. The Community would open a quota with a reduced levy for maize and sorghum, remove a partial reservation of the Portuguese grain market for Community supplies and give tariff concessions on some other products. The United States had agreed to withdraw the measures which they had threatened to put into effect at the end of January, including action against British gin. Although this agreement was welcome, the protectionist pressures in the United States remained strong; other action recently taken by the United States, such as the superfund levy on oil, discrimination of light aircraft, customs fees and threats to the Airbus were still a cause for concern. In discussion it was said that the scale of the United States' trade deficit posed risks. It was a paradox that the world's richest country should be the largest importer of capital. There were differences of view within the United States' Administration on the importance of, and the likely development of, the decline in the dollar.

International
Trade
Negotiations

THE FOREIGN AND COMMONWEALTH SECRETARY said that agreement had also been reached in the difficult discussions in Geneva on the next stage in the preparation of the trade negotiations under the General Agreement on Tariffs and Trade.

The Cabinet -

Took note.

ACCOUNTA-
BILITY OF
MINISTERS
AND CIVIL
SERVANTS

5. The Cabinet had before them a memorandum by the Lord Privy Seal (C(87) 1) to which was attached the proposed Government response to the reports on accountability from the Treasury and Civil Service Select Committee and the Liaison Committee.

THE LORD PRIVY SEAL said that the draft Government response attached to his memorandum was in reply to reports on the accountability of

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Ministers and civil servants from the Treasury and Civil Service Select Committee (HC 62), and the Liaison Committee (HC 100). These reports had arisen from a statement in the Government's reply to the Fourth Report (Session 1985-86) from the Select Committee on Defence that "the Government proposes to make it clear to civil servants giving evidence to Select Committees that they should not answer questions which are or appear to be directed to the conduct of themselves or of other named individual civil servants". This statement had been designed to combat the growing tendency, evidenced by the Select Committee inquiries on Westland and into the Tin Crisis for Select Committees to inquire into whether individual civil servants were to blame for particular events; but it had led to controversy with Select Committees over its intended scope. The proposed response, reaffirming traditional Select Committee practice, made clear that it was not acceptable that Select Committees should act as disciplinary bodies and judge the conduct of individual civil servants. The response would place on record the respective areas of accountability of Ministers and civil servants, particularly when appearing before Select Committees, and guidelines attached to the response would clarify for official witnesses appearing before Select Committees the distinction between questions seeking to establish the facts of what had occurred, which they would be expected to answer, and questions seeking to assign criticism or blame to individual civil servants.

It appeared unlikely that the Liaison Committee would overtly endorse the Government's views on these matters, but there seemed a good prospect that the Committee would accept them as a working basis for future Select Committee inquiries without further public dispute. The controversy had at least provided the opportunity for a clear restatement of the longstanding conventions in this field, which had been threatened by recent inquiries, and for obtaining a clear acknowledgment from the Liaison Committee that Select Committees should not act in the role of disciplinary tribunals. It was proposed that the response should be published in the form of a Command Paper, in the name of the Prime Minister, the Minister of State, Privy Council Office, and himself, on 5 February, and that this should be announced in response to an arranged Written Question. A commitment had been given to the Liaison Committee to give them an opportunity to consider the guidelines before their formal issue to officials, though they might not in the event wish to do so. It was accordingly proposed that the guidelines should be formally issued towards the end of February.

THE PRIME MINISTER, summing up a short discussion said that the Cabinet agreed with the terms of the draft response and guidelines attached to the Lord Privy Seal's memorandum, and with his proposed arrangements for their issue. A Confidential Final Revise should be sent to the Chairmen of the Liaison Committee and of the Treasury and Civil Service Select Committee (Mr Terence Higgins MP) two hours before publication but to no one else. No press notices should be issued.

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The Cabinet -

1. Approved the draft Government response and draft guidelines attached to the Lord Privy Seal's memorandum (C(87) 1).
2. Invited the Lord Privy Seal to proceed with the arrangements for the publication of the Government's response on the lines indicated in the Prime Minister's summing up.

Cabinet Office

29 January 1987

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