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CC(82) 36th
Conclusions

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CABINET

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

THURSDAY 1 JULY 1982

at 10.00 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 Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Education and Science

The Rt Hon John Nott MP
Secretary of State for Defence

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

The Rt Hon John Biffen MP
Lord President of the Council

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

The Rt Hon Baroness Young
Lord Privy Seal

The Rt Hon Norman Tebbit MP
Secretary of State for Employment

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Francis Pym MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon James Prior MP
Secretary of State for Northern Ireland

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

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry

The Rt Hon David Howell MP
Secretary of State for Transport

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

The Rt Hon Nigel Lawson MP
Secretary of State for Energy

The Rt Hon Cecil Parkinson MP
Chancellor of the Duchy of Lancaster
and Paymaster General

The Rt Hon Lord Cockfield
Secretary of State for Trade

SECRET

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr P L Gregson (Item 4)
Mr D J S Hancock (Items 2 and 3)
Mr A D S Goodall (Items 2 and 3)
Mr D H J Hilary (Item 1)
Mr M S Buckley (Item 4)
Mr L J Harris (Item 1)

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PARLIAMENTARY
AFFAIRS

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

Employment
Bill

THE LORD PRIVY SEAL said that until recently it had been assumed that Royal Assent to the Employment Bill, which had now received its Second Reading in the House of Lords, could if necessary be delayed until the autumn spillover. On this basis, priority had been given in the House of Lords to the passage of the Oil and Gas (Enterprise) Bill, the Local Government Finance (No 2) Bill, and the Social Security and Housing Benefits Bill, all of which had long been identified as needing Royal Assent before the Summer Recess. Because of the threatened railway strike, and other possible disputes before the autumn, the Secretary of State for Employment had recently been pressing strongly for the Employment Bill to become law before the Recess. It was extremely doubtful whether an appropriate timetable could be negotiated with the Opposition in the House of Lords. They had already agreed to try to limit Committee Stage to four days, in spite of the fact that 150 amendments had been put down; there would be two major Government amendments, on sit-ins and on the closed shop, and an amendment had been tabled by Government backbenchers on postal ballots for the election of union officers. There was little hope of any agreement to curtail the normal two-week period between Committee and Report and, allowing two days for Report, Third Reading could not be before Wednesday 4 August, even if no unforeseen difficulties arose.

In discussion it was noted that consideration of the Lords amendments in the Commons would be subject to a supplementary guillotine motion, but time would have to be allowed for their printing and consideration by the Opposition, and it was clear that the Bill could receive Royal Assent before the Summer Recess only if the Commons were prepared to sit into the second week of August.

THE PRIME MINISTER, summing up the discussion, said that the provisions of the Employment Bill could be helpful in dealing with the impending industrial action on the railways, and the Government's supporters would expect legislation to be on the Statute Book before the next Conservative Party Conference. The Cabinet were doubtful whether the Commons should be asked to sit into the second week of August to consider the Lords amendments, and the Lord Privy Seal should therefore explore with the Opposition in the House of Lords the possibility of an agreement to reduce the interval between the Committee and Report Stages of the Bill, with a view to bringing the Bill to Royal Assent before Parliament rose for the Summer Recess. There might be a case for reforming those procedures of the House of Lords which tended to inhibit the efficient dispatch of business in that House;

but it should not be forgotten that the Conservative Party when in Opposition had attached considerable importance to the maintenance of a two-week gap between the various stages of a Bill's passage through the House of Lords.

The Cabinet -

Invited the Lord Privy Seal to seek to negotiate with Opposition Leaders a shortening of the two-week interval between the Committee and Report Stages of the Employment Bill in the House of Lords, and to report the outcome to the Cabinet.

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the resignation of Mr Alexander Haig as United States Secretary of State was to be regretted. He had been a good friend of Britain. Exactly what had triggered off his resignation was unclear, but his relationship with the White House had been increasingly unhappy at almost every point and his departure came as no surprise. His successor, Mr George Shultz, was a close associate of Mr Reagan, well known and respected internationally. It remained to be seen what his approach to foreign policy would be; but he would almost certainly be more favourable to the Arab cause and less identified with Israel than his predecessor. He was also likely to have an informed understanding of the industrial implications for European countries of the present United States Administration's opposition to the Siberian gas pipeline. Mr Shultz was unlikely to be confirmed in office before mid-July: Mr Haig would remain in charge of the State Department for the time being.

In discussion it was pointed out that Mr Shultz's assumption of office was likely to come too late to affect the immediate problem facing John Brown Engineering as a result of the refusal of the United States Administration to exempt existing contracts from their embargo on the export of certain goods to the Soviet Union. The first delivery to the Soviet Union of rotors from John Brown was due on 2 July. The company was reluctant to take any action which might carry the risk of United States reprisals against the rest of their business which was dependent on American technology and licences.

The Cabinet -

1. Took note.

THE FOREIGN AND COMMONWEALTH SECRETARY said that there was a ceasefire of a kind in the Lebanon, and convoluted negotiations were taking place with the Palestine Liberation Organisation (PLO) through the Lebanese. The main problem was where the PLO forces were to go. Both Egypt and Libya were possibilities. Recent events had created very deep resentment throughout the Arab world and represented a major step backward from a long-term peaceful settlement of the Middle East problem. Among the member Governments of the European Community (EC) there was no agreement to adopt economic sanctions against Israel, but no member state was at present supplying arms to the Israeli Government. Israel tended to regard the United Kingdom as taking the lead among the Europeans in criticising Israeli policies, but in reality all the EC Governments shared the same view. It was important for the United Kingdom to maintain a dialogue with the Israeli Government.

SECRET

In discussion it was pointed out that the Israeli defeat of the PLO forces and their withdrawal from Lebanon would almost certainly result in the PLO resuming terrorist operations elsewhere in the world on the pattern of the early 1970s. This risk would be enhanced if the PLO was given refuge in Libya where it would have access to extensive arms supplies.

The Cabinet -

2. Took note.

SECRET

COMMUNITY
AFFAIRS

European
Council
28-29 June

Council of
Ministers
(Fisheries)
28-29 June

Previous
Reference:
CC(82) 34th
Conclusions,
Minute 4

3. THE PRIME MINISTER said that the discussion of the Middle East crisis at the European Council had been complicated because events were moving rapidly while the meeting was going on. The most notable feature of the Council had been a virulent attack by President Mitterrand of the French Republic on the United States. This had resulted in a Presidency draft communique couched in quite inappropriately hostile terms. The United Kingdom had circulated a revised draft and the final text reflected the genuine concern of all the member countries about American policy on steel and the Siberian pipeline, but in appropriate language.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Council had been unable to reach agreement because the Danish Minister was determined to prevent one. He was presumably unwilling to be criticised at home before the Danish elections which were supposed to take place in September. At the end of the Council the Commission had put forward new proposals which would give the United Kingdom 36 per cent of the total catch and should therefore be acceptable to the industry. The total permitted catch for mackerel was larger than could be considered prudent on scientific grounds but it was difficult for the United Kingdom to resist as the amount was the same as what British fishermen had caught illegally last year. The Commission's proposals on access would improve the present position of the United Kingdom industry in the 6-12 mile belt for 70 per cent of the coastline. They would therefore represent the best access arrangements that the industry had ever enjoyed. Nothing could be taken for granted until an agreement had actually been reached, and this depended entirely on the Danes.

The Cabinet -

Took note.

INDUSTRIAL
AFFAIRS---
British Rail
and London
TransportPrevious
Reference:
CC(82) 35th
Conclusions,
Minute 5

4. THE SECRETARY OF STATE FOR TRANSPORT said that industrial action by those employees of the British Railways Board (BRB) who were members of the National Union of Railwaymen (NUR) had been suspended after 48 hours and the NUR had referred the issues in dispute with them to the Railway Staff National Tribunal (RSNT). The Associated Society of Locomotive Engineers and Firemen (ASLEF) had however called an all-out strike of their members employed by the BRB from midnight on Saturday 3 July. The BRB's position was that there would be no pay increase unless all outstanding productivity issues were settled. They would be contacting each ASLEF member by letter explaining the serious consequences of the strike for the railway and making clear their readiness to receive employees for work even if their union card had been withdrawn. They would be waiting to see how many ASLEF members defied their union and how many NUR members were prepared to cross ASLEF picket lines. They would then face a decision towards the end of the following week on whether, despite the 1919 Guaranteed Week Agreement, they should lay off without pay the NUR members reporting for work. Meanwhile industrial action on the underground services of London Transport (LT) had been called off on the understanding that discussions would take place over a four-week period about revised schedules. The possibility of some action by LT workers in sympathy with the ASLEF action against the BRB could not be wholly ruled out.

THE HOME SECRETARY said that the emergency arrangements approved by the Civil Contingencies Unit for improving traffic flow and parking in London had worked well, although there had been serious congestion in the City of London and the eastern approaches to it. The operation by servicemen to provide additional parking spaces in Hyde Park and Regent's Park had been completed. The additional spaces had not been ready for use during the two days of the strike at the beginning of the week, but would be available for a further strike the following week. Urgent work was in hand to provide further off-street parking areas. The Civil Contingencies Unit would be meeting the following day to decide on the appropriate package of measures which would take effect from the weekend.

The following main points were made in discussion -

- a. The action taken by NUR members in defying their union and crossing picket lines and then suspending their strike would make it more difficult to justify laying them off without pay in breach of the 1919 Agreement. On the other hand the cost of paying the bulk of the BRB's employees for whom no work was available would rapidly exhaust the BRB's temporary borrowing facilities. The BRB needed to find a way of enlisting the NUR's support for keeping the railway in operation, perhaps by allowing

some of their non-driver members to be substituted for striking ASLEF drivers. The timing and manner of any action to lay off NUR members would need further careful consideration.

b. It was important that the RSNT should address itself not only to the issues referred to it by the NUR but also the whole range of outstanding productivity issues. For the longer term it was desirable to see how far legislative changes might free the BRB from the constraints imposed by its cumbersome negotiating machinery.

The Cabinet -

1. Took note.

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the Health Services Committee of the Trades Union Congress had requested the Advisory, Conciliation and Arbitration Service (ACAS) to try to conciliate in the current pay disputes in the National Health Service (NHS). Representatives of ACAS would meet the Health Services Committee, and officials of the Department of Health and Social Security. Officials would confirm that the Government's decision on the money which could be made available to finance pay increases in the NHS was final. It would be helpful if the Prime Minister and Cabinet colleagues could emphasise this fact when opportunity arose. The right course was for the trade unions to return to negotiations in the Whitley Council machinery: there was no useful role for ACAS to play in the present dispute. The Management Side of the Nurses' and Midwives' Whitley Council had formulated a revised pay offer. The Management Sides of other NHS Whitley Councils would shortly do the same. Negotiations on the nurses' and midwives' pay claim were expected to resume on 9 or 13 July.

The NHS strike that was threatened for 19, 20 and 21 July seemed virtually certain to go ahead. Ministers were considering the response to sympathetic strikes by other workers, and whether there were any steps which the health authorities, as employers, might be asked to take.

The Cabinet -

2. Took note.

Cabinet Office

1 July 1982

National
Health Service

Previous
reference:
CC(82) 35th
Conclusions,
minute 5