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Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 21 JANUARY 1988
at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

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 Lord Mackay of Clashfern
Lord Chancellor

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

The Rt Hon Peter Walker MP
Secretary of State for Wales

The Rt Hon George Younger MP
Secretary of State for Defence

The Rt Hon Norman Fowler MP
Secretary of State for Employment

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

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

The Rt Hon Lord Young of Grafton
Secretary of State for Trade and Industry

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

The Rt Hon Kenneth Clarke QC MP
Chancellor of the Duchy of Lancaster

The Rt Hon John MacGregor MP
Minister of Agriculture, Fisheries
and Food

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland

The Rt Hon Paul Channon MP
Secretary of State for Transport

The Rt Hon John Moore MP
Secretary of State for Social Services

The Rt Hon John Wakeham MP
Lord President of the Council

The Rt Hon The Lord Belstead
Lord Privy Seal

The Rt Hon Cecil Parkinson MP
Secretary of State for Energy

The Rt Hon John Major MP
Chief Secretary, Treasury

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Patrick Mayhew QC MP
Attorney General (Item 6)

The Rt Hon David Waddington QC MP
Parliamentary Secretary, Treasury

The Hon Peter Brooke MP
Paymaster General

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SECRETARIAT

Sir Robin Butler
Mr R G Lavelle (Items 4 and 5)
Mr A J Langdon (Items 1, 2, 3 and 6)
Mr N H Nicholls (Items 4 and 5)
Mr S S Mundy (Items 1, 2, 3 and 6)

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LORD WHITELAW

1. THE PRIME MINISTER said that Lord Whitelaw had written to thank the Cabinet for the Good wishes which they had conveyed to him at their previous meeting.

PARLIAMENTARY
AFFAIRS

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

Regional
Development
Grants
(Abolition)
Bill

THE PRIME MINISTER said that regional selective assistance would assume greater prominence with the abolition of regional development grants. There would be pressure for the published criteria for awarding selective assistance to be made more precise in the interests of ensuring that the procedures were scrupulously fair. However, tightening up the criteria in this way would itself be controversial and the Industrial Development Advisory Board had a good record in picking out worthwhile applications. Moreover, more precise criteria would make the allocation of assistance more susceptible to judicial review. The Government would need a clear position on this question in time for the Second Reading of the Regional Development Grants (Termination) Bill on Monday 25 January. It would also be important to ensure that procedures for making grants available to very small businesses did not discourage applications because the procedures were complicated.

The Cabinet -

Invited the Chancellor of the Duchy of Lancaster to be guided by the Prime Minister's remarks.

HOME AFFAIRS

World Health
Organisation
Conference
on AIDS

3. THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the World Health Organisation Conference on AIDS would be held in London on 26-28 January and would be opened by the Princess Royal. Around 150 countries were expected to be represented, mainly at Ministerial level.

The National
Health
Service

The Cabinet had a discussion about the National Health Service. The discussion is recorded separately.

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FOREIGN
AFFAIRS

Argentina

Previous

Reference:

CC(87) 27.1

4. THE FOREIGN AND COMMONWEALTH SECRETARY said that the army risings in Argentina from 14 to 18 January in support of Colonel Aldo Rico illustrated the continuing instability in the country. The crushing of the revolt would strengthen the position of the Army Chief of Staff, General Dante Carini, and the President, Dr Raul Alfonsin, could come under pressure to make further concessions to the armed forces.

Nicaragua

THE FOREIGN AND COMMONWEALTH SECRETARY said that, at the meeting of Central American Presidents in Costa Rica on 15 and 16 January, the President of Nicaragua, Mr Daniel Ortega, had unexpectedly undertaken to suspend the State of Emergency (and thereby restore civil liberties in full) and had offered to hold direct talks with the Contra resistance movement. If genuine, this was an encouraging development, although it would complicate the United States Administration's prospects of securing Congressional approval for further military aid for the Contras.

Taiwan

THE FOREIGN AND COMMONWEALTH SECRETARY said that the death of the President of Taiwan, Mr Chiang Ching-kuo, on 13 January marked the effective passing of the older generation of the Kuomintang. The new President, Mr Lee Teh-hui, was the first native Taiwanese to hold the post. Pressures could develop for Taiwan to become a state in its own right and to drop its claim to be the legitimate Government of China.

In discussion, it was suggested that we needed to capitalise more fully on the lucrative commercial opportunities available in Taiwan, whose economy was dynamic. A particular obstacle was the relative difficulty experienced by Taiwanese in obtaining visas for the United Kingdom as against other Western European countries. It was noted that United Kingdom exports to Taiwan had risen by over 60 per cent over the last year; action was in hand to strengthen our trading office in Taipei and consideration was also being given to ways of facilitating the granting of visas.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Agriculture
Council

18-20 January

5. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Presidency's approach at the meeting of the Agriculture Council on 18-20 January had been as unhelpful as it had been feared it might be. The meeting was to be resumed on 23 January. The German Agriculture Minister, Herr Kiechle, had made new proposals on stabilisers for cereals and oilseeds which would involve reduced disciplines and

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increased cost. In general, the Presidency also appeared to be pursuing German national interests. Proposals had been put forward to example giving greater emphasis to co-responsibility levies. As proposed, the latter would both weaken discipline and be discriminatory: the effect of the exemption provisions would be to require United Kingdom farmers to pay three times as much levy as German farmers. Finally, the Presidency had made clear an intention, in relation to other commodities, to reopen the package on the table at the Copenhagen Council, apparently with a view in some cases to renegotiation at the time of the annual price fixing. A Franco/German alliance was certainly operating at present. One German objective appeared to be to isolate the United Kingdom: Herr Kiechle had spoken in terms of looking for a qualified majority for his proposals. The Dutch had remained with us. There were signs that the Commission might be contemplating some degree of compromise on cereals but they were standing firm on oilseeds. He had made clear that if there were a weakening of the stabiliser proposals, the discussion in the Agriculture Council would be a waste of time and could not provide a basis for agreement in Brussels. The Commission had tabled detailed proposals on set aside. On this issue, discussion had made good progress, though more remained to be done.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the first meeting of the Foreign Affairs Council in the run-up to the European Council would take place on 25-26 January. It would be necessary at that meeting to reinforce what the Minister of Agriculture, Fisheries and Food had said and to remind member countries that there would be no question of additional resources except on the basis of unanimity. Sir David Hannay would be conveying a suitably firm message to the Presidency in Brussels today. The interest of the southern member countries of the Community lay mainly in the size of increase they might hope to secure in the structural funds, itself one of the most difficult issues in the negotiations. It might well be necessary at next week's meetings to seek to enlist their support in relation to the achievement of acceptable stabilisers and control of agricultural expenditure by persuading them that the size of the structural funds was not independent from the amount of expenditure on agriculture. In general, the outlook for the Brussels European Council looked at present unpromising. But we should continue to see what progress might be practicable.

The Cabinet -

Took note.

WAR CRIMES

6. The Cabinet considered a memorandum by the Home Secretary and the Secretary of State for Scotland (C(88) 1) setting out proposals for the future handling of allegations that ex-Nazi war criminals were living in the United Kingdom.

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THE HOME SECRETARY said that the Simon Weisenthal Center and others had submitted to the Government material indicating that during the Second World War a number of persons now resident in the United Kingdom might have been guilty of atrocities in German occupied territories with which this country had no extradition arrangements. Although some of them had since become British citizens, none had been so at the time of the events in question, and the United Kingdom courts therefore had no jurisdiction in the matter. The material submitted to the Government had been examined on behalf of the Law Officers who had concluded that, disregarding the question of jurisdiction, it would not provide a basis for prosecutions. In the absence of jurisdiction, the Law Officers were unable to take the matter any further, but the Government needed to find a way to respond to the pressure that had developed on the matter. He had proposed to the Home and Social Affairs Committee (H) in December that the best way forward would be to take the necessary retrospective jurisdiction in the Criminal Justice Bill, but the Committee had not at that time been able to agree to this approach to the problem. Since then, the present Session's legislative programme had come under increased pressure, and he had given an undertaking to the former Lord President of the Council that he would not seek to expand the Criminal Justice Bill in this way. Against that background, the proposal had emerged in discussion with the Ministers concerned that a practicable way forward would be to establish a non-statutory inquiry to assess the available evidence and, in the light of that, to advise the Government whether retrospective legislation should be introduced. It was an important part of this strategy to make it clear that the Government indeed stood ready to introduce legislation if the inquiry so recommended. He had made it clear in the Second Reading debate on the Criminal Justice Bill that he did not intend to use the Bill to deal with war crimes, but that he could not let the matter drop and would inform the House of Commons how he intended to proceed. He now sought the Cabinet's agreement to the establishment of a non-statutory inquiry on the lines described in C(88) 1, and to his making an early announcement of this.

THE SECRETARY OF STATE FOR SCOTLAND said he fully supported the Home Secretary's proposal. He would have had considerable reservations about taking retrospective jurisdiction simply to enable inquiries to proceed, and he believed that the machinery of a non-statutory inquiry to advise the Government was a well judged way of taking the matter forward.

In discussion the following main points were made:

- a. Although it would be necessary to give a clear indication that the Government stood ready to legislate in the light of the inquiry's advice, the Government would have to keep that decision in its own hands and could not be totally bound by the inquiry's report.
- b. There was a good deal of experience in the Ministry of Defence that was relevant to the investigation of war crimes.

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THE PRIME MINISTER, summing up the discussion, said that the Cabinet approved the proposal in C(88) 1 to establish a non-statutory inquiry to assess the evidence against alleged war criminals resident in the United Kingdom and to advise the Government on the need for legislation. The Home Secretary and the Secretary of State for Scotland should now settle the membership of the inquiry in consultation with the Lord Chancellor and the English and Scottish Law Officers: they should also consult the Secretary of State for Defence to ensure that his Department's expertise on war crimes was fully brought to bear. The Home Secretary and Secretary of State for Scotland should also discuss the financing of the inquiry with the Chief Secretary, Treasury, who had reserved his position on meeting these costs from the public expenditure reserve. Subject to these points, the Home Secretary had the Cabinet's agreement to make an early announcement of the inquiry, taking into account the point made in discussion about the need to retain the final decision on future legislation in the Government's hands.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of the discussion and invited the Home Secretary and the Secretary of State for Scotland to proceed as the Prime Minister had indicated.

Cabinet Office

21 January 1988

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CABINET

LIMITED CIRCULATION ANNEX

CC(88) 2nd Conclusions, Minute 3

Thursday 21 January 1988 at 10.30 am

The National
Health
Service

THE PRIME MINISTER, summing up a general discussion by the Cabinet about the financing of the National Health Service (NHS), said that the Government had made available very substantial additional resources and introduced a number of efficiency measures. Nevertheless, in recent weeks there had been an unremitting campaign in large sections of the media, with disproportionate attention being paid to problems in the NHS and demands for further public money over and above the increases for which provision had already been made. Doctors and nurses were feeding information to the media about difficulties in the health services, and stories from such sources inevitably carried weight even though the stories were often misleading. There was no media interest in the vast number of patients who were entirely satisfied with their treatment and what emerged was therefore a thoroughly distorted picture. The Confederation of Health Service Employees and the National Union of Public Employees were seeking to exploit the situation by taking industrial action ahead of the submission by the independent review body of recommendations on nurses' pay, but this tactic could well backfire by undermining public support for the nursing profession. Some commentators were suggesting that the present healthy fiscal position provided scope for additional funds to be made available to the NHS. The Government would need to make clear, however, not only that the standard of living of NHS employees was improved by tax reductions but also that the economy owed its strength to the prudent and careful financial policies which had been pursued and that this achievement would be placed in jeopardy if public expenditure controls were to be relaxed now. The Government had an excellent record on health service funding and should continue to drive this message home. The Chief Secretary, Treasury should issue a note to Government supporters as soon as possible explaining the detailed plans set out in the White Paper on Public Expenditure which had been published the previous day and drawing particular attention to the planned increases on many priority services. The Secretary of State for Social Services should also circulate to colleagues a briefing note on health issues, bringing out the improvements in NHS performance in recent years.

The continuing debates on the health service in the House of Commons had revealed two strands of opinion among Government backbenchers. Some maintained that additional funding should be made available in the

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short-term, but this failed to take account of the very large increases in resources for which provision had already been made in the last public expenditure round for the coming year. Others were urging the Government to seize what they saw as the opportunity provided by the present mood of discontent about the NHS to announce radical changes to the way it operated. It was clear that there were very great variations in the performances of different parts of the NHS: some hospitals and consultants operated very efficiently while others were badly managed. Without better information about these disparities, it was difficult for the Government to formulate long-term policies, and work was urgently in hand to obtain this information. The Government should be cautious about saying that it was looking for change lest it inflamed this situation further and encouraged those who wanted an inquiry; and there could be no commitment in principle to long-term restructuring until the Government had a very clear view of its policy. Even then the timing and handling would require the most careful consideration.

The Cabinet -

Invited the Secretary of State for Social Services to be guided by the Prime Minister's summing up of the discussion.

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22 January 1988