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CC(81) 19th
Conclusions

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CABINET

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

THURSDAY 14 MAY 1981

at 11.00 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 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
Chancellor of the Duchy of Lancaster and
Paymaster General

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon John Nott MP
Secretary of State for Defence

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 Jehn Biffen 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 Norman Fowler MP
Secretary of State for Transport

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

SECRET

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 2 and 3)
Mr Le Cheminant (Items 4 and 5)
Mr R L Wade-Gery (Items 2 and 3)
Mr W N Hyde (Items 1 and 6)
Mr D J L Moore (Items 4 and 5)
Mr L J Harris (Items 1 and 6)

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

Legislative
programme
1980-1981

Previous
reference:
C(81) 5th
conclusions,
minute 1

THE CHANCELLOR OF THE DUCHY OF LANCASTER AND PAYMASTER GENERAL said that, in spite of dropping three programme Bills from the current Session and reducing the length of one other, the legislative programme was under continuing pressure, and it might be necessary to consider at a later stage whether it would still be possible for both Houses of Parliament to rise for the Summer Recess on 28 July as originally intended. Two days had had to be set aside before the Whitsun Recess for the annual debate on the defence estimates, which would in any case be later than in previous years; the Opposition had not been willing to agree to the debate being confined to a single day. It would not now be possible for the Commons stages of the Education (Scotland) and the Employment and Training Bills to be completed in time for them to be sent to the House of Lords before the Whitsun Recess. That in turn made it unlikely that the original timetable of achieving Royal Assent for both Bills by the Summer Recess could be maintained. He recognised the political difficulties which would arise from postponing Royal Assent on the two Bills in question, but there appeared to be no practicable alternative.

THE SECRETARY OF STATE FOR SCOTLAND said that he had agreed earlier in the year to two Scottish programme Bills being postponed to the next Session. He had now taken powers by Order under existing legislation to introduce the assisted places scheme in Scotland in advance of the passing of the Education (Scotland) Bill in time for the next school year. Postponement of Royal Assent to the Bill would, however, mean that it would be impossible to introduce the new arrangements on parental choice in time for the next school year. This also was a Manifesto commitment, and the delay would expose the Government to a good deal of adverse public and political criticism.

THE LORD PRESIDENT OF THE COUNCIL said that the House of Lords would be heavily committed in the period up to the Summer Recess, in particular to the consideration of the British Nationality Bill. He could not promise to secure the passage of the Education (Scotland) Bill by the House of Lords before the Summer Recess, if it were not received from the Commons until the end of the second week after the Whitsun Recess.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet noted that considerable political and administrative difficulties would be caused by the postponement of Royal Assent to the Education (Scotland) and Employment and Training Bills, but recognised that this was likely to be inevitable in view of the need to find time for an early defence debate in the House of Commons and of the general congestion of the legislative timetable.

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The Cabinet -

1. Took note.

Fermanagh and
South Tyrone
By-Election

Previous
reference:
C(81) 16th
conclusions,
Minute 1

THE CHANCELLOR OF THE DUCHY OF LANCASTER AND PAYMASTER GENERAL said that it was possible that a backbench Member of Parliament would move for the issue of a writ for a by-election in the Fermanagh and South Tyrone constituency in the near future. It was clearly preferable that the issue of a writ should be deferred until the Government were ready to bring forward legislative proposals on the candidature or the election of convicted prisoners. If a motion were moved, it would in his view be preferable, having regard to the present situation in Northern Ireland and the likely reaction in the House of Commons, to seek to postpone the discussion of the motion rather than to try to defeat it. If a writ had not been issued by the beginning of the Summer Recess, the Speaker would be obliged to sign a warrant for a writ if during the Recess any two members presented him with a certificate of Mr Sands' death.

THE HOME SECRETARY said that work was proceeding on the preparation of a draft of a Bill to prevent persons serving prison sentences from becoming Members of Parliament. There were considerable complications in framing a Bill which would disqualify prisoners from nomination, and if a Bill was to be introduced and become law quickly it might have to be confined to restoring the law as nearly as possible to the situation that had existed before the passing of the Criminal Law Act 1967. Even this would be controversial. It would mean that convicted prisoners would be allowed to stand for election, but not to take their seats if elected. He would bring proposals to the Cabinet as soon as he could.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet agreed that the immediate issue of a writ for the Fermanagh and South Tyrone by-election should be prevented, and that it would be preferable for the debate on any motion to be adjourned rather than for the Government to be seen to use their majority to defeat it. They noted that the Home Secretary would bring proposals before them for early amendment of the law.

The Cabinet -

2. Invited the Chancellor of the Duchy of Lancaster, in consultation with the Secretary of State for Northern Ireland and the Chief Whip, to take any necessary steps to ensure that the debate on any motion for the issue of a writ for a by-election in Fermanagh and South Tyrone was adjourned.

Parliamentary
allowances

previous

reference:

C(81) 18th

conclusions,

minute 6

The Cabinet had before them a letter from the Chancellor of the Duchy of Lancaster to the Prime Minister dated 12 May 1981 about the 17th Report of the Top Salaries Review Body (TSRB 17) dealing with the salaries of Members of Parliament and Ministers, and allowances for Members and Peers.

THE CHANCELLOR OF THE DUCHY OF LANCASTER AND PAYMASTER GENERAL said that the Cabinet had already decided on the handling of the salary recommendations contained in TSRB 17. They now had to agree on the handling of the remaining recommendations on allowances. The TSRB had recommended that the Secretarial and research allowance for Members should be increased by 7.5 per cent from £8,000 a year to £8,600. Although the TSRB had made no specific recommendation, it would also be appropriate to increase the supplement of £800 for pension purposes by the same percentage, to £860. He proposed that this recommendation should be accepted, together with the TSRB's further proposal that there should be a supplementary provision for Members who needed to secure temporary secretarial help during the paid absence of their normal Secretary lasting more than 4 weeks, and that Members should be allowed to claim for payments made to their Secretaries during the dissolution of Parliament. The Review Body had recommended an increase of 8.5 per cent from £1,175 to £1,275 a year in the secretarial allowance for Lords Ministers, and had recommended that the maximum total expense allowances payable to all Peers attending the House of Lords should be increased by 11.4 per cent from £44 a day to £49 a day. He proposed that the Government should accept all the TSRB 17 proposals on Parliamentary Allowances, and that the Prime Minister should include a reference to this decision in the Written Answer on the Review Body's Reports the following day.

In discussion, it was pointed out that the Government had specifically asked for the TSRB's advice on Parliamentary Allowances, and that it would be presentationally difficult to appear to have rejected it out of hand. It would, however, be difficult to justify increases of between 7.5 and 13.6 per cent in Parliamentary Allowances at a time when the Civil Service pay offer was being held at 7 per cent within a 6 per cent cash limit, and doctors, dentists and nurses were to be offered only 6 per cent. Although 6 or 7 per cent should not be regarded as a pay norm, the absence of any cash limit on Parliamentary votes did not justify increases in allowances which went beyond the going rate for public sector pay generally. There would be some opposition to any proposal to reduce the recommended increase in secretarial allowances, but this could be partly offset if the recommendations on substitution during sick leave and payments during dissolutions of Parliament were implemented.

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THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that on balance it would be preferable to limit the increase in all the Parliamentary Allowances dealt with in TSRB 17 to 6 per cent, subject to any necessary rounding. The Cabinet agreed that the supplementary recommendations on the payment of Members' Secretaries should be accepted. She would announce the Government's decisions on TSRB 17 in a Written Answer the following day.

The Cabinet -

3. Agreed that increases in Parliamentary Allowances should be limited to 6 per cent, subject to any rounding, and that the additional recommendations of the Top Salaries Review Body on the pay of Members' Secretaries should be accepted.

4. Took note that the Prime Minister would announce the Government's decisions on Parliamentary pay and allowances in her Written Answer on the Review Body's Reports the following day.

NORTHERN
IRELAND
AFFAIRS

Previous
reference:
CC(81) 18th
Conclusions,
Minute 4

2. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that, following the funeral of Robert Sands, nightly rioting had continued in Northern Ireland. The Security Forces had had to sustain not only attacks by rioters throwing petrol bombs and other missiles but also casualties from increasing sniper fire by terrorists taking advantage of the riots; but they were managing to keep the situation under control. By local standards the level of violence was not high, and no attempts had been made by either community to carry rioting into the other's areas. A second hunger striker, Francis Hughes, had died on 12 May. His funeral on 15 May, in the country near Londonderry, would be celebrated like that of Robert Sands, but serious trouble was not anticipated. The two other hunger strikers were likely, unless they desisted, to die in about a week; and they had now been joined by a fifth. The Provisional Irish Republican Army (PIRA) clearly thought they had found a winning streak, and were exploiting the propaganda possibilities for all they were worth. International media coverage remained intense. Television reporters were more interested in sensational news than good. Although nothing could be proved, foreign television teams were undoubtedly paying children and others to build barricades and start fires which could then be photographed; and it was regrettable that no British television channel had shown the successful and peaceful procession on the occasion of the recent Lord Mayor's Show in Belfast, which had been attended by the Lord Mayor of Dublin among others. On the other hand Press comment, in the United States as well as elsewhere had been more fairly balanced. The Government were making every effort, both domestically and abroad, to explain their stance on the hunger strikers' demands; and above all to make clear that these demands, which had been confirmed by Mr Sands just before his death and by Mr Hughes' brother recently on television, amounted to a demand for political status and could not be met by minor gestures related eg to clothing.

In the course of a brief discussion it was noted that the Irish Ambassador and Mr John Hume MEP had separately called on the Prime Minister the previous evening. Both urged concessions made on the prison rules about clothing and about association. There was no reason to suppose, however, that such concessions, even if they could be contemplated, would end the hunger strike; if they were granted, others would be sought. The clothing rules in Northern Irish prisons were already liberal by international standards and very similar to those in force in Federal prisons in the United States. In Great Britain the rules were stricter and the Prison Officers' Association would strongly oppose any relaxation. The circumstances of women prisoners, who wore their own clothing at all times, were manifestly different. The attitude of the Irish Catholic Primate, Cardinal O'Fiaich, had not been helpful, but his followers' attitude to terrorism might now be influenced by the recent attempt to assassinate the Pope. Many Northern Irish Catholics had in any case little sympathy for the hunger strikers. From the

Protestant Community Mr James Molyneaux MP would be calling on the Prime Minister that evening, and Mr Paisley had also sought a meeting. As regards international opinion, there had been no approaches from foreign Governments, other than the Republic of Ireland; foreign Press attitudes had in many cases been reasonable and moderate; and an effective reply had just been sent by the Prime Minister to a message from Senator Kennedy and his three fellow spokesmen for the Irish Catholic community in the United States. In terms of the propaganda battle, every emphasis should be placed on the crimes for which the hunger strikers were in prison, and perhaps also on the sufferings and anxieties of the families of members of the Security Forces.

The Cabinet -

Took note.

FOREIGN AND
COMMUNITY
AFFAIRS

Lebanon

Previous

Reference:

CC(81) 18th

Conclusions,

Minute 2

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in the Lebanon was potentially dangerous. The protagonists were not the Lebanese themselves but the Syrians and Israelis. The Israeli Prime Minister, Mr Begin, engaged in his election campaign, was seeking to divert public attention from a very difficult economic situation by adopting a tough stance internationally. The Syrians were well placed to humiliate Israel by refusing to remove the SAM 6 missiles they had introduced into the Lebanon; if these were then destroyed by the Israelis, that action would rally support for Syria from the rest of the Arab world. Even Egypt would then have to take the Syrian side; and there would be a real risk of a new Arab-Israel confrontation, with the Soviet Union standing behind the Arabs and the United States behind the Israelis. Hence the importance of the mediation between Tel Aviv and Damascus currently being undertaken by Mr Philip Habib on behalf of the United States Government.

France

THE FOREIGN AND COMMONWEALTH SECRETARY said that Monsieur Giscard d'Estaing was likely to leave office on 27 May following his defeat by Monsieur Francois Mitterrand in the French Presidential Election. The implications for French policy were unlikely to become clear until after the Parliamentary Elections which would now take place. Monsieur Mitterrand was almost certain to need support outside his own Socialist Party. France's policy on East-West relations was not expected to weaken and might even become more robust. She would not abandon the North Atlantic Alliance, nor give up her own nuclear weapons. She was likely to adopt a more sympathetic stance towards the developing world, particularly if Monsieur Claude Cheysson became Foreign

Minister; under Monsieur Mitterrand's Presidency she might, for instance, not be prepared, as Monsieur Giscard's Administration had been, to join with the United States and Britain to veto a United Nations resolution on sanctions against South Africa. In the Middle East, Monsieur Mitterrand was likely to abandon the extreme pro-Arab position of Monsieur Giscard; but though sympathetic to Israel he could hardly afford to alienate the Arabs too far, not least because his reservations about nuclear energy would underline French dependence on Middle East oil. His less forward attitude on arms sales in the Middle East might enhance British commercial prospects in that area. In Europe Monsieur Giscard's defeat was a serious blow for the Chancellor of the Federal Republic of Germany, where the leftward drift of the Social Democratic Party might now increase and with it the shakiness of the governing coalition. With French policy so uncertain there would be little hope of any early settlement of major outstanding issues in the European Community, such as the Common Fisheries Policy and budget restructuring. This would increase the problems to be faced during Britain's tenure of the Presidency of the Community in the second half of 1981. But France's position in the Community might prove less strong under Monsieur Mitterrand than under Monsieur Giscard and his Fifth Republic predecessors, by whom France's continental partners had tended to be somewhat overawed.

Anglo-German
Consultations
11-12 May

THE PRIME MINISTER said that the discussions with the Federal Chancellor and his colleagues at Chequers on 11-12 May had been affected by events in France as well as by the outcome of the elections in Berlin and by the brutal murder of a senior member of the Free Democratic Party in Hesse. The Chancellor had been sensitive to criticisms about the level of defence spending in the Federal Republic, which in his view compared favourably with that of most of the other allies, gloomy about the prospects of recovery in the world economy, and disturbed about the continuing high level of interest rates in the United States. On Community matters, the European Council was due to meet immediately after the French Parliamentary elections. Both she and the Federal Chancellor concluded that it might be better if the Commission's Report on budget restructuring and the Common Agricultural Policy (CAP) did not come forward during that election campaign, since it would inevitably be attacked by Monsieur Chirac and options for the new French Government thus closed off. Some delay in the discussions of budget restructuring was inevitable. She and the Federal Chancellor had agreed on the need firmly to maintain the 1 per cent Value Added Tax ceiling as the only way to force changes in the CAP, although this might not be the position of the new French Government.

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In a brief discussion it was argued that the Federal Chancellor's claims about the past level of the Germans' defence effort were not convincing. Their defence budget was now to be increased, but by less than their Defence Minister, Herr Apel, had wanted. The lack of robustness shown by Germany and other European countries during recent discussions in the North Atlantic Treaty Organisation was disturbing, as was the deterioration in United States/German relations on defence matters following an unsatisfactory meeting between the Federal Chancellor and the United States Secretary of Defense. The current German attitude towards the United States was ambivalent in a number of fields; eg the Middle East, where the hesitancy of German policy and the Germans' sense of guilt vis-a-vis the Israelis had been accentuated by the sharp public criticism to which Mr Begin had recently subjected them.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD, reporting on his talks with the Federal Minister of Agriculture, Herr Ertl, said that both Governments remained anxious for an early settlement of the remaining issues on the Common Fisheries Policy (CFP); but in the French election campaign Monsieur Mitterrand had criticised President Giscard for failing to defend French fishing interests, and he was bound to commit himself to a hard line in the forthcoming Parliamentary elections. The resumption of negotiations would inevitably be delayed, and the danger that the French Government might simply hold out until the end of the present access arrangements on 1 January 1983 was increased. It also seemed likely that Monsieur Mitterrand would take a strong line in defence of the CAP, since a majority of French farmers appeared to have voted for him in the Presidential elections. During a recent meeting of the Council of Ministers (Agriculture), the French representative had taken a notably intransigent line, denying commitments which had been entered into during the recent agricultural price settlement.

THE SECRETARY OF STATE FOR TRADE said that the Federal Minister for Economics, Count Lambsdorff, regretted the American action in agreeing restrictions on Japanese exports to the United States market but recognised the need for a Community response. At the forthcoming meeting of the Council of Ministers (Foreign Affairs) on 18-19 May, the Commission would suggest that the Community should urge the Japanese Government to avoid the diversion of Japanese cars destined for the United States market to Europe and to limit supplies to the Community to no more than the previous year. It would not be possible for the Community to be more precise in view of the different arrangements for controlling imports of Japanese cars in each member state. The Federal Chancellor also wished to urge the Japanese to open up their market to imports of European manufacturers.

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In a brief discussion, it was noted that there were growing problems for United Kingdom manufacturers of car components. The car manufacturing companies including British Leyland were increasingly turning to Japan for components in order to be able to compete successfully. This issue would arise in connection with the establishment of car production by Nissan in this country. They were seeking sufficient space to be able to manufacture their own components, and to carry out research, as well as to manufacture cars. The conditions for the Nissan deal were still under consideration, but in view of the contribution such foreign investment made to employment the Government could not take a negative attitude towards it.

THE SECRETARY OF STATE FOR INDUSTRY said that, unless the new French Administration made difficulties, it was likely that there would be voluntary agreement among steel producers to limit production which would cover some 95 per cent of the industry. Such an arrangement should help to stop the further slide in prices. The German Government now accepted that statutory quotas could be used in order to discipline the German company which accounted for the remaining 5 per cent and which was not willing to accept a voluntary arrangement.

The Cabinet -

Took note.

CIVIL SERVICE
PAY

4. The Cabinet heard an oral report from the Lord President of the Council on the current situation in the Civil Service dispute. The Cabinet's discussion and conclusions are recorded separately.

Previous
Reference:
CC(81) 17th
Conclusions,
Minute 4

COAL
INDUSTRY

5. THE SECRETARY OF STATE FOR ENERGY said that decisions taken at a meeting of the Ministerial Committee on Economic Strategy the previous day (E(81) 16th Meeting, Minute 1) could give rise to problems in the coal industry which he might wish to bring back to his colleagues for further consideration.

THE PRIME MINISTER, summing up a short discussion, recalled that the Ministerial Committee on Economic Strategy had invited the Secretary of State for Energy to bring the issues back to the Committee, if when he discussed the Committee's decisions with the Chairman of the Board he encountered difficulties which in his judgment made it advisable for him to do so.

The Cabinet -

Took note.

6. The Cabinet considered memoranda by the Home Secretary (C(81) 22 and 23) setting out the recommendations of The Queen's Speeches and Future Legislation Committee on the legislative programme for 1981-82.

THE HOME SECRETARY said that The Queen's Speeches and Future Legislation Committee (QL) had carefully considered all the 70 bids put forward by Departments for Bills in the legislative programme for 1981-82. Their recommendations, set out in the Annexes to C(81) 22, were for a main programme of 22 Bills, together with 5 contingent Bills and 8 Bills suitable for the Second Reading Committee procedure in the House of Commons. Four Scottish Bills were firmly recommended for inclusion in the programme, with a fifth being held in reserve for introduction later in the Session if the Lord President could find time in the House of Lords. QL had started their discussion from the recognition that there had been a tendency to overload the legislative timetable in both Houses of Parliament during the Government's first two Sessions. This placed almost intolerable demands on backbenchers, including the Government's own supporters, and the resultant alterations in the programme did not redound to the Government's credit. There had been considerable difficulty in carrying the Government's programme in the 1979-80 Session in spite of a long spillover in the autumn of 1980, and it was evident that there would have to be a further spillover in the present Session, even though 4 Bills had been dropped from the programme originally agreed by the Cabinet. Some of the Bills listed in the Annexes to C(81) 22 were essential for financial or other reasons, while others had been the subject of earlier firm commitments to legislation next Session. QL had given some priority to Bills whose preparation was already well advanced, on the basis that it was highly unlikely that any major Bill which had not yet received policy clearance could be ready for introduction by the beginning of the Session. A particular problem in this respect was the generally over-optimistic assessments made by Departments of the time required in converting broad policy agreement into instructions to Parliamentary Counsel and for the subsequent drafting of legislation. QL had sought to select a reasonable number of Bills which were suitable for early introduction in the House of Lords. Subject to these constraints, the Committee's recommendations sought to carry forward the Government's wider economic policies while giving some social policy content to the programme. In addition to those Bills which had been the subject of formal bids by Departments, some Ministers had indicated that they might be asking for time for other major Bills on competition policy, local government finance and trade union law on which policy was far from settled; and previous experience suggested that other new unexpected Bills would have to be added later in the Session. The overall weight of the programme recommended by QL was about the maximum that could be accommodated in a Session of normal length, and any substantial additions would have to be at the expense of one or more of the main

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programme Bills already recommended. It was essential for the proper management of the programme that Departments having Bills in the programme should adhere to the timings given in C(81) 23, and that the Chancellor of the Duchy of Lancaster should be told immediately of any significant slippage, so that Legislation Committee could, if necessary, consider whether the Bill concerned should remain in the programme. He invited the Cabinet to approve the recommendations set out in C(81) 22, and to confirm the need for all Departments to observe their stated timetables for the preparation, drafting and introduction of Bills for which they were responsible.

In discussion it was argued that the proposed programme should be revised in order more fully to serve the Government's main strategic objectives. The Petroleum and Continental Shelf, Housing, Social Security and Shipbuilding Industry (Disposals) Bills furthered these objectives, but more Bills for this purpose should be added to the programme, including in particular measures to break up monopoly powers and increase competition. There was a strong case for including the Bills relating to the gas and electricity industries listed in Annex E, and the proposals for the privatisation of Government functions contained in the Public Bodies (Management) Bill would also be in line with the main objectives of the Government, even if this meant dropping some of the more technical and less controversial Bills which might more appropriately find a place in the last full Session of the Parliament. On the other hand, it was argued that policy approval had yet to be obtained for many of the Bills listed in Annex E and it was doubtful if they or other measures on which policy decisions had not yet been taken could be prepared in time for passage next Session, even if other proposed Bills were dropped from the programme. It was essential to the orderly management of the programme that major Bills were fully thought through and brought forward in time.

In further discussion the following points were made:-

- a. The Department of Energy had three Bills in the proposed programme, two of which could be controversial. There was nevertheless a strong case for adding the Gas (Industrial and Commercial Supplies) Bill if the necessary policy clearances were obtained quickly. The Bill would remove the statutory privileges at present enjoyed by the British Gas Corporation on gas purchase and supply and make private sector participation a practical possibility.
- b. The Local Government (Miscellaneous Provisions) Bill was needed so that measures now included in local Acts could be replaced by a single public Bill rather than by a series of private Bills. It might be possible to add to these provisions measures on local government finance: for instance, interim changes in the rating system. Certain of

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the provisions already suggested for a Public Bodies (Management) Bill could also be included in such a Bill. It was strongly argued on the other hand that a Bill of such magnitude could not in practice be got ready in time or be satisfactorily handled in Parliament. The balance of advantage lay in keeping the Local Government (Miscellaneous Provisions) Bill as a separate measure. If that were done, it might nevertheless be necessary to add to the programme a Bill concerned solely or primarily with rating.

c. Most of the essential Bills raising borrowing limits were short. Experience suggested that attempts to combine them would make their Parliamentary handling more difficult.

d. It might be possible to omit the Co-operative Development Agency (Amendment) Bill from the list of essential Bills. The Secretary of State for Industry would shortly be making proposals about the future of the Agency.

e. The Mental Health (Amendment) Bill would give a desirable social element to the programme and there would be criticism if such legislation were further delayed. Nevertheless, the Bill might have to be deferred to make room for other measures more central to Government strategy.

f. The Duchy of Cornwall Bill, which would modernise the arrangements for the management of the Duchy estate, might be substituted for the Currency and Banking Bill, but did not appear to justify a high priority.

g. Unless the Insolvency Bill were enacted the Department of Trade could not save 570 staff.

h. The Equal Pay (Amendment) Bill could be omitted from the list of contingent Bills in Annex B.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet thought that the programme recommended by QL failed to give adequate expression to the Government's priorities. Some of the Bills proposed for the programme in Annex A to C(81) 22 should if necessary be deferred to make room for more important measures, provided that these could be got ready in time. The Currency and Banking Bill could be deferred; and the Ministers concerned had agreed to look urgently at the possibility of deferring also the International Military Services, Teachers' Remuneration and Other Conditions of Service, Territorial Sea and Wireless Telegraphy (Amendment) Bills. Their conclusions should be reported to QL. The Cabinet supported the inclusion in the programme of the Gas (Industry and Commercial Supplies) Bill. There was likely to be a

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need for some legislation next Session on rating, and QL should consider whether any other provisions affecting local government could be added to such a Bill. The Cabinet were not in favour of combining it with the Local Government (Miscellaneous Provisions) Bill. The Cabinet endorsed the proposals in Annexes C and D of C(81) 22 for Bills suitable for Second Reading Committee and for Scottish Bills, but QL should reconsider the proposals in that paper for the main programme Bills for the 1981-82 Session in the light of the Cabinet's discussion.

The Cabinet -

Invited The Queen's Speeches and Future Legislation Committee to re-examine their proposals for the legislative programme for 1981-82 on the lines indicated in the Prime Minister's summing up of their discussion.

Cabinet Office

14 May 1981

CABINET

LIMITED CIRCULATION ANNEX

CC(81) 19th Conclusions, Minute 4

Thursday 14 May 1981 at 11.00 am

CIVIL
SERVICE
BY
Previous
reference:
(81) 17th
conclusions,
minute 4

THE LORD PRESIDENT OF THE COUNCIL said that the Secretary General of the Council of Civil Service Unions (CCSU) had written to him on 13 May to confirm that the Council believed that there had to be further negotiations to improve significantly on the current offer of a 7 per cent increase in pay from April 1981 for the non-industrial Civil Service, and to give their views on the proposed arrangements for 1982 and for the longer term. The CCSU would consider on 26 May, in the light of the resolutions passed at the conferences of the Civil Service unions, whether to call for an all-out strike for one week. They would be dubious about the extent of the response to such a call, and concerned over the effect of a large strike both on their own funds and also on public opinion; but by then industrial action would have lasted for three months and it would be difficult for them to settle on the terms proposed by the Government. In his judgment, some escalation of industrial action was likely. Contingency plans had been prepared for each Department and he would circulate a memorandum, for discussion by the Cabinet on 21 May, of the options for responding to any escalation and for bringing the dispute to an end.

THE CHANCELLOR OF THE EXCHEQUER said that over 75 per cent of tax revenue was still being collected, but there was growing concern over the number of businesses affected by delays in the repayment of Value Added Tax. The increase in the Central Government Borrowing Requirement resulting from the industrial action remained in the order of £2-2½ billion and this would continue to distort the monthly monetary figures until the dispute was settled.

THE SECRETARY OF STATE FOR TRANSPORT said that industrial action by 12 engineers had brought to a halt the work of 4,000 staff at the Driver and Vehicle Licensing Centre in Swansea. Under present law and terms of service, the 4,000 could be sent home but they could not be suspended without pay even though they might well be offering tacit support to the industrial action. Senior management at the Centre had

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been vigorous and effective in dealing with the action and as a result, following consultations between the management and the local Chief Constable, the flow of mail was about to be resumed and supplies of nitrogen, which were necessary for the operation of the computers, were likely to be resumed shortly.

THE SECRETARY OF STATE FOR TRADE said that industrial action by some air traffic controllers was continuing; the travelling public were suffering some inconvenience, and the action was causing significant financial loss to British Airways and British Caledonian Airways.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet would discuss, at their meeting on 21 May, on the basis of a memorandum by the Lord President of the Council, the options for bringing industrial action to an end and discouraging any further escalation; in the meantime a group of the Ministers most closely concerned would discuss the issues further. There appeared still to be some dispute about the validity of the fact sheet on the dispute, intended as a brief for Ministers, which had been circulated under cover of a letter of 8 May from the Private Secretary to the Lord President of the Council to the Private Secretary to the Home Secretary. Until the difficulties which had arisen on this document had been satisfactorily resolved, it should not be used as a basis for public statements.

The Cabinet -

1. Invited the Lord President of the Council to circulate, in time for discussion at their meeting on 21 May, a memorandum setting out the options for further action by the Government to bring the Civil Service industrial action to an end.
2. Invited the Chancellor of the Exchequer and the Lord President of the Council to consider further the fact sheet annexed to the letter of 8 May from the Private Secretary to the Lord President of the Council, and to report.

Cabinet Office

18 May 1981