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CC(82) 35th
Conclusions

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CABINET

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

THURSDAY 24 JUNE 1982

at 10.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

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

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 John Nott MP
Secretary of State for Defence

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 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

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The Rt Hon Lord Cockfield
Secretary of State for Trade

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Michael Havers QC MP
Attorney General (Item 1)

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

The Rt Hon Douglas Hurd MP
Minister of State, Foreign and Commonwealth
Office (Items 1-4)

SECRETARIAT

Sir Robert Armstrong
Mr P L Gregson (Item 5)
Mr D J S Hancock (Items 3 and 4)
Mr A D S Goodall (Items 1, 3 and 4)
Mr R L L Facer (Item 1)
Mr D H J Hilary (Item 2)
Mr M S Buckley (Item 5)
Mr L J Harris (Item 2)

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FALKLAND
ISLANDS

Previous
Reference:
CC(82) 34th
Conclusions,
Minute 1

1. THE SECRETARY OF STATE FOR DEFENCE said that some 10,000 Argentine prisoners had now been repatriated. Some 560 special prisoners were being retained, in the hope that their retention would encourage the Argentine Government to confirm that active hostilities had ceased. Authority had been given for them to be sent on their way to Ascension Island. If the Argentine Government indicated a willingness to cease hostilities completely, the ship carrying the prisoners could be diverted to Montevideo or an Argentine port, or the prisoners could be flown to Montevideo. Conditions in the Falkland Islands were gradually being restored. Civilian houses were being made habitable, and water supplies had been provided. The Civil Commissioner, Mr Rex Hunt, would return that day if weather conditions allowed his aircraft to land. Very great difficulties had been caused by the Argentine occupation force having laid a variety of mines indiscriminately. It was necessary to make the whole area completely safe. The best available equipment for detecting and lifting mines would be used, but the task would take a considerable time. Accommodation for British troops remained inadequate, but tents were on their way and huts would be despatched shortly. It was intended to embark the Royal Marines Commando Brigade and the 2nd and 3rd Battalions, the Parachute Regiment, on the Canberra which would leave for the United Kingdom shortly. Arrangements were also being made to replace units of 5 Infantry Brigade. A number of ships, including HMS Fearless and HMS Hermes, would return soon. The shortage of accommodation for the necessary Royal Air Force personnel would delay the date by which the airfield at Port Stanley could be made fully capable of operating advanced combat aircraft. A very large quantity of Argentine weapons and equipment, including 44 aircraft and helicopters, some of which were damaged, had been captured. Some of the equipment, which included radars of United States manufacture, could be left on the Islands for use by the British garrison. He would be announcing shortly the development of a programme to equip helicopters with radar to provide the Fleet with early warning of impending attack.

THE PRIME MINISTER said that she had called on the United Nations Secretary General, Senor Perez de Cuellar, in New York, on 23 June. She had explained the practical problems of reconstruction in the Islands and left him in no doubt that the Government were not prepared to be drawn into a further round of negotiations. Neither President Reagan nor the United States Secretary of State, Mr Haig, whom she had seen in Washington on the same day, had pressed for a resumption of negotiations.

In discussion, the point was made that the current political turmoil in Buenos Aires made it unlikely that a coherent answer to the message about a cessation of hostilities already sent to the Argentine Government through the Swiss would at present be forthcoming. Under the terms of the Geneva Convention prisoners could be held until it was certain that active hostilities had ceased. In the absence of clear Argentine acceptance, it would be necessary to make a judgment about

when that position had been reached. Meanwhile the retention of the special prisoners, the enforcement of the total exclusion zone around the Falkland Islands, and the measures restricting Argentine warships and combat aircraft to within 12 miles of the coast provided levers which might help to secure Argentine acceptance that hostilities were at an end. It was recognised that it could be highly damaging in terms of international opinion if British forces were now to sink an Argentine warship. The Argentines should, however, be in no doubt that the exclusion and restriction zones remained in force. British forces were remaining on alert against the possibility of a surprise Argentine air attack, which might take place on local initiative: the Argentines still had enough aircraft to launch such an attack.

THE PRIME MINISTER, summing up the discussion, said that bringing the remaining Argentine prisoners to the United Kingdom should if possible be avoided. The Argentines ought to return the one British prisoner in their hands, Flight Lieutenant Clover, who was injured. Another note was being sent to the Argentine Government via the Swiss Government to seek their acceptance of a permanent cessation of hostilities. Meanwhile, the rules of engagement for British forces in the South Atlantic were being reviewed.

The Cabinet -

Took note.

PARLIAMENTARY
AFFAIRS

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

FOREIGN
AFFAIRS

Arab/Israel

Previous
Reference:
CC(82) 34th
Conclusions,
Minute 3

3. THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS said that fighting had resumed between Israeli and Syrian Forces, although only on a limited scale. Whether the Israelis now moved into West Beirut would probably depend on a meeting of the Israeli Cabinet on 24 June. The Royal Prince would call at Jounieh on 24 June to take off any British subjects who wished to leave. There were signs that the United Kingdom was likely to be invited to join a multinational force under either United Nations or United States auspices to help keep the peace in Lebanon after hostilities had ended.

THE PRIME MINISTER, summing up the discussion, said that the Israeli Prime Minister, Mr Begin, had had an exceptionally hostile reception in Washington, and there were signs that a new phase might be starting in United States/Israeli relations. She had found the highest levels of the United States Administration more optimistic about the chances of achieving a constructive settlement in Lebanon than the facts justified. There was general agreement on the need to establish a strong government there which could assume control of the country, but the prospects for achieving this seemed slight. On balance she returned from Washington more pessimistic about United States policy in the area than she had been when she went. The views of the Jewish community in the United Kingdom about the Israeli invasion of Lebanon were divided: many people were appalled at the scale of the Israeli operation and of the civilian casualties caused, while others took the official Israeli line that Israel had acted in self-defence. They tended to draw a comparison with the British Government's action over the Falkland Islands. This was fallacious: the Falkland Islands were British territory. Nor had the United Kingdom attacked the Argentine mainland in retaliation for the Argentine invasion.

United Nations
Special Session
on Disarmament

THE PRIME MINISTER said that only the Argentine and Guatemalan delegations had been absent from a crowded General Assembly when she addressed the United Nations Special Session on Disarmament in New York on 23 June. Her speech in which she had sought to strike a realistic note and make the point that unilateral disarmament could lead to war, seemed to be warmly received, perhaps because the sense of realism was a welcome contrast with some of the unfocussed idealism of other contributions to the debate.

Gibraltar

THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS said that the Spanish decision to defer the Anglo-Spanish talks on Gibraltar and the reopening of the frontier which had been due to take place on 25 June came as no surprise. The popular reaction in Gibraltar had been one of some relief, but there was serious concern about the economic consequences. The Governor had discussed the

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problems with the Foreign and Commonwealth Secretary in London on 23 June, and the Minister of State for Foreign and Commonwealth Affairs, Lord Belstead, would be going to Gibraltar shortly for talks with the government of Gibraltar. Consideration would also need to be given to the possible implications for Gibraltar's defence.

The Cabinet -

Took note.

SECRET

COMMUNITY AFFAIRS

Enlargement

4. THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS said that President Mitterrand had made a speech in Madrid the previous day which had been reported as a veto over Spanish accession. In fact, a study of his actual words revealed that he had not gone so far; but he had certainly expressed reservations. The matter might come up at the European Council, and it was important that the French should take the blame for any delay in Spanish entry.

Common Fisheries Policy

Previous Reference: CC(82) 32nd Conclusions, Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that there was a possibility of getting agreement to the Common Fisheries Policy at the meeting of the Fisheries Council on 28-29 June. It now seemed possible that he would be able to negotiate a settlement on quotas which would be acceptable to the whole industry. On access, the Commission had proposed a regime which in effect went back to the position on access before the United Kingdom's accession to the Community and was therefore an improvement on what we had achieved in the Accession Treaty. These proposals were likely to be accepted by the Scottish fishing industry and by the British Fishing Federation, who together represented 80 per cent of the United Kingdom industry. The representatives of the English inshore fishermen were taking the line that there should be exclusive access within the twelve mile limit. Such an arrangement was simply not negotiable. The Minister had seen the Conservative Members of Parliament with fishing interests to explain the position and had received a sympathetic reception. There was a danger that Denmark would veto the agreement. The Danes over-fished on a vast scale and it was therefore in their interests to avoid agreement.

In discussion it was agreed that, although certain elements of the industry would no doubt complain, the settlement which appeared to be an offer was a perfectly reasonable one from the industry's point of view.

United States Steel Imports

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

THE SECRETARY OF STATE FOR TRADE said that the Council of Ministers (Foreign Affairs) had agreed to a very strong statement condemning the United States action in imposing penalties on imports of steel from the Community. Even though the duties imposed on German exports were very low, the Council had spoken with one voice. Every avenue of protest was now being pursued and the Minister for Trade would be visiting Washington the following week.

Siberian Gas
Pipeline

THE PRIME MINISTER reported that she had raised the question of John Brown's contracts with President Reagan during her visit to Washington on 23 June. He had rather cut the ground from under her feet by claiming that his officials had talked to John Brown who did not regard the American action as decisive to their financial position. The Prime Minister had expressed extreme scepticism about this claim. It was important that the record should be put straight as soon as possible.

In discussion it was pointed out that the position of John Brown was now very serious because, if the difficulties with the United States continued, they might have to close the whole of the relevant part of their business which depended on licence arrangements with General Electric. It was agreed that the Chairman of the British Steel Corporation should be encouraged to go ahead with his plans to secure an injunction against the actions of the United States Government in the Washington District Court.

Export Credits

THE CHANCELLOR OF THE EXCHEQUER reported that a special meeting of the Council of Ministers (Finance) held on 23 June to discuss the export credit consensus had failed to reach any conclusion. A further meeting was being arranged before the end of June at which it was hoped that a Community position could be agreed.

The Cabinet -

Took note.

5. THE SECRETARY OF STATE FOR SOCIAL SERVICES said that he had held meetings earlier that week with representatives of the National Health Service (NHS) trade unions and professional bodies. He had told them that the Government was willing to make sufficient money available to finance average pay increases of $7\frac{1}{2}$ per cent for nurses and midwives and the professions supplementary to medicine; $6\frac{1}{2}$ per cent for ambulancemen and hospital pharmacists; and 6 per cent for other NHS groups. The professional bodies representing nurses and midwives had agreed to recommend to their responsible bodies that negotiations should be resumed. He hoped that it would be possible to arrange a meeting of the relevant Whitley Council on 29 June. The professional bodies had a majority of votes on the Staff Side of that Council. It had been made clear to them that, although the Government supported their claim for a differential settlement in favour of nurses and midwives, there was no possibility of its finding more money. In order to strengthen the position of the leadership of the Royal College of Nursing, who were taking a helpful attitude, Government spokesmen should continue to emphasise these points.

As for other groups of NHS staff, the trade unions had rejected out of hand the offer of a 6 per cent pay increase and continued to demand an increase of 12 per cent. The Health Services Committee of the Trades Union Congress (TUC) were meeting that day to consider their future action. The trade unions had complained that he had held separate negotiations with them and with the professional bodies. Separate negotiations were in fact unavoidable, since the professional bodies were not affiliated to the TUC and would not accept that the TUC could negotiate on their behalf.

Comments in the media suggested that the Government's latest offer was widely regarded as fair. He would arrange for briefing material to be circulated to other Ministers and to the Government's supporters on which they could draw in defending the offers.

THE SECRETARY OF STATE FOR EMPLOYMENT said that strikes by NHS workers in pursuance of their own pay claims enjoyed substantial legal immunity, as did picketing by such workers at their own workplace. Picketing at other places and picketing of NHS establishments by other workers were unlawful. The same was probably true of sympathetic strikes by non-NHS workers. Those injured by such actions could apply to the courts for an injunction, or bring claims for damages, as appropriate. It would not, however, be sufficient in such cases to show that there had been interference with, or inducement to breach, a contract of employment: it was necessary to show that there had been a breach of a commercial contract for the supply of goods or services and that loss had resulted from it. An injunction had to be taken out against a named individual or individuals. Anyone contravening such an injunction would be guilty of contempt of court and therefore liable to a fine or, in the last resort, imprisonment.

INDUSTRIAL
AFFAIRS---
National
Health
Service Pay
DisputesPrevious
Reference:
CC(82) 30th
Conclusions,
Minute 4

The following main points were made in discussion -

a. Only a relatively small number of civil servants in a few Departments had absented themselves from duty in order to join in picketing or demonstrations at NHS establishments. Apart from any question of legal liability it was necessary to consider whether those concerned were guilty of a disciplinary offence under the Civil Service code, and if so, what disciplinary action, if any, should be taken against them. The Chancellor of the Exchequer had put urgent work in hand to study the situation.

b. The present law on picketing and sympathetic strikes was not entirely satisfactory. It left the initiative largely with individual employers, who were frequently unwilling to try to enforce their legal rights. The only alternative was to legislate so as to apply criminal sanctions. Earlier consideration by Ministers had concluded that the objections to this were very strong.

c. There might be advantage in trying to persuade employing authorities in the NHS and elsewhere in the public services to take legal action against those guilty of unlawful picketing. The Government should be careful, however, not to overreact to the situation. There was good reason to believe that some elements in the trade union movement were trying to use NHS workers, who enjoyed a high degree of public sympathy, to discredit the Government's employment legislation. The Government's strategy should be to try to settle the NHS pay claims without unnecessary resort to legal action.

d. It was right to continue to try to settle the claims of the nurses and midwives separately from that of other NHS groups.

The Cabinet -

1. Took note.

British
Rail and
London
Transport

Previous
Reference:
CC(82) 6th
Conclusions,
Minute 4

THE SECRETARY OF STATE FOR TRANSPORT said that a strike by those employees of British Rail (BR) who were members of the National Union of Railwaymen (NUR) now seemed certain from the early hours of Monday 28 June, although there was some doubt how widespread support for the strike would be. BR were anxious to avoid a situation in which NUR members were on strike but members of the Associated Society of Locomotive Engineers and Firemen (ASLEF) turned up for work and had to be paid; present indications were, however, that ASLEF members would also be on strike within a week or so. Meanwhile workers on the underground services of London Transport (LT) were already taking industrial action which was causing severe disruption. The Board of LT was putting proposals to the unions for a four-week cooling-off period, but it still seemed likely that industrial action would be continued for at least part of the following week.

THE HOME SECRETARY said that, at a meeting of the Civil Contingencies Unit (CCU) which he had chaired the previous day, it had been agreed that, in order to sustain commuter morale, it was essential for the Government to make, and be seen to make, the maximum effort to mitigate the effects of the withdrawal of rail services in London. The CCU had therefore agreed on a programme of measures designed to increase the number of parking spaces in central London and to improve traffic flow. Some measures would take effect only if there was simultaneous industrial action affecting both BR's and LT's services, notably the suspension of waiting restrictions and parking meters on all roads in central London other than bus routes, and assistance by servicemen to provide additional parking spaces on grass areas in certain parks, although preparatory steps had been taken to shorten the lead time for this latter operation to two days. The Government would also need to encourage self-help by employers and individuals, for example in car sharing and the staggering of working hours. The use of emergency powers was not appropriate in current circumstances but the situation would be kept under review. There would need to be a major public relations campaign starting before the weekend to explain what the Government was doing to mitigate the effects of the strike, to give guidance to commuters, and to make clear the issues which were at stake.

The following main points were made in discussion -

- a. BR's handling of the dispute was constrained by legal considerations, and in particular by the 1919 Guaranteed Week Agreement. The strike might provide the opportunity for removing this constraint in the future. BR was looking into this and other legal issues.

b. The strike was primarily about improvements in productivity. The rail unions could not expect to receive a pay increase in 1982 when they had still not fulfilled the productivity agreements entered into in 1981.

c. A prolonged rail strike would undoubtedly do harm to industry. Companies themselves were however best placed to judge how they might minimise the difficulties, and many had already made plans to transfer business to road in the event of a rail strike.

d. It was not clear at present whether any other unions would take action in support of the rail unions. The recent statement by Mr Sirs, General Secretary of the Iron and Steel Trades Confederation, had suggested that the steelworkers were unlikely to do so, but the response of the miners was less predictable.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that the Board of BR had little alternative but to face a rail strike, despite the penalties and risks, and that the objective should be to achieve a major and significant improvement in productivity. It was important to sustain commuter morale in London, particularly if there was simultaneous action affecting both BR and LT, and the Cabinet therefore endorsed the programme of measures prepared by the CCU. The Government would need to mount a major public relations campaign; as a first step, the Secretary of State for Transport would be making an oral statement in the House of Commons the following day.

The Cabinet -

2. Took note.

Cabinet Office

24 June 1982