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CC(85) 19th
Conclusions

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CABINET

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

THURSDAY 6 JUNE 1985

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 Lord Hailsham of St Marylebone
Lord Chancellor

The Rt Hon Leon Brittan QC MP
Secretary of State for the Home Department

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Education and Science

The Rt Hon Peter Walker MP
Secretary of State for Energy

The Rt Hon Michael Heseltine MP
Secretary of State for Defence

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment

The Rt Hon John Biffen MP
Lord Privy Seal

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

The Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry

The Rt Hon Tom King MP
Secretary of State for Employment

The Rt Hon Michael Jopling MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport

The Rt Hon Douglas Hurd MP
Secretary of State for Northern Ireland

The Rt Hon Earl of Gowrie
Chancellor of the Duchy of Lancaster

The Rt Hon Lord Young of Graffham
Minister without Portfolio

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THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Michael Havers QC MP
Attorney General (Item 5)

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

Mr John Gummer MP
Paymaster General

The Rt Hon Baroness Young
Minister of State, Foreign and
Commonwealth Office

SECRETARIAT

Sir Robert Armstrong
Mr D F Williamson (Items 2 and 3)
Mr C L G Mallaby (Items 2 and 3)
Mr C J S Brearley (Items 1 and 5)
Mr A J Wiggins (Item 4)
Mr R Watson (Items 1 and 5)
Mr J E Roberts (Item 4)

CONTENTS

Item	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
	Private Members' Motions: 7 June	1
2.	FOREIGN AFFAIRS	
	General Election in Greece	2
	Portugal	2
	Sikh Violence	3
3.	COMMUNITY AFFAIRS	
	Transport	3
	Agriculture	3
4.	PAY REVIEW BODY REPORTS	3
5.	LEGISLATIVE PROGRAMME 1985-86	6

PARLIAMENTARY
AFFAIRS

1. The Cabinet offered their congratulations and best wishes to the Parliamentary Secretary, Treasury, on the occasion of his engagement to Miss Alison Ward.

The Cabinet congratulated the Secretaries of State for Health and Social Security and for Transport on their Parliamentary statements on Government policies on social security and on airports, and agreed that these opening statements would need to be followed up with campaigns of sustained presentation by members of the Government.

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

Private
Members'
Motions:
7 June

THE PARLIAMENTARY SECRETARY, TREASURY, said that the first Private Members' motion for debate in the House of Commons on Friday 7 June, in the name of Mr Andrew Bowden MP, provided for the continuation of debate on Mr Enoch Powell's Unborn Children (Protection) Bill until any hour and for consideration of House of Lords amendments to the Bill on 5 July. If passed, the motion would create a procedural precedent which would significantly upset the current conventions for handling Private Members' business and the balance between conflicting interests. It was difficult at this stage to say whether the motion would be successful. A critical amendment in the names of two former Leaders of the House of Commons had been tabled, but would not necessarily be selected for debate. A number of procedural devices were likely to be used by Opposition members to delay the start of the debate, in which the Leader of the House would explain the procedural consequences of the motion and invite Members to vote against it. There would, however, be a free vote for Conservative members, including Ministers. If the motion was approved, Mr Powell would probably accept most of the amendments down at Report and hope to secure his Bill by midnight on 7 June.

In discussion, it was pointed out that acceptance of the motion would have significant consequences for the House of Lords as well as the House of Commons. Wider use of the device was likely to lead to an increase in the number of controversial Private Members' Bills going to the House of Lords, and could cause serious business management problems there in the summer. Opinion against the Unborn Children (Protection) Bill was already hardening in the House of Lords because the motion effectively dictated the timing of the Lords consideration of the Bill.

The Cabinet -

Took note.

FOREIGN AFFAIRS

General Election in Greece

2. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (BARONESS YOUNG) said that, in the Greek general election on 2 June, the Panhellenic Socialist Movement (PASOK) had been returned with a reduced majority of 22 in the Greek Parliament. The New Democracy party had increased its vote a little. The Communist vote had swung slightly to PASOK. A further four years of government led by Mr Andreas Papandreou were therefore to be expected, unless deterioration of the already weak economy should cause earlier change.

In a brief discussion, it was noted that the switch of some Communist votes to PASOK might have been tactical. The Soviet Union would, in any case, be pleased with the result of this election. In a campaign speech on 31 May, Mr Papandreou had said that the United Kingdom was autocratic and repressive and a police state, with fake trades union leadership under the influence of the Government. The Minister of State, Foreign and Commonwealth Office would shortly be speaking firmly to the Greek Ambassador about this. Greece would no doubt continue to create difficulties in the European Community; there had been a tendency for France and the Commission to be too indulgent towards Greek demands. There was also likely to be a row between the United Kingdom and Greece about a problem that had arisen in the context of the North Atlantic Treaty Organisation (NATO). Greece was denying the United Kingdom access to British stocks of naval fuel stored at a NATO facility in Greece. The United Kingdom had not wished to play up this matter publicly before the Greek elections, since Mr Papandreou might have exploited it in the campaign. It was now time to redouble our insistence on access to the fuel.

Portugal

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that in Portugal the minority partner in government, the Social Democratic Party (PSD), would withdraw from the coalition with the Socialist Party on 13 June. This date had been chosen so as not to affect the signing on 12 June of the Treaty on Portuguese accession to the European Community. This crisis followed two years of relative stability in Portuguese politics, an unusually long period for that country. It was probable that the PSD was hoping if possible to precipitate a general election, which would not normally be due until 1987. The significance of these events was increased by the prospect of Presidential elections in Portugal in late 1985. The implications for the already troubled Portuguese economy were also worrying.

Sikh Violence
Previous
Reference:
CC(85) 12th
Conclusions,
Minute 1

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that that day was the first anniversary of the entry of the Indian Army into the Sikh Golden Temple at Amritsar.

In a brief discussion, it was noted that a small demonstration was taking place outside the Indian High Commission in London. The police had the situation in hand. The demonstrators were being kept behind barriers on the far side of the street from the High Commission. Two youths had been arrested on 5 June for burning the Indian flag. The Indian Government could as necessary be told that everything possible was being done to prevent violence by the Sikh community in the United Kingdom on this anniversary.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Transport

3. THE SECRETARY OF STATE FOR TRANSPORT said that the European Court of Justice had delivered a judgment that the Council was in breach of the Treaty in not taking measures to liberalise road transport within the Community. The European Court had not subordinated this to other conditions. This was an important step forward in line with United Kingdom objectives. In discussion with the French Minister of Transport he had also made clear that, as part of any decision on a Channel fixed link, it would be necessary for the French to lift their restrictions on road transport. It would not be satisfactory for the large proportion of United Kingdom exports which might pass through a Channel fixed link to be subject to such restraints.

Agriculture
Previous
Reference:
CC(85) 18th
Conclusions,
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the discussion on cereals and rapeseed would be resumed in the Council of Ministers (Agriculture) on 11 June. He considered that an agreement at the Council was unlikely.

The Cabinet -

Took note.

PAY REVIEW
BODY REPORTS
1985

4. The Cabinet considered a note by the Secretary of the Cabinet (C(85) 15) about the recommendations of the Pay Review Bodies (PRBs).

THE PRIME MINISTER said that it was necessary to reach decisions on the recommendations of the PRBs concerned with the Armed Forces, Doctors and Dentists, and Nurses, Midwives and Professions allied to Medicine.

(PAMs). The Ministers directly concerned had met under her chairmanship to consider the Review Bodies' recommendations. Their proposals to the Cabinet, which were based on the principle that the awards must be contained within the Public Expenditure White Paper provision for 1985-86, were -

- a. that the report of the Armed Forces Pay Review Body (AFPRB) recommending increases adding 7.3 per cent to the 1985-86 pay bill should be implemented in full from 1 April 1985;
- b. that the report of the Doctors and Dentists Review Body (DDRB) recommending increases adding 6.3 per cent to the 1985-86 pay bill should be implemented in full from 1 June 1985;
- c. that the reports of the Nurses Review Body (NRB) on the pay of nurses and midwives and the professions allied to medicine, recommending increases adding 9 per cent to the total 1985-86 pay bill for these professions, should be implemented in two stages, with an increase of 5 per cent (or the full amount of the increase where this was less) on 1 April 1985, and the remainder of the recommended increases in full as from 1 February 1986.

If the Cabinet approved these proposals, she would announce the Government's decisions that afternoon by means of a Written Answer, a draft text for which was annexed to C(85) 15.

In discussion the following main points were made -

- a. The increases recommended by the AFPRB were greater than the provision allowed in the Defence Budget, but it would be possible to absorb the additional cost of the award and implement it from 1 April by making offsetting savings in other areas including equipment procurement. The recommendations were structured so as to give higher increases to qualified technical staff, who were showing increasing signs of leaving the Armed Forces prematurely for jobs in the private sector.
- b. The recommendations for nurses, midwives and PAMs represented a major restructuring, and recommendations in future years might be expected to be lower. The largest increases were going to qualified nurses engaged in direct patient care, and less to students and higher grade administrative staff. For staff nurses and sisters the award would bring the total increase in their pay since 1979 to about 25 per cent in real terms (though they were still not highly paid. There had also been an increase of 55,000 in the number of nurses employed in the National Health Service (NHS) since 1979.
- c. The proposals in response to the NRB and DDRB recommendations would preempt much of the 5½ per cent increase in cash for 1985-86 (some £800 million for the United Kingdom as a whole) which had been provided for the NHS, leaving few resources available for

improvements to services and new equipment. But efficiency savings were expected to yield £150 million during the current year which would be available to meet rising demands for services.

d. The proposals to stage the awards in the NHS while that for the Armed Forces would be implemented from 1 April could give rise to criticism. But the situation had been the reverse in 1984 when only the recommendations of the NRB had been exempted from staging, and there would be considerable resentment in the Armed Forces if staging were imposed again, especially as members of the Rhine Army had already seen significant cuts in their allowances. The pay scales recommended for NHS staff would all be fully implemented by the end of that financial year, and for some staff represented an increase of more than 14 per cent, as compared with the maximum increase of 8.5 per cent for the Armed Forces.

e. It was important for the current dispute with teachers to stress that all the awards were being financed from within existing resources. It would not be appropriate to offer the teachers the benefit of a review body arrangement: the nurses and PAMs had earned the right to special treatment through eschewing industrial action for many years, and in any case the teachers had been offered arbitration and had refused it.

f. In previous years it had been the practice to implement staging without negotiation with the groups concerned about its pattern. The Government statement should avoid any implication that the implementation of the recommendations for nurses and midwives and for PAMs on this occasion could be the subject of negotiation.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet accepted the proposals set out in C(85) 15 for responding to the PRBs recommendations. They recognised that there would be criticism of the staging necessary for some groups, and that the resources available for service development in the NHS would be reduced. It was, however, essential that the provision made in the Public Expenditure White Paper for 1985-86 should not be exceeded; the Reserve was already under great pressure, not least as a result of the substantially larger social security uprating which the current temporary increase in the rate of inflation would require. The struggle against inflation had become more difficult, and every effort should be made to avoid the Government's decisions on the PRBs recommendations adding to the disquieting upward pressure on the level of pay settlements now making itself felt. The consequences of the recommendations for future years would be serious, and would fall to be examined in the forthcoming Public Expenditure Review. In presenting the Government's decisions, Ministers should not shrink from making clear that, while they recognised the strong case for a pay restructuring for nurses and PAMs, there would be less money available for other NHS activities (eg the purchase of equipment) with consequential adverse effects on employment elsewhere in the economy.

The Cabinet -

1. Approved the proposals set out in C(85) 15.
2. Took note that the Prime Minister would announce the Government's decision that afternoon by means of a Written Answer, and approved the text annexed to C(85) 15 subject to minor amendments.

5. The Cabinet considered a memorandum by the Lord President of the Council (C(85) 14) about revised proposals for the 1985-86 legislative programme

THE LORD PRESIDENT OF THE COUNCIL said that when Cabinet had discussed the 1985-86 legislative programme on 28 February they had not reached final conclusions on the inclusion of Bills on Housing, Royal Dockyards or Deregulation of Business. The Queen's Speeches and Future Legislation Committee (QL) had subsequently discussed these potential additions. They were very concerned about the likely weight of the legislative programme for the 1985-86 Session. It would be the third Session of the Parliament and Members of Parliament would not welcome too heavy a load of legislation. Moreover, overloading the legislative programme resulted in defective legislation which required extensive amendment as it passed through Parliament: this was an inefficient use of resources and produced great stresses in Parliament towards the end of the Session. There was also the need to take account of the unexpected but necessary Bills the need for which was bound to arise during the course of the Session. Bearing all these factors in mind, they had concluded that it would not be possible to find a place in the 1985-86 Session's programme either for the Bill to introduce commercial management into the Royal Dockyards or that to reduce the amount of regulation applicable to businesses. They did, however, recognise that the claims for a Bill to deregulate private rented housing were strong and had accordingly recommended the addition to the programme of a Rents Bill to provide for these measures alone. They did not consider that there could be any further housing legislation, for example to implement changes in Home Improvement Grants. They accepted that there should be a Local Government and Planning Bill which would be restricted to dealing with expenditure on political advertising by local authorities, political discrimination in the letting of local authority contracts, interim measures on control of local authority capital expenditure, the introduction of simplified planning zones and certain other planning provisions. If these recommendations were accepted, there would need to be further deletions from the programme to match the increases. They had discussed these with the Ministers concerned (except the Secretary of State for Employment) and had concluded that, while there was a good case for retaining all the remaining Bills, the Education and Wages Bills were the most suitable candidates to be deferred. The former

LEGISLATIVE
PROGRAMME
1985-86

Previous
References:
CC(85) 7th
Conclusions,
Minute 5 and
CC(85) 15th
Conclusions,
Minute 6

would be a good pre-Election measure for 1986-87; the latter would be controversial within the Party and policy had not yet been finally agreed.

In discussion the following points were made -

a. On the Dockyards Bill, the policy had been agreed and a consultation document had been issued. The introduction of private management into the Dockyards was seen as the only way of removing the inefficiencies which currently existed. An announcement of the final policy choice had been promised before the Summer Adjournment and preliminary discussions were taking place with companies who might be interested in bidding for management contracts. It would be wrong to involve such companies in the work of preparing bids if there would be no chance of legislation the following Session. The Bill would be relatively small (13 clauses) and had the full support of the Royal Navy. It would not be possible to legislate in 1986-87 and the opportunity would have been lost not only to introduce more efficiency into the Dockyards, but also to experiment with an important development in competition policy which could form an alternative to full privatisation for other public services.

b. On education the provisions in the proposed Bill which related to changes in school government could possibly be deferred until 1986-87, but those relating to in-service training grants for teachers and teachers' appraisal should be enacted as soon as possible if the Government's policies for the development of education were to be carried forward.

c. On deregulation of private rented housing it was essential to legislate in 1985-86 if any action was to be taken before the next General Election. The Government had been under pressure to make changes in this area since it had first been elected, and failure to do so in its second term of office would be difficult to justify to its supporters. On the other hand, it was clear that the major beneficial effects of deregulation would not begin to show themselves before a General Election, whereas the Government's opponents would be able to use some of the immediate consequences to put about scare stories about the final results. It might be better to legislate in the next Parliament on the basis of a manifesto commitment.

d. On abolition or reform of the wages councils, the Government had committed itself to urgent action. This had been made a central feature of employment policy and had figured in the Budget speech. Although the policy choice had not yet been made between abolition and reform, it was now clear that primary legislation would be required in either case. The change was too controversial for a Bill in 1986-87.

e. On scientific procedures on living animals, it was pointed out that a coalition of moderate animal rights campaigners had been

established which generally supported the Government's proposals. A commitment to amend the existing legislation had been contained in two successive manifestos and two White Papers had now been issued setting out the proposals in some detail. The moderate coalition would not understand further delay and there was a real danger that the coalition would break up or the measure of general support which they were prepared to give would be lost in these circumstances. There was, in addition, some evidence that whenever the Bill was put before Parliament, political extremists would seize the opportunity to use it to embarrass the Government. This would be much more dangerous in 1986-87 than 1985-86. On the other hand, it was pointed out that when difficult choices had to be made, there were more important aspects of Government policy than changes in animal legislation, which had been in place since 1876. It might be worth risking the problems which would arise in 1986-87 in order to press forward with some of the more important of the Government's policies now.

f. On consumer protection, it was pointed out that this Bill too was the reflection of a commitment to a reform of existing legislation which was thought to be long overdue. It would replace local enforcement by national controls over imports of unsafe goods and would clarify the law in such a way that retailers and manufacturers would have a much clearer idea of their responsibilities. Work on its drafting was already advanced and it would be difficult to explain why further delay had occurred. On the other hand, this would be a suitable Bill for inclusion in the 1986-87 programme.

THE PRIME MINISTER, summing up the discussion, said that Cabinet agreed with the general proposal put forward by QL that the legislative programme for 1985-86 should not be allowed to become too heavy. They also agreed that no room was available in the programme for a Bill to remove the regulation from businesses. They considered on balance that the Bill to introduce private management into the Royal Dockyards should be included in the programme. The Cabinet agreed that legislation for deregulation in private sector rents should not be included in the programme, but that it would be important to give a further impetus to the right to buy and to measures to enable local councils to dispose of estates and blocks of flats. Limited housing legislation on these matters should be included, limited to fewer than 10 clauses. It might be possible to combine this in a single Bill with the provisions on planning which QL had recommended and which the Cabinet agreed. Cabinet also agreed that the proposals made by QL for legislation on local authority political advertising, discrimination on the letting of local authority contracts and interim controls on local authority capital expenditure should be included. The additions to the programme required further reductions. The Cabinet agreed that the Animals (Scientific Procedures) Bill and the Consumer Goods and Services Bill should be withdrawn from the 1985-86 programme; but they should have preferential treatment when consideration of the 1986-87 programme took place. No other changes to the agreed programme should be made.

The Cabinet -

1. Agreed that the Royal Dockyards Bill should be added to the 1985-86 legislative programme.
2. Agreed that the 1985-86 programme should contain measures to promote the right to buy, help privatisation of local authority housing and improve local authority housing management; and invited the Lord President of the Council to discuss with the Secretary of State for the Environment the minimum scope of such measures in the light of the Prime Minister's summing up.
3. Agreed that there should be legislation in the 1985-86 Session to deal with local government political advertising, discrimination on the letting of contracts by local authorities, interim controls on local government capital expenditure, introduction of simplified planning zones, planning controls on hazardous substances and miscellaneous planning changes to improve efficiency; and invited the Lord President of the Council to discuss with the Secretary of State for the Environment whether and if so how best such measures might be combined with those relating to housing.
4. Agreed that the Animals (Scientific Procedures) Bill and the Consumer Goods and Services Bill should be withdrawn from the agreed programme for 1985-86, and should have preferential treatment when consideration of the 1986-87 programme took place.

Cabinet Office

6 June 1985