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CC(83) 4th
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 10 FEBRUARY 1983
at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Lord Hailsham
Lord Chancellor

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

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

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 Michael Heseltine MP
Secretary of State for Defence

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 Patrick Jenkin MP
Secretary of State for Industry

The Rt Hon John Biffen MP
Lord President of the Council

The Rt Hon David Howell MP
Secretary of State for Transport

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

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

The Rt Hon Baroness Young
Lord Privy Seal

The Rt Hon Nigel Lawson MP
Secretary of State for Energy

The Rt Hon Norman Tebbit MP
Secretary of State for Employment

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

The Rt Hon Tom King
Secretary of State for the Environment

SECRET

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr P L Gregson (Item 4)
Mr A D S Goodall (Items 2 - 4)
Mr D H J Hilary (Item 1)
Mr G Stapleton (Items 2 and 3)
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.

Ordnance
Survey
Trading Fund

THE LORD PRIVY SEAL said that the Government had been defeated by 33 votes in a division in the House of Lords the previous evening on a motion by Lord Shackleton regretting the Government's decision to move towards the commercialisation of the Ordnance Survey, and calling on them to refer the issue to the new Ordnance Survey Advisory Board before laying the relevant order. The motion had been supported by all the Opposition parties, and only one cross-bench Peer had voted against it. A two-line whip had resulted in the attendance of a large number of Conservative Peers, but in the event many of them had abstained, and 10, including some former Conservative Ministers, had voted against the Government. The Minister of State, Department of the Environment, Lord Bellwin, had taken great pains to inform himself on the very technical subject under debate, and had made two powerful speeches; but a number of the Peers supporting the motion had been able to speak with detailed and authoritative knowledge of the Ordnance Survey. She did not think that more could have been done to avert defeat. The Opposition in the House of Lords were now much better organised under their new Leader, and she feared that there might be further Government defeats, for example on the provisions of the Housing and Building Control Bill affecting charitable housing trusts.

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that he had addressed Conservative Peers before the debate in an attempt to gain their support, though he had not spoken to Lord Shackleton. The supporters of the motion appeared to have misunderstood the Government's intention, which was to put the Ordnance Survey on a more businesslike footing and to provide greater motivation for its staff. Many of those who had spoken had chosen to misrepresent this as an attack on a fine and respected service. Although the Lords motion was not binding, it would be offensive to the upper House to table the relevant Order in the Commons at once. He had asked the Parliamentary Under-Secretary of State, Department of the Environment, Mr Shaw, to see whether some modest concessions could be offered. He would then speak to the main opponents of any change before proposing any further action. He had already stressed to the Minister for Housing and Construction the importance of preparing the ground in advance before the Housing and Building Control Bill reached the House of Lords.

THE PRIME MINISTER, summing up a short discussion, said that although the achievements of the Ordnance Survey were not in doubt, it was unacceptable for it to continue to operate with an open-ended subsidy. The control of supply was a matter for the House of Commons, and it was for consideration whether steps might eventually have to be taken to restrict the power of the House of Lords to take action which led to increased public expenditure.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Middle East

Previous
Reference:
CC(83) 3rd
Conclusions,
Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the publication in Tel Aviv of the report of the judicial inquiry into the Beirut massacre was having serious repercussions on Israeli domestic politics. The situation was very uncertain. It was doubtful whether the Defence Minister, Mr Sharon, would either resign or be dismissed, but there might be an early general election. Meanwhile, despite hopes placed by the Americans on Mr Habib, there was no sign of progress towards agreement on the withdrawal of foreign troops from the Lebanon. Unfortunately, as discussion with the United States Vice-President, Mr George Bush, in London the previous day had confirmed, the United States Administration remained reluctant to put effective pressure on the Israeli Government to show greater flexibility. This was a cause of increasing concern to moderate Arab Governments, as had been made clear by President Mubarak of Egypt on his recent visit to London. The main body of the British contingent for the multinational force in the Lebanon had arrived in Beirut on 8 February and had taken over positions previously occupied by the Israelis in the face of some Israeli reluctance.

In discussion the point was made that it was increasingly difficult for British public opinion to take a sympathetic view of Israeli policies as long as Mr Begin, with his terrorist background and attitudes, remained at the head of the Israeli Government. But the judicial inquiry into the Beirut massacre had been exemplary; and it was possible that the pressure of world opinion, which had induced Mr Begin to set up the inquiry in the first place, would also bring about Mr Sharon's resignation.

Brandt Report

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Brandt Commission had now produced its second report, which was more technical than the first. Careful consideration would need to be given to the British Government's reaction.

Nigeria

Previous
Reference:
CC(83) 3rd
Conclusions,
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the exodus of about one million illegal migrant workers from Nigeria had now ended. Ghana and Chad faced immense difficulties in assimilating the refugees. Nigeria had paid little or no attention to international protests, including those from the British Government. British assistance to the refugees had so far been limited: the United Kingdom had contributed to the European Community aid programme and made an additional £150,000 available bilaterally. But requests for further financial aid were likely to be forthcoming.

Visit of the
Vice-President
of the United
States

THE PRIME MINISTER said that the recent round of visits to European capitals by the Vice-President of the United States, Mr George Bush, had gone well. His visit to London, which was concluding that morning, had been outstandingly successful. Mr Bush had addressed a large and influential audience at Guildhall and had handled questions well. In his private talks with her and the Foreign and Commonwealth Secretary, which had concentrated on defence issues, he had been expert, reasonable and flexible. He had made it clear that the United States would continue to treat the zero option as the long-term objective of the current negotiations with the Soviet Union on Intermediate Range Nuclear Forces (INF) but were ready if possible to conclude intermediate agreements on a basis of parity: they did not regard the zero option as a "take it or leave it" position. This was entirely in line with

the views of the West German Chancellor, Dr Kohl. The United States would probably not, however, be making specific new proposals in the INF negotiations until after the Federal German elections on 6 March. Mr Bush had been accompanied by Mr Feldstein, the new Chairman of the Council of Economic Advisers, who had announced that the first signs of economic recovery were becoming apparent in the United States, notably in the construction and motor car industries. It was to be hoped that these positive and welcome trends would be sustained.

In discussion it was agreed that Mr Bush had presented the arguments for the United States position on arms control and deterrence effectively. A sustained campaign was needed to present the case for nuclear deterrence to British opinion, which was basically sympathetic to it. A Ministerial group had been established for this purpose under the chairmanship of the Secretary of State for Defence. The increasingly irresponsible positions being adopted by the Opposition Parties on defence issues were not necessarily unhelpful to the Government's case. The development of a dialogue with the Soviet Union on issues other than arms control would help to reassure public opinion, and the Foreign and Commonwealth Office was already working to bring about a gradual increase in official contacts with the Soviet Union to the extent that this could be done without implying a normalisation of relations.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Community
Budget:
1982 Refunds

Previous
Reference:
CC(83) 3rd
Conclusions,
Minute 3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the European Parliament was expected to approve the 1983 Supplementary and Amending Budget before their plenary session ended on 11 February. The Commission had published their Green Paper on the future financing of the Community. In part it could be helpful to the United Kingdom, since some of its ideas were in line with the possibilities suggested by the Chancellor of the Exchequer in his statement in Brussels on 7 February.

In discussion it was noted that the proposal for a new source of revenue related to shares of agricultural production was potentially helpful to the United Kingdom, although the agreement of other member states might be difficult to obtain, but that the proposals for increasing the budget were unwelcome.

Ultra-heat-
treated
Milk Imports

Previous
Reference:
CC(83) 3rd
Conclusions,
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the European Court's judgment on 8 February ruling against the United Kingdom's procedures for restricting milk imports had made it clear that the United Kingdom was entitled to lay down hygiene requirements for milk imports to protect the health of the consumer. It had however implied that this should be done on the basis of certification by the exporting member state. The French system in particular was untrustworthy; he had recently seen a report of an analysis of pasteurized milk in France in which a third of the samples were unsatisfactory. Time would be needed to agree acceptable arrangements with the Commission and other member states, which would include regular inspections at the ports, and primary legislation would be required. The

price of imports should not be as low as some Press reports had suggested unless France resorted to subsidising it by such means as regional aid through Credit Agricole.

In discussion it was noted that the current temporary arrangements could not be maintained for any great length of time and that it was therefore important that the Government should act quickly to put permanent and acceptable arrangements in place. Once these had been implemented, there would be advantage in some successful prosecutions in respect of milk which failed to meet the new requirements.

The Cabinet -

Took note.

INDUSTRIAL
AFFAIRS

Water
Industry
Pay
Negotiations

Previous
Reference:
CC(83) 3rd
Conclusions,
Minute 4

4. THE SECRETARY OF STATE FOR THE ENVIRONMENT said that interruptions in the water supply resulting from the water workers' strike were increasing steadily but gradually. The current spell of cold weather would make the situation worse; and the plight of old people dependent on frozen stand-pipes was particularly distressing. There had, however, been a number of reconnections, and in general the system was continuing to function far more effectively than had been expected. Some 37,000 properties were now without water and some 7 million people were being advised to boil their drinking water. The negotiations which the Arbitration and Conciliation Advisory Service (ACAS) had been conducting between the employers and the union side had broken down following the unions' refusal to accept the binding arbitration sought by the employers in accordance with the terms of the agreement which both sides had signed, under the auspices of ACAS, at the outset of the mediation process. There was evidence of workers wanting to return to work, but being inhibited from doing so by the closed shop agreement between the employers and the unions; and the employers were under some pressure to abrogate that agreement on the ground that the unions were not honouring their obligation under it to maintain emergency cover. Emergency cover was, however, being maintained in most cases; and the most urgent requirement was to get across to the public the extent of the union side's failure to honour the agreements it had entered into. He would therefore be discouraging the employers from premature action to abrogate the closed shop agreement, and he would be making a statement to Parliament that afternoon which would emphasise the passage from the latest ACAS statement which stressed the need to refer the dispute "either to arbitration or to some other third party, for a final decision".

THE SECRETARY OF STATE FOR EMPLOYMENT said that the statement by ACAS commenting on the breakdown of the negotiations had been injudicious and unhelpful in criticising the employers while failing to make it clear that the unions had broken their agreements. In public presentation of the issues it would be important to direct criticism away from the workforce and on to the union leadership, which was prolonging the dispute by its refusal to honour the agreements providing for binding arbitration and thereby causing hardship both to the public and the unions' membership.

THE SECRETARY OF STATE FOR ENERGY said that reports in the Press that the electricity workers were contemplating sympathetic action were largely sabre-rattling at this stage: it appeared that the union leadership was exploring the readiness of its members to take militant action. Pay negotiations with the manual workers in the gas and electricity industries were going ahead slowly, and no further meetings were planned until the week after next. But there were fears of eventual industrial action in the gas industry.

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that there was also some cause for concern in the National Health Service where the water industry unions were threatening to withdraw emergency cover from hospitals which did not have emergency and accident Departments.

THE PRIME MINISTER, summing up the discussion, said that it was important not to jeopardise the maintenance of emergency cover, which it appeared was being generally maintained despite union rhetoric to the contrary. If emergency cover were in fact withheld, firm action would be necessary. For the moment, however, the right course was to focus public criticism on the unions for failure to honour their agreements.

The Cabinet -

Took note.

Cabinet Office

10 February 1983