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Conclusions

CABINET

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

THURSDAY 8 JUNE 1989

at 10.30 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 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 John MacGregor MP
Minister of Agriculture, Fisheries
and Food

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

The Rt 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 Anthony Newton MP
Chancellor of the Duchy of Lancaster

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THE FOLLOWING WERE ALSO PRESENT

The Rt Hon David Waddington QC MP
Parliamentary Secretary, Treasury

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 P J C Mawer (Items 1 and 2)
Mr S S Mundy (Items 1 and 2)

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

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Select Committee Report on the Televising of Proceedings of the House of Commons

THE LORD PRESIDENT OF THE COUNCIL said that there would be a debate on the following Monday on a motion to approve the Select Committee report on the televising of proceedings of the House of Commons. The purpose was not to consider the principle of televising the Commons, since the House had already agreed that it should be televised on an experimental basis, but rather to consider the detailed arrangements for the experiment. Despite the fact that the Select Committee had included representatives of a wide spectrum of opinion on the televising of the House of Commons, its report had been agreed with only one dissenter. Some sections of the media had misrepresented the report's recommendations in order to suggest that they were not sufficiently liberal. In fact, the recommended controls were only very slightly tighter than the current practice in the House of Lords and were considerably more liberal than those which applied to the Canadian Federal Parliament, which was the only comparable overseas chamber. If the House of Commons were to reject the Select Committee's recommendations, then this would simply mean that the Committee would need to come forward with fresh proposals to give effect to the House's earlier decision that the Commons should be televised on an experimental basis: it was unlikely that this would lead to any significant delay in the start of the experiment, contrary to what opponents of televising might wish or expect, since the Select Committee would be likely to reach an early agreement on any modifications to the present proposals which might be required. It was not yet clear what amendments to the motion would be selected for debate, but he was not able to invite his colleagues to support any of the amendments which appeared to be in prospect.

In discussion, the point was made that some supporters of the televising of the House of Commons would favour giving the broadcasters a freer hand over the nature of the material which could be shown than had been proposed by the Select Committee; and some would seek to draw unfavourable comparisons with the recent coverage of proceedings in the Soviet Union's Congress of People's Deputies, even though the situation in that country was clearly totally different from that which applied in the West. It would be argued that, even if it were right for there to be fairly tight controls during the experimental period, the pressure to relax those controls would eventually become irresistible. On the other hand, opponents of televising were likely to support an amendment which sought to delay the introduction of an experiment until the television companies were prepared to dedicate a channel to the coverage of the House of Commons: since it was clear that this situation would not arise in the foreseeable future, this would be tantamount to a wrecking amendment. If the House of Commons were to take decisions which effectively blocked the experiment which they had earlier agreed in principle, the Government would inevitably attract blame for this.

THE PRIME MINISTER, summing up the discussion, said that the Lord President of the Council was to be congratulated on having steered

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the Select Committee towards a report which had received the almost unanimous support of its members. The report did not deal with the principle of televising the House of Commons, but instead put forward recommendations for giving effect to the House's earlier decision that televising should be instituted on an experimental basis: if the motion were defeated, the only effect would be that the Select Committee would need to reconvene to draw up revised recommendations for the conduct of the experiment. It would therefore be right for Ministers to support the Lord President of the Council's Motion, regardless of their views on the merits of the principle of televising the Commons: there would be an opportunity at the end of the experiment for the House to decide whether or not televising should be permitted on a permanent basis. It followed from this that Ministers should not support any amendments which would have the effect of undermining the Committee's recommendations. Once the Speaker had selected the amendments for debate, the Lord President of the Council should inform colleagues if there were any amendments to which different considerations applied.

The Cabinet -

1. Endorsed the Prime Minister's summing up of the discussion.

Business in the House of Lords

THE LORD PRIVY SEAL said that the main Bills which were before the House of Lords were all progressing well. However, the House's programme of work was extremely full and it was important that colleagues should keep to an absolute minimum Government amendments to Bills during their passage through the Lords. The Water and Electricity Bills were currently being considered in the Lords, and he was most grateful to the Secretaries of State for the Environment and for Energy for the restraint which they had exercised in bringing forward Government amendments.

Electricity Bill

THE SECRETARY OF STATE FOR ENERGY said that at the Committee Stage of the Electricity Bill on the previous Monday, an amendment had been carried against the advice of the Government which sought to empower the Secretary of State to take control of nuclear power stations if the safety of the public appeared to be at risk. The amendment was confused and unsatisfactory and he was considering in consultation with the Business Managers, how best to handle it.

The Cabinet -

2. Took note.

HOME AFFAIRS

2. THE SECRETARY OF STATE FOR EMPLOYMENT said that the previous day the Court of Appeal had granted a temporary injunction to the three

Application
of the Dock
Labour Scheme

Previous
Reference
CC(89) 19.2

major port employers preventing the Transport and General Workers Union (TGWU) from calling a strike of its members in Dock Labour Scheme ports pending a full hearing of the action brought by the employers challenging the legality of the TGWU strike ballot. The Court's decision had turned not on the requirements of industrial relations law but on the obligation placed on registered dock workers by the 1967 Dock Labour Scheme to make themselves available for work and on the Court's assessment of the balance of convenience between the employers and the union in deciding whether the injunction should be granted. In assessing that balance, the Court had also had in mind the injury which a dock strike could cause to the public. The TGWU had been given leave to appeal to the House of Lords: it was not yet clear whether it would do so, but if it did it was possible that the House of Lords might hear the appeal the following week. A further complication was that the TGWU's authority for a strike under the terms of the Employment Act 1980 would run out in the following week, although it was unclear precisely when this would occur, and the union would have to re-ballot if it wished to proceed. Official action before the end of June was therefore unlikely. Unofficial action was, however, already occurring at Bristol, Liverpool, Lowestoft and Tilbury and could well spread to other ports. The port employers had offered to negotiate with the TGWU at port level. This was the sensible level at which to negotiate given the differing circumstances in each port, but the TGWU was insisting on national negotiations. He hoped that colleagues would take every opportunity to make clear that negotiations at local level were open to the unions.

In a brief discussion it was noted that the position of the union in relation to unofficial action was unclear. The question of unofficial action in relation to industrial relations legislation was already under consideration, as a general issue, but there was the further complication in the present case that the Court's judgement had turned on the obligations on registered dock workers under the 1967 Dock Labour Scheme.

THE PRIME MINISTER, summing up the discussion, said that in view of the possibility of further legal proceedings direct comment on matters covered by the Court of Appeal's decision should be avoided. The essential point to get across to the public was that the port employers had offered to embark on negotiations with the unions at the local level.

Turkish
Asylum
Seekers

THE HOME SECRETARY said that because of the rising number of Kurds carrying Turkish passports seeking asylum in the United Kingdom he had previously agreed with the Foreign Secretary that a visa requirement should be imposed on Turkish citizens from the beginning of the following year. A large influx of Kurds, 1500 of whom had sought asylum in May, had however led him to bring forward the introduction of the requirement and, as required by a treaty between the two countries, one month's notice of the decision had been given to the Turkish Government on 22 May. Unfortunately the Turkish

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Government had publicised the decision although they had been asked not to do so, and had declined to agree to an acceleration of the implementation date. There was therefore a risk that a large number of Kurds would seek entry to the United Kingdom before the visa requirement came into effect on 23 June. Each asylum case needed careful examination, not least because of the possibility of judicial review. The majority of asylum seekers seemed, however, to be economic rather than political refugees and thus outside the scope of the United Nations Convention on Refugees. In view of the numbers involved, it had been necessary to house some of the asylum seekers in prison service accommodation, and some 90 of them had already sought voluntary repatriation. The following two weeks could, however, prove difficult if more Kurds sought refuge in the United Kingdom before the visa requirement came into effect.

Industrial
Action in the
Passport
Department

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THE HOME SECRETARY said that a strike of members of the Civil and Public Services Association (CPSA) was in progress in the Passport Office in Liverpool and the previous Friday there had been a one-day strike of CPSA members in other passport offices. The industrial action was in pursuit of a CPSA campaign to secure additional permanent staff in the offices. The work of the Passport Department was seasonal in nature and, as the National Audit Office had noted, it would not be sensible for the Department to employ permanent staff when casual or temporary staff could suffice. The management of the Department accepted the need to employ more permanent staff, but by no means as many as the CPSA would like. There had been lengthy talks between the two sides the previous day and these were due to resume the following Monday. The industrial action represented a familiar attempt by the union to usurp management's role. The longer term answer to the Passport Department's difficulties lay in the computerisation of passport issuing - which had not so far proceeded as smoothly as had been hoped - and in altering the management arrangements for the Department, either through privatisation, about which there were some difficulties in this case, or the creation of an agency under the Next Steps initiative. Consultants were being employed to find a way through the difficulties on computerisation and possible changes in the status of the Department were being studied. In the short term, action was in hand to try to alleviate the worst consequences of the industrial action, for example private sector firms were being invited to help in improving the Department's telephone enquiry service, priority was being given to deserving cases, and the public were being encouraged to make greater use of British Visitors Passports.

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THE PRIME MINISTER, summing up a brief discussion, said that the history of unsatisfactory service by the Passport Department preceded the present industrial action. At present, it was failing to serve the public adequately, as queues outside the Passport Office demonstrated. Substantial change in the arrangements for managing

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the Department was necessary, which the study referred to by the Home Secretary would examine.

Industrial
Action in the
Transport
Sector

Previous
Reference
CC(89) 18.2

THE SECRETARY OF STATE FOR TRANSPORT, reporting on industrial action in the transport sector, said that although further unofficial action by London Underground workers seemed unlikely before the end of the following week, a series of one-day strikes could take place from 19 June. More prolonged industrial action could also occur. London Underground management were considering the response which they should make to this action. The result of a ballot of workers on London Buses in a dispute about pay was due later that day and if, as expected, this resulted in a majority for industrial action, a series of 24-hour stoppages on the buses from 12 June also seemed likely. The outcome of a ballot of members of the National Union of Railwaymen in its dispute with British Rail about pay was due the following Saturday. This too seemed likely to be in favour of industrial action which would probably take the form of 24-hour stoppages and a ban on overtime and rest-day working. So far there did not appear to be any coordination of the threatened industrial action in these different parts of the transport industry, but concerted action might well develop. He had set up a task force, including the police, to draw up an action plan for coping with the effects of the threatened action and expected to have the task force's proposals in the following week. Meanwhile colleagues might wish to review their Departments' emergency plans for bussing staff into work if necessary.

THE PRIME MINISTER, summing up a brief discussion, said that the Government had a responsibility to try to ease commuters' difficulties in getting to work.

Privatisation
of Short
Brothers plc

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the sale of Short Brothers PLC to Bombardier of Canada had been successfully announced the previous day. The company had run up substantial losses over a number of years and its sale had therefore had to be accompanied by £780 million of Government aid in the form of grants, debt write-offs and fresh capitalisation. Nothing could more clearly demonstrate the damage caused when the public sector tried to manage an enterprise of this sort. He was grateful to Treasury colleagues for their help in securing the sale, which would end the continuing public commitment to the firm and was of great importance to Northern Ireland. The fact that major outside companies were prepared to invest in Northern Ireland constituted a considerable boost to the Province. He hoped that European Community approval to the sale would be secured, and that it could be completed later in the year. Completion of the privatisation of Harland and Wolff was likely in the early autumn.

National Health Service Reforms

Previous Reference CC(89) 19

THE SECRETARY OF STATE FOR HEALTH said that he had announced the previous day that 178 hospital units had expressed interest in opting for self-governing status under the Government's National Health Service (NHS) reform proposals. The number which would eventually exercise the option would inevitably be smaller but there was now a good base on which to build. There had been some criticism of the allocation of £750,000 to a campaign to explain to staff in the 178 units the implications of self-governing status. Given the number of staff involved, and the size of the NHS as a whole, an information campaign of this sort was wholly defensible. The successful establishment of self-governing hospitals would be the most convincing argument possible for the soundness of the Government's reform plans.

The Cabinet -

Took note.

FOREIGN AFFAIRS

China and Hong Kong

3. THE FOREIGN AND COMMONWEALTH SECRETARY said following the suppression of demonstrations in Peking the People's Liberation Army continued to dominate life in the city and further troop movements were taking place there. It was not clear how much weight to put upon reports of clashes between units of the army. Sporadic firing in Peking continued. There had been a short blockade on 7 June of one of the compounds containing flats occupied by foreign diplomats. Tiananmen Square remained closed. Elsewhere in China there were reports of similar demonstrations and violence though not on the scale of Peking. The British Embassy in Peking was doing all it could to help British citizens and Hong Kong residents in Peking and Shanghai. Special flights had been arranged and Her Majesty's Ambassador had also evacuated a number of the non-essential Embassy staff as a precaution.

The underlying political situation in China remained unclear. Chinese leaders had been conspicuously absent from public view or the media in recent days. There had been reports that Deng Xiaoping was ill. The Prime Minister, Li Peng, having been absent for some time, had reappeared on 6 June no doubt trying to give an impression of return to normality. The veteran President, Yang Shangkun, also remained a figure of influence behind the scenes. The latest indications were that Xiao Shi, an apparent hardliner with a background in security matters, might be emerging as a new leader: he had a son reading economics at Cambridge and a daughter-in-law who was also in the United Kingdom.

Continuing, the FOREIGN AND COMMONWEALTH SECRETARY said that he had told the Chinese Chargé d'Affaires, Zhang Yijun, on 5 June of Britain's shock at the use of violence in Peking and of the measures the Government was announcing as a consequence. The Chargé had shown by his response how personally torn he was in trying to reconcile his own feelings with his professional obligations. The Chinese Ministry for Foreign Affairs had not reacted publicly to United Kingdom

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statements on events or to the measures the Government had announced, although they had done so in respect of actions announced by the United States. The Soviet Union after a long delay had issued a statement expressing the hope that a solution could be found without further violence, no doubt reflecting Soviet ambivalence following the recently achieved reconciliation in Sino-Soviet affairs and their own difficulties in parts of the Soviet Union.

The Hong Kong confidence had been very shaken by recent events in China. He himself had made a statement to the House of Commons on 6 June to reassure Hong Kong. Prices had initially tumbled on the Hong Kong Stock Exchange but were now recovering. The run on banks in Hong Kong owned by mainland China was also at an end. There had been widespread peaceful demonstrations in Hong Kong to show solidarity with the victims of violence in Peking, marred only by a hooligan element on the night of 6/7 June whom the Hong Kong Police had needed to use tear gas to control. He would be seeing the Governor of Hong Kong, Sir David Wilson, later that morning and would be joining the Prime Minister for a further meeting with him that afternoon. The main issues to be addressed with him were the pace of any move toward representative democracy in Hong Kong and the wish of 3 1/2 million British passport holders in Hong Kong to be able to come to the United Kingdom as a last resort - a very difficult matter on which the Prime Minister had answered questions in the House of Commons on Tuesday. The flow of Vietnamese boat people to Hong Kong was also a huge problem which continued to grow, the current total having reached 41,000.

THE PRIME MINISTER said that while there could be no question of allowing 3 1/2 million people from Hong Kong the right to reside permanently in the United Kingdom, and it remained true that all concerned were better off with an agreement with China over the future of Hong Kong than without, it needed to be considered what more could be done for Hong Kong British passport holders, without precipitating a colossal refugee problem of the very kind the Government wished to avoid. Moreover, in case something terrible were to happen in Hong Kong in connection with the eventual takeover of the Crown Colony by China, the Government had to consider what would be entailed by its responsibility for those in Hong Kong who held British passports. Nothing could be said publicly on these questions for the moment beyond the line that they were being seriously and earnestly considered by the Government, but it was against this background that the people of Hong Kong would judge the Government's handling of the problem of the Vietnamese boat people.

In a brief discussion, it was pointed out that the issue of Vietnamese boat people would be the subject of an international conference in Geneva on 13/14 June. It would be necessary seriously to consider discontinuing the policy of first asylum at present extended to Vietnamese boat people by Hong Kong. Meanwhile a further £4 1/4 million would be made available to the Hong Kong Government for tents and other emergency accommodation. Any more Vietnamese boat people accepted into the United Kingdom as genuine refugees would create problems over housing and it would be necessary to counteract the natural wish of such people to congregate in the

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London area. As regards immigration into the United Kingdom more generally, it was arguable that the claims of British passport holders in Hong Kong should be given some degree of precedence over immigrants from other quarters. It was a serious development that those Chinese leaders with whom the Government had negotiated the 1983 agreement over the future of Hong Kong were now being removed from the scene. The Chinese Government had to realise that its treatment of its own citizens at home would be seen by the outside world as a benchmark for expectations about how China would operate the agreement over Hong Kong after 1997. Meanwhile, the blow to public confidence in Hong Kong as a result of recent events would be hard to redress, though every effort to do so would have to be made.

Iran

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THE FOREIGN AND COMMONWEALTH SECRETARY said that the Government had made no public comment on the death on 3 June of the Iranian leader, Ayatollah Khomeini, nor had they sent anyone to his funeral. In this there had been a solidarity among the governments of the European Community. Ayatollah Khomeini had been replaced almost immediately by President Khatami, although no conclusions could be drawn from this about Iranian policy and there was likely to be a period of some turmoil. The next major event was the Presidential election in August which the Speaker of the Iranian Parliament, Mr Rafsanjani, was expected to win. No immediate change of substance in Iranian policy was likely and the death threat to the British writer, Salman Rushdie, remained.

Poland

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THE FOREIGN AND COMMONWEALTH SECRETARY said that the recent elections to the Senate in Poland had been an astonishing victory for Solidarity and a massive defeat for the Party, including a number of Politburo members who had failed to secure seats. Solidarity had declined to form a coalition with the Polish United Workers' Party. There was a danger of a hard line backlash sooner or later perhaps using inspired strikes to justify action. It was not certain that General Jaruzelski would be able to come to the United Kingdom on 11 June as scheduled.

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In a brief discussion, it was recalled that the Prime Minister had told the Polish leadership during her visit to Poland that economic freedom and reform would require political freedom and that this was a prerequisite to outside help for Poland. Since Poland had now achieved a measure of political freedom some help would have to be given and the Federal Republic of Germany was already active in this direction. It was also pointed out that the Federal Republic was providing aid to German speaking communities in other parts of Eastern Europe such as the Volga and that part of the reason for this was an attempt to stop an increasing flow of migrants moving to Germany. In any event the degree of indebtedness of Poland was probably beyond the efforts of outside countries wholly to repair.

North Atlantic
Treaty
Organisation
Summit

THE PRIME MINISTER said that the Summit of the North Atlantic Treaty Organisation (NATO) in Brussels on 29/30 May had been very successful as the Declaration of the Heads of State and Government and the Comprehensive Concept of Arms Control and Disarmament issued by the Summit had shown. This had been largely due to the support given to the United States by the United Kingdom in the drafting, and in particular to the efforts of the Foreign and Commonwealth Secretary and the United Kingdom Permanent Representative to NATO, Sir Michael Alexander. The subsequent visit to the United Kingdom by the President of the United States, Mr George Bush, had also been very successful.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

—
Agriculture
Council
29/30 May

4. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that agreement was reached at the meeting of the Agriculture Council on 29/30 May on a Forestry Action Programme. The outcome met the United Kingdom's key objectives. Expenditure was contained by the limits agreed on the coverage of the Programme. At the same time it was accepted that the United Kingdom's existing Woodland Schemes would be eligible for Community aid.

Transport
Council
5 June

THE SECRETARY OF STATE FOR TRANSPORT said that at the Transport Council on 5 June agreements were noted through increasing the permitted length of articulated lorries and requiring deeper minimum tyre tread levels. While these agreements were unwelcome, on the major issue of lorry weights it had proved possible to negotiate a common ending date for the United Kingdom derogations of the end of 1998. The Commission had proposed 1996, and even 1992 had been canvassed. Agreement had also been reached on a further measure of liberalisation on inter-regional air services. In the road safety area, action had been taken to block the adoption of two directives on competence grounds.

Vehicle
Emissions

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that it seemed now likely that agreement would be reached on the introduction of 3-way catalyst standards in 1993 without a requirement for introduction of interim standards in 1991. It was possible that Germany would adopt the 1991 standard unilaterally. It was important that the agreed standards should be mandatory without fiscal incentives. If lean burn technology became available, controls based on that technology might be introduced at a later stage. That technology was preferable in relation to control of carbon dioxide, but less effective in

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relation to emissions of nitrous oxide (NOx). If a transition were made to a different base for control it might be necessary to accept a slightly higher NOx limit.

Voluntary
Restraint
Agreements

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that a reduction in motoring costs in the United Kingdom could be obtained by abolition of Voluntary Restraint Agreements (VRAs). At present the cheapest vehicles in the Community were obtainable in countries such as Belgium, which lacked any manufacturing capacity and had no VRAs. The question of VRAs was currently under study by the Commission. In a brief discussion it was noted that although the oil companies had so far been given a clean bill of health in successive references to the Monopolies and Mergers Commission, petrol prices in the United Kingdom were amongst the highest in the Community. The companies should be left in no doubt that this was not a satisfactory situation.

In further discussion, it was pointed out that the combined costs of motoring were higher in the United Kingdom than elsewhere in Europe.

The Cabinet -

Took note.

Cabinet Office

9 June 1989

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