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CABINET

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

THURSDAY 22 NOVEMBER 1979

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
(Chair for part of Item 5)

The Rt Hon Lord Hailsham
Lord Chancellor

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

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

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

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Rt Hon Lord Soames
President of the Council

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Privy Seal

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

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

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

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

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

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

The Rt Hon John Nott MP
Secretary of State for Trade

The Rt Hon David Howell MP
Secretary of State for Energy

Hon Mark Carlisle QC MP The Rt Hon John Biffen MP
Secretary of State for Education and Science Chief Secretary, Treasury

The Rt Hon Angus Maude MP
Paymaster General

THE FOLLOWING WERE ALSO PRESENT

Hon Percival QC MP The Rt Hon Norman Fowler MP
Secretary General (Item 5) Minister of Transport

Hon Michael Jopling MP Mr Paul Channon MP
Parliamentary Secretary, Treasury Minister of State, Civil Service Department
(Item 4)

SECRETARIAT

- Sir Robert Armstrong
- Mr M D M Franklin (Items 2 and 3)
- Mr P Le Cheminant (Items 4 and 5)
- Mr P J Harrop (Item 1)
- Mr R L Wade-Gery (Items 2 and 3)
- Mr P Mountfield (Item 4)
- Mr D E R Faulkner (Item 1)
- Dr R H Aram (Item 5)

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

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had indicated that an Opposition attempt to divert business in the House of Commons must be expected in any event. It was important that the Bill, which was one of the biggest in recent years, should be enacted during the present Session. Despite the prospect of criticism from the Opposition in the House of Commons, the Government could not afford to yield to pressure if the result would be to put their legislative programme at serious risk.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that the Local Government Bill should be introduced in the House of Lords.

The Cabinet

1. Took note, with approval, of the summing up of their discussion by the Prime Minister.

THE PRIME MINISTER said that she would make a statement in the House of Commons on Monday, 26 November, announcing the Government's decision to reintroduce political honours, with an extension of the role of the Political Honours Scrutiny Committee.

The Cabinet

2. Took note.

MENTARY

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

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that it had been the Government's intention to introduce the Local Government, Planning and Land Bill in the House of Lords. The pressure on the Parliamentary timetable in both Houses was such that the Bill was unlikely to receive Royal Assent before the end of the Session if it had to be introduced in the House of Commons. The Opposition in the House of Commons were arguing that a Bill of such importance should be introduced in the Commons and they were threatening to disrupt Government business generally if this were not done. There was no precedent for introducing a Bill of this kind in the House of Lords, but there would be no constitutional impropriety in doing so.

In discussion, it was pointed out that the Opposition in the House of Lords would welcome the introduction of the Bill in that House and had indicated that an Opposition attempt to disrupt business in the House of Commons must be expected in any event. It was important that the Bill, which was one of the biggest in recent years, should be enacted during the present Session. Despite the prospect of criticism from the Opposition in the House of Commons, the Government could not afford to yield to pressure if the result would be to put their legislative programme at serious risk.

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The Cabinet -

2. Took note.

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that British proposals for arranging a cease-fire in Rhodesia had been tabled at Lancaster House on 16 November. Negotiations were proceeding more slowly than he had hoped. They had been complicated by two developments. First, serious infiltration from Zambia into Rhodesia by Patriotic Front forces supporting Mr Nkomo had provoked military retaliation by the Rhodesians involving loss of Zambian lives; Britain was not responsible but was being blamed by President Kaunda of Zambia, who was refusing to receive messages sent to him by the Prime Minister; meanwhile several thousand demonstrators had surrounded the British High Commission in Lusaka that morning but had now been dispersed by the local security forces. Second, the Patriotic Front leaders were leaving London for a meeting of Front Line States in Dar-es-Salaam on 23 November; the purpose of the meeting was not clear, but it might well lead to the introduction into the cease-fire negotiations of new demands, which could well delay the completion of an agreement. Even if cease-fire arrangements were agreed, there was no certainty that they would actually bring all guerrilla activity to an end; and if it continued the Rhodesian security forces would be bound to respond to it.

THE FOREIGN AND COMMONWEALTH SECRETARY said that Islamic extremists in Pakistan had destroyed the United States Embassy in Islamabad and the British Council premises in Rawalpindi. Although President Zia of Pakistan had been able to restore order, it seemed clear that the influence of Islamic extremism was spreading from Iran. The seizure of the Great Mosque in Mecca, however, appeared to be an isolated event, without special portent for the future, which was now being dealt with by the Saudi Arabian authorities.

The Cabinet -

Took note.

3. THE PRIME MINISTER said that the latest meeting in the series of Anglo-French consultations had been held in London on 19 and 20 November. Although the atmosphere of the talks had been good, she had not found President Giscard d'Estaing co-operative over the problem of the British contribution to the Community Budget. She had left him in no doubt that a partial solution at the Dublin European Council would not do. President Giscard had sought to argue that we should abide by the rules in spite of the French behaviour over sheepmeat.

In a brief discussion the longer term value of these consultations was stressed. Whatever the differences over current issues, it was important to build up the Anglo-French relationship, at official as well as Ministerial level. The closeness of Franco-German relations had been achieved in this way.

THE FOREIGN AND COMMONWEALTH SECRETARY said that, earlier in the week the European Economic Community (EEC) Foreign Ministers had been able to agree on a joint statement about the situation in Iran which, although it had not achieved much publicity, had represented a firm expression of concern about the situation and had been much appreciated by the United States Government. EEC Ministers had also agreed a helpful statement about Rhodesia which had in effect endorsed the British proposals for a cease-fire. They had also agreed to a meeting with the Arab League in Tunisia with a view to restarting the Euro-Arab Dialogue; and had given qualified support to the idea of a European Disarmament Conference.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Commission had made proposals for dealing with the milk and sugar surpluses in the EEC which did not take a helpful form from our point of view since they were likely to reduce our self-sufficiency in dairy products and cut United Kingdom sugar production by much more than that of other member states. On sheepmeat, the French Minister of Agriculture had suggested a bilateral meeting.

The Cabinet -

Took note.

4. The Cabinet considered a memorandum (C(79) 57) by the Lord President of the Council, to which was attached a list of reductions in Civil Service manpower firmly agreed with the Ministers concerned; a list of possible further reductions which would follow upon policy decisions yet to be taken; and a draft of a statement to Parliament.

THE LORD PRESIDENT OF THE COUNCIL said that the first list (attached as Annex 1 to his paper) had now been fully agreed with the colleagues concerned. In some cases, they had not been able to specify the reductions which would be made, but in all cases they had undertaken to secure the agreed level of reductions by one means or another. Further possible cuts had been identified, but they depended on a number of major policy decisions, including some budgetary matters, which could not be taken immediately. These were set out in Annex 2 to his paper. There was nothing to be gained from postponing an announcement; indeed there was great pressure from the Staff Side for a statement. Annex 3 to his paper contained a draft statement, summarising the decisions reached in the present exercise, but emphasising that individual Departments would continue to keep their manpower needs under careful review. The precise terms in which reductions would be announced would be agreed in each case with the Departmental Minister concerned, and it would then be for each Departmental Minister to see his Departmental Staff Side. The reductions would take some time to have their full effect. There was a danger that manpower numbers would rise meanwhile, particularly at the beginning of 1980-81. He sought the co-operation of all Departmental Ministers in containing this growth.

In discussion the following points were made -

a. It was disappointing that the reductions agreed were not more substantial. Unnecessary functions were still being performed in Departments, and there remained unnecessary duplication and co-ordination, and inefficiency even in the execution of essential tasks. The necessary machinery did not always exist to allow Departmental Ministers to keep their staff numbers under proper control, or to inform themselves of the functions of their own Departments. This was a matter for each individual Minister, who would have to tackle the problem in his own way. Meanwhile, monitoring systems, of the kind proposed at the previous discussion by the Secretary of State for the Environment, should be established in every Department, tailored to the needs of the Minister in charge. The Minister of State, Civil Service Department, had written to Departments suggesting ways in which this might be done and the results reported regularly to his Department.

b. The reductions listed in Annex 1 of C(79) 57 were all confirmed. The way in which these would be presented, to Parliament and to the Departmental Staff Sides, would be agreed in each case by the Minister concerned with the Minister of State, Civil Service Department.

c. The potential further cuts listed in Annex 2 required major and in some cases controversial decisions which would be pursued by the Departmental Ministers concerned, through the appropriate Cabinet Committees where necessary. Some would require legislation, and the programme was already very congested. Some of the changes in the Revenue Departments assumed reductions in taxation which would be dependent upon further reductions in public expenditure.

d. It was suggested that the draft statement in Annex 3 laid too much emphasis on the "completion" of the operation. The search for efficiency and economy, and the elimination of unnecessary functions, was a continuing task, which would be carried out by each Departmental Minister. It was agreed, however, that the statement should not hold out the expectation of any further general statement. The Government need not shrink from indicating in the statement that the cuts would vary widely in their incidence between Departments. It would be convenient to aggregate the figures for the smallest Departments, like the Office of Arts and Libraries.

e. Following the statement, the Lord President of the Council and the Minister of State, Civil Service Department, would see the National Staff Side; Ministers should arrange to see Departmental Staff Sides immediately afterwards. The timing of the statement remained to be settled, depending on the Parliamentary business over the next few days; and premature approaches to Staff Sides should be avoided.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet was determined to continue in its search for efficiency and economy in the Civil Service. Departments who had not already set up suitable monitoring systems, as agreed during the previous discussion, should do so, in order to be able to make their contribution to the central return.

The Cabinet -

1. Approved the list of manpower reductions attached as Annex 1 to C(79) 57.

2. Noted the list of potential further reductions in Annex 2, observing that these would require policy decisions, and in some cases legislation, and that proposals would be made to the appropriate Cabinet Committees in due course.

3. Invited the Lord President of the Council to revise the text of his proposed statement, in the light of points made in discussion, and to agree the timing of his announcement with the Chancellor of the Duchy of Lancaster.

4. Invited all Ministers in charge of Departments to arrange for the Government's decisions to be communicated to their Departmental Staff Sides immediately after the announcement was made, avoiding any approach to the Staff Sides until the timing had been decided.

5. Confirmed their earlier decision that all Ministers should be invited to set up monitoring systems of the kind described by the Secretary of State for the Environment, adjusted as necessary to the circumstances of their Departments, and to report the results regularly to the Civil Service Department as proposed by the Minister of State, Civil Service Department.

5. The Cabinet considered a memorandum by the Secretary of State for Employment (C(79) 58), setting out his proposals on a number of outstanding points on his forthcoming Bill on Industrial Relations.

THE SECRETARY OF STATE FOR EMPLOYMENT said that urgent decisions were needed now if the proposed legislation were to be ready for introduction on 6 December and to achieve its Second Reading before Christmas. It would be a short Bill; but it could have far-reaching implications.

The proposals before the Cabinet were for a. modifying the maternity provisions so as to place the obligation on the mother to provide the additional notification of intention to return to work only if the employer so requested it and nine weeks after her confinement; and b. dropping the proposed exemption for firms with less than 20 employees from the obligation to reinstate or re-engage the mother if it was not reasonably practicable to do so.

In discussion it was argued that it was desirable to make concessions to small firms who were being badly hit by rising interest rates. In particular the proposal to drop the exemption for firms with less than 20 employees could be very damaging. There was an exceptionally strong case for giving exemption to firms with up to four or five employees who would be very vulnerable to any obligation to reinstate mothers and might go out of business as a result. There was also a case for extending the proposed exemption for small firms in the first two years of trading to all new employees in a firm. This would be in line with practice on redundancy payments. Limiting the exemption to new firms in the first two years of trading could also lead to tax avoidance problems. Against these points it was argued that the measures proposed would substantially help small firms overall. There had been protests from both sides of industry at the proposed exemptions, which would create two classes of employees on a permanent basis. There had been no consultation on the extension of the exemption to all new employees.

THE PRIME MINISTER, summing up this part of the discussion, said that the majority of the Cabinet was in favour of the exemption of very small firms, with up to four or five employees. There was also a majority in favour of extending the proposed exemption for small firms in the first two years of trading to all new employees of small firms for the first two years of their employment. The Secretary of State for Employment should arrange for amendments to be introduced at the Committee Stage giving exemption both for very small firms and for new employees of small firms.

The proposal before the Cabinet was to repeal the statutory requirements for dealing with union recognition disputes (Section 11-16 of the Employment Protection Act 1975). The Advisory, Conciliation and Arbitration Service (ACAS) had found the existing statutory requirements unworkable. Modification of these to give ACAS greater discretion would be very difficult. There would be trades union opposition but on balance repealing the provisions would be the lesser evil.

THE PRIME MINISTER, summing up this part of the discussion, said that the Cabinet agreed with the Secretary of State for Employment's proposal that the statutory provisions dealing with recognition disputes should be repealed.

The proposal before the Cabinet was for the repeal of the whole of Schedule 11 of the Employment Protection Act 1975. The Fair Wages Resolution would not be dealt with in the Bill but could be considered later in the light of debate on the Bill.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet agreed that the whole of Schedule 11 should be repealed and that the Fair Wages Resolution should be considered separately at a later stage.

The proposal before the Cabinet was to afford a legal defence against SLADE-type recruiting activities by removing immunity from civil action where industrial action is called or threatened by persons not employed by the employer in dispute for the purpose of coercing his employees into joining a particular trade union. A provision in these terms was still being developed, and might be put forward as part of the trades union immunities provision or as an amendment to the Bill at the Committee Stage. Alternatively it could be put forward as a separate Bill.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet attached considerable importance to legislating to deal with SLADE-type situations. The Secretary of State for Employment should make every effort to include a suitable provision in the Bill, if necessary by amendment at Committee Stage. The possibility of putting forward the proposal in a separate Bill should, however, be retained as a fall-back position.

THE SECRETARY OF STATE FOR EMPLOYMENT said that it was intended that only those changes in immunities relating to picketing and SLADE-type recruitment tactics would be included in the present Bill. The Confederation of British Industry's own review of immunities would not be concluded until next summer and the House of Lords judgment in the case of Express Newspapers versus MacShane was unlikely to be handed down until December. When available, however, this judgment was likely to overturn the Court of Appeal. In the circumstances he proposed to say on Second Reading that the Government were reviewing the law on immunities in the light of the House of Lords judgment and would take whatever action seemed necessary to restore the legal position either by way of an amendment to the Bill or later in a separate Bill.

In discussion it was argued that problems relating to immunities would become more acute as time went on. Given the likelihood that the House of Lords would overturn the Court of Appeal judgment in *Express Newspapers versus MacShane* there was a strong case for preparing draft legislation now. Against this it was argued that it would be a mistake to risk legislation without first considering the House of Lords judgment and consulting on the proposals. Uncertainty about future measures on immunities might act as a brake on union activities.

THE PRIME MINISTER, summing up this part of the discussion, said that the Cabinet agreed that the Bill should include changes on immunity relating to picketing and SLADE-type recruitment tactics. There was much to be said for concentrating the legislation on this subject in the first Session of the present Parliament, and further provision on immunities should therefore be prepared so that, in the light of the House of Lords judgment, action could be taken to restore the position and make other required changes in immunities either by amendment to the Bill in Committee, or in a later separate Bill.

The proposal before the Cabinet was that the scope of the protection afforded to those who objected to union membership on conscientious grounds in closed shop situations should be defined as "on grounds of conscience".

In discussion it was suggested that "conscience" might be interpreted narrowly by the courts given past judgments on conscientious objectors in war. The alternative favoured by the Cabinet in earlier discussions of "deeply held personal conviction" was wider in scope but somewhat imprecise. A combination of both phrases would be likely to overcome the problem of narrow interpretation, though it might also be open to objection as being too wide.

THE HOME SECRETARY, who took the chair for the rest of this item, said that the Cabinet agreed that the best form of words would be "on grounds of conscience or other deeply held personal conviction".

The proposal before the Cabinet was that the provision for a right of appeal for those excluded or expelled from union membership should be limited to circumstances of the closed shop, as originally proposed in the Manifesto.

THE HOME SECRETARY, summing up a brief discussion, said that the Cabinet agreed with the proposal by the Secretary of State for Employment.

THE HOME SECRETARY, summing up the whole discussion, said that the Cabinet agreed that the Bill amended in the light of their discussion should be introduced in December and be given a Second Reading before Christmas if at all possible. The Bill was central to the Manifesto and should be given high priority.

The Cabinet -

1. Took note, with approval, of the Home Secretary's summing up of their discussion.
2. Approved the proposals in the memorandum by the Secretary of State for Employment, subject to the comments and revisions suggested in discussion.
3. Invited the Chancellor of the Duchy of Lancaster, in consultation with the Secretary of State for Employment and the Chief Whip, to use his best endeavours to get the Bill a Second Reading before the Christmas Recess.

Cabinet Office

22 November 1979