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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on

THURSDAY 20 APRIL 1989

at 10.00 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
Department

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

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 Lord Young of Graffham
Secretary of State for Trade and
Industry

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 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 Cecil Parkinson MP
Secretary of State for Energy

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

The Rt Hon David Waddington QC MP
Parliamentary Secretary, Treasury

The Rt Hon Peter Brooke MP
Paymaster General

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SECRETARIAT

Sir Robin Butler
Mr R G Lavelle (Items 3 and 4)
Mr P J Weston (Item 3)
Mr A J Langdon (Items 1 and 2)
Mr J Holroyd (Item 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.

THE PRIME MINISTER said that, while the Home Secretary's statement earlier in the week on the disaster at the Sheffield Wednesday Football Club Ground at Hillsborough had recognised that it would be seemly to allow a short delay in proceedings on the Football Spectators Bill, which currently awaited its Third Reading in the House of Lords, the Government was now coming under pressure to drop the Bill or to postpone it to the following session. She had discussed this matter earlier that morning with the Ministers most closely concerned. There had now been four decades of crowd trouble and, more recently, hooliganism at football matches, which had led to nearly 300 deaths if the Heysel Stadium disaster was taken into account. Large numbers of police were now routinely diverted from other duties to maintain order at major matches and arrests for behaviour connected with football were now running at about 6,000 a year. As for hooliganism, a national membership scheme, which had originally been recommended by Mr Justice Popplewell's Committee of Inquiry into Crowd Safety and Control at Sports Grounds, represented the only comprehensive approach that had been devised. The Government's aim had been to obtain Royal Assent for the Bill sufficiently early to enable the membership scheme to start operation in the Spring of the following year. One advantage of that timetable was that it would make it much more difficult for known hooligans to obtain tickets for the World Cup matches taking place in Italy in June 1990, since the allocation of tickets for these matches was carried out by the Football Association who would be able to refuse tickets to people who had been excluded from the national scheme. The Bill did not itself introduce the scheme, which would have to be approved by an Order subject to Parliamentary debate under the negative resolution procedure and the scheme was not to be run by the Government: moreover, the Government had given an undertaking that it would not apply the scheme at football grounds without a proper trial. There was clearly room in these procedures for taking account of any interim recommendations by Lord Justice Taylor's inquiry, and the Government had given undertakings that it would not proceed with the scheme if Lord Justice Taylor should recommend against it, though that was not in any way expected. If the Government now retreated from the Bill, support would also fall away even from the less controversial proposals such as those for all-seated accommodation. The situation on crowd safety and hooliganism at football matches cried out for action. Although it would be appropriate to allow a short period of reflection on how best to proceed, it was for the Government to take action to prevent further injury and death at football matches and if their supporters prevented the necessary steps to enable action to be taken in time for next season, they would bear a heavy responsibility.

In discussion the following main points were made -

- a. Lord Justice Taylor's present intention was to produce an interim report on physical measures by June or July, so that it could be taken into account by clubs in planning their arrangements for the following season. That interim

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report might also include some comments on administrative arrangements, such as ticket allocation. While the Government could clearly not dictate to Lord Justice Taylor how he should proceed, it would be perfectly proper to indicate to him that if he had any recommendations to make about early legislation, then they should be submitted in time to enable the Government to act on them.

b. The main reason for the current signs of faltering support for the Football Spectators Bill among Government backbenchers was that proceeding with it at a rapid pace appeared to pre-empt the findings of Lord Justice Taylor's inquiry. In fact, the disaster at Hillsborough appeared to be largely attributable to basic design characteristics of the stadium and the nature of the surrounding spaces. Although these points might seem clear with hindsight, it had to be recognised that Hillsborough had generally enjoyed a reasonably good reputation hitherto. The problem was a complex one that merited a full analysis, and the analysis might make it difficult to justify a requirement for all-seat grounds if the incident proved to have been caused by factors outside the ground in question. In any event, those hostile to the Football Spectators Bill would certainly give evidence to Lord Justice Taylor's inquiry and this would receive much publicity. It might be difficult to prevent the inquiry becoming a review of the Bill, and this could be very difficult to manage if the Bill was simultaneously going through the House of Commons.

c. It had now been established that it would be possible to add to the Football Spectators Bill a provision enabling an all-seated requirement to be added to the Bill's licensing provisions. Progress towards all-seated arrangements could be made pending a statutory requirement, however, by issuing guidance to the local authorities that were responsible for the licensing of football grounds. Some football clubs had in any event made known their intention of moving towards all-seated arrangements and it was likely that a good deal of progress could be made without legislation.

d. On the other hand, all-seated arrangements, like a membership scheme, would cost money that football clubs would be very reluctant to provide. On the whole, football clubs were wedded to the idea of low entrance fees and high attendances and the football authorities were weak and unreliable. It was unlikely that delay would reveal any consensus about measures to be taken and it would be unsafe to have confidence in the football industry's promises or in offers of support from the Opposition.

e. The football culture had changed considerably over the last 20 years or so. There was now a strong linkage with excessive drinking, and very often an atmosphere of latent violence at major matches. No other sport required supporters to be segregated as did football. It was argued in some quarters that neither a membership scheme nor all-seated arrangements would make any difference to the problem. If that were really true, football would forfeit any

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entitlement to be regarded as a sport, and should be judged simply as a public order problem.

f. In any event, it would be paradoxical if, in response to a major disaster, the Government were to suspend action designed to prevent further disasters. One approach might be to give more emphasis to the safety aspects of its proposals, for example by re-titling the Football Membership Authority as the Football Safety Authority.

THE PRIME MINISTER, summing up the discussion, said that the Football Spectators Bill was based on the recommendations of the last Judge - Mr Justice Popplewell - who had considered the problems associated with football. There was a very strong case for making progress with it to provide the Government with a vehicle for carrying any urgent recommendations that might now be made by Lord Justice Taylor. Without such a vehicle, there would be no way of taking any legislative action on Lord Justice Taylor's recommendations until at least next session. Furthermore, delay in enacting the Bill would inevitably lead to postponement of the National Membership Scheme which had been recommended by Mr Justice Popplewell as long ago as January 1986. These facts amounted to a most powerful case for pressing on with the Football Spectators Bill this session. Although in the present highly charged atmosphere it would be right to allow a period for reflection, the Government should do all in its power to ensure that its case was fully understood. Those who argued for delay had put forward no alternative proposals and the Football Spectators Bill offered the only way of taking action on a situation that had become intolerable.

The Cabinet -

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

HOME AFFAIRS

—
Abolition of
the Dock
Labour Scheme
Previous
Reference:
CC(89) 13.2

2. THE SECRETARY OF STATE FOR EMPLOYMENT said that the Transport and General Workers Union (TGWU) were seeking to ensure that strike action over the abolition of the Dock Labour Scheme would be lawful although there appeared to be little enthusiasm for it. The National Association of Port Employers had met the TGWU earlier that week to listen to the union's representations, but had declined the union's request to enter into negotiations on new arrangements which appeared to have the effect of replacing the Scheme. In the General Secretary's absence in hospital for two weeks, Mr Bill Morris, the union's deputy general secretary, had written to the Advisory, Conciliation and Arbitration Service (ACAS) to ask them to intervene, but the National Association of Port Employers had indicated that they would not be prepared to co-operate since any intervention by ACAS might increase the prospects of subsequent industrial action being deemed to be lawful. The TGWU's docks and waterways group was considering that morning whether to call a strike ballot, but it seemed likely that both the union and the Labour Party would hope to postpone any strike

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action until after the forthcoming local government elections. Meanwhile, the ports had been working normally for the previous ten days or so. Port employers and port users had been using the period since the announcement of the abolition of the Scheme to make dispositions against possible industrial action, and the stockpiling of imports which was taking place would have a short-term impact on the balance of payments figures.

Explosion of
Cormorant
Alpha Oil
Platform

THE SECRETARY OF STATE FOR ENERGY said that there had been an explosion on the previous Tuesday on the Cormorant Alpha oil platform. No-one had been injured in the explosion, which had been connected with the installation of a new safety valve. Cormorant Alpha was the collecting platform for the Brent oil field, and the explosion had taken half a million barrels per day out of production. As a result of that explosion and of earlier incidents including the Piper Alpha explosion, which had affected the Piper and Claymore fields, total North Sea oil production was down by about 30 per cent of its normal level. Claymore was expected to be back in production in the following month, which would boost total production by around one quarter of a million barrels per day. However the Piper field was unlikely to be brought back to production until 1992/93. It was too early for any reliable estimate to be made of the period during which the Brent field would be affected. The shortfall in production had depressed the current account of the balance of payments by some £700-800 million per annum and had also contributed to a sharp increase in oil prices, with the price of a barrel having reached 26 dollars for the first time for some years on the previous day. The oil companies were seeking to get production back to normal levels as quickly as possible.

Community
Charge in
Scotland

THE SECRETARY OF STATE FOR SCOTLAND said that the community charge had now been in operation in Scotland for about three weeks. The implementation of the new arrangements was proceeding smoothly, and the issue had almost completely disappeared from the press. It would not be possible until the summer to form a clear view of how many people would refuse to pay their community charge, but present signs were that the numbers would be relatively small, though they might include some prominent names. The main single source of complaint which was being made in letters to his Department concerned the standard charge for second homes. The legislation on the community charge gave local authorities discretion to set the standard charge at a rate from one to two times the personal charge and virtually all local authorities in Scotland had chosen to set the charge at the maximum rate. As a result many of those with second homes were now paying a good deal more than they had previously paid under domestic rates. This group included many people of relatively modest means who owned, say, small retirement homes, or small flats or houses which they used during the week to be near their places of work. The Government

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was being criticised for having given local authorities discretion on this matter, and similar criticisms would no doubt be levelled against the Government when the community charge came into effect in England and Wales in the following year.

Industrial
Action by
London
Underground
Drivers

THE SECRETARY OF STATE FOR TRANSPORT said that London Underground drivers were staging an unofficial 24 hour strike that day, following their earlier unofficial strike on 5 April. The unofficial action was in pursuit of a claim by drivers of one-person operated trains for an increase in pay, backdated to October 1985, of an amount representing 50 per cent of guards' wages in order to restore their pay differentials with drivers of two-person operated trains. Although the unions had urged their members to work normally, only about 10 per cent of trains were operating that day. This was partly the result of intimidation of some London Underground employees. There would be further talks between management and the unions on 2 May about a possible productivity deal, but London Underground management had made clear that drivers would derive no benefit from the current unofficial action. As to the immediate future, it was not clear whether further unofficial action would be taken on a weekly basis or whether there would now be a pause at least until the meeting on 2 May. He would keep colleagues informed of the progress of the dispute.

In discussion, the point was made that at busy periods large numbers of passengers were apt to pour onto London Underground platforms as trains approached the station. London Underground were sensitive to the risks involved, especially following recent disasters, and were doing their best to ensure that large influxes of passengers were properly controlled.

THE PRIME MINISTER, summing up a brief discussion, said that steps should be taken to make public the evidence which the Government had been sent about the extent and the nature of intimidation in pursuit of the current unofficial action on the London Underground.

The Cabinet -

Invited the Secretary of State for Transport to proceed as the Prime Minister had indicated.

Girobank

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that he would be announcing later that day that he had endorsed the Post office's decision to accept the conditional offer made by the Alliance and Leicester Building Society to purchase Girobank plc. He believed that there was a good prospect of the proposed deal being brought to a successful conclusion at a price which would be widely regarded as satisfactory. The combination of Girobank plc and the United Kingdom's fifth largest building society

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would undoubtedly help to further the Government's policy of increased competition in the High Street banking sector.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Southern
Africa

Previous
Reference:
CC(89) 13.3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that efforts continued to get members of the South West Africa People's Organisation (SWAPO) to return north of the 16th parallel. The United Kingdom had urged the South Africans to tell their forces to reduce their presence around the United Nations (UN) assembly points in Namibia. There would be a meeting that day of the Joint Commission, bringing together representatives of Angola, Cuba and South Africa, with the United States and Soviet Union as observers. This was expected to reinforce efforts to get the UN peace plan back on track. Some 3,200 UN forces were now in Namibia out of the total planned contingent of 4,450, and the onus on the British contingent of signallers had been correspondingly reduced. The President of SWAPO, Mr Sam Nujoma, had been due to call on him that afternoon but had now cancelled his plan to attend a seminar in London on financial prospects in Namibia. The Minister of State at the Foreign and Commonwealth Office had however had talks with his Deputy, Mr Hamutenya. The United States had not so far been as closely engaged in the process as could be wished, following a slight hiatus resulting from the departure of Mr Chester Crocker. But during his own visit to Washington earlier that week he had urged the Americans to take a close interest. The Administration of President Bush understood clearly that further moves in the direction of economic sanctions would be counter-productive. But there was an unwelcome disposition on their part to seek common ground with the United States Congress and there was therefore a danger that there might be a place for variations in any bipartisan policy agreed between the Administration and Congress.

The Foreign
and Common-
wealth
Secretary's
Visit to
Washington

THE FOREIGN AND COMMONWEALTH SECRETARY said that during his visit to Washington earlier that week he had had discussions with President Bush, Vice-President Quayle, Treasury Secretary Brady, Secretary of State Baker and the President's Adviser for National Security Affairs, General Scowcroft. He had also met the newly appointed Secretary of State for Defense, Mr Dick Cheney, who was clearly a man of firmness and effectiveness. On key policy issues, a reasonably coherent approach was emerging. Certainly this was evident in the case of United States attitudes toward Central America where, as a result of the Administration working with Congress, there was now a more effective response to the situation in Nicaragua. Moreover it seemed that President Gorbachev's recent visit to Cuba had also had an effect in moderating expectation in Cuba and Nicaragua about the level of continuing Soviet aid. On the Middle East

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the Administration were now beginning to engage in the search for a way forward. They did not support the idea of an early international conference but they would try to build on the proposals put forward by the Israeli Prime Minister, Mr Yitzhak Shamir, for elections in the occupied territories. The Government needed to continue to encourage the Americans to remain positively engaged in this process. As for the coming Summit of the North Atlantic Treaty Organisation at the end of May, the United Kingdom and the United States had common objectives, which were to remain firm in avoiding any commitment to arms control negotiations over short range nuclear forces while securing forward movement on the need for modernisation of such forces on the Western side. The Americans were however dismayed at the evidence of Chancellor Kohl's apparently dwindling resolution on key Alliance issues, such as his recent reversal of an earlier decision to lengthen the period of compulsory military service in the Federal German Republic from 15 to 18 months. The Administration were thus firmer on the need to avoid an arms control commitment than they were at pushing forward on modernisation. The United Kingdom needed to maintain pressure on both the Americans and the Germans on the modernisation objective.

Lebanon

Previous
Reference:
CC(89) 11.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that there had been widespread artillery exchanges in Beirut the preceding weekend as a result of which some 50 people had been killed including the Spanish Ambassador. The situation was now quieter, but could erupt again at any moment. The Government continued to support the efforts of the Arab League as the best prospect for achieving an effective ceasefire. French policy in the Lebanon had been muddled over the preceding week but now seemed to have come back into line in support of the general Western effort. The United Nations Secretary General, Mr Perez de Cuellar, was keeping matters under close review but was reluctant at this stage to become personally engaged.

Continuing, the FOREIGN AND COMMONWEALTH SECRETARY said that he was keeping closely under review the position of the British Embassy in Beirut and the safety of the few staff who remained there. The Embassy was some 5 kilometres distance from the place where the Spanish Ambassador had been killed and so far no Western Embassy had withdrawn from Beirut. The Embassy remained a valuable listening post, particularly against the background of the United Kingdom's role as a Permanent Member of the United Nations Security Council and of the continuing detention in Lebanon of British hostages.

THE PRIME MINISTER said that withdrawal of the British Embassy personnel might nevertheless become unavoidable if the conclusion was that the staff there were in great danger to no real purpose and that further delay seemed likely to lead to them being trapped.

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Nigerian
State Visit

THE FOREIGN AND COMMONWEALTH SECRETARY said that there would be a State Visit to the United Kingdom from 9 to 11 May by the Nigerian President, General Ibrahim Babangida. The programme provided for the customary series of banquets. So far it appeared that no Cabinet Minister had accepted an invitation to attend the banquet at the Guildhall on 10 May and that the Prime Minister and he were the only Cabinet Ministers to have accepted the return banquet hosted by the Nigerians on 11 May. He hoped that colleagues who had received invitations would look again at their diaries.

THE PRIME MINISTER said it was important for a proper level of attendance at such banquets to be achieved.

The Cabinet -

Book note.

COMMUNITY
AFFAIRS

—
Economic and
Finance
Council
17 April

4. THE CHANCELLOR OF THE EXCHEQUER reported that there had been useful progress on a number of items on the formal agenda of the meeting of the Economic and Finance Council on 17 April. The Commission's proposals for the Second Banking Coordination Directive had been revised at the instance of Sir Leon Brittan: the revised provisions on reciprocity were in particular a great improvement. The United Kingdom hoped to be able to negotiate further changes needed, notably for the use of reciprocity powers to be decided on by the Council, not the Commission, opening the way to possible agreement on the Directive in June. At the same Council Mme Scrivener, the junior French Commissioner, had demonstrated a much more flexible approach to indirect taxation than the previous British Commissioner in charge of this area. She had accepted that the Commission's original proposals of harmonisation of excise duties were no longer valid and that the proposals for a clearing house were open to major objections. She still held to VAT approximation as an important Community objective, but recognised the United Kingdom case for continued zero rating of certain items. It was hoped that she would produce revised proposals in this area for an informal meeting of the Economic and Finance Council in May. During the Council's discussion of the Commission's proposed withholding tax the opposition of the United Kingdom, Luxembourg and the Netherlands to the tax had been maintained. During the discussion, Denmark and Greece had also indicated their opposition.

Delors Group
Report on
Economic and
Monetary Union

THE CHANCELLOR OF THE EXCHEQUER said that the meeting of the Council had coincided with the publication of the report of the Committee under the chairmanship of the President of the Commission, M Delors, on economic and monetary union in the European Community. This was essentially a political document, not argued in terms of economic advantage although there were some assertions of economic gain. The report explicitly mapped

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out a route to economic and monetary union, starting in July 1990 but with no defined timetable thereafter. This would involve ultimately a single currency, a European central bank, a new central economic institution to control fiscal and funding policies for the whole Community, and a further increase in structural funds. The report acknowledged that this would represent a "quantum jump": it was more than this since it would clearly lead towards a federal Europe requiring new Treaty powers. He hoped that colleagues would read the report, which was very clearly set out, paying special attention to paragraph 39, which was particularly damaging. This made two points: first, that embarking on the first of the three stages set out in the report represented a decision to embark on the entire process; and second, that preparatory work on Treaty amendment should be put in hand immediately. Nothing in the first stage in fact required new powers.

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Continuing, THE CHANCELLOR OF THE EXCHEQUER said that at the Council he had made clear the United Kingdom's approach to the report. While we were fully in favour of close economic and monetary co-operation, we could not accept the loss of sovereignty which would be implied in the creation of a federal Europe. It was much more important to the economy of the Community that the single market should be completed and that full use should be made of the existing powers in the Single European Act to this end. The only other Minister to have spoken at the Council was the French Finance Minister who had said that he entirely accepted that the essential issue was that of sovereignty but that he would not rule out the possibility of France being ready to accept such a transfer.

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In discussion there was agreement that the report raised issues of fundamental importance to the United Kingdom. The line taken by the Chancellor of the Exchequer, both at the Economic and Finance Council and at his subsequent press conference, has been a correct representation of the Government's views. There was recognition that the issue would be a very difficult one for United Kingdom Ministers to handle within the Community. There was a need both to head off the possibility of the convening of an inter-governmental conference to devise amendments to the Treaty and to spell out the extent to which the practical steps that would be taken under stage 1 of the Delors proposals would both be beneficial in themselves and possible within the existing powers available to Member States and to the Community as a whole. These included full capital liberalisation, a free market in financial services, greater use of the ecu and greater use of EC currencies in reserves. Through these arguments we should seek to gain the support of some other Member States for an approach geared to practicalities. While several of the poorer Member States might well be in favour of the proposals because of the enticement of additional funds to support their economies, Greece and possibly Denmark might well have concerns about sovereignty. There was a danger that others, including Chancellor Kohl and President Mitterrand, might go along with the approach in the report on the basis that implementation would be so distant a prospect, even though it seemed highly unlikely that the people of Europe, as distinct from some of their governments, would be content with the secession of

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sovereignty involved. It was noted that the development of new structures for economic and monetary union could well create demands for extensions of democratic control and increases in the powers of the European Parliament.

Nissan Motors
UK

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that, though the problems with France over the import of Nissan cars manufactured in the United Kingdom had now been resolved, on the following day it had become clear that Italy had devised obstacles to put in the way of these vehicles. This was a further example of countries who were prepared to espouse the cause of a federal Europe being ready to set aside the strict requirements of Community law when it suited them. He had been assured by Commissioner Bangemann that the Commission would take urgent action against Italy.

The Cabinet -

Took note

Cabinet Office

21 April 1988

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