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CC(82) 37th
Conclusions

COPY NO 79

CABINET

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

THURSDAY 8 JULY 1982

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 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 John Nott MP
Secretary of State for Defence

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

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon John Biffen MP
Lord President of the Council

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

The Rt Hon Baroness Young
Lord Privy Seal

The Rt Hon Lord Hailsham
Lord Chancellor

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

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 George Younger MP
Secretary of State for Scotland

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry

The Rt Hon David Howell MP
Secretary of State for Transport

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

The Rt Hon Nigel Lawson MP
Secretary of State for Energy

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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 FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Michael Havers QC MP
Attorney General (Item 4)

The Rt Hon Lord Mackay of Clashfern QC
Lord Advocate (Item 4)

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

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

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PARLIAMENTARY
AFFAIRS

Finance Bill

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

THE CHIEF WHIP said that 20 Conservative backbenchers had so far indicated their intention to support the amendment which had been tabled for the Report Stage of the Finance Bill to make the taxation of unemployment benefit conditional upon the restoration of the 5 per cent abatement introduced in 1980. A further eight intended to abstain. The issue had already been debated twice during the present Session, and it was not yet clear whether the Speaker would select the amendment. If there were a vote on the amendment, the Government could clearly not rely on the absence of members of the minority parties which had helped them to defeat earlier attempts to restore the abatement, and it was essential that all Ministers and their Parliamentary Private Secretaries should vote against it.

The Cabinet -

Took note.

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in the Lebanon remained confused. Negotiations were proceeding through third parties. It looked as if progress was being made towards a solution involving the evacuation of the leadership and fighting representatives of the Palestine Liberation Organisation (PLO) to Syria. The United States had offered forces to assist with the evacuation; but the terms on which it would take place were unclear. In Beirut there had been some improvement in conditions of life with the restoration of the power and water supplies. A delegation from the Arab League would be coming to London that day comprising the Foreign Ministers of Bahrain and Tunisia and Mr Quaddoumi of the PLO. It had been decided that the Minister of State, Foreign and Commonwealth Office (Mr Hurd), should receive the delegation, which was visiting each member Government of the United Nations Security Council and had already been received by the French Foreign Minister, Monsieur Cheysson. It would be the first occasion on which a British Minister had received a member of the PLO. But the Prime Minister would see the two Foreign Ministers only; and he himself would not receive the delegation. A balance would thus be struck between the United Kingdom's sympathy with the Arabs over the Israeli invasion of the Lebanon and the fact that the Israeli Ambassador in London, Mr Argov, had been attacked by a splinter group of the PLO.

THE FOREIGN AND COMMONWEALTH SECRETARY said that his official visit to Yugoslavia on 5 and 6 July had been useful. The new Yugoslav Government, which had just emerged from its first Party Congress since Marshal Tito's death, appeared stable but was facing serious economic problems. He had invited the Governor of the Central Bank to visit London for talks with the Governor of the Bank of England, and a Yugoslavian Trade Delegation headed by a Minister would be visiting London in the autumn.

THE FOREIGN AND COMMONWEALTH SECRETARY said that, at the conclusion of the hijacking incident in Bangkok involving an Alitalia jet airliner, the Thai authorities had regrettably allowed the hijacker to leave the country for Sri Lanka. Action was now being taken to remind the Sri Lankan Government of its obligations either to try the hijacker or to extradite him to Italy.

The Cabinet -

1. Took note.

THE PRIME MINISTER said that her bilateral meeting with the Italian Prime Minister, Signor Spadolini, in Rome on 7 July had gone well. Signor Spadolini and his Foreign Minister, Signor Colombo, had consistently supported the United Kingdom over the Falklands crisis but had been unable to maintain Italy's support for economic sanctions against Argentina because of opposition from the Socialist Party which was an important element in the Italian coalition Government. Nonetheless Italy had in practice continued to operate the sanctions and in particular had continued to apply an arms embargo against Argentina.

The Cabinet -

2. Took note.

THE PRIME MINISTER said that the Argentine Government's decision to return the only British prisoner of war in Argentine hands, Flight Lieutenant Glover, taken together with other indications that they regarded hostilities as being at an end, and the fact that no hostilities had taken place since 14 June, now made it appropriate for the British Government to repatriate all the 593 Argentine prisoners remaining in British hands. It was proposed to do this on the basis of a message to the Argentine Government rehearsing the grounds on which the British Government had concluded that the Argentine Government accepted that hostilities were over and asking them, on that basis, to agree arrangements for the early repatriation of the prisoners. She recalled that there was an obligation under international law to return prisoners as soon as active hostilities had ceased. An approach had also been made to the Argentine Government about the disposal of the bodies of Argentine servicemen killed in the Falklands. Meanwhile it had been decided to offer the next of kin of British servicemen killed in the conflict the option of having the bodies buried in a military cemetery on the Falklands or repatriated for burial to the United Kingdom. Families of those whose bodies were buried on the Falklands or had died at sea would be offered the opportunity of visiting the Falklands at public expense. These arrangements would be announced to Parliament that afternoon. The members of the Committee of Privy Counsellors appointed to carry out the Falkland Islands Review had now been announced: she was very grateful to Lord Franks for agreeing to serve as Chairman and was confident that he would command universal respect. The other members would be Viscount Watkinson and Lord Barber from the Conservative Party; Lord Lever of Manchester and Mr Merlyn Rees from the Labour Party, and Sir Patrick Nairne, who had served under successive Administrations and had wide experience of intelligence matters and governmental procedures. On the Falkland Islands themselves the Civil and Military Commissioners were tackling the problems of rehabilitation energetically; considerable sums of money would be required.

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In discussion reference was made to the fact that the Cunard Company would not be ordering its replacement ship for the Atlantic Conveyor from the United Kingdom on grounds of cost. The terms of the tender from Japan were substantially better, both as to price and as to delivery, than the tender from British Shipbuilders, and the tender from South Korea was better still. The decision would attract domestic criticism, especially in view of unemployment on the Clyde and in other British shipyards, but the Government had no power to intervene or to make any link between the compensation payable to Cunard and the use of a British shipyard to build a replacement.

The Cabinet -

3. Took note.

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COMMUNITY
AFFAIRS

New Zealand
Butter

French Turkeys

Russian
Pipeline
Contract

INDUSTRIAL
AFFAIRS

Rail Dispute

Previous
Reference:
C(82) 36th
Conclusions,
Minute 4

3. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Commission had decided to propose a reduction in the quota for New Zealand butter to 89,000 tonnes, despite extensive briefing of the British Commissioners. This was further evidence of the degree of influence exercised by the French Government over the present Commission.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the European Court was likely to announce its decision before the end of July on the case against the United Kingdom's restrictions on imports of poultry meat and eggs for health reasons.

THE SECRETARY OF STATE FOR TRADE said that the Soviet Government had deferred the date for delivery of turbines to be supplied by John Brown Ltd until the end of the month. The United States Administration continued to be obdurate in their attitude; but its powers of enforcement in the matter were discretionary rather than mandatory, and he was considering, in consultation with the Company, whether to seek to persuade the United States Administration not to take enforcement action, if the Company proceeded to deliver the turbines.

The Cabinet -

Took note.

4. THE SECRETARY OF STATE FOR TRANSPORT said that increasing, though still relatively small, numbers of train drivers who were members of the Associated Society of Locomotive Engineers and Firemen (ASLEF) were reporting for duty. The British Railways Board (BRB) hoped to be able to run about 12 per cent of scheduled services that day, compared with 10 per cent the previous day. Some members of ASLEF were putting pressure on the executive of the union to call off the strike; this pressure might increase over the weekend as a result of union meetings at branches and depots. The BRB would take no decision on possible new initiatives before the afternoon of Monday 12 July.

Although commuters in South and South East London were experiencing some difficulty in getting to work, the situation appeared to be manageable. Coal was still moving by rail from the pits, despite claims to the contrary by the leadership of the National Union of Mineworkers.

THE PRIME MINISTER, summing up a brief discussion, said that it was important that the legal implications of the possible courses of action being considered by the BRB should be fully considered. It was also important that the details of the tactics and timing of BRB's plans should remain confidential.

The Cabinet -

1. Took note.

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the Trades Union Congress had asked the Advisory, Conciliation and Arbitration Service (ACAS) to use its powers of conciliation in the current National Health Service (NHS) pay dispute. Mr Lowry, the Chairman of ACAS, was well aware that there was no possibility of the Government's making more money available for NHS pay than had already been offered; in the circumstances, it was hard to see what useful purpose could be served by intervention by ACAS. There had been little increase in the intensity of industrial action in the NHS; but the three-day strike called for 19-21 July was still expected to go ahead. The Nurses and Midwives Whitley Council would meet on 13 July to consider the latest offer formulated by the Management Side. His Department would mount a major public relations campaign at both national and local levels. This would not gloss over the difficulties faced by the NHS as a result of industrial action, and would pay tribute to the work done by loyal staff in keeping the service going. It would be helpful for all Government spokesmen to continue to emphasise that there was no possibility of an increase in the money available for NHS pay.

The Cabinet -

2. Took note.

The Cabinet's discussion is recorded separately.

Cabinet Office

8 July 1982

National Health
Service Dispute

Previous
Reference:
CC(82) 36th
Conclusions,
Minute 4

Sympathetic
Industrial
Action by
Civil
Servants

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CABINET

LIMITED CIRCULATION ANNEX

CC(82) 37th Conclusions, Minute 4

Thursday 8 July 1982 at 10.00 am

THE SECRETARY OF STATE FOR TRANSPORT said that increasing, though still relatively small, numbers of train drivers who were members of the Associated Society of Locomotive Engineers and Firemen (ASLEF) were reporting for duty. The British Railways Board (BRB) hoped to be able to run about 12 per cent of scheduled services that day, compared with 10 per cent the previous day. Some members of ASLEF were putting pressure on the executive of the union to call off the strike; this pressure might increase over the weekend as a result of union meetings at branches and depots. The BRB would take no decision on possible new initiatives before the afternoon of Monday 12 July, so that they could assess whether resistance to the strike among the ASLEF membership was growing. They had been considering two main possibilities: dismissal of ASLEF members who were on strike; and laying off members of the National Union of Railwaymen (NUR) in order to save money. The BRB at present inclined to favour early action on the first option. This would require letters to be sent to ASLEF members on Wednesday 14 July, warning them that they would be dismissed unless they agreed to work under flexible rosters; the letter should reach the men by Friday 16 July. It was likely that the BRB would let it be known earlier that they were considering making this threat. The course of action ran the risk that, under the present law, unless the BRB eventually offered re-employment to either all or none of those who had taken industrial action they would be exposed to legal action for unfair dismissal. He was discussing the position with the Secretary of State for Employment. The effective date of dismissal, under this timetable, would probably be Monday 19 July; and the fact that this coincided with the first day of the expected three-day strike in the National Health Service might be unfortunate. If the threat of dismissal did not succeed in breaking the ASLEF strike, the BRB would have to consider laying off NUR members, although the handling of this would need great care both legally and presentationally.

INDUSTRIAL
AFFAIRS---
Rail DisputePrevious
Reference:
CC(82) 36th
Conclusions,
Minute 4

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THE PRIME MINISTER, summing up a brief discussion, said that it was important that the legal implications of the possible courses of action being considered by the BRB should be fully considered. It was also important that the details of the tactics and timing of BRB's plans should remain confidential.

The Cabinet -

Took note.

Cabinet Office

12 July 1982

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CABINET

LIMITED CIRCULATION ANNEX

CC(82) 37th Conclusions, Minute 4

Thursday 8 July 1982 at 10.00 am

INDUSTRIAL
AFFAIRS---
Sympathetic
Industrial
Action by
Civil Servants

THE CHANCELLOR OF THE EXCHEQUER said that a small group of Ministers, under his chairmanship, was considering the appropriate response by Government to sympathetic industrial action by civil servants. As reported in his minute of 6 July to the Prime Minister, it had been agreed that in cases involving conduct of an overtly political or abusive nature disciplinary charges could be brought without warning and the full range of disciplinary penalties applied as appropriate. In cases involving only unauthorised absence or failing to work as directed, staff who had been absent on 23 June, the date of the previous one-day strike in the National Health Service, should be given a written warning; they would then be liable to disciplinary action if they behaved in a similar way on another occasion. Other staff would not be so warned, though the fact that warnings had been issued would be likely to become widely known. Civil Service managers would receive instructions at appropriate levels drawing their attention to the fact that absences in pursuit of sympathetic industrial action and breaches of conduct were liable to be dealt with under disciplinary procedures and requiring them to record and report to their Principal Establishment Officers the names of staff concerned. The small group would be considering further the question of whether participation by civil servants in picketing should be regarded as a disciplinary offence of a different nature from that of mere unauthorised absence.

The Cabinet -

Took note.

Cabinet Office

9 July 1982