

**SECRET**

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CC(82) 51st  
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 2 DECEMBER 1982  
at 9.45 am

P R E S E N T

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 Francis Pym MP  
Secretary of State for Foreign and  
Commonwealth Affairs

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 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

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THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Michael Jopling MP  
Parliamentary Secretary, Treasury

Mr Kenneth Baker MP  
Minister of State, Department of  
Industry (Items 5-7)

SECRETARIAT

Sir Robert Armstrong  
Mr P L Gregson (Items 4-7)  
Mr A D S Goodall (Items 2 and 3)  
Mr D H J Hilary (Item 1)  
Mr M S Buckley (Items 4-7)  
Mr G Stapleton (Items 2 and 3)  
Mr L J Harris (Item 1)

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PARLIAMENTARY  
AFFAIRS

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

FOREIGN  
AFFAIRS

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Middle East

Previous  
Reference:  
CC(82) 50th  
Conclusions,  
Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that Arab Governments had reacted with hostility in rejecting the conditions which the United Kingdom had laid down for receiving an Arab League Delegation which would include a representative of the Palestine Liberation Organisation. There had been fierce Press criticism throughout the Arab world and there were risks of damage to British commercial interests. Action was being taken to avert or contain these risks as far as possible. An immediate problem was how best to deal with King Hassan of Morocco who, as leader of the proposed delegation, had taken particular offence. Consideration was being given to the possibility of sending a special emissary to Morocco.

Gibraltar

Previous  
Reference:  
CC(82) 47th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the newly elected Spanish Government had announced that a proposal to open the frontier with Gibraltar to pedestrians would be put to the first meeting of the new Spanish Cabinet. This meant that the decision had in effect been taken. Although it would help to take some of the internal pressure off the Spanish Government, it would not amount to a significant move and would make very little difference to Gibraltar.

In a short discussion it was noted that the new Spanish Government seemed to be staking out hard-line positions on a number of issues. The Foreign Minister, Senor Moran, had for example written to the Minister of Agriculture, Fisheries and Food demanding that the term "British sherry" should no longer be used. This was not a new issue, but the tone of the letter was unhelpful.

United  
Nations  
Law of the  
Sea Convention

THE FOREIGN AND COMMONWEALTH SECRETARY said that a statement was to be made that afternoon to Parliament announcing the Government's decision not to sign the United Nations Convention on the Law of the Sea for the time being because of the unacceptable nature of the deep sea mining provisions. The prospects for obtaining improvements to these provisions in the course of the next two years were not great, but the effort would be worth making.

The Cabinet -

Took note.

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COMMUNITY  
AFFAIRS

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Common  
Fisheries  
Policy

Previous  
Reference:  
CC(82) 50th  
Conclusions,  
Minute 3

3. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that at the meeting of the Council of Ministers (Fisheries) on 29 November there had been no further negotiations on a Common Fisheries Policy. Nine member states had, however, reaffirmed their agreement to the package agreed on 8 November. It was noteworthy that for the first time Denmark had not said that the proposals were unacceptable but had merely asked for more time. He had subsequently spoken to the Fisheries Ministers of France, Germany, the Netherlands and Ireland, who had all agreed that the subject must be discussed at the European Council, and the Germans had pressed the point particularly strongly in this week's meeting of the Committee of Permanent Representatives in Brussels. The pressure was therefore clearly on Denmark and he was hopeful that the Danish Prime Minister would announce his acceptance of the package, if not at the European Council then before the expiry of the present arrangements at the end of the year.

THE PRIME MINISTER, summing up a short discussion, said that this subject should be discussed further at the meeting being held later in the day to prepare for the European Council. It was uncertain whether Denmark would be prepared to accept the proposals in the Council, and it was therefore important that the United Kingdom's objective for the meeting should be realistically directed towards pressing for an agreement and, if that failed, towards preparing the ground for national measures.

Commercial  
Policy

Previous  
Reference:  
CC(82) 50th  
Conclusions,  
Minute 3

THE SECRETARY OF STATE FOR TRADE said that the Ministerial meeting of the General Agreement on Tariffs and Trade (GATT) in Geneva had produced a lengthy and somewhat confused declaration. It did, however, contain a number of satisfactory features for the United Kingdom: it reaffirmed the commitment to a liberal trading system; it preserved our right to take safeguard action; and there were to be studies of trade in services and between developed and undeveloped countries which would take account of the special position of the newly industrialised countries. The area of greatest difficulty had proved to be the proposed study of agricultural trade issues, and this presented the biggest dangers for the future, since there were threats that the United States would take violently disruptive action. It was, however, doubtful whether the United States Congress would vote the necessary funds.

THE PRIME MINISTER, summing up a short discussion, said that the Cabinet noted the generally satisfactory outcome of the meeting and congratulated the Minister for Trade, who had led the United Kingdom delegation.

Steel

Previous  
Reference:  
CC(82) 50th  
Conclusions,  
Minute 3

THE PRIME MINISTER, summing up a short discussion, said that there was continuing pressure on the Government to stop all steel imports, including some unhelpful comments from leading Government backbenchers. The Cabinet noted that there was to be an announcement that day of further redundancies in the British Steel Corporation as part of the plan to get the Corporation on to a sound basis and that this, and the continuing increase in steel manufacturing capacity elsewhere in the world, meant that the pressure was likely to continue. There would be an opportunity when the Secretary of State for Industry next dealt with steel in the House to underline the measures the Government had taken to protect the steel industry. The Cabinet agreed that Government spokesmen should, if necessary, refer to the United Kingdom's separate contacts with the United States immediately prior to the conclusion of the Community's agreement with them.

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Council of  
Ministers  
(Environment)  
3 December

THE SECRETARY OF STATE FOR THE ENVIRONMENT reported that the Council of Ministers (Environment) on 3 December would discuss a proposed regulation to ban the import of products from young harp and hooded seals on trade and moral grounds. It was difficult to predict how discussion would proceed, but there was considerable public and Parliamentary concern on the subject and it was therefore important that the United Kingdom should not be held responsible for any breakdown. He had put to colleagues the line he proposed the United Kingdom should take; in his view we should be ready to propose on conservation grounds a ban on the import of hooded seal products and further research to see if there were better methods of culling. If the meeting ended in disarray, the United Kingdom should say that we proposed to introduce a voluntary moratorium by the United Kingdom industry on trade in harp seal products.

THE SECRETARY OF STATE FOR TRADE said that the proposed line for the meeting needed careful examination in view of the possible repercussions with Canada where the trade in seal products was the main support for Canadian Indians.

The Cabinet -

Took note.

NORTHERN  
IRELAND  
AFFAIRS

Northern  
Ireland  
Assembly

Previous  
Reference:  
CC(82) 45th  
Conclusions,  
Minute 2

4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that he had addressed the Northern Ireland Assembly earlier in the week. His speech on security, which had made no concessions to demands for more drastic action, had nevertheless been politely received. The Members of the Assembly appeared to be making a conscious effort to behave responsibly, and there was some hope that they would in due course settle down to useful work. At present he would be making no special efforts to induce the representatives of the Social Democratic and Labour Party to take their seats.

The Cabinet -

Took note.

ECONOMIC  
AFFAIRS

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Value of  
Sterling

Previous  
Reference:  
CC(82) 49th  
Conclusions,  
Minute 5

5. THE CHANCELLOR OF THE EXCHEQUER said that in the course of the recent pressure on the pound the United States dollar exchange rate had at one point fallen to \$1.57. Following the rise in interest rates by Barclays Bank which had been validated by the monetary authorities and followed in the market, the pound had subsequently risen to \$1.62 and DM4.01. The primary reasons for the pressure had probably been uncertainty about the price of oil, the reaction to the Labour Party's economic proposals, and speculation in the Press about the Government's commitment to firm monetary and fiscal policies. The price of oil would next be discussed at the meeting of oil producing countries in Vienna on 19 December, at which Saudi Arabia would be trying to hold the price at \$34 a barrel. The outcome of that meeting was, however, uncertain. In public comment, Ministers should stress the Government's determination to maintain its essential policies and should avoid any implication that the Government were preparing to relax financial disciplines.

The Cabinet -

1. Took note.

International  
Monetary  
Fund

THE CHANCELLOR OF THE EXCHEQUER said that good progress was being made in discussions among the industrialised countries towards agreement to an early enlargement in International Monetary Fund quotas. Further progress was expected to be made at the informal meeting of the Finance Ministers and Central Bank Presidents of the United States, the United Kingdom, France, Japan and Germany - the "Group of Five" - on 9 December, which he would be attending, and at a subsequent meeting of the "Group of Ten". Discussions with the developing countries would follow shortly after that. The progress that had been achieved owed much to the experience, skill and hard work of Sir Kenneth Couzens, who was leading the British contribution to these discussions at official level.

The Cabinet -

2. Took note.

INDUSTRIAL  
AFFAIRS

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Water  
Industry  
Pay  
Negotiations

Previous  
Reference:  
CC(82) 50th  
Conclusions,  
Minute 4

6. THE SECRETARY OF STATE FOR EMPLOYMENT said that he had now ensured that Mr Lowry, the Chairman of the Advisory, Conciliation and Arbitration Service (ACAS), was aware that the Government would be happy for the water industry pay dispute to go to arbitration. Although ACAS was empowered to provide arbitration machinery only with the agreement of both sides, it was arguable that the trade unions had in effect already so agreed by virtue of their being parties to an agreement in the water industry which provided for unilateral access to arbitration. The trade unions were, however, complaining that the scope for negotiation had not yet been adequately explored. There was to be a meeting on 5 December to try and resolve the impasse.

The Cabinet -

- Took note.

CABLE  
SYSTEMS

7. The Cabinet considered a memorandum by the Secretary of the Cabinet (C(82) 39) reporting the conclusions of the Sub-Committee on Telecommunications Policy of the Ministerial Committee on Economic Strategy (E(TP)) on cable policy and, in particular, on what might be said by Government spokesmen in the debate on cable policy in the House of Commons later that day.

THE HOME SECRETARY said that when he spoke in the debate he intended to concentrate on broadcasting aspects. The development of cable systems was inevitable, and it was therefore desirable that the development should take place acceptably and successfully. Some regulation would be necessary and desirable; but he accepted the view that it would be important that development should not be inhibited by unduly close regulation. The majority of the population would not, however, receive cable services for many years; and it was necessary to safeguard public service broadcasting. He intended to announce the following broad policy decisions in the debate -

- a. that the Government for the most part accepted the recommendations in the Report of the Inquiry into Cable Expansion and Broadcasting Policy under the chairmanship of Lord Hunt of Tanworth, including certain safeguards for public service broadcasting, although some aspects would need further consideration;
- b. that a new Statutory cable authority, other than the Independent Broadcasting Authority, would need to be established to award franchises and exercise oversight over programmes and other services, with a light regulatory hand;
- c. that, although legislation would not be feasible within the current Session of Parliament, a White Paper would be issued in the early part of next year setting out proposals for legislation; this White Paper would take into account the recommendations of the Technical Working Group on Cable Standards established by the Department of Industry;
- d. that the Government would welcome the views of Parliament on the steps which might be taken in advance of legislation, including the setting up of an Advisory Committee as a shadow cable authority; if Parliament reacted favourably, a proposal to this effect might be included in the White Paper for subsequent endorsement by Parliament.

The proposal for action in advance of legislation might give rise to some contention. It would entail the use by himself and the Secretary of State for Industry of existing statutory powers to licence some new systems. If this course were to be adopted, it would be important that it should have the approval of Parliament. It would be undesirable for Ministers to do this without independent advice and expertise from an outside body; but some difficulty might be seen about entrusting such a task to an outside body, even on an advisory basis, in advance of legislation. He would accordingly put the proposition in suitably tentative terms.

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On other matters, he would avoid expressing a definite view. He would draw attention to the difficulties of maintaining standards of taste and decency without imposing an unduly restrictive regulatory regime; in this context he would express scepticism about the suggestion in the Bunt Report for installing locking devices which were intended to prevent children from viewing adult material without parental consent. He would leave open the question of 'pay per view': the British Broadcasting Corporation was strongly opposed to this, and it was important to say nothing which might prejudice the willingness of the Corporation to join in direct broadcasting by satellite, on which a decision was due shortly. It would in any event be necessary to ensure that cable companies could not acquire exclusive rights to televise major national events. It was not necessary at this stage to reach decisions on the difficult questions of restrictions on the amount of programme material from outside the European Community which could be used by cable broadcasters; and whether there should be any limit on advertising by cable broadcasters.

THE SECRETARY OF STATE FOR INDUSTRY said that it was necessary to decide the relation between cable systems and other telecommunications networks. British Telecom (BT) and the Mercury consortium had asked to be given 'common carrier status' - in effect, a monopoly over the provision of cable systems, although not over programme material. This was not acceptable. It would be right, however, to give BT and Mercury exclusive rights to provide links between areas and to provide voice telephony. BT and Mercury should also be free to compete for the roles of sub-contractor, cable provider or, in association with others, cable operator. The choice of cable network, design, and so on should be left primarily to the market; but ducts for new systems should be required to be suitable for eventual installation of 'switched-star' systems; and some incentives, particularly longer licence periods, should be granted for the installation of more advanced systems. The report of the Technical Working Group on Cable Standards under Dr Eden's chairmanship, which was expected in March, would also be important to potential investors.

In discussion, the following main points were made -

- a. There would be a difficult balance to be struck between avoiding unduly restrictive regulation and maintaining proper standards of taste and decency in the material broadcast by cable. It was arguable that the existing television channels did not pay sufficient regard to those standards, and that changes should be made in current and future regulatory regimes to deal with this. The Government's proposal for a new statutory authority should, however, provide reassurance. It might also be necessary to clarify the law on obscenity, but it would not be easy to secure Parliamentary approval for new legislation in this field.
- b. It was highly desirable to keep up the momentum of development of cable systems; this was a strong argument in favour of licensing new systems under existing statutory powers before the creation of new regulatory machinery. On the other hand, Parliament might be unwilling to accept that Ministers should, in effect, have direct control of part of the broadcasting media. Moreover, such direct control would expose Ministers to questioning in Parliament about



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the details of individual programmes. Although the Opposition was likely to criticise much of what the Government would propose, it was possible that the issue of a White Paper on the lines suggested in discussion would allow some measure of agreement between the political parties to emerge. It was desirable to find and demonstrate as much common ground as possible between the main political parties: this would give greater confidence to prospective investors in cable systems.

c. Though the spread of cable systems would be gradual, and some parts of the population were unlikely to have access to them for many years, many new job opportunities would be provided by cable systems, and the services other than broadcasting which they would offer.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet endorsed the recommendations of E(TP), as described in C(82) 39, and agreed that Government spokesmen in the debate later that day should speak on the lines indicated by the Home Secretary and the Secretary of State for Industry. She would consider what arrangements should be made for resolving the issues which E(TP) had left undecided, and for preparing the White Paper on cable systems which it was intended to issue in the first few months of 1983.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion.

Cabinet Office

2 December 1982