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CC(82) 19th
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 22 APRIL 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 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

SECRET

THE FOLLOWING WERE ALSO PRESENT

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 R L Wade-Gery (Items 1, 3 and 4)
Mr P L Gregson (Item 5)
Mr D J S Hancock (Items 3 and 4)
Mr R L L Facer (Items 1 and 3)
Mr D H J Hilary (Items 2 and 6)
Mr M S Buckley (Item 5)
Mr L J Harris (Items 2 and 6)

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FALKLAND
ISLANDS

Previous
Reference:
CC(82) 18th
Conclusions

1. The Cabinet reviewed the state of the dispute over the Falkland Islands.

THE SECRETARY OF STATE FOR DEFENCE gave an account of the British and Argentine forces in the area, and reported on the military preparations being made in case it proved impossible to resolve the dispute through diplomatic action.

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.

Northern Ireland
Legislation

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Shadow Cabinet were strongly in favour of the debate on the White Paper on the Northern Ireland constitutional proposals taking place on a take note motion, though the Chief Whip would prefer the debate to be on a motion for approval, so that the extent of the opposition to the proposals on both sides of the House could be clearly identified in advance of the Second Reading of the Bill. He proposed to settle the final form of the motion in consultation with the Lord President of the Council and the Chief Whip.

Previous
Reference:
CC(82) 17th
Conclusions,
Minute 1

Economic
Situation

THE CHANCELLOR OF THE EXCHEQUER said that, although there had been some initial loss of confidence because of the Falkland Islands dispute, the exchange rate had steadied, interest rates had fallen back after the initial rise, and there was no immediate cause for concern about confidence in the markets. The figures for the retail price index to be published the following day continued to show an improvement, and other leading economic indicators were encouraging. The figures for the Public Sector Borrowing Requirement to be published that afternoon were, at £8.6 billion, considerably better than expected, largely because of significant underspending by local authorities and Government Departments

Defence White
Paper

THE SECRETARY OF STATE FOR DEFENCE said that on present plans the White Paper on Defence was to be published during the following week. It would reflect the decisions already announced on the Government's nuclear strategy, and would confirm the proposed 10,000 naval redundancies. In the present situation, this would be bound to expose the Government to attack from all sides of the House of Commons, particularly since it might coincide with an announcement of a decision to call up some members of the Royal Naval Reserve. Although postponing the White Paper would also cause difficulties, he now thought that on balance it would be preferable to defer publication for about six weeks; this would be in line with the strongly expressed views of many members of the Conservative backbench Defence Committee. It would not be possible to rewrite the White Paper to take account of developments in the Falkland Islands dispute, but it could be accompanied by an appropriate addendum.

The Cabinet -

Agreed that publication of the White Paper on Defence should be postponed.

OTHER FOREIGN AFFAIRS

Arab/Israel

Previous Reference: CC(82) 12th Conclusions, Minute 2

3. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that an official statement expressing concern had been made by the Foreign and Commonwealth Office spokesman following the heavy air-raids mounted by Israel against targets in the Lebanon the previous day. Britain had also agreed to support United States diplomatic representations urging the parties concerned to show restraint.

The Cabinet -

Took note.

COMMUNITY AFFAIRS

Council of Ministers (Agriculture) 20-22 April

Previous Reference: CC(82) 16th Conclusions, Minute 4

4. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that the latest meeting of the Council of Ministers (Agriculture) had not resulted in any great change in the position reached at the end of the previous Council on 31 March-2 April.

30 May Mandate

Previous Reference: CC(82) 12th Conclusions, Minute 3

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, reported that the German Foreign Minister, Herr Genscher, was advocating the postponement of the discussion of the Mandate arranged for the second day of the Council of Ministers (Foreign Affairs) on 26-27 April. Foreign and Commonwealth Office Ministers had resisted this suggestion. It was in their view extremely important that a discussion of the Mandate should take place as arranged.

The Cabinet -

Took note.

INDUSTRIAL
AFFAIRS

National Health
Service Pay

5. THE SECRETARY OF STATE FOR SOCIAL SERVICES said that a series of meetings of National Health Service (NHS) trade unions was in train. The National Union of Public Employees and the National and Local Government Officers Association had each called a delegate conference on 23 April and were studying the possibility of industrial action. The Confederation of Health Service Employees had already proposed such action, to begin on Monday 26 April. The annual conference of the Royal College of Nursing (RCN) would take place in the same week; attempts would probably be made there to change the RCN rule against industrial action. He himself was meeting the Health Services Committee of the Trades Union Congress on Tuesday 27 April. NHS staff were watching events in other public services, which they expected to conclude higher settlements than those so far offered within the NHS. The award of the Civil Service Arbitration Tribunal, expected to be available on 23 April, would be significant. He wished to draw the attention of his colleagues to the importance to the NHS of pay settlements in other public services. He intended to make a number of speeches, and otherwise disseminate information (including information for use by the Government's supporters in Parliament) regarding pay and staff numbers in the NHS.

The Cabinet -

1. Took note.

The Docks

THE SECRETARY OF STATE FOR EMPLOYMENT said that there was a possibility of a national dock strike. This arose from two issues. First, the National Dock Labour Board had made proposals affecting working practices, which were being resisted by the trade unions. The employers were considering their attitude further today. It was a matter solely between employers and employees. Secondly, the Transport and General Workers' Union (TGWU) was calling on the Government to give effect to the provisions of the Dock Work Regulation Act 1976 and extend the areas to which the National Dock Labour Scheme applied. Similar demands had been made last year. The TGWU was demanding certain assurances from the Government by 10 May. It would not be possible to give such assurances by then, or probably in any event. The initial assessment by his officials suggested that there would be little support among dock workers for a strike. It would be important to keep separate the two issues he had mentioned.

The Cabinet -

2. Took note.

De Lorean
Previous
Reference:
CC(82) 11th
Conclusions,
Minute 3

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Receiver was meeting the trade unions today to inform them that it was intended to close the De Lorean factory in Northern Ireland next week. It was expected that the workers affected would be put on "stand-off" arrangements rather than being dismissed.

Despite earlier promises Mr De Lorean had failed to produce any further finance. It was still possible that he might do so; but that did not justify keeping the factory open any longer. The underlying problem was that the Bank of America had a lien on 2,000 cars in the United States, and was unwilling to release them as long as Mr De Lorean's North American company owed them money. Mr De Lorean had refused to accept any involvement by other parties. So long as the dispute between Mr De Lorean and the Bank of America continued and the 2,000 cars could not be disposed of, production of additional cars would not be justifiable.

The Cabinet -

3. Took note.

6. The Cabinet considered memoranda by the Home Secretary (C(82) 10 and C(82) 11) about the legislative programme for 1982-83 proposed by The Queen's Speeches and Future Legislation Committee (QL).

THE HOME SECRETARY said that 1982-83 would be the last full Session of the present Parliament. If the option of holding the next General Election in the autumn of 1983 was to be kept open, it was essential to avoid in that year the overspill which had occurred in previous Sessions, and which would again be necessary in 1982. This meant that the programme eventually approved by the Cabinet should be capable of completion comfortably by July 1983. Against this background, QL had agreed that it would be sensible to aim for a basic programme of about 15 essential and programme Bills, the number agreed by the Cabinet at the beginning of the present Session; and that they should recommend only Bills which could confidently be expected to be ready for introduction at or very near the beginning of the Session. Subject to that, the Committee had, in considering the 80 bids submitted by Departments, concentrated on those proposals which would promote the Government's main strategic objectives, and provide a good stock of major Bills suitable for introduction in the House of Lords. The Committee's final recommendations, set out in C(82) 10, were for 17 main programme Bills, together with 10 Bills to be introduced only if they were ready by the beginning of the Session and then proved acceptable to the Opposition for taking under the Second Reading Committee procedure, and three Scottish Bills. QL believed that the size of the proposed programme was about the maximum which could be accommodated next Session without leaving the Government unduly vulnerable to further unexpected demands on Parliamentary time. It followed that any addition to the recommended programme should be counterbalanced by a corresponding deletion.

LEGISLATIVE
PROGRAMME
1982-83

Of the Bills recommended, he was not convinced that it was either necessary or sensible to proceed with his own Data Protection Bill next Session, though a final decision would have to await an assessment of the reactions to the recently published White Paper. The Telecommunications Bill would make a major contribution to the privatisation programme, but the policy was far from settled, and there could be no certainty that it would be ready for introduction by the beginning of the Session as the Secretary of State for Industry hoped. QL recommended that the Water Bill should be confined to dealing with the borrowing limits of the water authorities; expanding it to cover the abolition of the National Water Council and changes in representation on the water authorities as favoured by the Secretary of State for the Environment and the Chancellor of the Exchequer would make it much more controversial and difficult to handle in Parliamentary terms. The Chief Secretary, Treasury, and the Secretaries of State for Employment and Social Services had argued in favour of dealing with the withdrawal of supplementary benefit from 16 year olds and the abolition of child dependency additions in the Health and Social Services (Miscellaneous Provisions) Bill. If this were accepted, the character of the Bill as an uncontroversial and generally welcome social measure would be radically altered, and it would no longer be suitable for introduction in the House of Lords. Finally, he stressed the importance of all Departments maintaining or improving on the timetables for the preparation of their Bills set out in C(82) 11. It might well be necessary to reconsider the position in the programme of any Bill which was not ready by the beginning of the Session. He invited the Cabinet to approve the recommendations set out in C(82) 10.

THE LORD PRESIDENT OF THE COUNCIL said that it had to be assumed that the Opposition would be uncooperative next Session. The Government would need to leave themselves adequate room for manoeuvre. The legislative programme recommended by QL was arguably already too big for comfort, and could only be managed if there was rigid adherence to the timetables promised by Departments. If there was any doubt about the Government's ability to carry a particular measure in the time available, it would be preferable in political terms for it to be dropped from the programme for the present Parliament, and included in the Manifesto for the next General Election.

In discussion, the following main points were made -

- a. Instructions on part of the Telecommunications Bill had already been drafted, and there should be no difficulty about completing the remaining instructions quickly once policy decisions had been taken. Unless the Bill were carried in the present Parliament, the privatisation programme in this area would be set back by two or three years. On the other hand, there were serious doubts about whether it was consistent with the Government's general approach to privatise a monopoly before steps had been taken to expose it to greater competition.

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b. Although QL had thought that the inclusion of the Further Education Bill would be helpful in terms of the overall balance of the proposed programme, the Secretary of State for Education and Science and the Chief Secretary, Treasury, had so far failed to reach agreement on the financial implications of the proposals.

c. Urgent consideration was being given to the possibility of introducing the gas safety requirements which were an essential preliminary to the disposal of the gas appliance retailing interests of the British Gas Corporation by means of subordinate legislation under the Health and Safety at Work Act. Until this issue had been resolved, the Gas Safety Bill should remain in the proposed programme.

d. Many industrial and commercial interests were concerned that the continuing absence of data protection legislation would lead to the loss of business to the United Kingdom. The Council of Europe Convention on this subject would enter into force as soon as five of the contracting States had ratified it, and the possibility of discrimination against this country would then be increased. This problem might be dealt with by a Bill of rather narrower scope than that at present envisaged, but it had to be accepted any Bill on this subject was likely to expose the Government to pressures to extend it to cover freedom of information and related subjects.

e. The proposed Agricultural Holdings (Amendment) (Scotland) Bill, not recommended by QL, would be a very modest measure which would be generally welcomed by farming interests in Scotland. It bore no relation to the much more sweeping reforms of agricultural tenure which the Country Landowners Association and the National Farmers Union were pressing the Government to introduce in England and Wales, and which could be exploited by the Social Democratic and Liberal Parties in a way damaging to the Government's interests in agricultural constituencies. It was, however, strongly urged that any legislation on tenure was bound to lead to the general issue being raised again, and that the proposed Scottish legislation should therefore continue to be excluded from the programme.

f. The proposed additions to the Health and Social Services (Miscellaneous Provisions) Bill were designed to produce public expenditure savings, which had been taken into account in the Public Expenditure White Paper. The withdrawal of entitlement to supplementary benefit from 16 year olds was an essential part of the Government's strategy on youth training. The inclusion of these provisions would mean that the Bill could not then be introduced in the House of Lords.

g. The record of the National Water Council, particularly in wage bargaining, was unimpressive, and its abolition would be welcomed by the Government's own supporters, by the water authorities, and by most members of the public. It was suggested that room might be found for the necessary legislation by dropping some of the less important parts of the Housing and Building Control Bill, including the proposals on the assignment of mortgages, and by combining it with the Mobile Homes Bill. It was, however, pointed out that this was unlikely to lead to a significant saving in Parliamentary time and that it was doubtful whether the addition of a further piece of controversial legislation to a programme in which Department of the Environment proposals already accounted for three Bills and a substantial part of a fourth could be justified.

h. Legislation to establish the Royal Ordnance Factories as a Companies Act company would reduce Civil Service manpower by about 20,000, and might be given priority over other measures which involved lesser savings, even though the prospects for the early disposal of the factories were poor.

i. If Bills intended for Lords introduction were dropped, or amended in a way which made it more appropriate for them to be introduced in the Commons, it was essential that other legislation should be found for consideration by the House of Lords in the early part of the Session. A possible candidate for switching from the Commons to the Lords might be the Police and Criminal Procedure Bill, though some Members of Parliament might object to the police complaints provisions being considered first by the Lords.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet were content with the general approach adopted in C(82) 10, but agreed that QL should give further consideration to the programme in the light of the points made in discussion. They agreed that the proposed Health and Social Services (Miscellaneous Provisions) Bill should include provisions for the withdrawal of supplementary benefit from 16 year olds and the abolition of child dependency additions. They noted that the Home Secretary would consider further whether the Police and Criminal Procedure Bill might be suitable for introduction in the House of Lords, and that, subject to policy approval by the Ministerial Committee on Economic Strategy, it might be necessary to find room for a Bill on public transport subsidies. The Ministers concerned should consider whether the Bills proposed for inclusion in the programme could be given titles which more clearly brought out their underlying purpose. The Cabinet would resume their discussion of the proposed legislative programme for 1982-83 in the light of the further report from QL.

The Cabinet -

Invited the Home Secretary to arrange for the proposed legislative programme for 1982-83 to be reviewed by The Queen's Speeches and Future Legislation Committee, as indicated in the Prime Minister's summing up of their discussion, and to circulate a further report.

Cabinet Office

23 April 1982