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C(80) 2nd
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 17 JANUARY 1980
at 10.00 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

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

The Rt Hon 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 Industry

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Rt Hon James Prior MP
Secretary of State for Employment

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 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

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education and Science

The Rt Hon John Biffen MP
Chief Secretary, Treasury

SECRET

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Norman Fowler MP
Minister of Transport

The Rt Hon Michael Jopling MF
Parliamentary Secretary, Treasury

Earl Ferrers
Minister of State, Ministry of Agriculture,
Fisheries and Food

Mr Paul Channon MP
Minister of State, Civil Service
Department (Item 5)

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 7 and 3)
Mr P Le Cheminant (Items 4, 6 and 7)
Mr P J Harrop (Items 1 and 5)
Mr R L Wade-Gery (Items 2 and 3)
Mr P Mountfield (Items 4, 6 and 7)
Mr W N Hyde (Items 1 and 5)

CONTENTS

Item	Subject	Page
1	PARLIAMENTARY AFFAIRS	
	Business in the House of Commons	1
	Explosion at the Mount Royal Hotel	1
2	FOREIGN AFFAIRS	
	Rhodesia	2
	Yugoslavia	2
	Iran	2
	Afghanistan	3
3	COMMUNITY AFFAIRS	4
4	GAS PRICES	5
5	DEPARTMENTAL SELECT COMMITTEES	6
6	STEEL STRIKE	11
7	WATER INDUSTRY	11

PARLIAMENTARY
BUSINESS

Business in the
House of Commons

Business
in the
House of
Commons

1. The Cabinet were informed of the business to be taken in the House of Commons during the period 23-28 January. It was proposed to hold a debate on the crisis in South-West Asia on Thursday 24 January and a debate on the role of nuclear weapons in Britain's defence on Monday 28 January.

THE PRIME MINISTER, summing up a brief discussion, said that the Lord Privy Seal would not return from his visits to Community capitals until late in the evening of Wednesday 23 January; to give him time to prepare for the debate on South-West Asia, it should be held on Monday 28 January. The debate on the role of nuclear weapons in Britain's defence should be brought forward to Thursday 24 January.

The Cabinet -

1. Invited the Chancellor of the Duchy of Lancaster to revise the business as indicated in the Prime Minister's summing up of their discussion.
2. Noted that the Chancellor of the Exchequer would open his Budget on Tuesday 25 March.

Explosion at the
Mount Royal Hotel

THE HOME SECRETARY reported that there had been an explosion that morning at the Mount Royal Hotel, Oxford Street. One man, apparently of Near Eastern origin, who may have been handling explosives, had been killed, and a West German businessman had been injured. He did not propose to make a statement about the explosion to the House, but might have to answer a Private Notice Question.

The Cabinet -

3. Took note.

FOREIGN
AFFAIRS---
RhodesiaPrevious
reference:
DC(80) 1st
Conclusions,
Minute 2

2. THE LORD PRIVY SEAL said that the Governor had been most grateful for the Cabinet's message of support. Mr Nkomo had been conciliatory and co-operative since his return, and seemed to have more support outside his own tribal area than had been expected. Mr Mugabe, who might now return on 19 January, was causing more difficulty, not least by failing to release some 70 detainees he was holding in Mozambique, who included potential Parliamentary candidates from other parties. There was widespread international criticism of the presence of South African troops inside Rhodesia at Beitbridge; but in the Governor's view it would not be possible at the present juncture to persuade General Walls and the Rhodesian forces to agree to their withdrawal. The Rhodesians were also being difficult over retraining schemes for Patriotic Front forces which could help to relieve pressures in the assembly areas. The European Community's agreement on a trade regime for Rhodesia was a welcome development.

Yugoslavia

THE LORD PRIVY SEAL said that the emergency meetings of the Yugoslav Presidium and Central Committee, and the partial cancellation of army leave, were evidence of the country's apprehensions at the prospect that President Tito might not have long to live. The statements of support by the Prime Minister and other Western leaders were certain to have been very welcome. Direct Soviet intervention seemed unlikely, although after Afghanistan it could not be ruled out; but the Russians would certainly seek to achieve what they could by subversion. They would be assisted by Yugoslavia's fissiparous tendencies, and by the weakness inherent in the arrangements for President Tito's successors to hold office by rotation.

Iran

Previous
reference:
DC(80) 1st
Conclusions,
Minute 2

THE LORD PRIVY SEAL said that the Security Council's Resolution on sanctions had been vetoed by the Soviet Union and appeared to have had little impact in Iran. The Americans had announced that they would be implementing sanctions as if the Resolution had been adopted and had asked Britain and their other principal allies to do the same. The Prime Minister and others had explained the difficulties and dangers of that course, and there were some signs of the United States Government having second thoughts about their policy in the light of events in Afghanistan. But they remained under strong internal pressure. At the same time there were reports, which were being investigated, that certain American companies were circumventing the sanctions regime.

CONFIDENTIAL

In the course of a brief discussion it was pointed out that it would not be possible for Britain to agree to a trade boycott, including an arms embargo, unless our partners were also prepared to agree. Particular difficulty was likely to arise over the fleet replenishment ship for the Iranian Navy which Swan Hunter would soon be ready to deliver. Considerable expense would be involved if the Government refused to allow this. The French and Italian Governments, who faced comparable problems, were being consulted.

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THE PRIME MINISTER said that on 16 January a meeting of Ministers principally concerned had considered what measures might be taken against the Soviet Union in the light of the invasion of Afghanistan and of the disappointing attitude of many of our partners at the North Atlantic Council and the European Community's Foreign Affairs Council on 15 January. The meeting had noted the Community's satisfactory if unimportant decision not to undercut American action by selling grain to the Soviet Union. It had decided that Britain should remain privately and publicly opposed to the subsidised sale of butter and of sugar, despite the potential consequences for Community expenditure. The Commission's action in suspending the prefixation of export restitutions for butter had ensured a temporary cessation of exports of subsidised butter; but the French and Irish in particular were in favour of continuing with subsidised sales of butter to the Soviet Union, and a permanent cessation of such sales would add to the costs of the Common Agricultural Policy and to the United Kingdom net budgetary contribution. The meeting had further agreed that the Anglo-Soviet credit agreement should not be renewed when it expired in February; and that we should study with our partners the possibility of tightening the Co-ordinating Committee on the International Strategic Embargo (COCOM) rules on strategic exports to the Soviet Union and of extending their scope to include more potential exports of technology. It was noted that it would be a major propaganda victory for the Russians if the Olympic Games took place in Moscow as planned in spite of events in Afghanistan. Further consideration would therefore be given to how this might be prevented. British action would need to be concerted with the Americans and perhaps others, eg the Germans. Possibilities included approaching the Canadians about the availability of Montreal as an alternative; urging the International Olympic Committee to transfer the Games away from the Soviet Union, perhaps to several other sites; calling on British athletes and the British public to refuse to go to Moscow; and ensuring (preferably in concert with other members of NATO) that no official visitors went to Moscow in connection with the Games.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

previous
reference:
80) 1st
conclusions,
note 3

3. THE LORD PRIVY SEAL said that apart from the discussions on Afghanistan and the Soviet Union, to which reference had already been made, the Foreign Affairs Council on 15 January had agreed that negotiations for a trade agreement between the European Economic Community (EEC) and Yugoslavia should be speeded up. The Council had also agreed, subject to consultation with the European Parliament and with the Greeks, on a suitable regime for trade between the EEC and Rhodesia. Before the Council meeting, he had met the Belgian Prime Minister and other Belgian Ministers to discuss our budget problem. Although they had been preoccupied with a Government crisis, the Belgian Foreign Minister had promised help to find a solution based on the final communique of the Dublin European Council.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Commission had now decided to refer the French action on sheepmeat back to the European Court. In these circumstances he would consider with the Lord Privy Seal whether it would be right for the United Kingdom to refuse to discuss sheepmeat at the forthcoming meeting of the Council of Ministers (Agriculture).

THE PRIME MINISTER said that the Italian Prime Minister would be visiting London at the end of the month. She was not optimistic that it would prove possible to hold a meeting of the European Council earlier than the scheduled date at the end of March. This would mean that the issue might not be settled before the Chancellor of the Exchequer presented his Budget. Our approach to the Community budget issue still rested on achieving the correction to our excess contribution which had been discussed in Dublin; increasing Community spending in the United Kingdom in substitution for our own public expenditure; and in the longer term restructuring the Community budget notably through reducing the cost of the Common Agricultural Policy. A more fundamental long-term reform would be to change the basis of contributions by member states to relate them to Gross National Product shares.

The Cabinet -

Took note.

PRICES

4. THE SECRETARY OF STATE FOR ENERGY said that he had announced the previous day new financial targets for the gas and the electricity industries, in line with the decisions of the Ministerial Committee on Economic Strategy. These new financial targets implied large real price increases for gas over the next three years, and somewhat smaller increases for electricity, over and above the general level of inflation. The early announcement of these increases had been designed to stem rising demand for gas, since at present prices related to other fuels demand was rising to levels which the gas industry could not meet. The timing of the statement had been forced on him by premature disclosure of the Government's intentions.

THE PRIME MINISTER, summing up a brief discussion, said that the increases were inevitable and it was right that consumers should be forewarned of Government decisions affecting their choice of fuel. Consideration was already being given to possible ways of helping the poorest consumers to meet rising energy costs.

The Cabinet -

Took note.

DEPARTMENTAL
SELECT
COMMITTEES

5. The Cabinet considered a memorandum (C(80)1) by the Chancellor of the Duchy of Lancaster on issues raised by the work of the new Departmental Select Committees.

previous
reference:
79) 6th
conclusions
page 5

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that the initial work of the Departmental Select Committees had given rise to certain issues of general importance which required collective Ministerial consideration. These issues were:

- i. the wish of Select Committees to examine matters covered by current legislation or otherwise likely to be debated in the House;
- ii. requests for evidence that would disclose advice given to Ministers;
- iii. queries concerning the "associated public bodies" into whose activities the Committees may enquire.

The formal powers of the new Committees were no greater than those of the former Select Committee on Expenditure, but the scope of their activities would be wider. The Chancellor of the Duchy of Lancaster considered that any problems which arose should so far as possible be dealt with either by informal discussion between the departmental Minister concerned and the particular Select Committee or between himself and the proposed Liaison Committee, of which chairmen of the Departmental Select Committees would be members. Direct conflict between the Executive and the Select Committees should be avoided unless a major question of principle was at stake.

In discussion, the following points were made -

- a. The Environment Select Committee were proposing to examine the sale of council houses, dealt with in the Housing Bill which would shortly go to Standing Committee. Such overlap had not been envisaged in the report of the Procedure Committee. Select Committees should be discouraged from examining matters dealt with in Bills during the course of their passage through the legislative process, and particularly when they were before a Standing Committee. It could be argued that the Select Committees had been set up to improve the Parliamentary scrutiny of government in its executive capacity and that they should not examine matters dealt with in legislation currently before Parliament. The potential for duplication, increased work-load and heightened political controversy would be greatest during the Standing

Committee stage of a Bill. The Chancellor of the Duchy of Lancaster should raise this with the Liaison Committee as a general issue; it would also be appropriate for him, rather than the Secretary of State for the Environment, to pursue the particular problem of the Housing Bill as a particular case of the general rule, in the first instance with the Chairman of the Liaison Committee and as necessary thereafter with the Chairman of the Environment Select Committee.

b. Where a Select Committee sought evidence from official witnesses about a statutory instrument or any other matter likely to be debated in Parliament, the information was likely to be used in debate on the floor of the House; it would therefore be appropriate for Ministers to attend the Committee for such hearings, so as to avoid inconsistencies and attempts to extract information from officials for subsequent use against their Ministers in debate.

c. Select Committees had powers to send for persons, papers and records, though they had no sub-poena powers to enforce their summonses to persons. Generally they left it to Departments to decide which officials should give evidence, though on occasion they asked for named officials as witnesses. A Minister could, if necessary, offer to attend himself, with or without officials. Guidance to officials, contained in a revised Memorandum which had recently been circulated to Ministers, suggested that officials attended only as representatives and with the permission of their Ministers, and a Select Committee would not normally be expected to press for the attendance of officials, or of a named official, if the Minister himself undertook to attend. It was possible, however, that a Select Committee would try to insist on the attendance of a named official; and it was not clear exactly what powers Select Committees had to require the attendance of officials, or what rights Ministers had to attend themselves or to direct officials not to attend or not to answer certain questions. A note of guidance for Ministers, agreed as necessary with the House authorities, should be prepared for consideration.

d. The Environment Committee had asked to see a document, prepared during the time of the previous Administration, about the sale of council houses which had been leaked to the Press. The Opposition spokesman had supported its release. The records of a previous Administration were the property of the Government of the

day although by convention present Ministers did not have access to them. They could not therefore be released without the agreement of the Government of the day. A representative of the former Administration would normally be consulted about any release; a document would not normally be released without his consent, but he would not have the right to require or insist upon release. There was general agreement in the Cabinet upon the proposition that documents of a former Administration which had not been released or published during the period of that Administration should not as a rule be released or published by another Administration thereafter, even at the request of the former Administration: only so could the politically selective release of records be avoided. Refusal could be justified on the general basis that the advice of officials given in confidence to previous or present Ministers should remain confidential.

e. More generally, there should be no departure from the rules that the advice of the Law Officers to the Government, and the advice of officials to Ministers, including legal advice, should not be disclosed.

f. The terms of reference of the Select Committees extended to the "associated public bodies" of the Departments concerned. The Chancellor of the Duchy of Lancaster, during the procedure debate in June 1979, had avoided a precise definition of what constituted an "associated public body", but had suggested that it should be one for which there was a significant degree of Ministerial responsibility. It was for the Select Committees themselves, subject to the views of the House, to interpret their terms of reference. Where Departments were asked by Select Committees to provide lists of associated public bodies, they could take into account the Chancellor of the Duchy of Lancaster's definition, the lists contained in Sir Leo Pliatzky's report on non-departmental public bodies and the extent to which Ministers answered questions about bodies of this kind in Parliament. The Home Affairs Select Committee were showing signs of trying to interest themselves in the affairs of the Security Service. Ministers did not answer Questions in Parliament about security and intelligence matters, and it would be wrong for them to give information to Departmental Select Committees about them. Agencies concerned with such matters should not be listed as associated public bodies. It was for consideration whether police forces should be regarded as associated public bodies of the Home, Scottish and Northern Ireland Offices. It was pointed out that

Chief Constables were appointed (except for the Commissioner of Police of the Metropolis) by local police authorities and were not responsible to the Government or to Parliament for operational matters. They should not be listed as associated public bodies.

g. It would be best for Departmental Ministers not to negotiate further with their Select Committees on the general matters covered by the Chancellor of the Duchy of Lancaster's memorandum. Discussions should take place between the Chancellor of the Duchy of Lancaster and the Liaison Committee as soon as it had been established. The problem that had arisen about the release of documents of the previous Administration on council house sales to the Environment Select Committee should be handled in the same way, since it raised a general issue of principle, and it could be politically invidious for the Secretary of State for the Environment to take up a particular case with the Chairman of the Environment Select Committee. In bringing to the notice of the Liaison Committee questions of duplication on Bills in Standing Committee, the Chancellor of the Duchy of Lancaster should also point to the need to avoid any overlap between the work of Select Committees and the work of the Public Accounts Committee. It would be useful for the Chancellor of the Duchy of Lancaster and the Chief Whip to keep in touch, through the chairman of the Liaison Committee, with the Conservative chairmen and the majority leaders on the Select Committees as the need arose.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that Departmental Select Committees should be discouraged from examining matters covered by Bills which had received a Second Reading, and particularly while they were being examined by a Standing Committee. The principle that the advice of the Law Officers and official advice to Ministers is confidential should be maintained. Papers of a previous Administration which had not been disclosed or published during the period of that Administration should not as a rule be disclosed to Select Committees. Departments requested to provide lists of their associated public bodies should take account of the points made in the Chancellor of the Duchy of Lancaster's memorandum and in discussion when preparing them. The Chancellor of the Duchy should discuss the various issues with the Liaison Committee. If Ministers experienced further problems with Select Committees, they should be brought to the notice of the Chancellor of the Duchy, so that he could raise them with the Liaison Committee.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.
2. Invited the Chancellor of the Duchy of Lancaster to be guided accordingly, taking account of the points made in discussion, in his discussions with the Chairman of the Liaison Committee.
3. Invited the Chancellor of the Duchy of Lancaster to enter into discussions with the Chairman of the Liaison Committee, and if necessary with the Chairman of the Environment Select Committee, with a view to discouraging the Environment Select Committee from discussing matters covered in the Housing Bill while that Bill was in Standing Committee, and to explaining why the Government did not propose to accede to the Select Committee's request for the release of documents of the previous Administration relating to council house sales, in accordance with the principle agreed by the Cabinet in the course of the discussion.
4. Took note that the Prime Minister would consider whether any further guidance was called for on the question of releasing documents of previous Administrations.
5. Invited the Chancellor of the Duchy of Lancaster, after consultation with the House authorities, to prepare for consideration by the Cabinet a memorandum of guidance for Ministers on the powers of Select Committees to summon officials in relation to the rights of Ministers to determine who should represent their Departments, and to summon members of the House of Lords and other non-governmental witnesses.

STEEL STRIKE

Previous
reference:
(80) 1st
conclusions,
page 5

6. THE SECRETARY OF STATE FOR INDUSTRY said that Press reports of the effects of the strike had been exaggerated. Supplies of steel from the private sector of the industry and from stock holders were generally moving fairly freely. Some users could, however, soon begin to experience (or at least to foresee the imminence of) difficulties. The British Steel Corporation (BSC) were now planning to circularise all their workers with full details of the pay offer already made.

THE SECRETARY OF STATE FOR EMPLOYMENT said that the Advisory, Conciliation and Arbitration Service (ACAS) were still engaged in talks with both parties. No fresh developments were expected until the following week, when there might be an opportunity for movement.

THE HOME SECRETARY said that there were signs of some slight increases in the level of picketing, but the police had the situation well under control.

THE PRIME MINISTER, summing up a brief discussion, said that the Government would continue to keep the situation under review, but that no intervention was necessary at this stage. The leaders of the two main unions concerned had asked to see her. It was her practice never to refuse such requests, but, with the Cabinet's agreement, she would ask the two leaders to see the Secretaries of State for Industry and for Employment first.

The Cabinet -

Agreed to resume their discussion of the steel strike at a future meeting as necessary.

WATER
INDUSTRY

7. THE SECRETARY OF STATE FOR THE ENVIRONMENT said that the local authority manual workers' pay settlement was likely to be agreed the following day, at an acceptable figure. Following this, pay negotiations in the water industry, which had hitherto been kept moving slowly, would be resumed. A settlement here was likely to involve uncomfortably large pay increases, because of the undertakings given the previous year about comparability between the water industry and workers in gas and electricity. The water industry was not labour-intensive, however, and the costs were likely to be containable within the approved cash limits without serious implications for charges. At the same time there were signs of rising militancy in the industry, and there was a threat of industrial action if an early settlement was not reached.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet took note of the situation. A water strike would pose a serious threat to the life of the community, and the Civil Contingencies Unit should again review the state of preparations to deal with the effects of industrial action.

The Cabinet -

Invited the Home Secretary to arrange for the Civil Contingencies Unit to review again the state of preparations against the possibility of industrial action in the water industry.

Cabinet Office

17 January 1980