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13th  
Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 13 APRIL 1989  
at 9.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP  
Prime Minister

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

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer

The Rt Hon Lord Mackay of Clashfern  
Lord Chancellor

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

The Rt Hon Peter Walker MP  
Secretary of State for Wales

The Rt Hon George Younger MP  
Secretary of State for Defence

The Rt Hon Norman Fowler MP  
Secretary of State for Employment

The Rt Hon Tom King MP  
Secretary of State for Northern Ireland

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 Kenneth Clarke QC MP  
Secretary of State for Health

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

The Rt Hon Malcolm Rifkind QC MP  
Secretary of State for Scotland

The Rt Hon Paul Channon MP  
Secretary of State for Transport

The Rt Hon John Moore MP  
Secretary of State for Social Security

The Rt Hon John Wakeham MP  
Lord President of the Council

The Rt Hon The Lord Belstead  
Lord Privy Seal

The Rt Hon John Major MP  
Chief Secretary, Treasury

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

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THE FOLLOWING WERE ALSO PRESENT

Hon David Waddington QC MP  
Parliamentary Secretary, Treasury

The Rt Hon Peter Brooke MP  
Paymaster General

SECRETARIAT

Sir Robin Butler  
Mr P J Weston (Items 3 and 4)  
Mr A J Langdon (Items 1 and 2)  
Mr J H Holroyd (Items 3 and 4)  
Mr S S Mundy (Items 1 and 2)

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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.

Official  
Secrets Bill

Previous  
Reference:  
HC(89) 8.1

THE LORD PRIVY SEAL said that, although an amendment which had sought to introduce a public interest defence into the Official Secrets Bill had been defeated at Committee Stage in the House of Lords, a further amendment which sought to introduce a more far-reaching version of that defence had been tabled for consideration at Report Stage on the following Tuesday. The Government was scrupulous in observing the convention that an issue which had been settled at either Committee Stage or Report Stage in the House of Lords should not be reopened at a later stage. The Government's strict adherence to this convention put it in a strong position in its negotiations with other parties on the handling of business: for example, the Opposition had recently been prevailed upon not to take to a vote at Report Stage of the Football Spectators Bill amendments on matters which had effectively been settled at Committee Stage. He was giving consideration to the best way of handling the remaining debates on the Official Secrets Bill. A number of senior members of the House had provided influential support in the earlier proceedings on the Bill, and he would be seeking to mobilize their support for the remaining stages.

The Cabinet -

Took note.

HOME AFFAIRS

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The Judiciary  
and the

Government's  
Proposals for  
Reform of the  
Legal  
Profession

2. The Cabinet had a discussion about the judiciary and the Government's proposals for reform of the legal profession. The discussion is recorded separately.

Dock Work Bill

Previous  
Reference:

HC(89) 12.2

THE SECRETARY OF STATE FOR EMPLOYMENT said that, as the Cabinet had agreed at their previous meeting, he had announced on the previous Thursday that legislation would be introduced to abolish the Dock Labour Scheme, and the Bill to secure this had been published on the following day. The announcement had been well received by the Government's supporters. Dockworkers had taken some limited industrial action following the announcement, but this had now come to an end at least temporarily. The Transport and General Workers Union docks committee

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which had met on the previous Tuesday, had favoured an immediate ballot of its members on a national ports strike, but the union's General Secretary, Mr Ron Todd, had taken the view that the union should first seek negotiations with the port employers. This was because Mr Todd was concerned that any strike action against the abolition of the Scheme would be deemed to be unlawful unless it had followed a breakdown in negotiations with the employers. The union's executive committee would be meeting on the following day, and the union would be convening a ports delegate conference on the day after that. It might well be that, following those meetings, the union would seek to enter into negotiations with the port employers. The employers would clearly not be prepared to accept a substitute scheme for the Dock Labour Scheme, and if they were to refuse to negotiate, or negotiations were to break down, then dockworkers could be expected to take industrial action. The National Association of Port Employers, which had been handling the situation with great skill, would later that day be providing a public undertaking that there would be no return to casual employment in their docks following the repeal of the Scheme. This undertaking would cover 90 per cent of dock workers currently in the Scheme. Since the Scheme had been established to counter the abuses associated with casual labour, this guarantee effectively removed its main rationale. It was indeed notable that those who had opposed the Dock Work Bill had made little or no attempt to defend the Scheme on its merits. It was manifestly clear that there was no longer a requirement for casual dockworkers in modern ports given the sophisticated nature of the equipment which was now used.

THE PRIME MINISTER, summing up the discussion, said that it would be important to get across to the public that the Dock Labour Scheme provided a guarantee of employment for dock workers up to the age of 65, including provision for other companies to be compelled to take them on if their original company went out of business. This was indefensible. However, there was no reason why the employers could not agree at any time to negotiate with the trade unions about the contract which would follow the abolition of the scheme.

The Cabinet -

1. Took note.

Unemployment

Previous

Reference:

CC(89) 11.2

THE SECRETARY OF STATE FOR EMPLOYMENT said that the unemployment figures for March would be published that day. The seasonally adjusted total had fallen by 30,600 to 1.918 million. This was the thirty-second consecutive monthly reduction, which was by far the longest continuous period of falling unemployment since the Second World War. The rate of unemployment had fallen to 6.7 per cent, which was below the European Community average. Unemployment had fallen in all regions, with the largest reductions in the unemployment rate having occurred in the West Midlands and Wales. The unadjusted total was now below two million, having fallen by 58,000 to 1.960 million. The number of people in work

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had never been higher, with an estimated increase of 169,000 in the workforce in employment in the fourth quarter of 1988. He would also be announcing later that day that the underlying increase in average earnings in the year to February had been 9 1/4 per cent, a rise of 1/4 per cent on the year to January.

In discussion, the following main points were made:

a. The reduction in unemployment and the increase in the number of people in work over recent months were both extremely satisfactory. However, the media would no doubt focus on the further increase in the growth in average earnings, which they would claim was a sign that the economy was overheating. Nevertheless, the increase in the growth in average earnings, while clearly unwelcome, was not unexpected.

b. While productivity growth in the manufacturing sector was very good, outside that sector it remained far too low. This was partly attributable to the fact that changes in the labour market lagged behind those in the rest of the economy.

THE PRIME MINISTER, summing up the discussion, said that the figures on unemployment and employment remained very encouraging. However, the further rise in the growth of average earnings was a cause for concern.

The Cabinet -

2. Took note.

General  
Practitioners'  
Remuneration

THE SECRETARY OF STATE FOR HEALTH said that the Government had made clear in a Green Paper published in 1986 and in a White Paper published in the following year that it intended to negotiate new contracts for General Practitioners (GPs), and detailed negotiations with GPs' representatives had been continuing for the previous 12 months. GPs' representatives agreed that a new contract should be brought in from April, but the two sides were in disagreement on virtually all the details of the Government's proposals. It was clear that the new remuneration package needed to be settled quickly so that GPs could make the necessary preparations for any changes they might wish to introduce to the way they ran their practices and so that the issue did not become enmeshed with the issues to be covered in the Health Services Bill planned for the following Session. Under the Government's proposals, there would be no reduction in the overall pay bill, but those GPs who attracted more patients or who achieved targets for new services would benefit at the expense of those who performed less well. Critics had suggested that this would encourage some GPs to take on too many patients, but it was quite clear that GPs who took on an unmanageably large workload would lose patients from their lists. It would be



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important to point this out to the public and to get across that the Government's proposals would encourage the provision of services such as cervical cancer screening, vaccinations and minor surgery.

THE PRIME MINISTER, summing up a short discussion, said that it was important that the new remuneration package should be settled in the near future. The Department of Health had produced an excellent set of letters which were being sent to those who had commented on various aspects of the White Paper on the reform of the National Health Service and on the proposals on GPs' remuneration. As to the latter point, it would be important to get across to the public that the Government's proposals were intended, not to reduce total remuneration but to achieve a fairer distribution of it for those who carried the heaviest workloads and who met performance targets.

The Cabinet -

3. Took note.

FOREIGN  
AFFAIRS

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Southern  
Africa

Previous  
Reference:  
CC(89) 12.3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that following urgent work at the preceding weekend's meeting of the joint commission of parties to the Namibia peace plan, a framework had been agreed in the so-called Mount Etjo Declaration for returning personnel of the South West Africa People's Organisation (SWAPO) to north of the 16th parallel in Angola under supervision of United Nations (UN) forces. This had been made possible by positive efforts from all parties including the Soviet Union. President Kamuzu of Zambia, though not all the front line states, had also lent support. Implementation of the measures in the Mount Etjo Declaration would however prove very difficult, particularly since there were not yet sufficient UN forces present in Namibia, although more would be arriving within the next few days. In the meantime a British contingent from the Royal Corps of Signals, Australian forces and some others were doing their best to hold the position and to man the nine designated checkpoints (two in Namibia and seven on the Namibia/Angola border) through which it had been intended that the SWAPO personnel should be disarmed and returned to Angola. Further complications were the lack of clear instructions to SWAPO personnel from their own leadership and the heavy-handed attitude of the South African defence forces on the ground who remained in the vicinity of each checkpoint. The recent South African claim that SWAPO personnel were subject to "interrogation" before being returned to Angola had been especially unhelpful. So far only four SWAPO personnel had reported to the checkpoints although 190 others were reported to have gone back to Angola of their own accord. A recent corrective statement by the South African Administrator-General for Namibia had placed no conditions on the return of SWAPO personnel to Angola so long as they went back. But the position remained very volatile. He himself would be in touch with the South African Foreign Minister, Mr Pik Botha, later that day. The British Ambassador in South Africa and the Head of the British Liaison Office in Windhoek remained closely and continuously involved.

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The judgement of Colonel Donaldson, who commanded the British Signals unit, was that the situation could probably be held until the arrival of more UN troops. The Government was meanwhile making available 50 Landrovers and 12 four-wheel drive trucks to the UN forces in Namibia. Basically the South African Government wanted the Namibia peace plan to work. The question remained why the SWAPO leader, Mr Sam Nujoma, had made such a fundamental error of judgement in allowing SWAPO incursions contrary to the terms of the agreement. The United Kingdom would continue to make every effort to help keep the peace plan intact while reminding people that, unlike the case of Zimbabwe, the real responsibility for making the plan work in Namibia rested with the UN.

Visit by the  
President of  
the Soviet  
Union,  
6-8 April

THE FOREIGN AND COMMONWEALTH SECRETARY said it was clear that the visit of the President of the Soviet Union, Mr Mikhail Gorbachev, to the United Kingdom from 6 to 8 April had been highly successful. President Gorbachev's objectives had been to seek support for his radical internal reform programme in the Soviet Union; to elucidate how far the new Administration of President Bush remained actively engaged in the East/West process to which Mr Reagan as President had been committed; and to present a positive picture of new thinking in Soviet foreign policy. The Russians had been willing to talk constructively about regional foreign policy problems where there was scope for forward movement, for example Southern Africa and the Middle East. They had stuck to more obdurate positions on such matters as the supply of Soviet military aircraft to Libya, support for Syria, and the future of short range nuclear forces in Europe. The visit had overall been an extremely useful occasion for the Anglo-Soviet relationship, marking the critically important role played by the United Kingdom and the Prime Minister personally in the Soviet perspective on East/West relations. The Russian visitors had clearly enjoyed themselves and had been particularly impressed by their visit to Windsor Castle as guests of Her Majesty The Queen.

In a brief discussion, it was noted that President Gorbachev's departure from the United Kingdom had coincided with an incident in which East German border guards had fired on fugitives in Berlin, with violent suppression of demonstrations in Tbilisi in Soviet Georgia and with a defensive attitude over the sinking of a Soviet nuclear powered submarine north of Norway. This had usefully reminded people that the more traditional characteristics of the Soviet Union remained below the surface. At the same time there was a continuing but subtle Soviet offensive, for example over the future of short range nuclear forces in Europe and the inclusion of naval forces in arms control negotiations. The Soviet strategic aim remained to detach the United States from Europe by means of the slogan of denuclearisation, as could be seen by President Gorbachev's crude threat that modernisation by western allies of short range nuclear forces would stop conventional force negotiations in Vienna. President Gorbachev, in his programme of political reform, was riding a tiger that might well outstrip his own expectations, as the results of the recent Soviet elections showed. Western policy should

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therefore remain support for the internal Soviet reform programme coupled with resolute determination to maintain Western defence. Another vivid example of political advance was Poland, where the remarkable decision to hold free elections in June would lead to the transformation of the political climate; although neither the Communist Party nor the trades union organisation, Solidarity, had yet fully thought through the implications. Meanwhile the Polish economy remained in a state of serious deterioration.

The Cabinet -

Took note.

COMMUNITY  
AFFAIRS  
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General  
Agreement  
on Tariffs  
and Trade  
(GATT) Round  
Mid-term  
Review

4. THE CHANCELLOR OF THE DUCHY OF LANCASTER said that the successful outcome to the mid-term review of the current General Agreement on Tariffs and Trade (GATT) Round was to be welcomed. The most difficult issue had been agriculture; agreement on that was in itself welcome and it had opened the way both to agreement in three other outstanding areas, intellectual property, textiles and safeguards, and to the renewal of work on a substantial range of issues that would figure in the final outcome of the Round. It was possible that the Portuguese might raise questions about the agreement on textiles at the next Foreign Affairs Council, probably with the aim of getting increased structural support of their textile industry: the United Kingdom would strenuously resist this.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the outcome on agriculture was reasonably satisfactory and pointed towards substantial and progressive reductions in support for agriculture in the long-term, as well as a freeze in levels of support and protection in the short-term. The process of giving substance to these outline agreements would, however, not be straightforward.

In a brief discussion it was pointed out that the European Commission had played their hand well in negotiations in the mid-term review, in particular resisting demands from certain member states to take a less liberal line towards the negotiations. If the Portuguese were to seek additional funding for the textile industry the United Kingdom would need to resist this firmly. The Portuguese would be a major beneficiary from the recent doubling of the structural funds in addition to the special Community payments they received under their industry programme.



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THE SECRETARY OF STATE FOR TRANSPORT said that a very recent and lengthy judgement of the European Court of Justice, which had not yet been fully analysed, appeared to indicate that national bans on cross-border ticketing were illegal. This would increase airline travellers' ability to shop around for cheaper fares and give the Commission additional justification for pressing on to the next phase of air transport liberalisation. The judgement also appeared to involve the application of Community rules on competition not only to flights within the Community but also to routes between Community and non-Community airports. He would be discussing the issues raised by the case with Sir Leon Brittan in the near future.

THE SECRETARY OF STATE FOR THE ENVIRONMENT drew attention to the vote by the European Parliament on 12 April which endorsed higher emission standards for small cars than those agreed by the Council in 1988. The European Parliament appeared to be supporting standards similar to those prevailing within the United States, which could only be met by the widespread introduction of three-way catalysts into small cars. This would be both expensive in itself and in fuel use and could perversely be harmful to the environment, by worsening the "greenhouse" effect. Such standards would undermine the development and introduction of the lean burn engine.

In discussion it was pointed out that the vote by the European Parliament was not the final decision on the issue. The Commission would have to examine the European Parliament's views and decide whether to propose an amendment to the basis on which the Council had adopted its common position. If the Commission put forward an amended proposal to the Council then the Council could either adopt it by qualified majority or amend it, eg to return to the original common position, in which case unanimity would be required. It seemed likely that France, the United Kingdom and Italy would all be against the standards approved by the European Parliament and that the Commission would need to re-examine the issues carefully if a possible basis for agreement was to be found.

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that the position on the French imports of Nissan cars of United Kingdom origin was becoming clearer and more favourable, Commissioner Bangemann had now told the Secretary of State for Trade and Industry that the French had agreed unconditionally not to count these vehicles against their quota of imports of vehicles of Japanese origin. But the position was still not entirely clear: the French Prime Minister's office had appeared to suggest to the British Ambassador that the French government's agreement was conditional on United Kingdom support for the French position on Japanese imports after 1992. It was necessary to establish in particular what the French importer of Nissan cars from the United Kingdom had been told by the French authorities. Meanwhile, no response

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should be made to the approach from the French Prime Minister's office on 5 April 1989. In any event the United Kingdom's reply to this would accept no linkage between the need for the French to come into line with Community rules on Nissan cars of United Kingdom origin on the one hand, and on the other hand, wider issues related to local content and continued national controls on imports of vehicles from Japan. This was particularly important, given the continuing flow of major inward investment projects by Japanese companies such as Toyota, Honda and Fujitsu, into the United Kingdom, on which a note would be circulated to colleagues.

The Cabinet -

Took note.

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13 April 1989

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CABINET

LIMITED CIRCULATION ANNEX

CC(89) 13th Conclusions, Minute 2

Thursday 13 April 1989 at 9.30 am

The Judiciary  
and the  
Government's  
Proposals for  
Reform of the  
Legal  
Profession

THE LORD CHANCELLOR said that the judiciary's response to the Green Paper on the work and organisation of the legal profession was developing in a way that was attracting a good deal of unfavourable public comment. One reason for this was the assertion made by the Lord Chief Justice in the House of Lords debate on the Green Paper on the previous Friday that there had been no offer of consultation with the judges while the Green Paper was being prepared, with the implication that the 3-month consultation period on the Green Paper was inadequate for the judges to express their views. In fact, when the Green Paper was being prepared in the previous autumn he had written to the Lord Chief Justice to suggest that it would be useful for the judges to be given the earliest possible notice of the Government's proposals, in an informal way, so that when the paper was issued to the public and invitations given for responses to it, the judges might find it easier to give their views. The Lord Chief Justice had declined that invitation on the grounds that the judges should remain at arms' length from the preparation of the document, and it was entirely owing to that decision that the judges had had no prior notice of the contents of the Green Paper when it was published on 25 January. In view of the importance of the matter, he had drawn the Lord Chief Justice's attention to this correspondence during the course of the debate on the previous Friday, and the Lord Chief Justice had authorised him to put the facts of the correspondence on record during his winding-up speech, and to state that the Lord Chief Justice withdrew his allegation that the Government had behaved discourteously over the matter of consultation. This incident had generally been interpreted as displaying the judiciary in an unflattering light, but the attention of the media had since moved to the special meeting of Court of Appeal and High Court judges which was being convened for the morning of 17 April, when it was proposed that the relevant court sittings would be suspended. This meeting, which the Lord Chief Justice had also announced during the previous Friday's debate, had been organised because the senior judges had few routine opportunities for collective discussion, and some special arrangement was clearly needed for them to concert their views on the Green paper within the consultation period that had been allowed. It was certainly very desirable that the judiciary should formulate their comments on the Green paper within the

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consultation period. In the circumstances it would be difficult to argue that the consideration of such a major matter of public policy as the reform of the legal profession lay completely outside the judges' duty. Indeed, when he had learnt from the Lord Chief Justice that this meeting was being arranged he had indicated that he would wish to attend it in his capacity as a judge. In the event, however, he would be unable to attend the meeting since he had other commitments on 17 April and the Lord Chief Justice had now written to say that the date of the meeting could not be changed, because of the problems in altering court listings at short notice. He did not think that the Lord Chief Justice or other judges were being intentionally provocative in organising a meeting in this way; he believed, rather, that they regarded it as quite reasonable to meet in court hours in order to make a properly prepared response to the Government's proposals within the short time that was being allowed. A storm of protest at the use of court hours for this purpose had now blown up in the media, however, and the judiciary were no doubt greatly taken aback by this.

In discussion the following main points were made:

- a. The judiciary's response to the Green Paper had been very ill-advised and, from their point of view, counter-productive. Their proposed use of court hours for preparing their response to the Green Paper invited the criticism that they were behaving in the worst traditions of irresponsible trade unionism and this criticism would become especially pointed if, as was currently planned, the Dock Work Bill had its Second Reading in the House of Commons on the same day that the judges' meeting took place.
- b. The judges' behaviour represented something far more serious than a simple mistake in interpreting their judicial duty, or insensitivity to public opinion. Convening the proposed meeting in court hours showed the judges as placing their own interests above the law, and posed in an acute form the old question of who should guard the guardians.
- c. It was not feasible for the Government to make a public indication of its view of the judges' conduct, and an expression of deep regret was probably as far as the Government could go. Nevertheless, it was most undesirable that the judiciary should bring themselves into disrepute by conducting the meeting in the way they proposed, and some informal way should be found to convey that message to them. This might be done by the Lord Chancellor himself. Alternatively, it might be possible to arrange for the advice to be conveyed by all the previous Lords Chancellor who were available: proceeding in the latter way would have the advantage of distancing the Government from the matter, but it might not be easy to arrange for the three available previous holders of the office of Lord Chancellor to act in concert on a matter of this kind.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet took the most serious view of the senior judiciary's intention of

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holding a meeting during court hours on 17 April in order to formulate their comments on the Government's proposals for reform of the legal profession. This action showed the judiciary behaving in the worst traditions of irresponsible trade unionism, and it merited the widespread criticism that it had attracted in the media. It was no exaggeration to say that the judges were, in effect, taking the law into their own hands, and their action merited condemnation in the strongest and most unqualified terms. Whilst it would not be appropriate for the Government to go on public record with any criticism of this sort, every effort should informally be made to persuade the judges to draw back from bringing themselves into disrepute in the way they proposed and, if possible, to rearrange their consideration of the Green Paper in a way that avoided any disruption of court sittings. The Lord Chancellor should take urgent steps to ensure that the judiciary were made aware of the Cabinet's views on this matter.

The Cabinet -

Invited the Lord Chancellor to proceed as the Prime Minister had indicated in her summing up of the discussion.

Cabinet Office

14 April 1989

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