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CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street on THURSDAY 18 OCTOBER 1984 at 11.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP Prime Minister

The Rt Hon Lord Hailsham Lord Chancellor

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

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

The Rt Hon Michael Heseltine MP Secretary of State for Defence

The Rt Hon Nicholas Edwards MP Secretary of State for Wales

The Rt Hon John Biffen MP Lord Privy Seal

The Rt Hon Tom King MP Secretary of State for Employment

The Rt Hon Peter Rees QC MP Chief Secretary, Treasury

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

The Rt Hon Lord Young Minister without Portfolio

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CC(84) 921d  
Conclusions

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 Peter Walker MP Secretary of State for Energy  
The Rt Hon George Younger MP Secretary of State for Scotland  
The Rt Hon Patrick Jenkin MP Secretary of State for the Environment  
The Rt Hon Norman Fowler MP Secretary of State for Social Services  
The Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food  
The Rt Hon Nicholas Ridley MP Secretary of State for Transport  
The Rt Hon Earl of Gowrie Chancellor of the Duchy of Lancaster

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Michael Havers QC MP  
Attorney General (Items 5 and 6)

The Rt Hon John Gummer MP  
Paymaster General

Mr Norman Lamont MP  
Minister of State, Department of Trade and  
Industry (Items 5 and 6)

Mr John Cope MP  
Treasurer of the Household

SECRETARIAT

Sir Robert Armstrong	
Mr P L Gregson	(Items 5 and 6)
Mr D F Williamson	(Items 3 and 4)
Mr B G Cartledge	(Items 3 and 4)
Mr M S Buckley	(Items 5 and 6)
Mr C J S Brearley	(Items 1 and 2)
Mr R Watson	(Items 1 and 2)

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THE BOMB AT  
THE GRAND  
HOTEL,  
BRIGHTON

1. THE PRIME MINISTER said that the Cabinet would wish to express their deep sympathy to those who had been bereaved or injured by the bomb at the Grand Hotel, Brighton, the previous Friday. In particular they would wish to send every good wish to the Secretary of State for Trade and Industry and to the Parliamentary Secretary, Treasury, who had suffered severe injuries from which they were now recovering.

The Cabinet -

Strongly endorsed the Prime Minister's expressions of sympathy to those affected by the bomb at the Grand Hotel, Brighton.

2. Instructed the Secretary of the Cabinet to convey these expressions of their feelings to the Secretary of State for Trade and Industry and to the Parliamentary Secretary, Treasury.

PARLIAMENTARY  
AFFAIRS

2. The Cabinet were informed of the business to be taken in the House of Commons in the weeks beginning 22 October and 29 October.

Security in  
Parliament

THE LORD PRESIDENT OF THE COUNCIL said that he had discussed security with the authorities in the House of Lords in the light of the bomb in Brighton. He had concluded that more stringent precautions were necessary: for example, spot checks within the premises of the House and the wearing of identity passes by staff. Measures would need to be endorsed by the appropriate House of Lords Committee but spot checks would be introduced immediately. It was important that similar precautions should be introduced throughout the Palace of Westminster and he would discuss with the Lord Privy Seal ways in which this might be achieved. The divided control of the Palace made it difficult to secure speedy and effective action, but he was convinced that this must not be allowed to present an obstacle.

THE LORD PRIVY SEAL said that speedy action was essential and any problems of divided responsibility would have to be overcome. The House of Commons authorities were preparing that day a list of measures for consideration by the Joint Committee on Security in both Houses which reported to Mr Speaker. He expected that immediate action would be taken on some measures; others would need further and more detailed consideration.

THE PRIME MINISTER, summing up a brief discussion, said that it was imperative that effective security precautions were introduced urgently. Any problems arising from the divided control of the Palace of Westminster must be overcome.

The Cabinet -

Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that reports had been received during the night of a limited Iranian offensive on the central sector of the Iran/Iraq front. There was, however, no indication that this was a prelude to the long-awaited offensive in the south, which still had not materialised. The Iraqis were claiming to have beaten off the new Iranian attacks.

FOREIGN AFFAIRS  
Iran/Iraq  
Previous Reference:  
CC(84) 30th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that, following the voluntary departure on 6 October of three of the six leaders of Opposition parties who had entered the British Consulate in Durban, efforts were continuing to encourage the remaining three to leave as well. It did not appear that the visit to South Africa by Mr Donald Anderson (Labour Member of Parliament for Swansea) had reduced the chances that the remaining three would leave the Consulate. Mr Anderson had conducted himself during his visit as responsibly as could have been expected in all the circumstances. It would be helpful if the three were to leave the Consulate before 24 October, when the court hearing in Coventry of the case involving four South African nationals who faced charges of violating customs and excise legislation was due to take place, since this would weaken the position of the South Africans in their refusal to hand over the four accused. The British Government could only respond as best it could to developments as they occurred. The situation in the Consulate, and the position of Her Majesty's Consul in particular, was becoming increasingly difficult and could not be sustained indefinitely. Her Majesty's Consul was, in any case, due to depart on leave in the near future.

South Africa  
Previous Reference:  
CC(84) 32nd  
Conclusions,  
Minute 1

The Cabinet -

Took note.

4. THE PRIME MINISTER said that the discussions with the President-designate of the European Commission, Monsieur Delors, on 15-16 October had been satisfactory and gave grounds for confidence about his handling of the Commission.

COMMUNITY AFFAIRS  
Visit of  
Monsieur  
Delors

Community Budget and United Kingdom Refunds  
Previous Reference: CC(84) 32nd Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the European Parliament had now released the United Kingdom's 1983 refund. It was expected that the greater part would be paid by the end of October. On budget discipline the United Kingdom was having bilateral contacts. On other budgetary issues there were still some problems with the European Parliament. In these circumstances it was important to present our Community approach positively, and he greatly welcomed the speech which the Lord Chancellor had recently made in Luxembourg. In discussion it was stated that the Commission had asked all member states for an advance payment of the normal budget contribution. It would be sensible to agree to this, as the United Kingdom would be the major beneficiary of this advance funding.

Lome Convention

THE FOREIGN AND COMMONWEALTH SECRETARY reported that the Community had reached agreement that the size of the European Development Fund to accompany the new Convention should be 7 billion ecu. The negotiation, however, was not completed and the French position had not been helpful.

The Cabinet

Took note.

INDUSTRIAL AFFAIRS

Previous Reference: CC(84) 32nd Conclusions, Minute 3

5. THE SECRETARY OF STATE FOR ENERGY reported to the Cabinet on the latest position in the coal industry dispute. The Cabinet's discussion is recorded separately.

ECONOMIC AFFAIRS

6. THE CHANCELLOR OF THE EXCHEQUER said that the sterling exchange rate index had fallen to its lowest level since 1976. This mainly reflected a rise in the exchange rate of the United States dollar against all other currencies; but there had also been an autonomous weakening of sterling: the value of sterling against the deutschemark, for example, had fallen by nearly 2 per cent. The fall was due to concern at the possibility of a total stoppage in the coal industry and to fears of widespread competitive reductions in oil prices after the recent reduction in the price of oil from the United Kingdom Continental Shelf. Market confidence in the Government's determination to adhere to its responsible fiscal and monetary policies was high: any weakening in that confidence would have serious adverse effects in the markets and on interest rates.

The Cabinet -

Took note.

Cabinet Office  
18 October 1984

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CABINET

LIMITED CIRCULATION ANNEX

CC(84) 33rd Conclusions, Minute 5

Thursday 18 October 1984 at 11.00 am

INDUSTRIAL  
AFFAIRS  
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Coal Industry  
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Previous  
Reference:  
CC(84) 32nd  
Conclusions,  
Minute 3

THE SECRETARY OF STATE FOR ENERGY said that on Wednesday 17 October 45 pits had been working normally, 10 were turning some coal, 23 had some men present and 96 were on strike or picketed out. Attendance at pits in Lancashire, Derbyshire and Scotland was the best since the start of the strike. The talks earlier that week between the National Coal Board (NCB) and the National Union of Mineworkers (NUM) under the auspices of the Advisory, Conciliation and Arbitration Service (ACAS) had broken down. ACAS had produced a document formulating a possible basis for agreement between the NCB and the NUM: the NCB had been willing to accept it, but the NUM had not. These facts had been misrepresented. In particular, it had been alleged that a document prepared by ACAS as an account of the NUM's position, and clearly marked as such, was an independent ACAS proposal which the NCB had rejected. It was important to correct this misrepresentation in public discussion. A further point of misunderstanding was that the Leader of the Labour Opposition, Mr Kinnock, had alleged that the NCB intended to proceed with a so-called "hit list" of 20 colliery closures without using the new independent advisory procedure which was part of the ACAS proposals. This was not so: the NCB were willing to accept that all future closures should use the new procedure. He had informed Mr Kinnock's office that he intended publicly to correct this misunderstanding.

The call for strike action by the National Executive of the National Association of Colliery Overmen, Deputies and Shottfirsers (NACODS) was a serious development. There were grounds for believing that the NACODS Executive did not welcome the prospect of a strike, not least because they doubted the willingness of many of their members to engage in a protracted dispute. Moreover, the particular point in dispute between NACODS (rather than the NUM) and the NCB had been solved to the entire satisfaction of NACODS. The NACODS Executive were, however, suspicious of the genuineness of the NCB's commitment to taking seriously the views of an independent review body on pit closures.

THE HOME SECRETARY said that the law and order situation had not changed significantly since the Cabinet's previous discussion, though there had been one particularly serious and unpleasant incident at Grimethorpe in Yorkshire. Recent appointments of stipendiary magistrates had allowed inroads to be made into the backlog of cases arising from the dispute, including some of the most serious ones. Over 50 people had now been sentenced to terms of imprisonment. The possibility of expediting hearings after committal proceedings was being considered in suitable cases; but the decision in each case was a matter for the judiciary.

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that considerable publicity had been attracted by the revelation on the television programme "Panorama" broadcast on 15 October, that striking miners were receiving payments from the Department of Health and Social Security in respect of their mortgage interest liabilities, and that many of them were using those payments to defray other living expenses. The payments were in accordance with the requirements of the law, which prescribed that they should be made to cover the liability of those receiving certain benefits to pay mortgage interest. He did not regard the situation as acceptable. One possibility would be to make amending regulations so as to allow mortgage interest payments to be made direct to the building society. Another possibility would be to argue that, if the building society was not requiring mortgage interest to be paid - as must presumably be the case if the payments to beneficiaries were being used for other purposes - there was no liability to cover.

THE MINISTER OF STATE, DEPARTMENT OF TRADE AND INDUSTRY (MR LAMONT), said that the average level of coal stocks held by industry (other than the steel industry) was equal to four weeks' consumption. At present the NCB was delivering about 125,000 tonnes a week to industry. If that supply ceased because of a total stoppage in coal mining, it was not clear to what extent it could be made good from imports.

In discussion the following main points were made -

- a. There must be some doubt whether a strike would be as unwelcome to the National Executive of NACODS as some of its members had suggested. There was evidence of collusion between the leaders of NACODS and the NUM; and, if NACODS wished to avoid a strike, the fact that the NCB had satisfied their particular grievances gave them good grounds for doing so. Moreover, most members of NACODS had previously been members of the NUM and shared its outlook and culture. On the other hand, that factor could be favourable in working areas such as Nottinghamshire.
- b. There were technical grounds for believing that the NACODS ballot had not satisfied the requirements of Part II of the Trade Union Act 1984 and that a strike authorised by it would therefore not enjoy civil immunity.



c. It would be helpful to discuss payments to social security beneficiaries to cover liability for mortgage interest with the Building Societies Association further before any overt action was taken. It would be useful for those discussions to include, or even be conducted by, the Treasury, with whom the Association was in frequent and regular contact.

d. One possible action in this context would be to make such payments as loans rather than grants.

THE PRIME MINISTER, summing up the discussion, said that the main points to be made in public discussion of the coal industry dispute were as follows. First, ACAS had produced only one document setting out their own compromise proposals; that document had been accepted by the NCB but rejected by the NUM. Secondly, the particular grievances of NACODS had been redressed by the NCB: there was therefore no reason for the union to go on strike. Thirdly, the NCB offer on such matters as pay, redundancy terms, and the absence of compulsory redundancies was extremely favourable. Fourthly, the present procedure for pit closures had operated for the past ten years; the NCB had indicated willingness to accept a further safeguard for the workforce in the shape of an independent advisory body. The improved procedure would cover all future pit closures, without the exceptions suggested by Mr Kinnock. The Secretary of State for Social Services should consider with the Chancellor of the Exchequer how best to hold urgent and confidential discussions with the Building Societies Association on the matter of payments to miners on strike to cover liabilities to pay mortgage interest. He should urgently submit to the Ministerial Committee on Home and Social Affairs proposals for changing the present situation whereby payments, otherwise than by way of grant, were made as part of the benefits system to cover liabilities for mortgage interest, but those payments could be diverted to other expenditure.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.
2. Invited the Secretary of State for Social Services to proceed as indicated by the Prime Minister.

Cabinet Office

19 October 1984