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CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street on THURSDAY 9 MARCH 1989

at 10.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Sir Geoffrey Howe Co Secretary of State for Foreign Commonwealth Affairs

The Rt Hon Lord Mackay of Clashfer

The Rt Hon Peter Walker MP Secretary of State for Wales

The Rt Hon Norman Fowler MP Secretary of State for Employment

The Rt Hon Nicholas Ridley MP Secretary of State for the Environment

The Rt Hon Kenneth Baker MP Secretary of State for Education and Science

The Rt Hon John MacGregor MP Minister of Agriculture, Fisheries and Food

The Rt Hon Paul Channon MP Secretary of State for Transport

The Rt Hon John Wakeham MP Lord President of the Council

The Rt Hon Cecil Parkinson MP Secretary of State for Energy The Rt Hon Nigel Lawson MP Chancellor of the Exchequer

The Rt Hon Douglas Hurd MP Secretary of State for the Home Department

The Rt Hon George Younger MP

he At Hon Tom King MP ry of State for Northern Ireland

The Hose Lord Young of Graffham Secretary of State for Trade and Industry

The Rt Hor Monneth Clarke QC MP Secretary of State for Health

The Rt Hon Malcolm Rifkind QC MP Secretary of Star Scotland

The Rt Hon John Model Secretary of State for April Security

The Rt Hon The Lord Bels

The Rt Hon John Major MP Chief Secretary, Treasury

The Rt Hon Antony Newton MP Chancellor of the Duchy of Lancaster

#### THE FOLLOWING WERE ALSO PRESENT

Hon David Waddington QC MP

The Rt Hon-Peter Brooke MP Paymaster General

#### SECRETARIAT

Sir Robin Butler
Mr R G Lavelle (Items 3 and 4)
Mr P J Weston (Items 3 and 4)
Mr A J Langdon (Items 1,2 and 5)
Mr S S Mundy (Items 1,2 and 5)

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	Inner City Regeneration  Landmine Explosion in Landbearry  Fatal Train Accidents at Pure and at Bellgrove in Glasgow  General Practitioners' Remunetation  FOREIGN AFFAIRS  Anglo-Iranian Relations  Conference on Co-operation and Security in Europe  Romania  Tibet  Republic of South Africa  London Conference on the Ozone Layer  COMMUNITY AFFAIRS  Agriculture Council 6-8 March  Exports of Nissan Cars  European Regional Development Fund

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

r City eneration

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that a booklet led "Progress on Cities" had been published that morning to mark rst anniversary of the Government's Action for Cities initiative. I south to illustrate region by region the substantial progress which was being made in the regeneration of inner cities. At a press conference to launch the booklet, a number of colleagues had made announcements about various inner city initiatives, including an ment by the Secretary of State for Employment of four new initiatives to encourage inner city residents to take part in Employment Training.

THE PRIME MIN STED said that the booklet provided an excellent presentation covernment's initiatives in the inner cities Covernment's initiatives in the inner cities.

dmine olosion in donderry

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that an Irish Republican Army landmine bed exploded in Londonderry on the previous evening killing two soldiers Six soldiers had been detained in hospital but, contrary to reports, none was seriously injured.

tal Train cidents at rley and Bellgrove Glasgow

THE SECRETARY OF STATE FOR TRANSPORT seid that, as the Cabinet would be aware, there had been fatal train reidents during the previous week at Purley and at Bellgrove in Glasgow. There appeared to be no link whatsoever between the two accidents, but that would ultimately be a matter for the separate inquiries which had been established into the accidents.

THE PRIME MINISTER said that, following the two recent accidents and the fatal accident at Clapham Junction in the previous December, British Rail would need to make every effort to restore the public's confidence.

THE SECRETARY OF STATE FOR HEALTH said that the British valical muneration was ostensibly directed against the White Paper on the National Health Service but was in reality aimed more at the National Health Service but was an aimed more at the National Health Service but was an aimed more at the National Health Service but was an aimed more at the National Health Service but was an aimed more at the National Health Service but was an aimed more at the National Health Service but was an aimed more at the National Health Service but was an aimed more at the National Health Service but was a more at the National Health Service but was a more at the National Health Service but was a more at the National Health Service but was a more at the National Health Service but was a more at the National Health Service but was a more at the National Health Service but was a more at the Nation Government's proposals on the remuneration of General Practical States (GPs). At present, salaries contained a large fixed element which independent of individual GPs' productivity. Under the Gover proposals, GPo' remuneration would vary according to the number

patients which they attracted and their success in achieving targets for new services, including health promotion sessions and minor surgery, and preventive measures such as vaccinations and cervical cancer screening. There would be no reduction in the total pay bill, but the Government's proposals would have the effect of increasing the pay of efficient and energetic GPs at the expense of those who performed less well. These rrangements, which were consistent with those for determining the pay ther professional groups, would encourage a better service to the He would be making a major speech that evening to the Royal 6011 ge of General Practitioners in which he would once again explain the benefits of the proposed new arrangements. However, the media were tending to give greater prominence to various mischievious and unfounded allegations by the BMA, for example that as a result of the Government's proposals AIDS patients might not receive proper medical care and elderly patients might no longer be accepted by certain practices. Negotiations with the BMA over the proposed remuneration package had been in progress for about a year, and he was clear that the matter needed to be etcled within the next three or four weeks so that it did not become interest ed within the issues to be dealt with in the Health Services Bill in the following session. The BMA, which was representing the interests of the least efficient GPs, had sought to claim that the White Paper had charted the situation and that it was necessary to begin the negotiations aftern as it was beginning to realise, however, he was now considering the use of his powers to impose a settlement.

In discussion, the point was made that there was widespread opposition among GPs of all political persuasions to the proposed new contract: they were claiming that some of their less responsible colleagues would be tempted to take on more persuasions that could be given proper attention and that GPs generally would have ess time to engage in preventive medicine. This ignored the fact that, under the present arrangements, there was very little incentive for actors with relatively few patients to increase their patient lists and that, under the Government's proposals, GPs who achieved targets are certain preventive measures would be rewarded accordingly. The text cal profession had opposed all major changes in the National Health Service over the previous decade, including the introduction of the selected list of medicines and the establishment of general managers in the health service, and it was only establishment of general managers in the health service, and it was only to be expected that it would continue to oppose the Government's proposals on remuneration.

THE PRIME MINISTER, summing up the discussion, said that the proposed new pay arrangements would reward those GPs who were able to attract and retain patients and who met performance targets to specific medical services. It was important that the Government ensured that the public were made aware of the weaknesses of the present arrangements and the benefits which the Government's proposals would introduce False allegations should be immediately countered by daily publication of the facts.

The Cabinet -

Took note.

nglo-i

revious Reference: C(89) 8.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that as expected the Iranians had formally broken off relations with the United Kingdom on 7 March. There had been an ineffectual attempt by Iranian moderates to stave off this break, with an allegation that the British Government had proposed a meeting of British and Iranian officials in Geneva last week: he Government had in fact rejected a proposal for such a meeting. ad informed the House of Commons on 8 March that in consequence of Iranian action in breaking off relations the Government had decided o lose the Iranian Consulate General in Hong Kong. He had also been able announce, following a meeting with other Ministers principally contend, that the Government intended to deport a number of locally engage members of the former Iranian Embassy along with some other known activists. The details of these cases would be looked at individually by the Home Secretary. This was a matter of security, not retaliation. He and other Ministers had considered possible additional measures against Iran in the event of further Iranian inspired outrage. There were a number of steps that could be taken, although not always without cost it is interests, action against Iranair being one difficult cast in noint. He had to bear in mind the continued detention of Mr Roger Cool To Tehran to whom a Consular visit had just been denied, though the mass protecting power would try to reinstate this. The Government was felf dependent on locally engaged Iranians in Tehran to protect Bross adiplomatic premises. He would continue to make every effort to the protect in the common front by European Community partners against Iran. Would be looked at at the next Foreign Affairs Council. There would be looked at at the next Foreign Affairs Council. There would be looked at at the next Foreign Western countries to Iran to get as possible. He had persuaded the Japanese Foreign Minister not pay such a visit. New Zealand was another weak link but he remained to put off a prospective visit to Tehran by their Trade Minister. The ad also discussed the matter on 6 March with the Soviet Foreign Mirester, Mr Eduard Shevardnadze. The There were a number of steps that could be taken, although not always 6 March with the Soviet Foreign Minister, Mr Eduard Shevardnadze. The latter's pious hopes that the Iranian fould do better before long did not amount to much. The Soviet Government's rhetoric about a so-called Common European House did not appear extend to a shared European concept of freedom of speech. It was arry important to retain the sympathy of other Islamic governments for the British position. The United Kingdom had lobbied energetically in advance of the forthcoming meeting of the Organisation of the Islamic Contenence on 13 to 16 March in order to secure a moderate outcome. There has been robust support from Pakistan but Islamic governments would remain eluctant to speak out publicly in support of the British position

THE HOME SECRETARY said that the action to deport contains Iranians would be taken with the powers he possessed under the Immigration Act. He was obliged to satisfy himself on a case-by-case basis. But the ground work had been done and the remaining formalities could be processed quite quickly.

operation Security Europe THE FOREIGN AND COMMONWEALTH SECRETARY said that he had attended a meeting in Vienna on 6 March of the 35 member states of the Conference on Co-operation and Security in Europe to launch two sets of new regotiations, on conventional forces in Europe and on further anfidence-building measures respectively. The negotiations were reliable that day (9 March). Agreement had been reached in the North Atlantic Treaty Organisation (NATO) on a Western regotiating proposal on conventional forces in Europe after intense last mixture afforts to resolve remaining differences. As the first Alliance specific on 6 March, it had fallen to him to outline the NATO proposals for the sets of talks, which amounted to a crisp, clear and concise package. By contrast the Soviet Foreign Minister,

Mr Eduald Shevardnadze, who had spoken just before him had not introduced any immediate dramatic new proposals, despite predictable red herrings about the inclusion of naval forces and early negotiations on short range nuclear forces. His impression was that these negotiations would be difficult but that there was some evidence of serious intent on the part of the Wastaw Pact.

omania

THE FOREIGN AND CHRISTIAN SECRETARY said that he had met the Romanian Foreign Minister, to on Totu, in Vienna and had expressed to him the Government's grave control about the wholesale destruction of villages in Romania and the Romania Government's disregard for human rights. This would be followed by demarche in the name of the European Community as a whole. It is had lived up to his charmless reputation and had rejected British with no apparent sense of shame.

Tibet

Previous Reference: CC(88) 39.3 THE FOREIGN AND COMMONWEALTH SECRETARY said that as expected trouble had broken out in Tibet coinciding with the 30th anniversary that week of the 1959 revolt by Tibet against the finese. There had been widespread rioting in Lhasa, with differing Chinese and Tibetan accounts of what had happened. Martial law had been deflared as from 7 March and the Chinese army was present in Lhasa in some force. All non-resident foreigners were being excluded from Tibet. There were two resident British citizens. Two British journalists who had visited Tibet as tourists were also being required to leave after investigation by the Chinese. A correspondent of The Times was also will in Tibet: his precise whereabouts were unknown but he was out in hasa and not thought to be in any immediate danger. He had raised Tibet with the Chinese Foreign Minister when he had met him at the Japanese Imperor's funeral in Tokyo. China took the line that they were willing talk with the Tibetans about a resolution to the conflict; and the Talk with the Tibetans about a resolution to the conflict; and the Talk with the Tibetans about a resolution to the conflict; and the Talk with the Top to the Chinese about the trouble in Lhasa and about the human rights situation in Tibet; and would continue to do so as appropriate.

In a brief discussion, it was noted that despite the fact that the Dalai Lama acknowledged Chinese sovereignty and was concentrating on trying to improve living conditions in Tibet, much of the protest on the part of the Tibetan people seemed increasingly to be an expression of tionalism and of resentment of what they viewed as Chinese occupation.

epublic of bouth Africa

revious reference C(88) 32.3 THE FOREIGN AND COMMONWEALTH SECRETARY said that the President of South African P W Botha, had despite his illness reasserted himself politically and seemed to wish to remain in power. But since Mr F W Botha, as leader of the National Party, had taken over defacts other key Ministers and National Partry caucus members seemed increasingly reluctant to accept that President Botha should remain. The latter could in theory continue as President until March 1990 before calling election. He himself believed that an election would probably come sooner. In the Klerk was quite an impressive figure. Since he had won the party that hip by eight votes in the party caucus, he had positioned himself closer to the centre of the centre-right of the political spectrum and had made some sensible proposals. In this he had been helped by the behaviour of the extreme right Conservative Party whose ill-judged efforts and shown that the reinstatement of full-blooded old-fashfoned spartheid in the country was now impracticable.

London Conference on the Ozone Layer THE SECRETARY OF STATE FOR THE PRODUCT Said that the London Conference on the Ozone Layer from to 7 March, at which the Prime Minister herself had made two appearances, had been a great success. 123 countries had participated. As a sult, to the present 31 signatories of the Montreal Protocol would be added 20 more countries who now said they intended definitely sign, while 14 other countries would probably do so. This doubled the number of adherents to the Protocol who would together account for more than 50 per cent of the world's population. The Conference had been generally successful in raising the level of consciousness about the problem and stimulating a determination to take necessary action. It had received a very good press everywhere, with the possible exception of the United Kingdom.

THE PRIME MINISTER said that the Secretary of State for the Environment was to be congratulated on the success of the Conference.

ORTH THE RESERVE OF THE PARTY O

The Cabinet -

Took note.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that at their meeting on 6-8 March the Agriculture Council had spent a full day considering the terms of a conversion scheme intended to encourage the movement of production from areas of substantial surplus to non surplus mmodities. He had taken the lead in opposing the possibility of hversion into soft fruits, horticultural production and flowers, to there was already evidence that producers were prepared to move that subsidy and at their own risk. These sectors were of rable sensitivity in Scotland. Despite pressure from Spain, which would have made substantial gains from the availability of substantial in these areas, a blocking minority had been secured. The Council had also had an initial general discussion of the Forestry

ports of ssan Cars Action Programme.

March

THE SECRETARY PATE FOR TRADE AND INDUSTRY said that he had now written to Vi President Bangemann to make clear the United Kingdom's continuing concerns over the French Government's treatment of imports of Nissan cars manufacted in the United Kingdom. The Commission's initial reactions to been sympathetic. The Commission were continuing to follow up with the teach authorities the issue of the substantial to follow up with the assistance given to

uropean egional evelopment THE CHANCELLOR OF THE DUCHY OF LACASTER said that Commissioner Millan had announced on 8 March the presented to qualify for assistance under Objective 2 of the European Regional Development Fund and indicative percentage allocations to tember countries. Although there seemed likely to be a reduction in produte terms in United Kingdom receipts, the coverage achieved, what the objective including the London boroughs, had in other respects been by thing more satisfactory than we might have expected. The United Kingdom's indicative allocation was also higher than that of any other member country. Initial press reports had concentrated on the latter features. Comments might become less favourable when a fuller analysis of the position had been carried

In discussion, it was suggested that to the extent hat the overall outcome was less than fully satisfactory it would be necessary to make clear that the responsibility lay with Commissioner willan. He had been unresponsive to continuing representations over the mast weeks and his performance contrasted unfavourably with the importance has had attached, in press statements after his appointment, to achieving a good deal for the regions of the United Finance Hervey and in press statements after his appointment, to achieving a food deal for the regions of the United Kingdom. However, it remained the case that an assurance from President Delors that our overall structurel funds receipts would not fall had not been withdrawn. Against the tackground of our substantial net contribution to the European Community THE REAL PROPERTY OF THE PARTY OF THE PARTY

seek to maximise receipts through every possible means, and in particular to seek to ensure that United Kingdom project proposals were well prepared and submitted at an early date.

The Cabinet -

Took note.

THE LEGISLATIVE PROGRAMME 1989/90 5. The Cabinet considered a memorandum by the Lord President of the Council (C(89) 5) about the recommendations of The Queen's Speeches and Future regislation Committee (QL) on the legislative programme for the next session of Parliament.

THE LORD PRESCRIPT OF THE COUNCIL said that the starting date of the forthcoming (ssion, which would be the third of the present Parliament, would inevitable affected by the need to accommodate the present session's very leave programme of legislation. Looking ahead, however, it was essential that the fourth (1990/91) session should start near the conventional time, and the forthcoming session must be planned with that in mind. Notwithstantial those constraints, it had to be recognised that the third session was the latest practicable time in the life of the Parliament for processal with some of the more difficult Bills that the Government wished to bring forward. The list of Bills which OL now submitted for the Cabinet savioval, set out at Annex A to C(89) 5, had been compiled with all these points in mind, and it clearly comprised an extremely heavy and difficult provides the which would have a somewhat different character from the programme which would have a somewhat different character from the programme of recent sessions. This programme was at the limit of what he Lord Privy Seal and he judged to be manageable. In order to keep within bounds it had been necessary to exclude Bills on town and country that his were excellent measures, but he asked the Cabinet to accept that originificant addition should be made to the programme unless room was hade for it by an offsetting reduction. It would once again be essential that the major Bills should be ready for introduction at the beginning of the session and he asked Ministers in charge of Bills to give their personal attention to this. The planning of the programme would also depend has usual, on the selection of an adequate number of major Bills of the Lord Privy Seal in making this choice.

In discussion the following main points were made:

a. The proposed programme would be exceptionally controversial in both Houses since it contained a number of important Bills on which there were strong opinions that were not entirely set in Party lines. The Broadcasting Bill, the Health Services Bill and the Courts and Legal Services Bill were prime examples of this and the protection of the environment was now such a sensitive is that great attention would be given to the Bill on this topic, even if

its proposals were not especially controversial in themselves. The successful presentation to the public of this difficult programme would require a great sustained effort by the Government, and it would be unrealistic to contemplate the addition of any further controversial material.

b. The case for including the Town and Country Planning Bill was evertheless a strong one. The Government's proposals were known, and there was widespread expectation that they would be implemented broadly. Any postponement would expose the Government to increased criticism in this area and, in any event, some of the Bull's provisions were inappropriate for legislation in the fourth serion. The proposed improvements in compensation arrangements for compulsorily acquired property were, however, much needed provisions that would be widely welcomed and would defuse much opposition to major developments.

- c. The teman Fertility and Embryology (Control) Bill was bound to consume much Palliamentary time since it dealt with matters on which many members of both Houses had strong personal convictions. However, it would not be practicable to postpone this legislation beyond the present Parliament, and the third session was clearly the latest moment as roceed with a measure of this kind. It was not yet clear whether the Bill would inevitably provide a vehicle for proponents of from of the abortion law, and the Government was certainly not bound to provide such a vehicle if it had any choice in the matter. Nevertheless, there was a strong possibility that the nature of the bill hade it inherently vulnerable to amendments on abortion law form, and the Secretary of State for Health was in discussion with the Lord President about the ways in which this might be handled
- d. The proposed Bill to enable the United Kingdom to join in international arrangements for mutual legal assistance was expected to have a smooth Parliamentary passage, though it was of substantial length. The remaining components of the large Criminal Justice Bill proposed by the Home Secretary were of a far more controversial nature and for that reason OL had recommended that action on them should be postponed to a party session.
- e. While the Home Secretary did not present Cabinet to reserve room for a Bill on Sunday Trading in such consider the Situation on that topic might well develop in awkward fashion. The Conservative Manifesto at the last general continuous to had undertaken that the Government would look for an acceptable way forward to bring sense and consistency to this area of law, and a group of important Government supporters had put in much hard work to that end. As a result, support was now being captained for a compromise proposal that would deregulate Sunday afternoons, though the position on Sunday mornings was less clear. An Early Day Motion would shortly be put down in the House of Commons and it might be that this would reveal a significant degree of support for a compromise policy of that nature in quarters that the

Government would not wish to appear to ignore. Maintaining such an unresolved situation might be somewhat uneasy, and the matter was clearly unsuitable for legislation in the fourth session. Furthermore, the continued flouting of the present law was a matter of concern to the Law Officers and it was always possible that there would be a legal development in this field that precipitated a sudden crisis.

While a Bill on restrictive trade practices might not find a blace in such a very heavy programme, this was a central area of the roment concern and it was important that the Government should do the towork up its proposals and announce them in good time, so that legislation could be ready for introduction at the outset of the fourth session of the Parliament.

g. The North Review of Road Traffic Law had been given an exceptionall favourable reception by the media and the public, and the Road Grafic Bill, designed to implement these recommendations, would be assured of a similarly widespread welcome provided that it appeared prompt on the other hand, if the Government did not proceed swifts the this reform it could expect to face a good deal of criticism especially if there were a run of bad road accidents, and will be Members would probably introduce their own Bills to implement the Covernment's proposals piecemeal. If, despite these arguments it was impossible to accommodate this highly attractive Bill in the programme, then it might at least be helpful to authorise despite drafting authority for it, to ensure that it would be ready to introduction at the beginning of the 1990/91 session.

h. The Pensions (Miscellar ous Provisions) Bill was described in Annex A to C(89) 5 as having the secondary purpose of scoring pension increases against the normal funds that existed for teachers and the National Health socice. Those provisions had not been considered by the Ministers concerned, and their inclusion in the Bill depended on policy approval being obtained in the normal way. The Bill's place in the programme was not dependent on this, since it was necessary to implement certain European Community requirements relating to widowers' pensions

i. The overall themes of the legislative programmes in the first two sessions of the present Parliament had flevel naturally from the last Conservative Manifesto. The forthcomple programme was of a somewhat different character, and it was not coon to think about its presentation as a whole, and the themes within it that might be emphasised. One such theme might be the sateguarding and assurance of quality in various services to the position and in other contexts such as environmental protection and food.

THE PRIME MINISTER, summing up the discussion, said that, in order to preserve the Government's room for manoeuvre, it was absolute essential that the fourth session of the Parliament should not be to a late start. Equally, it was inevitable that the next session

should be the one to accommodate a good share of the more controversial legislation remaining to be enacted in the present Parliament. Taken together, these two pressure would impose a heavy burden on the whole legislative machinery. The Cabinet agreed with the Lord President that he programme submitted by QL represented the limit of what could be maged, and endorsed his view that there should be no significant itions to the programme unless room could be found for them by ting reductions. Since the Cabinet was unable to identify any the programme which should be discarded, the programme set out at Anne A to C(89) 5 was provisionally approved unaltered. If circumstances dictated any subsequent change in the programme, however, then the possibility of including the Town and Country Planning Bill should be reconsidered since this was a most valuable measure: in particular, its provisions on compensation were much needed to draw the sting of the opposition to major development proposals. The other two Bills mentioned in paragraph 4 of C(89) 5 were of less priority, though both were important measures. The Road Traffic Bill was of a character that was well suited to the fourth session of the Parliament; but advance drafting authority for this Bill was a matter which the Secretary of State for Transport should discuss with the Lord President of the Council. It important that Ministers responsible for Bills that had a place in the rogramme for the next session should keep a close eye on their programme for that they were ready for prompt introduction. prompt introduction.

The Cabinet -

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

2. Provisionally approved the legislative programme for 1989/90 set out in Annex A to (1989) 5.

Cabinet Office

9 March 1989