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CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 12 MARCH 1987  
at 10.30 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 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 Douglas Hurd MP  
Secretary of State for the Home Department

The Rt Hon Peter Walker MP  
Secretary of State for Energy

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

The Rt Hon Norman Tebbit MP  
Chancellor of the Duchy of Lancaster

The Rt Hon Tom King MP  
Secretary of State for Northern Ireland

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

The Rt Hon Nicholas Ridley MP  
Secretary of State for the Environment

The Rt Hon Lord Young of Graffham  
Secretary of State for Employment

The Rt Hon Kenneth Baker MP  
Secretary of State for Education and Science

The Rt Hon Kenneth Clarke QC MP  
Paymaster General

The Rt Hon John MacGregor MP  
Chief Secretary, Treasury

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

The Rt Hon Paul Channon MP  
Secretary of State for Trade and Industry

The Rt Hon John Moore MP  
Secretary of State for Transport

ALSO PRESENT

The Rt Hon John Wakeham MP  
Parliamentary Secretary, Treasury

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SECRETARIAT

Sir Robert Armstrong  
Mr D F Williamson (Items 3 and 4)  
Mr C L G Mallaby (Items 3 and 4)  
Mr A J Langdon (Items 1 and 2)  
Mr M J Eland (Items 1 and 2)

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PARLIAMENTARY  
AFFAIRS

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

Report of the  
Sizewell B  
Public  
Inquiry

Previous  
References:

CC(87) 2.1 and  
CC(87) 6.1

THE SECRETARY OF STATE FOR ENERGY said that he had been considering the report of the inquiry conducted by Sir Frank Layfield into the proposal for a Pressurised Water Reactor (PWR) to be located at Sizewell. Statutory responsibility rested with him under Section 2 of the Electricity Lighting Act 1909 to give consent to the construction of the power station, and under the Town and Country Planning Act 1971 to give planning permission. He had decided that it would be in the national interest to proceed with construction of a PWR at Sizewell as recommended in the Layfield Report. In arriving at this conclusion he had considered the findings of the Layfield Report, and had also taken note of the views expressed in the Parliamentary debates that had been held to discuss the Report. He had also had to consider whether any events that had occurred since March 1985 (the date the Inquiry had closed) should lead him to modify the conclusions he had reached on the basis of the Layfield Report. Of particular importance were the accident at the nuclear power station at Chernobyl in the Soviet Union in the previous year, and changes in fossil fuel prices. As far as Chernobyl was concerned, the Soviet Union had been very forthcoming in allowing examination and discussions amongst nuclear experts, and the reasons for the accident were now well understood. The Chief Nuclear Inspector in the United Kingdom had advised that the accident at Chernobyl had been caused by a combination of design faults, errors in engineering and human error of a type which could not be replicated in the entirely different type of reactor being proposed for Sizewell B, and had accordingly concluded that the accident did not call for any reconsideration of Sir Frank Layfield's conclusions on safety. He accepted that conclusion. As far as the second point was concerned, it was true that there had been a considerable shift in the oil price (and therefore in international energy prices) since the Report had been prepared, which meant that the probability of a coal-fired station having lower costs than Sizewell B was about one in seven rather than the one in forty calculated in the Report. But the critical factor was not the present world oil-price but that in the 1990s, which could well turn out to be higher than forecasts based on present prices and market conditions might suggest. It was relevant too that France, West Germany, Japan and the Soviet Union were all substantially increasing their nuclear energy capacity. If the United Kingdom were not to do likewise and the cost of other fuels rose, this would seriously damage future industrial competitiveness. Amongst other factors in reaching his decision he had also taken account of the beneficial impact on jobs, particularly in the North of England, of construction of the power station, 93 per cent of which would be of United Kingdom manufacture. Finally, since most nuclear power station projects around the world now involved use of the PWR, improving United Kingdom expertise in this area would strengthen export potential. He would announce his decision in an Oral Statement to the House of Commons that afternoon.

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The Cabinet -

1. Took note, with approval, of the Secretary of State for Energy's decision to give the necessary consents for the construction of a Pressurised Water Reactor at Sizewell.

Delays in  
Major  
Construction  
Projects

THE PRIME MINISTER, summing up a short general discussion of the length of time taken in the United Kingdom between conception of major construction projects and their fruition, said that the Cabinet thought that a significant reason for delay was that those affected by the project usually had little financial incentive to see it concluded. Experience with some projects in the oil industry showed that where a company was able to offer some tangible benefit of its presence - for example, the construction of a community centre - local hostility was much reduced and even eliminated, enabling the project to be completed much more quickly. In France, those in the neighbourhood of nuclear power stations benefited from a local purchasing policy and from specially reduced electricity prices. Alternatively, incentives might be given through the local rating system. While there was obviously a cost to all these proposals, it could be more than offset by the project being brought to a quicker conclusion. The Secretary of State for the Environment, in consultation with the Secretary of State for Energy, the Secretary of State for Transport, and the Chief Secretary, Treasury should urgently consider what might be done to reduce local opposition and thus the amount of time taken to carry through major projects, and bring forward a paper to the Ministerial Steering Committee on Economic Strategy, Sub-Committee on Economic Affairs as soon as possible. In carrying forward this exercise he would need to consider how best to deal with the pressure that would arise from those who had already received compensation to have the benefits of a new system extended to them.

The Cabinet -

2. Invited the Secretary of State for the Environment to proceed as indicated in the Prime Minister's summing up of their discussion.

HOME AFFAIRS

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Zeebrugge  
Ferry  
Disaster

2. THE SECRETARY OF STATE FOR TRANSPORT said that the arrangements made following the loss of the passenger ferry "Herald of Free Enterprise" off Zeebrugge on 6 March were being taken ahead as he had described in his Statement in the House of Commons on 9 March. The trustees of the disaster fund, who had been assisted by legal advice from the Law Officers and the Treasury Solicitor, would be meeting the following day to sign the trust deeds: one trustee would be Sir Peter Lazarus, a former Permanent Secretary of the Department of Transport. The formal investigation that he had ordered under the Merchant Shipping

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Acts was precluded under that legislation from starting work within 30 days of its establishment. The Department of Transport's preliminary inquiry would continue in the meantime, and all the information it collected would be made available to the formal investigation. The Belgian authorities were also conducting an inquiry; there was clearly some risk of overlap, but relations with the Belgian authorities were very good, and everything possible would be done to reduce the risk of overlap or conflict between the British and Belgian inquiries. A national memorial service for the victims of the disaster would be held on a date to be arranged. The Belgian authorities' response to the disaster had been extremely impressive, and one of the matters that he would need to consider was whether the port safety arrangements in Britain could command similar confidence. He would be visiting Belgium again within the next two weeks and would explore this aspect further. A number of his colleagues had assisted him in concerting the Government response to the disaster, and he wished to thank them all.

THE PRIME MINISTER said that the Cabinet would wish to put on record their condolences for those bereaved and injured in the disaster, their gratitude to the Belgian Government for the efficiency of the rescue operations and the arrangements made for the survivors, and their thanks to the people of all nations who had been involved in the rescue operations. The Cabinet would also wish to congratulate the Secretary of State for Transport and the Parliamentary Under Secretary of State, Department of Transport (Lord Brabazon of Tara) for the admirable way in which the Government's response to the tragedy had been handled. Nothing that was practicable had been left undone.

The Cabinet -

1. Recorded their condolences for those bereaved and injured in the Zeebrugge ferry disaster.
2. Invited the Foreign and Commonwealth Secretary to convey their gratitude to the Belgian Government, and their thanks to other Governments concerned, for the rescue operation that had been mounted and the care that had been extended to the survivors of the disaster.
3. Congratulated the Secretary of State for Transport and the Parliamentary Under Secretary of State, Department of Transport (Lord Brabazon of Tara) on the handling of the Government's response to the tragedy.

Higher  
Education  
White Paper

THE LORD PRESIDENT OF THE COUNCIL said that the Home and Social Affairs Committee had the previous day approved the draft of a White Paper on higher education that the Secretary of State for Education and Science proposed to publish in the first week of April. This was an extremely important subject on which, as the White Paper would make clear, the Government had a very good story to tell. Subject to the approval of

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Cabinet in due course, a Bill to give effect to the White Paper would be brought forward in the first Session following a General Election: it would be an important component of the legislative programme at that time.

Attendance  
Allowance:  
Case of  
Mrs Moran

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that a judgment with potentially important implications would be given in the Court of Appeal on the following day. Attendance allowance was a benefit for severely disabled people who needed much attendance or supervision. The allowance was available at two rates, largely depending on the degree of supervision that was required during the night. Hitherto the Department's interpretation of this point had been upheld in numerous cases, but it was possible that the present case, brought by Mrs Moran, who suffered from epilepsy, might go against the Government. Substantially wider entitlement to the higher rate of allowance could have significant expenditure implications, but much would depend on the precise terms of the judgment. He had already been in consultation with the Lord President of the Council and other colleagues about the need to appeal to the House of Lords if the case was lost in the Court of Appeal.

The Attorney  
General v.  
Heinemann  
Australia  
and Wright

THE PRIME MINISTER said that judgment was about to be delivered in the Government's application in the New South Wales court for an injunction to prevent the publication of a book by the retired Security Service officer, Mr Peter Wright. The judgment was expected to be available early the following morning, and considerable interest could be expected in the media. If the judgment went against the Government, the intention was to appeal.

Previous  
References:  
CC(86) 40.1  
and  
CC(86) 41.2

Dis-  
qualification  
of Members of  
Liverpool  
City Council

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that the House of Lords would that day deliver judgment on the appeal brought by 45 Labour members of Liverpool City Council against their disqualification from office. The timing of the judgment was such that, if the disqualifications were upheld, any consequent by-elections would fall to be held on 7 May at the same time as the regular elections for one third of the City Council. If the 45 Labour members' removal from office was confirmed, Liverpool City Council would pass into the control of the Liberal Party, at least until the elections on 7 May. The Liberal Party would doubtless wish to make what it could of that situation, but

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Liverpool City Council had made a valid rate, there was no question of immediate financial collapse, and the Government would certainly wish to keep its distance from the matter.

The Cabinet -

4. Took note.

FOREIGN  
AFFAIRS

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Italy

Previous

Reference:

CC(87) 8.3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that Signor Craxi had resigned as Prime Minister of Italy, and Signor Giulio Andreotti of the Christian Democratic Party had been invited to form a new Italian Government. He was trying to do this from among the five parties which had made up the previous coalition, but had initially received a rebuff from the Socialist Party. There would be difficulties in forming a coalition, and early elections could ensue in Italy.

Federal  
Republic of  
Germany

Previous

Reference:

CC(87) 3.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Federal Chancellor of the Federal Republic of Germany, Dr Helmut Kohl, had been re-elected by the Bundestag on 11 March. He had received a very narrow majority, indicating that some members of the Coalition Parties had voted against him. There were no significant changes in the new Federal Cabinet, although the Free Democratic Party had received a fifth portfolio, that of education.

Republic of  
Ireland

Previous

Reference:

CC(87) 6.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that Mr Charles Haughey had been elected Taoiseach on 11 March, after the Speaker of the Dail had given his casting vote in Mr Haughey's favour. Dr Garret FitzGerald had unexpectedly resigned the leadership of the Fine Gael Party, in order to allow his successor time to gain experience before the next elections. Mr Haughey's Government contained no new faces in important positions; Mr Brian Lenihan was the Foreign Minister. The new Government was likely to pursue rigorous economic policies and to be supported in this by the Fine Gael opposition. Mr Haughey's Government might not last long.

Hungary

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had paid an interesting visit that week to Hungary. The Hungarian regime, unlike others in Eastern Europe, was encouraged by the new policies of the Soviet Union under Mr Mikhail Gorbachev. Hungary was likely to press

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ahead with its own economic reform programme. The party leader, Mr Janos Kadar, was firmly in the saddle and seemed still to enjoy good health. Mr Kadar had told him that the policies of Mr Gorbachev were necessary for the Soviet Union and that the West in response should be both cautious and ready to put Mr Gorbachev's statements to the test.

Lebanon

Previous  
Reference:  
CC(87) 7.4

THE FOREIGN AND COMMONWEALTH SECRETARY said that there was no news about the Archbishop of Canterbury's Special Representative, Mr Terry Waite, who was still held in Lebanon. He was apparently held in the southern part of Beirut, in an area dominated by the Shia Moslem grouping known as Hizbollah. The Syrian intervention in the area had further complicated the predicament of the Western hostages held there. Syria might wish to release hostages but could not do so without the co-operation of Hizbollah, which was unlikely to be forthcoming.

The Cabinet

Took note.

COMMUNITY  
AFFAIRS  
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Finance

4. THE CHANCELLOR OF THE EXCHEQUER said that the meeting of the Economic and Finance Council on 9 March had not raised major issues. It was, however, significant that, when the Spanish and Portuguese Ministers had objected to paying part of the butter disposal costs on the grounds that they had not been responsible for the accumulation of those stocks, it had been left to the United Kingdom to take the lead in rejecting the Spanish and Portuguese argument. The French and Germans had supported the United Kingdom, but only after the Minister of State, Treasury (Mr Brooke) had taken the lead.

The Cabinet -

Took note.

Cabinet Office

12 March 1987

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