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CABINET

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

THURSDAY 6 MARCH 1986

at 10.45 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 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 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 Transport

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

The Rt Hon Kenneth Baker MP  
Secretary of State for the Environment

The Rt Hon Kenneth Clarke QC MP  
Paymaster General

The Rt Hon John MacGregor MP  
Chief Secretary, Treasury

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

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

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ALSO PRESENT

The Rt Hon John Wakeham MP  
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong	
Mr D F Williamson	(Items 3 and 4)
Mr C L G Mallaby	(Items 3 and 4)
Mr J B Unwin	(Item 5)
Mr A J Wiggins	(Item 5)
Mr A J Langdon	(Items 1 and 2)
Mr R Watson	(Items 1 and 2)

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THE MARRIAGE  
OF THE LORD  
CHANCELLOR

1. THE PRIME MINISTER said that the Cabinet would like to express their warmest congratulations and good wishes to the Lord Chancellor upon his marriage.

THE LORD CHANCELLOR expressed his gratitude to his colleagues.

PARLIAMENTARY  
AFFAIRS

2. The Cabinet were informed of the business to be taken in the House of Commons in the following week and that the House would rise for the Easter Adjournment on Thursday 27 March, resuming on Tuesday 8 April.

British  
Leyland

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that a number of proposals for the purchase of various subsidiaries of British Leyland had been received by the deadline of 4 March. They were being carefully evaluated, and decisions would not be rushed. He would keep Cabinet informed.

Previous  
Reference:  
CC(86) 8th  
Conclusions,  
Minute 1

The Cabinet -  
Took note.

FOREIGN  
AFFAIRS

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Assassination  
of the  
Swedish Prime  
Minister

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that two terrorist groups had claimed responsibility for the assassination on 28 February of the Swedish Prime Minister, Mr Olof Palme, but the police were sceptical about these claims and had no clear idea of who had been responsible. The former Deputy Prime Minister, Mr Ingvar Carlsson, had succeeded Mr Palme. Mr Palme's funeral would take place on 15 March. Many Governments, and many parties which were members of the Socialist International, would be represented by their Prime Ministers and leaders. The Lord President of the Council had agreed to represent the British Government.

Southern  
Africa

Previous  
Reference:  
CC(86) 5th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the State President of the Republic of South Africa, Mr P W Botha, had made two interesting announcements in a speech on 4 March. He had announced the lifting of the State of Emergency. It was not clear whether this would have major practical effect, since many of the measures being applied under the Emergency could also be applied under other legislation. President Botha's move might have been timed to deflect calls for a resumption of the public boycott of black schools. The British Government had welcomed President Botha's announcement of the lifting of the State of Emergency. The Government had also welcomed his second announcement.

that South Africa was ready to implement United Nations Security Council Resolution 435 on the independence of Namibia, subject to prior agreement on the withdrawal of Cuban troops from Angola. It was to be hoped that this announcement would aid the negotiations being conducted by the United States on Cuban withdrawal from Angola, but those negotiations would continue to be very difficult; there was no prospect at present of Angola agreeing to the departure of Cuban forces.

Two British citizens had been among 150 foreign workers captured in North Eastern Angola by forces of the Union for the Total Independence of Angola (UNITA). The captives were now undertaking the two-month march southwards to the UNITA headquarters at Jamba. The indications were that after arrival at Jamba the British captives would be released without preconditions.

The visit to the Republic of South Africa by all members of the Commonwealth Eminent Persons Group had begun on 2 March. The Group were still managing to avoid significant publicity. The visit was so far going as well as could have been hoped.

Middle East

Previous  
Reference:  
CC(86) 2nd  
Conclusions,  
Minute 3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Foreign Minister of Syria, Mr Farouk Al-Shara, had visited the United Kingdom from 2 to 5 March. He had had useful meetings with the Prime Minister, himself and other Ministers. The visit had provided the opportunity for the Government to speak forthrightly about the Arab/Israel problem and about the terrorist groups which had offices in Syria. The Government had also pressed the Syrian Foreign Minister to help in efforts to secure the release of Mr Alec Collett, the British subject held in Lebanon, and also of United States hostages still held in that country.

In the Israeli-occupied West Bank, the assassination on 2 March of the Mayor of Nablus, Mr Zafer Al Masri, had been a setback to the peace process in the Middle East and to Israeli plans for increased Palestinian participation in administration on the West Bank. Two Palestinian terrorist groups had claimed responsibility for the assassination. The attitude of Syria, as expressed during the visit to London of the Foreign Minister, had been at best equivocal.

Iran/Iraq  
War

Previous  
Reference:  
CC(86) 8th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that there had been no change in the past week in the military situation between Iran and Iraq. But the continued presence of Iranian forces in Fao, coupled with some menacing statements by Iran, had given rise to disquiet among the Gulf States, especially Kuwait. The member countries of the Gulf Co-operation Council had met to review the situation. They had in mind the use if necessary of their joint standby forces; but these were only of token significance in military terms. A full assessment of the

situation would shortly be produced by the Joint Intelligence Committee. The Government would keep in touch with the Gulf States.

The Cabinet -

Took note.

4. THE FOREIGN AND COMMONWEALTH SECRETARY said that the Commission was planning a meeting with representatives of Argentina. The United Kingdom had made clear and had received the Commission's agreement that in the present circumstances these contacts would not be put on a regular institutional basis and that there would be no attempt to reach any formal agreement so long as Argentina had not taken the necessary steps to restore normal relations with the United Kingdom.

COMMUNITY AFFAIRS

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Community Relations with Argentina

European Act

Previous Reference: CC(86) 7th Conclusions, Minute 3

THE FOREIGN AND COMMONWEALTH SECRETARY reported that the Single European Act, incorporating the results of the Intergovernmental Conference, had now been signed by all member states. The way was now clear in the United Kingdom to present the short Bill in the present Session of Parliament. The process of ratification by all member states might take some time.

The Cabinet -

Took note.

TEACHERS' PAY DISPUTE

Previous Reference: CC(86) 8th Conclusions, Minute 1

5. THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that at the meeting of the Burnham Committee on 3 March the employers and the five unions who were party to the agreement reached with the help of the Advisory, Conciliation and Arbitration Service (ACAS) had agreed to a pay settlement for 1985-86. Negotiations would now begin on the longer-term issues under the guidance of the independent ACAS panel. The agreement was, however, a compromise one; the employers had had to accept that the conditions of a return to full normal duties would not be met. The National Union of Teachers would continue to pursue wrecking tactics and in particular to seek to block discussion at the Conditions of Service Committee on which they had a majority and which was also due to meet shortly. He had no confidence that the ACAS talks would lead to an outcome acceptable to the Government; there was too big a gulf between the parties involved. He therefore fully expected to renew his recommendation for a Government-sponsored inquiry in respect of England and Wales when the ACAS initiative failed. In the meantime he supported the proposal of the Secretary of State for Scotland for an inquiry in respect of Scotland alone. He continued to believe that the

present was the most propitious time to bring the ACAS process to an end and to set up a Government inquiry in respect of England and Wales also, but he accepted the judgment of his colleagues that the time was not ripe for this.

THE SECRETARY OF STATE FOR SCOTLAND, introducing the discussion of his memorandum (C(86) 9), said that the situation in Scottish schools was deteriorating from week to week. More than half the secondary schools were effectively on a three-day week. The start of the public examinations was now only seven weeks away, and the time for any remedial action was running out. The Scottish teachers' unions had made clear that they were not interested in an agreement on the lines of that negotiated for England and Wales with the help of ACAS, and were continuing to insist on an independent inquiry confined to pay. There was now no other way forward than a Government-sponsored inquiry, although the terms of reference would have to cover duties and responsibilities as well as pay. Given their previous insistence on an inquiry confined to pay, the response of Scottish teachers to a wider inquiry covering conditions as well was likely to be mixed; but he was confident that the establishment of such an inquiry would bring an end to strikes and to the boycott of examinations, although it was unlikely to be entirely successful in restoring fully normal working. The terms of reference for an inquiry had been discussed and broadly agreed by a Group of the Ministers most closely concerned, on the basis that they would need to be suitable for extension also to England and Wales, if the negotiations under ACAS were to break down. Subject to some minor amendments to take account of the special position of Scotland, the terms of reference previously discussed and now set out in paragraph 5 of his paper should prove satisfactory. A particular question arose whether an inquiry should be asked to examine the arrangements for financing as well as for managing schools and the teaching service. This would open up fundamental questions about the relationship between central government and local authorities, and could extend the time an inquiry would need to report; his preference was to omit any mention of financing. His paper included suggestions for the Chairman of an inquiry, who would ideally need to have both a Scottish background and the stature to cover England and Wales as well, if the inquiry should subsequently be extended. If the Cabinet agreed that an inquiry should be established on the lines of his proposal, immediate announcement was desirable on both political and educational grounds. He therefore sought agreement to announce the establishment of such an inquiry that same afternoon, Thursday 6 March; at the same time he invited his colleagues to select a Chairman for the inquiry from the three names he had submitted.

In discussion the following main points were made -

- a. Although there was little confidence that the ACAS process would lead to a settlement in England and Wales acceptable to the Government, the Government could not be seen to take an initiative to halt that process. If and when it became clear that the ACAS process could not succeed, then the way would be open to extend the Scottish inquiry to England and Wales. Although there was some

small risk that the immediate announcement of an inquiry for Scotland would upset the ACAS process in England and Wales, this was not likely; the teachers' unions would expect to do better out of the ACAS process than out of a Government-sponsored inquiry. If they were now to reject ACAS they would in effect be inviting the Government to extend the Scottish inquiry to England and Wales.

b. On the terms of reference there was general agreement that there should be no explicit reference to financing schools and the teaching service; it was for the Government to determine policy on this, and it would be embarrassing if an inquiry, having been asked to consider financing, specifically rejected any possibility of private sector contributions towards the costs of maintained schools. It would however, be desirable to emphasise more clearly in the terms of reference the public expenditure constraints within which the inquiry would need to take place.

c. Further consideration needed to be given to the choice of Chairman and members of an inquiry. Although it would perhaps have been preferable to announce the name of the Chairman in the announcement of an inquiry, this was not absolutely essential. But the names of the Chairman and the members would need to follow very shortly.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet recognised the sharply deteriorating situation in Scottish schools, and agreed to the Secretary of State for Scotland's proposal to establish a wide-ranging inquiry into teachers' pay conditions, duties and responsibilities. The terms of reference should exclude any specific mention of arrangements for financing schools and the teaching service, but should emphasise more specifically the need to take into account what the country could afford; the final text should be settled by the Secretary of State for Scotland with the Secretary of State for Education and Science and the Chief Secretary, Treasury. The Cabinet were not immediately attracted by any of the possible names for Chairman put forward by the Secretary of State for Scotland; he should consult his colleagues further on possible nominations for Chairman and members of the inquiry. The Secretary of State should announce on Thursday 6 March the Government's intention to establish an inquiry confined to Scotland; subject to the deletion of the third sentence of the third paragraph of his draft, they were content with the statement set out in Annex 2 to C(86) 9.

The Cabinet -

1. Agreed to the establishment of an inquiry on teachers' duties, responsibilities and pay, restricted to Scotland.
2. Invited the Secretary of State for Scotland to settle the precise terms of reference for the

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inquiry with the Secretary of State for Education and Science and the Chief Secretary, Treasury and the Cabinet Office.

3. Invited the Secretary of State for Scotland to put further proposals before his colleagues about the Chairman and members of the inquiry.

4. Invited the Secretary of State for Scotland to announce forthwith the Government's intention to establish the inquiry, taking into account the points made in discussion about the terms of his statement.

5. Noted that the inquiry might need to be extended later to cover England and Wales, if and when it became clear that, through no fault of the Government, the Advisory, Conciliation and Arbitration Service process could not lead to an acceptable agreement.

Cabinet Office

6 March 1986

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