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COPY NO 74

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street on THURSDAY 15 NOVEMBER 1984 at 11.00 am

PRESENT

The Rt Hon Margaret Thatcher MP Prime Minister

The Rt Hon Lord Hailsham of St Marylebone Lord Chancellor

The Rt Hon Leon Brittan QC MP Secretary of State for the Home Department

The Rt Hon Sir Keith Joseph MP Secretary of State for Education and Science

The Rt Hon Michael Heseltine MP Secretary of State for Defence

The Rt Hon Nicholas Edwards MP Secretary of State for Wales

The Rt Hon John Biffen MP Lord Privy Seal

The Rt Hon Tom King MP Secretary of State for Employment

The Rt Hon Peter Rees QC MP Chief Secretary, Treasury

The Rt Hon Douglas Hurd MP Secretary of State for Northern Ireland

The Rt Hon Lord Young of Graffham Minister without Portfolio

THE FOLLOWING WERE ALSO PRESENT

Mr John Cunneen MP  
Paymaster General

Mr Geoffrey Pattie MP  
Minister of State, Department of Trade  
and Industry (Item 1)

Mr John Cope MP  
Treasurer of the Household

SECRETARIAT

Sir Robert Armstrong  
Mr P L Gregson (Item 4)  
Mr D F Williamson (Items 2 and 3)  
Mr B G Cartledge (Items 2 and 3)  
Mr M S Buckley (Item 4)  
Mr C J S Brearley (Item 1)  
Mr R Watson (Item 1)

C O N T E N T S

Subject	Page
PARLIAMENTARY AFFAIRS	1
Statement on the Flotation of British Telecom	1
Stansted/Heathrow Terminal 5 Public Inquiries	1
Fixed Cross Channel Link	3
FOREIGN AFFAIRS	
India	4
Nicaragua	4
Ethiopia	5
COMMUNITY AFFAIRS	
Enlargement of the Community	5
Lomé Convention	5
Community Budget	6
Agriculture: Wine and Milk	6
INDUSTRIAL AFFAIRS	
Coal Industry Dispute	

PARLIAMENTARY  
AFFAIRS

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

Statement on  
the Flotation  
of British  
Telecom

THE CHANCELLOR OF THE EXCHEQUER said that the underwriting of the British Telecom share issue should be successfully completed on Friday 16 November. He suggested that a statement to this effect should be made in the House of Commons at 11.00 am on that day.

THE PRIME MINISTER, summing up a brief discussion, said that an oral statement might give an opportunity for comments to be made in the House of Commons which could have an adverse effect on the flotation. In any case, the sub-underwriting would not be completed until noon. A statement after that time would be unusual. The form of any statement would in any case need very careful wording because of the legal restrictions surrounding the Government's handling of the flotation. For these reasons no statement, oral or written, should be made at this stage unless the Opposition pressed very strongly for one. As already planned, an oral statement should be made on 3 December when dealing would commence.

The Cabinet -

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

Stansted/  
Heathrow  
Terminal 5  
Public  
Inquiries

THE PRIME MINISTER said that the Inspector's report on the public inquiries into the expansion at Stansted Airport and the construction of Terminal 5 at Heathrow Airport was expected later in the month. Such reports were published only when the decision was announced and Cabinet had previously decided that this rule should apply in this case also. The Attorney General had advised, however, that the Inspector's report was relevant to the prospects of British Airways (BA) and ought therefore to be disclosed in connection with the publication of the BA prospectus in February. It was not expected that the decision on Stansted and Heathrow Terminal 5 could be taken by February, and the Secretary of State for Transport had therefore suggested that the report should be published as soon as it had been received. He also proposed that this should be announced before the Second Reading of the Civil Aviation Bill the following week. He was concerned that the Second Reading debate would otherwise be used as a vehicle for discussion of the Stansted and Heathrow Terminal 5 issues. The draft Written Answer announcing that publication would be before the decision justified the change in practice by reference to the flotation of BA and the importance of the issue. What was proposed was a reversal of the previous decision and Cabinet would wish to consider most carefully the implications for the handling of reports on other public inquiries.

In discussion, it was pointed out that the function of the Secretary of State in deciding on a planning application after a public inquiry was a quasi-judicial one. Any discussion between the publication of the report and the taking of the decision involved the risk that new information could be made available which, strictly speaking, should be referred back to the objectors and possibly to a resumed public inquiry before the decision was taken. Although there was no general subjudice rule which forbade the publication of a report for this reason, the practical and political objections to doing so were substantial. The link with the flotation of BA was the only factor which could possibly justify special treatment for the Stansted report, although it was pointed out that a commitment had been given in a Written Answer in the House of Commons to publication of the Sizevell Report before a decision had been taken. Although there was a connection between the Civil Aviation Bill and the outcome of the Stansted inquiry, the former only provided enabling powers to allow the Secretary of State to restrict air traffic movements. The precise figures, which might have an impact on the operation of Heathrow, Stansted or regional airports, would be contained in subsequent subordinate legislation. It ought therefore to be possible to convince Members of the House of Commons anxious to raise this issue that the Second Reading of the Civil Aviation Bill was not the appropriate time to do so. It was also recalled that, in the case of the Windscale inquiry in 1978, the then Secretary of State for the Environment had employed a device to enable the House of Commons to discuss the issues and formally take the decision. He had rejected the Inspector's recommendations, held a debate in the House of Commons, but subsequently embodied most of the recommendations in a Special Development Order which was then debated and approved by Parliament. Even if the report were to be published in advance of a decision, it was important to allow time between receipt and publication to consider whether it contained commercial-in-confidence or similar information which should not be released.

THE PRIME MINISTER, summing up the discussion, said that there were considerable disadvantages in publishing the Inspector's report on the Stansted and Heathrow Terminal 5 inquiries before a decision had been taken. The Cabinet was unwilling to agree to that course of action at this stage. The only justification for prior publication lay in the connection with the BA flotation; the issues themselves were not sufficiently important. Further consideration needed to be given to the timing of publication and of any announcement. One possibility was to consider whether the decision on Stansted and Heathrow Terminal 5 could be taken before the flotation took place. An alternative course of action to be considered was the form of approval which was adopted for the Windscale inquiry. These matters should be considered urgently by a small group of Ministers under her chairmanship.

The Cabinet -

2. Took note that the Prime Minister would discuss the matter further with the Secretary of State for Transport, the Secretary of State for Energy, the Lord Privy Seal, the Minister for Housing and Construction, the Financial Secretary, Treasury and the Treasurer of the Household.

Fixed Cross  
Channel Link

THE SECRETARY OF STATE FOR TRANSPORT reported to the Cabinet that he had just completed discussions with French Ministers which had led to an agreement on future progress on a fixed cross-Channel link. Any project would be financed by private capital with no support from public funds or Government financial guarantees. French Ministers had pressed him hard for guarantees from the European Investment Bank to be included, but he had resisted this. The communique referred to "essential political guarantees" being necessary. This meant that each Government accepted that if, following a change of Government, the proposals were rejected for political reasons, compensation would be paid by the rejecting Government to the firms involved. A joint official working group would be set up to develop the conditions under which projects would be processed.

The Cabinet -

3. Took note.

CONFIDENTIAL  
FOREIGN AFFAIRS  
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India  
Previous Reference: CC(84) 36th Conclusions, Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the Indian Prime Minister, Mr Rajiv Gandhi, had decided to call a general election for 24 December. Mr Rajiv Gandhi appeared to be making good progress in establishing his authority. The principal cause for immediate concern lay in the possible repercussions of actions by Sikhs in the United Kingdom. The Attorney General was considering the strength or otherwise of the grounds for instituting legal proceedings against the extremist Sikh leader, Dr Chauhan. In the meantime, the position regarding the planned march by Sikhs in central London, to mark the anniversary of the founder of their religion, Guru Nanak, remained uncertain: there was a possibility that it might be further postponed beyond the date currently envisaged, 18 November. If the march were to take place, it would create the danger not only of inter-communal violence in the United Kingdom, but of profoundly serious repercussions on relations between the United Kingdom and India including, for example, a possible trade boycott. The Indian High Commissioner in London had made pressing representations to emphasise the depth of Indian concerns, including fears that inflammatory events in the United Kingdom might increase the threat to Mr Rajiv Gandhi himself.

In discussion, it was noted that it was the responsibility of the Commissioner of the Metropolitan Police, if plans for the Sikh march were to go ahead, to assess the risk of public disorder which it might create and then to decide whether to ask the Home Secretary to ban the march. The police were engaged in discussions with leaders of the Sikh community. Whatever the nature and route of the march, if it took place, the event was bound to focus attention on the activities of Sikh extremists, with inflammatory consequences. It was noted that Sikh custom did not require that the religious anniversary should be marked by marches: the occasion could properly be celebrated in Sikh gurdwaras. In view of the importance of the British political and commercial interests at stake, it would be necessary to explore every possibility of preventing the march from taking place.

THE PRIME MINISTER, summing up the discussion said that the Government, faced with the possible consequences of a Sikh march in London, should not remain passive. A further postponement of the march, which might take it into the period of the general election in India, offered no satisfactory solution.

Nicaragua  
Previous Reference: CC(84) 36th Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that no Soviet MIG fighter aircraft had been delivered to Nicaragua although a recent Soviet shipment had included military helicopters of an advanced type. The United States Government had stated that it had no intention of mounting an invasion of Nicaragua, but the Nicaraguan Sandinista regime was heightening the atmosphere of crisis for its own purposes. The United Kingdom had given public support to the United States opposition to the introduction of new armaments into the Central

American region from outside. The debate within President Reagan's Administration on future United States actions had now been renewed. It was clear that an intemperate United States response to the situation in Nicaragua would cause serious difficulties within the Western alliance.

Ethiopia  
Previous Reference: CC(84) 36th Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had nothing fresh to report on the situation in Ethiopia. It was clear that the lead given by the United Kingdom in the provision of famine relief was widely appreciated.

The Cabinet -

Took note.

COMMUNITY AFFAIRS  
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Enlargement of the Community

Previous Reference: CC(84) 34th Conclusions, Minute 3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the Council of Ministers (Foreign Affairs), at its meeting on 12-13 November, had not yet reached agreement on the Community's position for the negotiation with Spain on imports of fruit and vegetables, on which the French were insisting on surveillance measures, and on fisheries. The negotiations were inching forward. In discussion it was pointed out that Spain would probably press the Community to increase the list of agricultural products which, on export to Spain, would be subject to surveillance. This list should be kept short. It was satisfactory that cereals and milk powder, which the United Kingdom might export to Spain, were not now included in the list.

Lomé Convention

Previous Reference: CC(84) 35th Conclusions, Minute 3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Council of Ministers (Foreign Affairs) on 12-13 November had been close to an agreement on the size of the European Development Fund to accompany the new Convention. The proposal now was that the figure would be higher than 7 billion ecu but that the United Kingdom share would not be higher than its existing share of 7 billion ecu. This would be satisfactory.

Community Budget  
Previous Reference: CC(84) 36th Conclusions, Minute 3

THE CHANCELLOR OF THE EXCHEQUER said that the Council of Ministers (Finance) on 12 November, at which the Economic Secretary, Treasury, had represented the United Kingdom, had reached agreement on the text on budgetary discipline. This had also been endorsed by the Foreign Affairs Council. The text was satisfactory. It incorporated the new provisions into the Community's budgetary procedures, in particular that agricultural support expenditure should increase less than the rate of growth of the Community's own resources base. It also provided for clawback if in a particular year this were exceeded. It included a new role for Finance Ministers in monitoring the application of the rules. The Council had agreed that, before the text was finally adopted, there would be a meeting with the European Parliament on 21 November. It was important that pressures from the European Parliament should not lead to any backsliding. If not, it would be possible shortly to submit to the United Kingdom Parliament the intergovernmental agreement on the Community's 1984 supplementary budget, since the United Kingdom's two conditions - payment of the 1983 refunds and a satisfactory text on budget discipline - would have been met.

Agriculture: Wine and Milk  
Previous Reference: CC(84) 34th Conclusions, Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that the Council of Ministers (Agriculture) on 12-13 November had not made any progress on the reform of the Community's wine market organisation. As this was an important issue in the enlargement negotiations with Spain and Portugal, it would probably now be submitted to the European Council on 3-4 December. For internal political reasons within the Italian Government coalition the Italian Minister of Agriculture might prefer that any concessions by Italy were made at the level of Heads of Government. On the milk superlevy, payments were now due. It had become clear, however, in the Council of Ministers that the French Government were not yet ready to collect the money and to pass it to the Community. The Belgian and Dutch Ministers had said that this was intolerable and that the French situation made it impossible to justify collecting the levy in their countries. He supported this view. Because of the lower level of milk output there was no obligation to collect or pay over levies in England, Wales and Scotland but some levy was due in Northern Ireland. He was very concerned that in the interests of equity the rules should be properly applied in all member states. The Commission had now deferred for one week the payment of any levy and might propose a further deferment. In discussion the view was endorsed that farmers in Northern Ireland should not be required to pay the levy while the present situation on payments by French farmers remained unsatisfactory and unresolved. There was evidence, however, that the French had taken the basic steps to set up the system and allocate quotas to dairies.

The Cabinet -

Took note.



INDUSTRIAL  
AFFAIRS  
Coal Industry  
Dispute  
Previous  
Reference:  
CC(84) 36th  
Conclusions,  
Minute 4

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4. THE SECRETARY OF STATE FOR ENERGY reported to the Cabinet on the latest position in the coal industry dispute. The Cabinet's discussion is recorded separately.

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Cabinet Office

15 November 1984

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CABINET

LIMITED CIRCULATION ANNEX

CC(84) 37th Conclusions, Minute 4

Thursday 15 November 1984 at 11.00 am

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INDUSTRIAL  
AFFAIRS  
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Coal Industry  
Dispute:  
Current  
Situation  
Previous  
Reference:  
CC(84) 36th  
Conclusions,  
Minute 4

THE SECRETARY OF STATE FOR ENERGY said that the momentum of the return to work among striking coalminers was being maintained. The number of pits strikebound or picketed out had been reduced from 97 to 57 over the past month. About 5,000 men had returned during the week so far; although the daily totals might be expected to decline as the week went by, it was likely that about 650 more would return that day, about three times as many as on the preceding Thursday. Over 1,000 men were now working in Scotland, and a further 1,000 in Yorkshire. There were good attendances at several pits in North Derbyshire, notably 771 at Shirebrook and 543 at Warsop. At Bersham pit in North Wales, which the previous week had voted narrowly in favour of continuing strike action, about 65 per cent of the workforce had reported for duty. The most difficult area was South Wales, where attendances were still very low. Coal movements during the previous week had been the best since the strike began; the present week was expected to show a further improvement.

THE HOME SECRETARY said that the National Union of Mineworkers (NUM) had changed their tactics. So many pits had men in attendance that mass picketing could be directed at only a small proportion of them. The NUM had therefore decided to reduce the number of pickets at each pit. The change had been attended by serious outbreaks of violence away from picket lines on Monday 12 November and Tuesday 13 November, but there had been less trouble subsequently. It was more difficult for the police to prevent this type of violence because its whereabouts could not be known in advance; but it was easier for them to identify and arrest wrongdoers than in the context of mass picketing.

THE PRIME MINISTER, summing up this part of the discussion, said that in public comment on the dispute, Ministers should avoid any appearance of gloating over the continuing return to work, since that might hamper the efforts of the National Coal Board (NCB) to increase the number of men returning to work the following week. They should give the facts and emphasise that the sooner the coal industry returned to normal the better it would be for all concerned.

The Cabinet -

- 1. Took note.

CONFIDENTIAL

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that strikers were not entitled to unemployment benefit or supplementary benefit for themselves, but were entitled to allowances for any dependants they might have. The allowances were reduced by a specified sum of strike pay which the striker was deemed to receive. That specified sum was currently £15 a week. Under the relevant statutory provisions it was due to be uprated from 26 November in line with inflation, but rounded to the nearest 50p a week. In consequence, the amount after uprating would become £16 a week. The uprating could be cancelled or reduced in size only by regulations taking effect before 26 November and requiring Affirmative Resolutions of both Houses of Parliament. Although the simultaneous uprating of benefits would ensure that only a few people faced a reduction in their weekly payments, any increase in the specified sum would probably be attacked by both the Labour Opposition and the trade union movement generally, as well as by the NUM. The timing was particularly unfortunate in that the change was likely to be the subject of public controversy when the NCB was making great efforts to increase the numbers of strikers returning to work. Nevertheless, any increase in the specified sum was bound to be controversial and would also require the introduction of regulations, so that there was little to be gained from reducing the size of the increase; he could see no grounds on which the introduction of regulations to cancel or reduce the increase could be defended; and he therefore recommended that the uprating of £16 a week should proceed in accordance with the normal statutory provisions.

THE PRIME MINISTER, summing up a short discussion, said that the Cabinet agreed that, given the constraints of the relevant legislation, there was no alternative to proceeding as proposed by the Secretary of State for Social Services. If possible, he should defer any announcement of the Government's intentions until the middle of the following week, but no longer. If the matter became the subject of extensive public comment before then, the Secretary of State for Social Services had discretion, in consultation with the Secretary of State for Energy, to make an earlier announcement. The public presentation of the Government's decision would need careful handling. It should be emphasised that the uprating of the specified sum was a normal part of the annual social security uprating, and that the great majority of those affected by the change would be better (or at least no worse) off because the uprating of benefits would more than offset the uprating of the amount to be deducted.

The Cabinet -

2. Agreed that the uprating of the specified sum of deemed strike pay should proceed in accordance with the normal statutory provisions, as proposed by the Secretary of State for Social Services.
3. Invited the Secretary of State for Social Services, in announcing the Government's decisions, to be guided by the Prime Minister's summing up of their discussion.