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CC(85) 2nd
Conclusions

COPY NO 74

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 17 JANUARY 1985
at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Lord Hailsham of St Marylebone
Lord Chancellor

The Rt Hon Viscount Whitelaw
Lord President of the Council

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs

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 Peter Walker MP
Secretary of State for Energy

The Rt Hon Michael Heseltine MP
Secretary of State for Defence

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 the Environment

The Rt Hon John Biffen MP
Lord Privy Seal

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

The Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry

The Rt Hon Tom King MP
Secretary of State for Employment

The Rt Hon Michael Jopling MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport

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

The Rt Hon Earl of Gowrie
Chancellor of the Duchy of Lancaster

The Rt Hon Lord Young of Graffham
Minister without Portfolio

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THE FOLLOWING WERE ALSO PRESENT

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

Mr John Gummer MP
Paymaster General

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 C J S Brearley (Item 1)
Mr A J Wiggins (Item 4)
Mr R Watson (Item 1)

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PARLIAMENTARY
AFFAIRS

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

Explosion at
Putney Hill

Previous
Reference:
CC(85) 1st
Conclusions
Minute 1

THE SECRETARY OF STATE FOR EMPLOYMENT said that he would be answering a Written Question that day, informing the House of Commons that, on an initial assessment, the cause of the explosion in the block of flats at Putney on 10 January was a crack in a cast iron gas main. Further concern was likely to be expressed as a result of a further but less serious explosion in Mitcham.

Financing of
London
Regional
Transport

THE SECRETARY OF STATE FOR TRANSPORT said that the courts had found in favour of the Greater London Council (GLC) in their appeal against his determination of the amount which the GLC should contribute to London Regional Transport (LRT) for 1984-85. He was currently taking advice on the possibility of an appeal. The effect of the court's decision was to leave the GLC with £50 million which they had rated for but would not now have to pay to LRT, and to leave LRT with £70 million less than they had expected. He was also considering the relationship of the outcome of the case and the possibility of an appeal to the early need for an Order establishing the size of the ratepayers' levy to finance LRT for 1985-86. He would be consulting colleagues further.

Rate
Limitation

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that there was a tendentious report in that day's Times which suggested that the visit to him of representatives of rate-capped Labour local authorities meant that the Government had abandoned their timetable for rate limitation. He was doing his best to counteract this view. The fact that the authorities had left it to the very last minute to make representations to him might increase their chances of success in subsequent legal proceedings. He would make every effort to minimise this possibility.

Prosecution
of Offences
Bill

THE LORD CHANCELLOR said that there was likely to be substantial difficulty in securing agreement during the Committee Stage of the Prosecution of Offences Bill in the House of Lords to the provisions for the review of lenient sentences. The provisions were, however, firm Government policy and would, if necessary, have to be reinstated in the House of Commons.

Sterling
Exchange Rate

THE CHIEF SECRETARY, TREASURY said that sterling had come under pressure towards the end of the previous week, and had fallen to 1.1225 against the United States dollar. It had steadied on the Friday afternoon after an increase in interest rates, but had opened on the following Monday on the Far East exchanges at 1.1025. The use of the Bank of England's Minimum Lending Rate of 12 per cent for one day on that Monday had produced an appropriate effect and the rate against the dollar was now 1.1275. Matters had not been helped by press reaction which confused the fact that the Government had no specific target for the pound with total unconcern about its level. Other contributory factors were unease at the future prospects for oil prices, the strength of the dollar, and groundless fears that the Government's strength of purpose in controlling monetary aggregates had ebbed.

THE PRIME MINISTER said that the Chancellor of the Exchequer was currently in Washington and would be discussing these issues with the United States Government and other western Finance Ministers. This should not encourage any expectation of change in United States policy. Even if this did take place, the effects would take some time to come through.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Libya

Previous
Reference:
CC(84) 24th
Conclusions,
Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the problem of the British subjects who were being held hostage in Libya remained unresolved. A final decision on their future was unlikely to emerge before the forthcoming meeting of the General People's Congress in two or three weeks' time. Meanwhile, the Archbishop of Canterbury's special envoy, Mr Terry Waite, was remaining in Tripoli against the possibility that an earlier indication from the Libyan authorities that the hostages would be released into his care might be fulfilled. So far, the hostages had only been moved to a different place of detention. Mr Waite was conducting himself ably in difficult circumstances.

Sub-Saharan
Africa

THE FOREIGN AND COMMONWEALTH SECRETARY, in an account of his recent visits to Zimbabwe, Zambia and Kenya, said that these were relatively stable and moderate countries in which the United Kingdom had substantial interests. In Zimbabwe the Prime Minister, Mr Robert Mugabe, had paid a tribute to the United Kingdom's aid programme and to the work of the British Military Advisory and Training Team, whose contribution to the creation of a unified national army had been indispensable. Mr Mugabe had reaffirmed his intention of holding free and fair elections in the near future; but there was perceptible unease in Zimbabwe over the strength of the Government's commitment to abide by

the terms of the Constitution. The Foreign and Commonwealth Secretary said that, against a background of more than two years of drought and low copper prices, the economic situation in both Zambia and Kenya was, by African standards, relatively reassuring. The Presidents of Zambia and Kenya, Mr Kenneth Kaunda and Mr Daniel Arap Moi, were clearly aware of the need to move faster in reforming the pricing and management structures of the economies of their countries; had learned the lessons of the disastrous consequences of socialist policies in Tanzania; and were showing considerable interest in economic developments in China as being of possible relevance to their own circumstances. The Foreign and Commonwealth Secretary said that on Namibia he had, during his tour, consistently taken the line that although the British Government recognised no formal linkage between progress towards full, early independence for Namibia and the withdrawal of Cuban troops from Angola, the presence of troops in both countries was a factor of which account inevitably had to be taken. His public remarks to this effect in Harare had, however, been reported selectively and partially by both the British and the South African media.

In a short discussion, Mr Mugabe's stated intention of moving towards a one-party system in Zimbabwe only in accordance with the terms of the Constitution was contrasted with the apparent impatience of some other members of his Government with the constraints which the Constitution imposed. It was noted that, although the situation in Kenya might not give rise to serious concern in the immediate future, the implications for that country of an accelerating population explosion, combined with uncontrolled deforestation and the consequent advance of the desert, had disturbing implications for Kenya's social stability and economic survival in the longer term.

The Cabinet -

Took note.

3. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that in the Council of Ministers (Agriculture) on 14 and 15 January there had been a further discussion on measures to improve agricultural structures. He had insisted that Agriculture Ministers should be guided on financing by the views of Finance Ministers in the Council of Ministers (Finance). This would be the next step but might lead to a conflict. There had been some further support for the United Kingdom's initiative on conservation. On the milk levy the Commission had now come forward with some technical changes which would help the United Kingdom. It was possible that they might also have the effect of removing the need for payment of levy in Northern Ireland. It was clear from his bilateral contacts that other member states, including the Netherlands and Belgium, would not collect or pay the levy in the immediate future. In these circumstances the United Kingdom should maintain its position. In

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COMMUNITY
AFFAIRS

Agriculture

Previous
Reference
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Minute 4

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discussion it was noted that the German Minister of Agriculture was already in favour of Community support price increases, particularly for cereals, in the 1985 agricultural price fixing which were not justified.

The Cabinet -

Took note.

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.

INDUSTRIAL
AFFAIRS

Coal Industry
Dispute

Previous
Reference:
CC(85) 1st
Conclusions,
Minute 5

Cabinet Office

17 January 1985

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CABINET

LIMITED CIRCULATION ANNEX

CC(85) 2nd Conclusions, Minute 4

Thursday 17 January 1985 at 10.30 am

INDUSTRIAL
AFFAIRS

Coal
Industry
Dispute

Previous
Reference:
CC(85) 1st
Conclusions,
Minute 5

THE SECRETARY OF STATE FOR ENERGY said that 2529 miners had returned to work so far that week, about 300 more than the previous week's total. Even in South Wales, where the strike had been most solid over 200 were now at work. Despite the record demand for electricity resulting from the abnormally cold weather, stocks at power stations fell the previous week by less than 300,000 tonnes; even if the cold weather continued until mid-April, stocks at power stations would fall only from the present 14 million tonnes to about 10 million tonnes. Despite the one-day industrial action on British Rail (BR) Eastern and London Midland Regions, coal movements that week were expected to amount to more than 900,000 tonnes. Although the Executive of the National Association of Colliery Overmen, Deputies and Shotfirers (NACODS) had made the gesture of walking out of a regular meeting with the National Coal Board (NCB) on 15 January in protest against the failure to resume negotiations with the National Union of Mineworkers (NUM), they were putting the Board's pay offer to a ballot whose results were expected on 25 January. The presence of Messrs Scargill, MaGahey and Heathfield of the NUM at the Coal Industry Social Welfare Organisation meeting on 16 January was an indication of the NUM's increasing anxiety to resume negotiations. The threat of a split in the NUM between the Midlands areas and the rest was a source of increasing embarrassment to the Labour Party and the Trades Union Congress and was adding to pressure on the NUM to take steps towards a resumption of negotiations. It seemed likely that negotiations would at some point be resumed, on the basis of a settlement already offered; if a settlement were not then reached on those terms, a massive return to work would probably follow.

THE SECRETARY OF STATE FOR TRANSPORT said that, in addition to disruption in the coalfield areas of the London Midland and Eastern Regions of BR, sympathetic action at Waterloo and Kings Cross had affected other services. BR had indicated that they were considering the possibility of seeking damages from the unions concerned for the losses incurred as result of the disruption, although it was unlikely that they would think it worthwhile to proceed.

THE HOME SECRETARY said that picketing and intimidation had continued at the somewhat reduced levels of recent weeks. The courts continued to make progress in dealing with the more serious offences, and sentences

of five year's and three year's imprisonment had been passed on 11 January in one case concerning an assault on the police. He proposed that no special facilities should be given to the Group of Members of the European Parliament (MEPs) inquiring into police activity during the miners' strike.

THE ATTORNEY GENERAL said that negotiations in Luxembourg were now at a delicate stage, but it was hoped that the Receiver would gain control of the £5.2 million deposited there by the NUM within the following 24 hours. The Yorkshire working miners' case against NUM intimidation had begun to be heard that day, and the similar South Wales case was scheduled to begin the following week.

THE PRIME MINISTER, summing up a brief discussion, said that most aspects of the situation were continuing to develop satisfactorily. The Government and its supporters should be careful to avoid any comment on the possible split in the NUM. In view of the substantial inquiries already made by Parliamentary Select Committees and by the Monopolies and Mergers Commission which had endorsed the need for closure of uneconomic pits, there should be no question of accepting any fresh independent inquiry on this subject. The behaviour of the police in this country was entirely outside the responsibility of the European Parliament, and the Government should have no communication with any Group of MEPs making inquiries into this subject, although replies would have to be sent to individual British MEPs who put questions to Ministers in line with the normal practice on any matter. The NCB and Chief Constables should be advised to adopt a similar approach. The Foreign and Commonwealth Secretary should write to the President of the European Parliament explaining the Government's position, and consideration should be given to the scope for challenging the legality of expenses incurred by MEPs in pursuing these inquiries. It would be preferable if no Conservative MEP took part in the the Group's work.

The Cabinet -

1. Took note, with approval of the Prime Minister's summing up of their discussion.
2. Invited the Foreign and Commonwealth Secretary to write to the President of the European Parliament on the lines indicated in the Prime Minister's summing up.

Cabinet Office

18 January 1985