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CC(87) 17th
Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 10 SEPTEMBER 1987
at 10.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Viscount Whitelaw
Lord President of the Council

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

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

The Rt Hon Lord Havers
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 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
Chancellor of the Duchy of Lancaster

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 Services

The Rt Hon John Wakeham MP
Lord Privy Seal

The Rt Hon Cecil Parkinson MP
Secretary of State for Energy

The Rt Hon John Major MP
Chief Secretary, Treasury

ALSO PRESENT

The Rt Hon David Waddington QC MP
Parliamentary Secretary, Treasury

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SECRETARIAT

Sir Robert Armstrong
Mr D F Williamson (Items 2 and 3)
Mr C L G Mallaby (Items 2 and 3)
Mr R T J Wilson (Item 4)
Mr A J Langdon (Items 1 and 4)
Miss R A Mulligan (Item 1)

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HOME
AFFAIRS

Deaths in
Hungerford

1. THE HOME SECRETARY said that in the light of the shooting on 19 August by Mr Michael Ryan of 16 people in Hungerford, he would shortly be putting proposals to colleagues on changes to the firearms legislation. He would also be bringing forward proposals to implement the Manifesto commitment for more effective arrangements to reflect public concern over violence in the media.

Notting Hill
Carnival

THE HOME SECRETARY said that that year's Notting Hill Carnival had been a huge affair. For much of the time it had been reasonably peaceful, but there had been one murder and towards the end of the carnival a great deal of indiscriminate violence and rioting. The Metropolitan Police were currently considering what changes might be needed to the arrangements and venue for future carnivals; including the possibility of a request to him to use his powers under the Public Order Act 1986 to ban processions. The matter would require careful public handling and he had already been in touch with a number of Members of Parliament about this issue. Though it was not yet clear exactly what changes would be needed, he was sure that the carnival could not be allowed to continue on the same basis as hitherto.

Heysel
Stadium
Disaster

THE HOME SECRETARY said that 25 of the 26 defendants whom the Belgian authorities were seeking to bring to trial for offences committed in the Heysel Stadium disaster had been successfully extradited to Belgium the previous day.

Previous
Reference:
CC(87) 26.1

Tamils
Claiming
Political
Asylum in
the United
Kingdom

THE HOME SECRETARY said that the Home Office was continuing the process of notifying Tamils claiming political asylum that their appeals had been rejected, and that they were therefore no longer permitted to remain in Britain. This process was being frustrated by the Tamils immediately seeking leave to apply for judicial review which in most cases was being granted. A hearing of the judicial review application of six Tamils would take place in 24 September. This would be important in establishing the Government's ability to implement its policy of returning to Sri Lanka Tamils who failed to qualify for refugee status.

Previous
Reference:
CC(87) 26. 1

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Kirklees
Local
Education
Authority

THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that the recent controversy over the choice of primary schools of 26 children in Dewsbury, Yorkshire had not been handled well by the Kirklees Local Education Authority (LEA). The LEA had closed two temporary classrooms in the primary school for which the parents had a preference, thus restricting the number of places available. The parents concerned had refused to accept places for their children at a primary school where 85 per cent of the pupils were Asian. The Government could not allow itself to be drawn into the dispute as the Secretary of State was empowered to intervene only where the LEA had acted unreasonably or had been in breach of its statutory duty. The press had generally taken a helpful line, particularly in pointing to the effects of the Government's forthcoming legislation in increasing parental choice. It was by no means certain that increased parental choice would necessarily lead to greater segregation in education. But, whatever the case on that issue, the new national curriculum would be taught in all schools.

Accident on
M4 Motorway

THE SECRETARY OF STATE FOR TRANSPORT said that an inquiry would take place into the accident on the M4 motorway the previous day in which four people had died. It appeared to have been caused by a van attempting to make a U turn across the central barrier. The Parliamentary Under Secretary of State, Department of Transport, would be discussing with the emergency services as a matter of urgency the use of such gaps in the central reservation. Although this was the second recent severe accident on motorways, motorways remained the safest roads in the country, despite the considerable increase in the traffic they carried.

Coal Industry

Previous
Reference:
CC(87) 26.1

THE SECRETARY OF STATE FOR ENERGY, said that, as he had predicted to his colleagues, the National Union of Mineworkers (NUM) had voted in favour of taking industrial action against the British Coal Corporation's (BCC) revised code of conduct. There was little new of substance in the code, the necessity to codify existing practice had arisen because of the emergence of the Union of Democratic Mineworkers (UDM). There were, in fact, a number of points on which BCC would be prepared to see modifications to the code, but it appeared that Mr Arthur Scargill had not passed on to the NUM executive the notification that he had had of this through the Advisory Conciliation and Arbitration Service. While it had to be accepted that Mr Scargill had contrived to force himself to the front of the stage once more, there was anxiety in parts of the NUM that any disruption they caused might work to the benefit of the UDM. He had had discussions with the Chairmen of BCC and of the Central Electricity Generating Board and would continue to keep the whole situation, including the question of coal stocks, under very close review.

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The Cabinet -

Took note.

FOREIGN
AFFAIRS

Situation in
the Persian
Gulf

Previous
Reference:
CC(87) 20.4

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that there had been continuing and intense diplomatic and military activity since July concerning the Iran/Iraq war and the resulting tension in the Persian Gulf. The elements in this activity had included continued diplomatic efforts to promote an end to the war and to limit the scope of the war meanwhile, and moves to protect merchant shipping passing through the Gulf. The Government had also had in mind the need to contain as far as possible the risk of confrontation between the United States and Iran, which Iraq had been seeking to promote. On the naval side, there had been a growing threat from mines in the Gulf. At the end of July, the United States had approached the Government with a request that British minesweepers be sent to the area. The Government had not responded at that time, partly because of the risk of being drawn into a confrontation between the United States and Iran. The subsequent mining of the Gulf of Oman had posed a direct threat to British ships, and the Government had therefore decided in August to send minesweepers, which would operate in support of the Royal Navy's Armilla patrol in the Gulf south of Bahrain. The Government had pressed other West European countries to send minesweepers. France and the Netherlands had decided to do so. Italy was expected to do so, and Belgium was likely to follow suit. On the diplomatic side, there was increasing recognition that it had been a British initiative that had led to Resolution 598 passed by the United Nations Security Council on 20 July. Since then the Government had been working to maintain as close co-operation as possible among the members of the Security Council and especially the five Permanent Members. The Government had been encouraging contact concerning the Gulf between the United States and the Soviet Union: although the Soviet Union was seeking to score points against the West in its public statements about the Gulf, it seemed willing to co-operate with the other Permanent Members of the Security Council. The United Nations Secretary General, Senor Perez de Cuellar, was about to visit the area, primarily to seek Iranian acceptance of Security Council Resolution 598. Iraq had complicated the situation by its recent resumption, after a pause following the adoption of the Resolution, of attacks on shipping in the Gulf. The Government had made clear that it would support an arms embargo against either or both of the belligerents if they did not accept the Resolution.

The Government would maintain pressure through the United Nations for the acceptance and implementation of Resolution 598. But it was unlikely that Iran would fully accept the Resolution. The war must end some time, and in the long term, pressure, including perhaps by means of an arms embargo, might help to bring about that outcome. But it was difficult to be optimistic. Meanwhile, the United Kingdom was playing a full part both on the diplomatic front and in the protection of shipping in the Gulf and was seen to be doing so.

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The Opposition had sought to criticise the transfer of Kuwaiti merchant vessels to the British flag. But the Government had made clear that there had been no alteration in the existing law on registration of ships and that the Armilla patrol would continue to restrict its operations to the southern area of the Gulf. There had thus been no rush of applications for transferring vessels to the British flag.

THE SECRETARY OF STATE FOR DEFENCE said that the four British mine counter measures vessels, which could both hunt for mines and sweep them, and their support ships were now in the Red Sea on their way to the Gulf. They were due to arrive in Southern Oman on 14 September and would be available for operations in the Gulf from 17 September. Arrangements for shore support were being made with Oman and the United Arab Emirates. The vessels would operate in support of the Armilla patrol and under its command. Operations would be undertaken in response to known or suspected mine hazards. Operations were likely to start off Fujairah in the United Arab Emirates. In Ministerial talks with the Netherlands, it had been agreed that British and Dutch minesweepers would not undertake joint operations as such but that there would be close co-ordination and that, where Dutch minesweepers operated in close association with British minesweepers, they would benefit from the protection provided for the latter by the Armilla patrol. In practice, the threat to the minesweepers would often be such as not to require direct support from frigates. He hoped also to arrange discussions on the co-ordination of national minesweeping operations with France and with Italy if Italian minesweepers were sent to the Gulf. There were also contacts with Belgium. There was no prospect that the threat from mines in the Gulf would disappear. Iran possessed large numbers of them and was seeking more. Indeed, Iran might begin to lay mines actually in the Straits of Hormuz. It would be helpful if colleagues, when referring to these matters in public, were to point out that the Armilla patrol had been in the Gulf area for a long time (since 1980) and had been very successful in escorting British merchant vessels in and out of the Gulf. In 1987 the Armilla patrol had so far escorted over 200 British vessels in safety.

Hostages in
Lebanon

THE FOREIGN AND COMMONWEALTH SECRETARY said that the American and the West German hostages recently released in Lebanon had been unable to provide information about the British hostages held there. There appeared to be no substance in the various recent rumours on this subject, for instance on the whereabouts of the Archbishop of Canterbury's Special Envoy, Mr Terry Waite. The Government would continue to seek information about the hostages through all possible channels. There had been reports that the release of the German hostage had been part of a deal involving reduction of the sentences of Arab terrorists held in the Federal Republic of Germany. The Federal German Government had denied this but had virtually admitted that the company that employed the released hostage had paid a considerable ransom. A second West German hostage was still held in Lebanon. The Government would be urging the Federal German Government and also the French

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Government not to depart from the agreed policy of refusing to do deals with terrorists holding hostages.

Sri Lanka

Previous

Reference:

CC(87) 26.2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the agreement reached by India and Sri Lanka on 29 July with regard to the Tamil problem had led to a substantial improvement in the situation in Sri Lanka. India was co-operating with Sri Lanka, and there was considerable optimism about the prospects. But the attempt on the life of the President of Sri Lanka, Mr Junius Jayewardene, on 18 August had shown that there was continuing disaffection, and Tamil militants had not abandoned the ultimate aim of an independent state. The agreement contained provisions that Sri Lankan ports would not be made available for foreign military use contrary to India's interests, and it was evident that India wished to extend its influence.

Canada

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had visited Canada that week. His discussions had been part of the regular programme of British/Canadian consultations but he had timed them so that he could try to influence Canada's approach to the chairmanship of the Commonwealth Heads of Government Meeting (CHOGM) in Vancouver from 13 to 17 October. The press coverage of his visit had not focussed on CHOGM but on British views regarding the decision of the opposition New Democratic Party in Canada to advocate that country's departure from the North Atlantic Alliance and on the question of the future of the British/Canadian air services agreement, which was due to expire shortly unless negotiations could produce a compromise. In discussion of the prospects for CHOGM, it had been accepted that there was now much wider recognition in the Commonwealth of the arguments against applying sanctions to the Republic of South Africa and of the importance of the help being provided to the front line states in Southern Africa. But there was a potential problem at CHOGM of pressure for some move by the Commonwealth with regard to the internal situation in South Africa.

Denmark

THE FOREIGN AND COMMONWEALTH SECRETARY said that the general election in Denmark on 8 September had produced a confusing situation. The right of centre coalition headed by Mr Poul Schluter had lost seats but the left-wing parties had not secured a majority. Mr Schluter had at first resigned as Prime Minister but had now been requested to try to form a new government. A key question was whether he would secure the support of some of the uncommitted centre in Parliament for his policies on major issues.

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Argentina
Previous
Reference:
CC(87) 15.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that in the general election in Argentina on 6 September the Radical Party led by the President, Dr Raul Alfonsin, had lost control of both Houses of Congress and there had been a heavy swing against it in elections for regional governorships. The principal beneficiary had been the Peronist party. While it was of interest that democratic elections had been carried out successfully in Argentina, there would probably now be greater uncertainty in that country's policies.

In discussion, it was noted that the debt problems of Argentina among other countries would be discussed at the annual meeting beginning on 26 September in Washington of the International Monetary Fund and the International Bank for Reconstruction and Development.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Value Added
Tax

3. THE CHANCELLOR OF THE EXCHEQUER said that he did not now expect that the Commission's proposals on tax approximation would be substantively discussed at the informal meeting of Economic and Finance Ministers on 12-13 September. The Commission's Challenge in the European Court of Justice to certain United Kingdom zero rates of Value Added Tax - but not in relation generally to food - was a separate issue, on which the Court's judgment might be expected at or about the end of the year.

Agriculture

THE FOREIGN AND COMMONWEALTH SECRETARY said that there was now clear evidence that milk production in the Community was responding to the restrictive measures taken recently, in particular during the United Kingdom Presidency in December the previous year. It seemed that because of weather conditions the cereal surplus was also now likely to be less than had been forecast earlier.

In discussion it was said that milk production had certainly fallen; stocks of milk products had begun to decline and the volume being purchased by the intervention agencies was expected to be substantially below the level of recent years. The wet weather had affected the cereals crop, as a result of which it had been necessary to adjust the standard for moisture content. Intervention purchases were likely to be lower than had been expected before the harvest.

Food Aid

THE PRIME MINISTER said that a recent report of the Court of Auditors had shown a very unsatisfactory situation in the handling and condition of some Community food aid. The report had drawn attention to some

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cases where the food aid had been unsuitable for consumption or had been too late to respond to an emergency. It was desirable that this should be followed up vigorously within the Community.

The Cabinet -

Took note.

PRIMARY
HEALTH
CARE

4. The Cabinet considered a memorandum (C(87) 15) by the Secretary of State for Social Services on primary health care in the National Health Service.

Cabinet Office

10 September 1987

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MOST CONFIDENTIAL RECORD
TO
CC(87) 27th Conclusions

PRIMARY
HEALTH CARE

The Cabinet considered a memorandum by the Secretary of State for Social Services (C(87) 15) about the need for improvements in the primary health care services, and the scheme of dental charges for which he proposed to take powers in the forthcoming Primary Health Care Bill.

THE LORD PRESIDENT OF THE COUNCIL said that the Secretary of State for Social Services had brought his proposals to the Home and Social Affairs Committee (H) since they involved the contents of an early Bill, and since they touched on important policy questions of health care. The main point at issue was whether charges should be introduced for dental examinations, as well as for treatment. H had now considered the matter on two occasions, and the majority of the Committee were in favour of the scheme of charges proposed by the Secretary of State, since they saw no other way of meeting the challenging objectives that faced the Government in the health field. A minority of H, however, had felt that an issue of principle was involved, and that the imposition of the proposed charges would be a matter of the highest political controversy. While it would have been possible to sustain a ruling that H had settled the matter by a majority, it was clearly preferable that the full Cabinet should be involved in the resolution of a question of such political importance.

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that he had inherited various Public Expenditure Survey (PES) commitments, including the sale of the portfolio of the General Practice Finance Corporation, for which he needed to obtain the doctors' agreement. He would also need to impose a charge on sight tests for the first time, which H had accepted. But he also had to find a way to respond to the disclosure by the Primary Health Care Review of a number of lamentable defects in the primary health care services. Ninety per cent of public contacts with the National Health Service (NHS) were with the primary health care sector, and improvements here would be popular, as well as being long overdue. Given his commitments elsewhere in the health budget, he had to consider a reallocation of resources within the primary health care sector. Since there had been a great improvement in dental health, it seemed clearly right to seek to switch resources from that area to those identified by the Primary Health Care Review, provided that the PES commitments were honoured. Dental charges were currently levied on the first £17 of treatment, and 40 per cent of the balance up to a maximum of £115. He proposed that, for the first time, charges should be levied on examinations, and that the charge should be at a simple rate of 75 per cent of examination and treatment, up to a maximum of £150. He proposed to maintain the present exemption arrangements (under which about 46 per cent of courses of treatment were currently provided free). His proposals would result in a very modest charge, somewhat below £3, for examination only. Since the public were already well accustomed to dental charges, he had no hesitation in seeking his colleagues' agreement for his proposed

scheme of charges, though it would be critical that their presentation should be able to stress how the new charges had enabled additional resources to be deployed in the primary health care field.

THE CHIEF SECRETARY, TREASURY said that he had no doubt that the proposed charges were justified on merits. Charging had already made a very useful contribution to health service funding and there was no evidence that charges had discouraged people from seeking the medical care they needed. It seemed inconceivable that the proposed modest charges for dental examinations, from which vulnerable groups would be exempted, could have that effect. The PES commitments to which the Secretary of State for Social Services had referred were substantial ones that stretched over the whole survey period. They represented offsets that had been agreed in previous public expenditure rounds in order to enable increases to be made in health spending. They were not new reductions, and it was essential that they should be met in full. Whilst he recognised the presentational arguments for the possible increases in primary health care expenditure to which the Secretary of State for Social Services had pointed, these would have to be considered in the forthcoming public expenditure discussions alongside other bids, in the usual way.

In discussion, the following main points were made -

- a. The Government had always approached increases of charges in the health service with the very greatest caution, but in the event the political trouble had never been as great as had been feared. Provided that the public could see improvements, they were unlikely to see a great issue on the present occasion, since dental charges were now familiar. The proposed scale of charges would result in lower charges for many minor courses of treatment. The increases were, in any event, very modest and would not be levied on those most vulnerable.
- b. On the other hand, the medical professions would certainly oppose the proposed charges and would argue that, for the first time, a charge was being required for diagnostic services. This would be represented as a major point of principle in itself, and it would be argued that charges for dental examination were particularly deplorable because dental examinations not infrequently disclosed other medical conditions. Fears would be worked up that the Government had it in mind to introduce charges for visits to the family doctor, and that the proposed charges were a foretaste of other changes to come.
- c. There was a particular difficulty, which the medical professions would exploit, about imposing a charge on dental examinations at a time when the Government wished to put the emphasis on preventive medicine. The improvement in the dental health of the country (which was not shared in Scotland) was partly due to the increase in regular visits to the dentist.
- d. The difficulties noted in discussion would largely be avoided if it were possible to raise the required amount of money from charges



for treatment. This possibility had, however, been examined by H which had concluded that the very high rate of charging that would flow from it would not be practicable. In particular, it was feared that such rates of charging might lead to many dentists leaving the NHS, although there was admittedly a surplus of dentists in the Service.

THE PRIME MINISTER, summing up the discussion, said that the public were well accustomed to dental charges, that the increases were modest, and that the proposed charge for the examination only was extremely small. The Cabinet accepted that it would be argued, particularly by sections of the medical professions, that charging for examination represented a dangerous new principle, and the view had been expressed in discussion that it would be a political mistake to incur that opposition. On balance, however, the Cabinet believed that the proposed charges represented a sensible and practical way of approaching the public expenditure problems posed by the health service, and that they should be implemented. It was self-evident that the presentation of the charges would be eased if it were possible to point simultaneously to improvements in the primary health care services; but that was a matter that would have to be resolved in the normal way in the forthcoming public expenditure discussions, in the light of all the relevant competing bids. No announcement of the proposed charges need be made until after the public expenditure round had been completed.

The Cabinet -

1. Approved the dental charges proposed in C(87) 15).
2. Invited the Secretary of State for Social Services to pursue the question of possible improvements in primary health care in the forthcoming round of public expenditure discussions.

Cabinet Office

11 September 1987