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CABINET

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

THURSDAY 21 FEBRUARY 1980

at 10.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Lord Carrington
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Humphrey Atkins MP
Secretary of State for Northern Ireland

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

The Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster

The Rt Hon John Nott MP
Secretary of State for Trade

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education and Science

The Rt Hon John Biffen MP
Secretary, Treasury

The Rt Hon Angus Maude MP
Paymaster General

SECRET

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Norman Fowler MP
Minister of Transport

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

Earl Ferrers
Minister of State, Ministry of Agriculture,
Fisheries and Food

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 2 - 4)
Mr P Le Cheminant (Items 5 and 6)
Mr P J Harrop (Item 1)
Mr R L Wade-Gery (Items 2 - 4)
Mr F Mountfield (Items 5 and 6)
Mr W N Hyde (Item 1)

C O N T E N T S

Subject	Page
PARLIAMENTARY AFFAIRS	
Immigration Rules	1
Order in Council for the 1981 Census: Education (No. 2) Bill	1
Departmental Select Committees	2
FOREIGN AFFAIRS	
Rhodesia	4
Afghanistan	4
COMMUNITY AFFAIRS	
Community Budget	4
Sheepmeat	5
Sales of Community Butter to the Soviet Union	5
NORTHERN IRELAND	
5	
INDUSTRIAL AFFAIRS	
Water	6
Steel	6
British Leyland	6

Subject	Page
Gas	7
Port of London	7
National Health Service	7
BANK PROFITS	7

THE SECRETARY OF STATE has had a meeting with a group of
 members of the House of Commons. The discussion
 was on the subject of the National Health Service. The changes to the
 Bill would be to provide for the National Health Service to be
 financed by a special levy on the National Insurance contributions
 which are paid by workers and employers. It is expected that any
 Bill will be introduced in the next few weeks.

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The Cabinet

At the meeting the Chancellor of the Exchequer
 and the Secretary of State for the Colonies discussed
 the proposed changes to the National Health Service Bill.

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 members of the House of Commons. The discussion was on the
 subject of the National Health Service. It is expected that any
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MENTARY

1. The Cabinet were informed of the business to be taken in the House of Commons during the following week. The Prime Minister and the Chancellor of the Exchequer would speak for the Government in the debate on the Opposition Motion of Censure on 28 February. Members from both sides of the House who were in Rhodesia to observe the forthcoming elections would not be required to return for the debate.

The Cabinet -

1. Took note.

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THE HOME SECRETARY said that he had now laid a Statement of Changes in Immigration Rules before Parliament. The Opposition would table a prayer against the Statement. The changes being made were almost identical with the proposals that had been the subject of a full day's debate in the House. A further prolonged debate would not be helpful to the Government either at home or abroad. It was possible that the Opposition would use a Supply Day to secure a full day's debate; if they did not, he hoped that any debate could be held after 10.00 pm and be kept as short as possible.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet agreed that every effort should be made to keep to a minimum the amount of Government time made available for a debate on the Statement of Changes in the Immigration Rules.

The Cabinet -

2. Invited the Chancellor of the Duchy of Lancaster and the Chief Whip to be guided by the Prime Minister's summing up of their discussion.

Council
1981
Education
Bill

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that, following the discussion in Home and Social Affairs Committee earlier in the month, in which considerable unease had been expressed about the 1981 Census, he had decided that the draft Order in Council for the census should not be laid before Parliament until the second half of March. As a result it seemed very unlikely that the Order in Council could be made at the meeting of the Privy Council on 21 April as planned. There were particular difficulties about finding time for the necessary debate on the draft Order in Council in the House of Lords.

In discussion it was agreed that priority had to be given in the House of Lords to debates on the Education (No.2) Bill. A very large number of amendments had been tabled to the Bill, some of which might well be passed against Government advice thus requiring further debates on the Bill in both Houses. The measure had to become law before Easter.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet agreed that, following the laying of the draft Order in Council for the census, time for the necessary Parliamentary debates should be found as soon as practicable. The passage of the Education (No.2) Bill must, however, have priority.

The Cabinet -

3. Invited the Chancellor of the Duchy of Lancaster the Chief Whip and the Minister of State, Ministry of Agriculture, Fisheries and Food to be guided accordingly.

THE SECRETARY OF STATE FOR DEFENCE expressed concern at the practice of the new departmental Select Committees in summoning Ministers before them for lengthy questioning on matters of current political controversy, such as trade union immunities. This was not how the work of the new Committees had been expected to develop, and the implications for both Ministers and Parliament were serious.

In discussion it was suggested that the proceedings of Select Committees, which at times were broadcast and which were attracting considerable Press attention, were devaluing the importance of debates on the floor of the House. Ministers and officials were spending an unreasonable amount of time in responding to the requests of Select Committees for detailed evidence. The cost was considerable. The Committees were demanding access to official papers and, although the Cabinet had already agreed that papers containing advice to Ministers should not be disclosed, there was a continuing need to secure consistency in responding to the Committees' requests. On the other hand, the Government was committed by decisions taken in Opposition to support the establishment of the new Select Committees. The increased burdens they would impose had been foreseen. The Committees were likely in the long run to increase the effectiveness of Parliament, and their work would be complementary to that done on the floor of the House. Although it placed great demands on Ministers to have to answer questions from members of a Committee for one and a half hours or more, it also provided opportunities to explain Government policy. Several Ministers had already found discussion with Select Committees to be useful.

In further discussion, it was pointed out that the Chancellor of the Duchy of Lancaster and the Chief Whip had had informal talks with the Conservative chairmen and majority leaders of the Committees. The Chancellor of the Duchy of Lancaster was also in regular touch with Mr du Cann, the chairman of the Liaison Committee. Representations could be made through the Committee about matters of concern to Ministers. Problems arising from the broadcasting of Select Committee proceedings could be brought to the notice of Mr du Cann and the chairman of the Select Committee on Sound Broadcasting.

THE PRIME MINISTER, summing up the discussion, said that Ministers should continue to bring to the notice of the Chancellor of the Duchy of Lancaster matters to be raised with the Liaison Committee. The Cabinet recognised the increased demands which Select Committees were placing on Ministers and their Departments. They would resume discussion of the cost imposed by the Select Committees when the Cabinet considered the wider question of the cost of Parliament, on a memorandum being prepared by the Chancellor of the Duchy. It would be important to deal consistently with problems arising from the work of the Select Committees, including unusual requests for access to official documents; they should accordingly be raised in the first instance with the Chancellor of the Duchy of Lancaster and could, if collective discussion seemed desirable, be referred for decision to the Home and Social Affairs Committee.

The Cabinet -

4. Took note, with approval, of the Prime Minister's summing up of their discussion.
5. Noted that the Chancellor of the Duchy of Lancaster, in consultation with the Minister of State, Civil Service Department, and other Ministers, was preparing a memorandum about the cost of Parliament, including the costs falling on Government Departments in meeting the demands made upon them by Select Committees.
6. Invited the Home Secretary to arrange for the Home and Social Affairs Committee to consider, as necessary, problems arising from the work of Select Committees.

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in Rhodesia seemed if anything slightly better. Despite the problems, arrangements for the elections were moving ahead. A difficult decision would shortly be necessary on whether, because of intimidation by Mr Mugabe's supporters, the Governor should exclude certain areas from voting. Such a decision would be bound to attract some international criticism, which could, and might be intended to, throw doubt upon the validity of the result of the elections. On balance, therefore, it would be better if this could be avoided. The situation had not been helped by certain ill-considered activities of the Rhodesian security forces. Internationally, the immediate future was likely to be difficult. President Nyerere of Tanzania remained hostile and had succeeded in alarming the Australian Government in particular. The United States Government's attitude would be important; their representative at the United Nations was likely to be unhelpful, but more understanding could be expected from the Secretary of State, Mr Vance, who would be briefly in London in the next 24 hours.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Political Co-operation meeting of the Foreign Ministers of the Nine on 19 February had welcomed his proposal for the neutrality of Afghanistan. No other ideas had been put forward on the post-Afghanistan situation; and the French had made difficulties over including a reference to the Olympic Games in the communique of the meeting.

The Cabinet -

Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that a series of bilateral discussion on our Budget problem was now in prospect. He himself would shortly be seeing the Foreign Ministers of the Federal Republic of Germany, Luxembourg, the Irish Republic and Belgium. The Lord Privy Seal would be meeting Herr von Dohnanyi, State Secretary in the German Ministry of Foreign Affairs. The Prime Minister was hoping to visit Mr van Agt, the Dutch Prime Minister in The Hague. Arrangements had now been made for the next Anglo-German summit on 27-28 March: this would provide the opportunity for discussions between the Prime Minister and Chancellor Schmidt on the eve of the next European Council.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that, at its meeting the previous day, the Commission had decided to defer any decision on further legal action against the French. This was contrary to assurances he had been given by Commissioner Gundelach who now appeared to be trying to help the French by advocating some temporary form of intervention buying. It was disgraceful that after six months there had still been no effective action against the French, whereas the Commission had acted with great rapidity against the United Kingdom when the previous Government had introduced a pigmeat subsidy. The Foreign and Commonwealth Secretary had recently written to the President of the Commission urging the need for the Commission to seek an interim injunction from the European Court. Future tactics would require careful consideration.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that there was little support within the Community for our efforts to stop further exports of butter to the Soviet Union. The Commission had, through the Management Committee (where decisions were made by majority voting) introduced a new system of tendering for such exports which would be limited to old stocks of intervention butter. There would be strong protests in this country if and when exports resumed under this procedure.

In a brief discussion reference was made to the contrast between the inability of the United Kingdom to stop butter exports to the Soviet Union by legal means and the continued flouting of Community law by the French.

The Cabinet -

Took note.

4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Conference on the future government of Northern Ireland was continuing to meet regularly, except where conflicting meetings of the European Parliament made this impossible. Slow progress was being made in covering the agenda; it had been right to accept this, as the parties became accustomed to working together, but it might soon be necessary for him to apply pressure to speed up the Conference's work. It would be important to have been at least once through the entire agenda in time for a break for reflection over Easter. Public pressure for news of what was going on, behind the Conference's closed doors, would begin to build up before long. Some way should also be found as soon as possible for involving the Official Unionist Party, who were maintaining their refusal to take part in the Conference.

The Cabinet -

Took note.

5. THE SECRETARY OF STATE FOR THE ENVIRONMENT said that, following the rejection by the General and Municipal Workers' Union of the previous pay offer, and informal discussions between both sides, formal negotiations were resuming that day. There was a reasonable chance that an enhanced pay offer of 21.4 per cent would be accepted by the unions, but there was still a possibility of strike action.

THE HOME SECRETARY said that the Civil Contingencies Unit would meet next day if necessary to review plans. If it became necessary to call in the services, their effectiveness would be critically dependent on whether the supervisors were prepared to co-operate.

THE SECRETARY OF STATE FOR INDUSTRY said that discussions were continuing in Brussels about the availability of European Community Funds to help with the re-deployment of redundant steel workers. The steel unions had now submitted a fresh claim to the British Steel Corporation, which they maintained was largely self-financing. Negotiations were continuing.

In further discussion, it was pointed out that the steel dispute had become linked with the threatened strike of South Wales miners the following week. First indications from the pit-head ballots, however, were that the call for strike action would not be widely supported. In general, the steel strike was still having little effect on industrial output, although there were signs of an emerging shortage of tinplate for food canning, which the Department of Industry would investigate.

THE HOME SECRETARY said that the planned mass picket of the steel works at Sheerness had passed off relatively quietly, thanks to determined action by the Kent police. He had agreed to a request to meet representatives of the Chief Constables who, while understandably stressing their complete independence of Government control, had welcomed the opportunity of that meeting with him and were co-operating between themselves. The situation at Hadfield's steel works in Sheffield remained unclear: the Management were demanding assurances of complete protection which, as they must well realise, the police could not, in the circumstances of heavy picketing, absolutely guarantee. It seemed likely that the works would remain closed.

THE SECRETARY OF STATE FOR INDUSTRY said that the rejection of the strike call over the dismissal of Mr Derek Robinson was encouraging; but the company had still to reach agreement on wages and on working practices, and to consolidate the recent improvement in its market share.

THE SECRETARY OF STATE FOR ENERGY said that a Delegate Conference of the General and Municipal Workers' Union (the union also involved in the water dispute) had rejected the latest pay offer, and that further talks would take place the following week.

THE MINISTER OF TRANSPORT said that the Port of London Authority (PLA) had slightly changed its pay offer. The Transport and General Workers' Union members had gone back to work pending the outcome of a ballot on this new offer; the National Association of Stevedores and Dockworkers members might resume work next day. The financial position of the PLA had deteriorated as a result of the strike, and the announcement of impending dock closures would probably have to be brought forward, perhaps to within the next two weeks. In discussion it was suggested that it was important to stress the connection between the strike and the intended closures.

The dispute with the Medical Laboratory Scientific Officers continued. A pay settlement had been imposed both in England and Wales and Scotland.

The Cabinet -

Took note.

6. THE CHANCELLOR OF THE EXCHEQUER said that the Clearing Banks would be announcing, over the next few weeks, very high profits for 1979. These profits were largely the result of the current high level of interest rates. About one-third of the profits would be paid over in Corporation Tax, but the banks would be left with large surpluses. Only a small part of these would be paid as dividends; the rest would remain to strengthen the banks' resources, and thus ensure their capacity to provide further assistance to industry in the next few difficult months.

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THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet appreciated the political embarrassment of publication of high bank profits at this stage. It was for the banks themselves to defend and explain these profits, but the Government could help by emphasising the size of the tax take, the counter-cyclical nature of bank profits - high when industrial profits were low, and vice-versa - and the need for a strong banking system. The Chancellor of the Exchequer, after consultation with the Paymaster General would circulate to Ministers a background brief for use in speeches and interviews,

The Cabinet -

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

Cabinet Office

21 February 1980