

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

BV

COPY NO 76

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 12 MAY 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 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 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 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 David Waddington QC MP
Parliamentary Secretary, Treasury

The Rt Hon Peter Brooke MP
Paymaster General

CONFIDENTIAL

CONFIDENTIAL

SECRETARIAT

Sir Robin Butler
Mr R G Lavelle (Items 3 and 4)
Mr P J Weston (Items 3 and 4)
Mr A J Langdon (Items 1 and 2)
Mr S S Mundy (Items 1 and 2)

C O N T E N T S

	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
	Abortion (Amendment) Bill	1
	Planning	1
2.	HOME AFFAIRS	
	Industrial Action at P & O European Ferries	2
	Civil and Public Servants Association	2
	Electrical, Electronic, Telecommunications and Plumbing Union	3
	Police Pay	3
3.	FOREIGN AFFAIRS	
	Presidential Election in France	3
	Danish General Election	3
	Formation of Belgian Government	4
	Poland	4
	Middle East	4
	United States/Soviet Treaty on Intermediate Range Nuclear Forces	5
4.	COMMUNITY AFFAIRS	6

CONFIDENTIAL

PARLIAMENTARY
AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons in the following week and that, subject to the progress of business, the House would rise for the Spring Adjournment on Friday 27 May until Tuesday 7 June.

Abortion
(Amendment)
Bill

Previous
reference:
C(88) 15.1

THE PRIME MINISTER said that it was most important that the Government should maintain its practice of refusing to make Government time available for Private Members' Bills. Mr Alton and his supporters should be left in no doubt that there would be no erosion of that practice in respect of the Abortion (Amendment) Bill. Nor should the Government do anything to encourage the procedure for Private Members' Bills to be reviewed, by the Procedure Committee or otherwise, as a result of the failure of Mr Alton's Bill. While Mr Alton and his supporters were assiduously encouraging the proposition that the failure of his Bill demonstrated that the procedures for Private Member's legislation were inadequate for coping with issues of this kind, the truth was that the procedures were perfectly adequate if the promoter of a Bill was willing to accept reasonable compromises. Mr Alton had not been prepared to proceed in that way:

The Cabinet -

1. Took note.

Planning

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that there would be a debate on a Private Member's Motion the following Monday about the effective application of town and country planning legislation. This would enable the Government spokesman to repeat the gist of a speech that he had made on the previous Tuesday to the Conservative Bow Group. Sections of the press had travestied that speech without troubling to read it: he would circulate the full text to his colleagues. In the speech his main purpose had been to expose the nature of the need that now existed for a significant increase in the amount of housing that was available in the South East, while still respecting environmental considerations. This need, which was due to higher numbers of separate households as a result of changing social habits rather than migration into the area, had now become very real and pressing. The pressures on suburban areas were becoming intense, and it was worth bringing out that in recent years no less than 55 per cent of new houses in the South East had been built on re-used or vacant land within urban areas. There was a clear requirement to bring some new land into use for housing development and those who resisted this were doing a profound disservice to their fellow citizens. Nevertheless, it was emerging that there was a group of Government supporters who were virtually not prepared to contemplate any housing development in the southern part of the country except by way of infilling in urban areas. Another way of coping with the pressures he had described, albeit not specifically

CONFIDENTIAL

directed to the South East, was contained in his proposals for village housing and new villages which he had recently circulated to colleagues for their comments.

In discussion the Cabinet noted that the increasing demand for houses in rural areas by people migrating from high-value housing areas was forcing up the price of rural housing and thus was creating a widespread problem for indigenous lower-income people in rural areas. The second element in the proposals that the Secretary of State for the Environment had circulated was designed to enable the provision of more lower-cost housing in rural areas in response to this problem. On the other hand, the disproportionate cost of houses in Southern areas was increasing the attractiveness of the North and thus contributing to the solution of regional problems. It was also noted that the policy of relocating Government activities where this was justified on economic and management grounds also made its contribution towards relieving pressure on the South East.

The Cabinet -

- 2. Took note.

ME AFFAIRS

Industrial
tion at
& O
European
erries

Previous
ference:
C(88) 16.2

2. THE SECRETARY OF STATE FOR EMPLOYMENT said that the strike action by employees of P & O European Ferries at Dover had reached a delicate, and possibly crucial, stage. An important new factor was the blockade by lorry drivers, which had begun in Calais and had spread to Dover. But for the blockade, the National Union of Seamen, on which the High Court had the previous day imposed a further fine of £150,000 for contempt of an injunction banning secondary action, would probably have called off their secondary action on the previous Tuesday as part of a deal in which Sealink would have agreed to employ on a temporary basis some of the seamen who had been dismissed by P & O. The blockade at Calais had now been lifted, but it was uncertain how long the blockade at Dover would continue. While the Dover Harbour Board were legally empowered to move the vehicles, this could be difficult to achieve in practice and the police had firmly advised the Board the previous day against taking this course. There had been a successful debate on the dispute in Opposition time the previous day.

Civil and
Public
servants
Association

THE SECRETARY OF STATE FOR EMPLOYMENT said that, in the elections to the national executive of the Civil and Public Services Association (CPSA), the results of which had been announced the previous day, Militant Tendency supporters, who had previously been in the majority, had lost all their seats. Mr John Macreadie, the union's deputy general secretary and a Militant Tendency supporter, was likely to lose his seat on the Trades Union Congress General Council later that year. In future, elections to the union's national executive would be by secret

ballot. The union's annual conference had earlier that week overturned the recommendation of the union's special pay conference that strike action should be taken against the Government's pay offer of 4 per cent and had agreed to talks on long-term flexible pay with no preconditions.

Electrical,
Electronic,
Telecommunications and
Plumbing
Union

THE SECRETARY OF STATE FOR EMPLOYMENT said that the national executive of the Electrical, Electronic, Telecommunications and Plumbing Union had rejected the findings of a Trades Unions Congress (TUC) inter-union disputes committee that the union should abandon two single union deals and had refused to accept a TUC censure over their actions at News International at Wapping. If the membership backed the national executive, the union might be suspended from the TUC or even expelled from it. The union's General Secretary, Mr Eric Hammond, thought that the union could well be outside the TUC by the end of the year but it was too early to form a judgement on that assessment.

Police Pay

THE HOME SECRETARY said that he would be addressing the Police Federation Conference on the following Wednesday. The occasion would be dominated by police pay issues, on which the Government would need to take some important decisions in due course.

The Cabinet

Took note.

FOREIGN
AFFAIRS

Presidential
Election in
France
Previous
Reference:
CC(88) 15.3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that after his election victory on 8 May, President Mitterrand had appointed Monsieur Michael Rocard on 10 May as the new French Prime Minister. President Mitterrand was likely to concentrate on defence and foreign affairs leaving Monsieur Rocard the major responsibility for economic and social issues. The result was likely to be a more coherent process of Centre-Left government in France. Over time President Mitterrand would aim to strengthen his hold over Centrist parties, and would probably call for new National Assembly elections before or shortly after the Summer Recess.

Danish
General
Election

THE FOREIGN AND COMMONWEALTH SECRETARY said that following the general election in Denmark on 10 May, the existing four party coalition had emerged with the same number of seats as before. Mr Poul Schlüter of the Conservative Party had lost three seats, while the Liberals had

gained three. The opposition Social Democrats and Socialist People's Party had lost two seats. Major gains had however been registered by the extreme right-wing Progress Party on a programme opposing immigration and tax. Mr Schlüter's chances of re-emerging as Prime Minister looked good. The results could be interpreted as in favour of continuing Danish participation in the North Atlantic Treaty Organisation, which had been a major theme of the campaign. There was likely to be more opposition to increases in Danish defence spending. But it ought to be possible to work out an acceptable solution on ship visits to Denmark without compromising the British position on whether or not nuclear weapons were carried.

Information
Belgian
Government

THE FOREIGN AND COMMONWEALTH SECRETARY said that Mr Wilfried Martens had succeeded in forming his eighth government after negotiations lasting 147 days which was exceptionally long even by Belgian standards. There would be a coalition of five parties, somewhat more inclined to the left than before. The new Belgian Government was likely to be pre-occupied with linguistic problems at least until the autumn. A rapid decision was necessary on whether to maintain the Belgian minesweeper contribution in the Persian Gulf. Mr Leo Tindemans remained as Foreign Minister until the end of the year but it was not at all clear that he would last thereafter.

In discussion, it was noted that there was now a new Belgian Defence Minister who was something of an unknown quantity. There seemed little prospect that the new Belgian Government would be any more robust on defence spending.

Poland

Previous
Reference:
CC(88) 16.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the strike of shipyard workers at Gdansk had been called off, one result of which would be to diminish the credibility of the organisation Solidarity in the current public argument over economic and political reform. It was possible that the Polish authorities now had an opportunity to make progress on the economic reforms necessary for reaching agreement with the International Monetary Fund, but only if they were prepared to act quickly and tolerantly by releasing imprisoned strike leaders. The United Kingdom and other Community partners, having deplored the arrests and use of violence, would have to continue to underline the link between economic and political reform.

Middle East

Previous
Reference:
CC(88) 8.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that Israeli troops had now mostly withdrawn from the Lebanon after their retaliatory incursion which began on 2 May. An attempt by Lebanon to have a resolution passed by the United Nations Security Council had been vetoed by the United States.

CONFIDENTIAL

States. Meanwhile, there had been fierce clashes in Beirut between the supporters of the organisations AMAL and Hizbollah, resulting in 150 deaths over a four day period. An uneasy truce had been imposed by co-operation between the Syrians and the Iranians. Such conflict in Beirut increased the risk for British hostages there, about whom the Government remained very concerned. The Minister of State, Foreign and Commonwealth Office, had seen relatives and friends of the hostages the previous day and he himself would be seeing the father of Mr John McCarthy shortly. Whilst the families of the British hostages understood the Government's firm position, it remained necessary to make clear the Government's continuing concern about the British hostages. Her Majesty's Ambassador at Beirut was currently devoting almost half his working time to the subject.

In discussion, the question was raised whether, following the appointment of the new French Government, more details would emerge about a deal struck by the previous French Prime Minister, Monsieur Jacques Chirac, with Iran to secure the release recently of three French hostages and also whether the new government would feel free to renege on elements of such a deal.

United States/
Soviet Treaty
Intermediate
Range Nuclear
Forces

THE FOREIGN AND COMMONWEALTH SECRETARY said that a number of unresolved detailed points had emerged in the fine print of the Treaty between the United States and the Soviet Union on intermediate range nuclear forces (INF) which both the United States Administration and the Congress agreed would need to be resolved before ratification. These points had been taken up by the United States Secretary of State, Mr George Shultz, and his Soviet counterpart, Mr Eduard Shevardnadze, on 11 May. Although he had not yet received any formal report, his impression was that it should indeed be possible to resolve these details provided the political will was there.

In discussion, it was noted that the speed with which the final stages of the draft Treaty had been negotiated had always made it likely that last minute difficulties of this kind would emerge. They were legitimate points of difference about the operation of the proposed on-site inspection regime. It would nevertheless be very serious if President Reagan was obliged to go to the forthcoming Summit in Moscow without being able to guarantee ratification of the INF Treaty, which would then appear to risk suffering the same fate as the Strategic Arms Limitation Treaty signed by the United States and the Soviet Union in 1979.

The Cabinet -

Took note.

CONFIDENTIAL

CONFIDENTIAL

4. THE CHANCELLOR OF THE EXCHEQUER said that an informal meeting of Community Finance Ministers would take place during the weekend 13-15 May. It was intended that some further discussion should take place at the meeting of the Commission's proposals on indirect tax approximation. Work would be carried forward on the directive on liberalisation of capital movements, on which the Presidency hoped that agreement could be reached in June. The meeting would also consider aspects of the European Monetary System. On this issue consideration would in particular be given to measures to strengthen the operation of the existing system in certain minor respects. At the other end of the spectrum a proposal had been floated for the creation of a European Central Bank. With the exception of the German Foreign Minister who would not be present, it was generally accepted that such ideas were wholly premature.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Agriculture Council would meet on 16-17 May to consider the Commission's price fixing proposals for 1988. He expected the discussions to be desultory and unproductive. Serious negotiations would not begin before the meeting of the Council next month.

The Cabinet -

Took note.

Cabinet Office

12 May 1988

CONFIDENTIAL