

DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

1980) 9th
Conclusions

COPY NO 80

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 6 MARCH 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 Sir Geoffrey Howe QC MP
Cancellor 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 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
Cancellor 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
Chief 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 and 3)
Mr P J Harrop (Item 1)
Mr R L Wade-Gery (Items 2-4)
Mr W N Hyde (Item 1)

CONTENTS

| Subject | Page |
|---|------|
| PARLIAMENTARY AFFAIRS | |
| Immigration Rules | 1 |
| Supplementary Estimates | 1 |
| Child Maintenance Orders (Annual Uprating and Exemption) Bill and Abortion (Amendment) Bill | 2 |
| Employment Bill | 3 |
| Education (No 2) Bill | 3 |
| Parliamentary Pay and Allowances | 4 |
| FOREIGN AFFAIRS | |
| Rhodesia | 6 |
| Iran | 7 |
| Afghanistan | 7 |
| Olympic Games | 7 |
| COMMUNITY AFFAIRS | 9 |
| NORTHERN IRELAND | 9 |
| PAY RESEARCH AND CASH LIMITS | 10 |

| Subject | Page |
|--|------|
| ECONOMIC AND INDUSTRIAL AFFAIRS | |
| Steel | 10 |
| Interest Rates | 11 |
| National Economic Development Council | 12 |

PARLIAMENTARY
AFFAIRS

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

Immigration
Business
Previous
Reference:
1950 7th
Conclusions
1951

THE HOME SECRETARY said that the Opposition would be providing most of the time for the debate on Immigration on Monday, 10 March which would last from 7 pm to 11.30 pm. They could therefore determine the form of the debate. It was possible that they would table a Motion referring to the Report from the Home Affairs Select Committee on the proposed new immigration rules and the European Convention on Human Rights. If so, the Attorney General might have to speak during the debate: it would be preferable to avoid this, but there might be no choice in the matter.

Parliamentary
Estimates

In discussion, reference was made to the vote on outstanding supplementary estimates to be taken at 10 pm on Monday. There would be no opportunity for debate and the Division should interrupt the Immigration Rules debate only briefly. Backbench Members might seek, however, by raising points of order, to register a protest that the House was expected to pass the supplementary estimates without debate.

THE PRIME MINISTER, summing up the discussion, said that depending on the form of the debate on the Immigration Rules determined by the Opposition, it might be necessary for the Attorney General to speak. The Chancellor of the Duchy of Lancaster should consider the precedents for the raising of points of order on the Motion approving supplementary estimates.

The Cabinet -

1. Invited the Chancellor of the Duchy of Lancaster to examine the precedents for raising points of order about Supplementary Estimates and the opportunities for limiting the interruption of business.

THE HOME SECRETARY said that the remaining stages of the Child Maintenance Orders (Annual Uprating and Exemption) Bill, sponsored by Mr Robert Taylor, would take place on Friday 14 March. The Bill was not acceptable to the Government and, following discussion at Legislation Committee the previous day, he and the Chancellor of the Duchy of Lancaster had both seen Mr Taylor in the hope that he might agree to withdraw the Bill. It seemed unlikely that he would do so. It would therefore be necessary to try to talk out the report stage of the Bill, even though overt attempts by the Government to prolong proceedings on the Bill would be seen by supporters of the Abortion (Amendment) Bill, which was the next Bill down for debate, as an attempt to block progress on that Bill. He was arranging for amendments to be prepared which Government supporters might table for the Report Stage of the Bill.

In discussion it was pointed out that Mr Taylor believed that he had made amendments to the Bill which met the objections previously seen by the Government. The principle of the automatic uprating of maintenance payments had support among Government backbenchers. On the other hand, it was strongly argued that the provisions of the Bill were unacceptable because they would create greater injustice in the operation of the divorce laws. Automatic uprating of maintenance would worsen the position of the husband and second wife as against that of former wives, and add to the criticism already made of the present law. The Bill would also call for increases in staff and add to the work of the courts.

In discussion of the Parliamentary handling of the debate, it was pointed out that it might be difficult to find Government supporters willing to prolong debate on Mr Taylor's Bill in view of the large numbers of MPs interested in the progress of the Abortion (Amendment) Bill. On the other hand, the opponents of the Abortion (Amendment) Bill might seek to prolong the debate. It was in any event unlikely that the Report Stage of the Abortion (Amendment) Bill could be completed in anything less than a full day.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that the Child Maintenance Orders (Annual Uprating and Exemption) Bill should not be allowed to make progress if it could be prevented. No further pressure should be put on Mr Taylor to withdraw the Bill, but the arguments of principle against its provisions should be deployed in the debate. Every effort should be made by way of the tabling and discussion of amendments to ensure that the Report Stage of the Bill was talked out. If necessary, however, the Chief Whip should seek to ensure that it was defeated at Third Reading.

The Cabinet -

2. Invited the Chief Whip, in consultation with the Home Secretary, to arrange that the Child Maintenance Orders (Annual Uprating and Exemption) Bill should be prevented from making further progress.

THE SECRETARY OF STATE FOR EMPLOYMENT said that agreement had been reached through the usual channels for the Committee Stage of the Employment Bill to be completed before Easter and for the Government's new clauses on immunities to be discussed during an extended Report Stage. It would be helpful if the publication of the Social Security (No 2) Bill could be deferred until after the Committee Stage of the Employment Bill had been completed; otherwise the timetable agreed with the Opposition might be put at risk. Subject to that point, he hoped that the arrangements would enable the Bill to be sent to the House of Lords in time for it to complete its passage there and receive Royal Assent by the beginning of July.

The Cabinet -

3. Took note.

THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that he had been advised that the Government were likely to lose the clause in the Education (No 2) Bill which would enable local education authorities to make charges for school transport. It was opposed by Catholic Peers of all Parties, by Labour, Liberal and cross-bench Peers, and even by some Government supporters. If the clause were lost in the House of Lords it would be very difficult to restore it in the House of Commons; and, even if that attempt were successful, the House of Lords might well throw out the clause again, thus jeopardising the prospects of the Bill becoming law before Easter. The Government had estimated that the introduction of school transport charges might save £20 million in 1980-81, and increased sums in future years. The savings to be made by those local authorities who had decided to charge were, in fact, likely to reach £20 million in the coming year. The best chance of getting the school transport clause through the House of Lords would be to make a further amendment limiting its operation to two children in a family. There could be no guarantee that this would secure its

passage, but some Government supporters and cross-benchers would accept the clause on that basis. Such an amendment would be popular in the House of Commons where similar amendments had been tabled at Report Stage, but not been reached under the timetable Motion. He sought the agreement of the Cabinet to putting down the amendment he had described.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet agreed that in the circumstances the Secretary of State should seek to amend the school transport clause, limiting the charging powers of local education authorities to two children in a family.

The Cabinet -

4. Invited the Secretary of State for Education and Science to arrange for the necessary amendment to be tabled to the Education (No 2) Bill before discussion of the school transport clause in Committee of the House of Lords.

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that on 4 March the House of Commons had debated the Motions he had tabled following the Cabinet's decisions on the recommendations of the Top Salaries Review Body (TSRB) on Parliamentary Pay and Allowances. There had been free votes on the Motions, and the outcome had not been altogether satisfactory. An amendment supporting some form of linkage of the pay of Members of Parliament (MPs) with that of outside groups had not been pressed, and an amendment that would have increased the allowance for secretarial and research assistance to £11,000, rather than £6,750 as proposed, had been defeated. The House had, however, passed three amendments against his advice: first, there had been a large majority in favour of an additional allowance of £675 to MPs for payment into an approved pension scheme for their secretaries; second, the House had voted to double the severance payments proposed by the TSRB for Members who lost their seats at a General Election after serving for ten years or more and who were aged 50 or over; third, the House had voted to implement the TSRB recommendation that travel allowances should be available for travel on Parliamentary business in any part of the United Kingdom. The increases proposed in the amended Motions would not take effect unless the Government indicated their support for them. He had indicated during the debate that the Government would accept the decisions of the House in principle, while reserving their position on

Parliamentary
and
allowances
income
reference:
1980) 6th
discussions
page 5

timing and on the detail of the proposals. He thought arrangements could be made to meet some of the misgivings that had been expressed about the lack of accountability for the allowances, and he had it in mind, if the Cabinet agreed, to work out detailed proposals in consultation with the House authorities and to bring them to the Cabinet before Easter.

In discussion of the proposed allowance for pensions for secretaries, it was said that the Accountant of the House would be able to ensure that the additional allowance of £675 was paid direct to an approved pension fund. It would be necessary to ensure that only one pension allowance was paid for each secretary even though some secretaries worked for two or three MPs. The severance pay proposed by the TSRB might more properly be called a redundancy payment, since it was not paid to MPs who resigned or did not stand for re-election, but only to those who were defeated at an election. The increased amounts, although better than the State scheme, were not especially generous when judged by the redundancy pay available under some private or public schemes; the cost to public funds would not arise for four years and would be small. The position of those MPs whose seats disappeared because of a redistribution of constituencies or whose constituencies were affected by boundary changes needed clarification. Concern was expressed about the lack of accountability for claims for travel allowances. It would be necessary to consider arrangements whereby Members gave advance notice to the Accountant of journeys on Parliamentary business outside their constituencies for which they intended to claim the allowance, as well as having to give strict account of their journeys after the event.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet accepted that it would be inadvisable to seek to go against the decisions taken by a free vote of the House. In working out detailed proposals the Chancellor of the Duchy of Lancaster should take account of the points made in discussion, particularly as regards the position of secretaries working for more than one MP and the need to prevent abuse of the increased scope for claiming travel allowances. He should bring his proposals to the Cabinet in due course.

The Cabinet -

5. Agreed to accept, in principle, the amended Motions passed by the House during the debate on the report of the Top Salaries Review Body on Parliamentary Pay and Allowances.

THE LORD PRIVY SEAL said that the United Nations Commission had not so far succeeded in securing the release of the United States hostages in Tehran, or even access to them. It seemed likely that the President of Iran, Mr Bani Sadr, had been overruled in the matter by Ayatollah Khomeini. If the Commission returned empty-handed, there would be strong domestic pressure on President Carter to take new measures, which could well make the situation even more dangerous.

THE LORD PRIVY SEAL said that the British proposal for the neutrality of Afghanistan had now been put to the Soviet Ambassador in London and by the British Ambassador in Moscow to the Soviet Deputy Foreign Minister. Other Western governments were supporting this on an individual basis, since it had not proved possible to arrange a collective initiative by the member countries of the European Community. The Russians had not rejected the idea, though they were insisting upon guarantees of "non-interference" as a prior subject for discussion. Whether they would agree to it was likely to depend on how difficult their situation became, both internally in Afghanistan and internationally.

The Cabinet -

3. Took note.

THE LORD PRIVY SEAL said that the British Olympic Association had on 4 March postponed for three weeks a decision on whether to take part in the Moscow Olympics. The Association's Chairman had appeared before the Foreign Affairs Committee of the House of Commons and in response to criticism there had indicated that their decision was likely to be influenced if a resolution on the subject were to be adopted by Parliament. Meanwhile, the United States Government were anxious to press ahead with plans for alternative games, which would be discussed at a meeting of like-minded governments in Geneva on 12-13 March.

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that, if there were alternative games, the rowing, equestrian and diving events could probably be held in Britain. There might be costs of up to £½ million involved in Britain's participation in such games.

THE PRIME MINISTER, summing up a short discussion, said that she would give further consideration to the possibility of a Parliamentary vote, and to the basis on which it might be held, in consultation with the Home Secretary, the Lord Privy Seal, the Secretary of State for the Environment, the Chancellor of the Duchy of Lancaster and the Chief Whip. In order to give political impetus to the discussions at Geneva, the Government should be represented at Ministerial level, as the Australian Government also proposed to be. Expenditure of up to £ $\frac{1}{2}$ million could be authorised to support alternative games and British participation therein; but there could be no question of the Government compensating those who might suffer financially as a result of cancelling plans to attend the Moscow Olympics.

The Cabinet -

4. Took note, with approval, of the Prime Minister's summing up of their discussion.
5. Invited the Lord Privy Seal, in consultation with the Secretary of State for the Environment, to arrange for a Minister to attend the proposed international meeting in Geneva.
6. Agreed that, in the event of the Secretary of State for the Environment being unable to find the necessary money from within his existing departmental vote, up to £ $\frac{1}{2}$ million might be made available from the Contingency Reserve to support alternative games.

3. THE LORD PRIVY SEAL said that, at a meeting earlier in the week, the Irish Foreign Minister had shown a readiness to be reasonably helpful over a solution to the problem of the British contribution to the Community budget, although the Irish would not themselves expect to be left financially worse off. Officials had met the Commission staff in Brussels and provided information which demonstrated that there was no shortage of programmes and projects on which additional Community money could be spent in the United Kingdom. The Commission staff were reasonably relaxed about the question of additionality, but as little as possible should be said in public about the need for additional Community funds to be applied to reducing our public expenditure. At the Council of Ministers (Agriculture) on 3-4 March no decisions had been taken on agricultural prices for 1980-81 and the French had been manoeuvred into a minority in refusing interim arrangements on sheepmeat. From the point of view of negotiations on the budget problem, it was satisfactory that France remained in a position of illegality and the Commission were now likely to apply to the European Court for an interim injunction against them. On the possibilities of additional Community expenditure for the United Kingdom steel industry, the Commission now acknowledged that the United Kingdom had applied for all the monies available to her. Discussions were still continuing from which it might prove possible to secure a modest amount of further financial aid.

The Cabinet -

Took note.

4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Conference on the future government of Northern Ireland was now addressing the central issues of how a devolved executive would actually function and what was to be the role of the minority community and its elected representatives. Each of the parties was naturally emphasising the merits of its own case and the weaknesses of others. But some interesting similarities of approach had emerged on a number of detailed issues. The parties were also increasingly aware of the need to evolve arrangements acceptable to each other and were less inclined to see the British Government as the main obstacle to progress, though memories of past failures might in the end prevent them from volunteering the necessary concessions. The Government would therefore almost certainly have to table their own proposals in due course. The Conference was likely to adjourn just before or after Easter, having been once through its full agenda. He would

at that stage report to colleagues on the position and on the next steps, and would conduct bilateral discussions with each of the parties including the Official Unionists. Thereafter he would aim to reconvene the Conference, if possible with the Official Unionists present, and if necessary put forward British proposals. The public would need to be kept informed and a debate in Parliament would probably be needed. Meanwhile, he had been interested to note the ideas which Mr Brian Mawhinney MP had put forward in a Press article and subsequently in a paper circulated to the Conference.

The Cabinet -

Took note.

5. The Cabinet resumed their discussion upon the means to be adopted to ensure compliance with the cash limit on the Civil Service vote.

The Cabinet's discussion and conclusions are separately recorded.

6. THE SECRETARY OF STATE FOR EMPLOYMENT said that the unions represented in the steel industry had now joined forces, following a lead given by the Trades Union Congress (TUC). It was said that the purpose of this alliance was two-fold: to strengthen the hands of the unions in negotiations with the British Steel Corporation (BSC), and to improve the effectiveness of industrial action; it was doubtful, however, whether it would have any significant effect on the level of industrial action or on the movement of supplies. Mr Sirs, the General Secretary of the Iron and Steel Trades Confederation, had expressed the hope that the BSC, which had always wished for more joint negotiation at national (as opposed to local) level, would press the unions, as part of any settlement, to agree to more joint negotiation at national level in future. On pay itself, there was still a large gap between the two sides, and it would be optimistic to hope for an early conclusion to the negotiations which were expected to be resumed shortly. The pressures on the trade union side were, however, increasing, and they would probably not wish to break negotiations off, even if an

early settlement was not concluded. To achieve a settlement the BSC would probably have to improve a little on their present offer; it was reasonable to hope, however, that they would not need to move too far, even though Mr Sirs was still talking about 20 per cent.

THE HOME SECRETARY said that picketing had become for the most part very quiet, and the pickets were reported to be dismal and dispirited. A tiresome dispute had arisen between Hadfields and the South Yorkshire Police, in which Hadfields were suing the South Yorkshire Police Authority for damage to property, while the South Yorkshire Police Authority were suing Hadfields for the cost of policing outside Hadfields. The action taken by the managing director of Hadfields was not welcome to his proprietors, and neither action seemed to have great prospects of success. It was to be hoped that the dispute would be settled without coming to court.

The Cabinet -

1. Took note.

Interest Rates

THE CHANCELLOR OF THE EXCHEQUER drew the attention of the Cabinet to the fact that inflationary pressures across the world were bringing about a general rise in the level of interest rates. Even in the Federal Republic of Germany the equivalent of the prime rate had risen to $9\frac{1}{2}$ per cent, and the corresponding rates in other leading industrialised countries were 11 per cent in Japan, 14 per cent in France, $17\frac{1}{2}$ per cent in the United States and 20 per cent in Italy. These international trends helped to put the rise in domestic interest rates into perspective.

The Cabinet -

2. Took note.

THE CHANCELLOR OF THE EXCHEQUER said that there had been a meeting of the National Economic Development Council (NEDC) the previous day. In a general discussion of the economic situation and prospect the atmosphere had been realistic and constructive, without any attempt to provoke confrontation. The General Secretary of the Trades Union Congress (TUC) had said that the meeting was very useful, and that the TUC hoped to continue to discuss certain aspects of the matter. The TUC were beginning to acknowledge the importance of pay bargaining. Both Sir Raymond Pennock, for the Confederation of British Industry, and the Governor of the Bank of England (the latter attending NEDC for the first time) had made effective contributions.

The Cabinet -

3. Took note.

Cabinet Office

6 March 1980

CABINET

LIMITED CIRCULATION ANNEX

CC(80) 9th Conclusions, Minute 5

Thursday 6 March 1980 at 10.30 am

RESEARCH
CASH
MS
...
...
... 8th
...
... 4

THE PRIME MINISTER recalled that at their discussion the previous week upon a cash limit for the Civil Service vote the Cabinet had agreed that, in so far as the provision in the vote so cash limited was not enough to finance the pay settlement resulting from the negotiations which the Minister of State, Civil Service Department, had been authorised to undertake, the balance would have to be found by further reductions of manpower. Ministers in charge of Departments had been invited to give immediate consideration to the means of reducing the costs of manpower in their Departments by 2-2½ per cent in 1980-81. The preliminary soundings that had been taken on the prospects for the pay negotiations now confirmed that it would be essential to achieve an overall saving of manpower at the upper end of that range. She would be sending out a minute asking that every Minister in charge of a Department should find at least 2½ per cent in 1980-81. Exceptions would have to be very limited indeed, and confined to prison officers and a few very small Departments which would be unable to accommodate a cut of as much as 2½ per cent. If there were to be any question of greater flexibility, it would have to be flexibility both ways: if some Ministers wanted to find less than 2½ per cent, others would have to be asked to find more, so that the overall average was as near 2½ per cent as possible. The Minister of State, Civil Service Department, would be getting in touch with Ministers in charge of Departments to confirm the necessary reductions.

In discussion the following points were made -

- a. It would help in achieving the reductions proposed if there could be greater scope for premature retirement. It would be helpful if the Civil Service Department could consider a modification of the present very limited possibilities.

b. The prospects for Staff Side acquiescence in manpower reductions would be diminished if it became necessary to resort to compulsory redundancies. It had so far been possible to avoid compulsory redundancies, and in some Departments a policy decision had been taken not to resort to them. A normal rate of wastage should make that possible.

c. It would be helpful for Ministers to be given guidance on what should be said to Departmental Staff Sides about the new round of manpower reductions.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that it should be an object of policy to avoid compulsory redundancies if at all possible, and that improvements in the arrangements for premature retirement were to be regarded as preferable.

The Cabinet -

1. Took note that the Prime Minister would be issuing a minute on the need for manpower reductions in the Civil Service averaging as near $2\frac{1}{2}$ per cent as possible in 1980-81.
2. Took note that the Minister of State, Civil Service Department, would be getting in touch with Ministers in charge of Departments to confirm the necessary reductions.
3. Agreed that only as a last resort should compulsory redundancies be adopted as a means of achieving manpower reductions in the Civil Service.
4. Invited the Minister of State, Civil Service Department, to consider, in consultation with other Ministers as appropriate, the possibility of improved terms for premature retirement from the Civil Service.
5. Invited the Minister of State, Civil Service Department, to arrange for Ministers to be given suitable guidance on what should be said to Departmental Staff Sides about the new round of manpower reductions.

Cabinet Office

6 March 1980