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CABINET

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

THURSDAY 10 NOVEMBER 1988  
at 10.30 am

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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 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  
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 Hon 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 Antony 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 P J Weston (Item 3)  
Mr R G Lavelle (Item 3)  
Mr A J Langdon (Item 1 and 2)  
Mr S S Mundy (Item 1 and 2)

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PARLIAMANTARY  
AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons until the prorogation of the present Session on 15 November.

THE LORD PRESIDENT OF THE COUNCIL said that the Leader of the Opposition, supported by most of the Labour Party Members of Parliament, had tabled an Early Day Motion calling for a reduction in the salary of the Chancellor of the Exchequer. In his view, which was shared by the House authorities, it was clear that a motion of this kind did not have the nature of a censure motion expressing lack of confidence in the Government as a whole, for which there was an established convention that the Government would always find time. The decision whether to enable debate of the Early Day Motion was, therefore, entirely in the Government's hands, and he saw no reason why time should be found.

THE PRIME MINISTER, summing up a short discussion, said that the Cabinet had noted with approval that the business proposed to be taken in the House of Commons did not include time for debate of the Early Day Motion in the name of the Leader of the Opposition. The Government's line should be that if the Opposition wished to return to the matter, there would be opportunities in the new Session.

The Cabinet -

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

Health and  
Medicines  
Bill

THE PRIME MINISTER said that on the previous Tuesday the House of Lords had decided not to insist on its amendment to provide for free dental examinations, and attempts to re-insert the amendment providing for free optical examinations for all, which had already been overturned in the House of Commons, and to provide such examinations free for pensioners had been rejected by large majorities. The Cabinet would wish to congratulate the Lord Privy Seal and the Captain of the Gentlemen at Arms on their successful handling of this matter.

The Cabinet -

2. Congratulated the Lord Privy Seal and the Captain of the Gentlemen at Arms on their successful management of the Health and Medicines Bill in the House of Lords.

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Report on the  
King's Cross  
Underground  
Station Fire  
Disaster

(Previous  
Reference:  
CC(87) 33.2)

THE SECRETARY OF STATE FOR TRANSPORT said that he proposed to make a statement in the House of Commons that afternoon on the report, which was being published as a Command Paper that day, of the investigation under Mr Desmond Fennell QC into the causes and circumstances of the fire disaster at King's Cross Underground Station on 18 November 1987. The report concluded that the fire had been started by a discarded match which had fallen into accumulated grease and debris on the track of the escalator and that the fire had accelerated up the trench of the escalator until it had burst into the booking hall, causing a disaster. The report contained very serious criticisms of the management of London Underground and London Regional Transport (LRT) and he had accordingly given Sir Keith Bright, Chairman of LRT and Dr Tony Ridley, Chairman of London Underground, an opportunity to see advance copies of the report. After having seen the report, Sir Keith Bright, who had first offered to resign shortly after the disaster, and Dr Ridley had tendered their resignations which he had accepted. Sir Neil Shields, who was already a non-executive member of the LRT Board and effectively the Deputy Chairman, had agreed to take on the chairmanship of LRT on an interim basis until a permanent appointment could be made. The Opposition's spokesman on Transport was seeking to suggest that the Government bore some of the responsibility for the fire by allegedly failing to provide LRT and London Underground with sufficient resources. However, Mr Fennell's report made clear that there was no evidence that the overall level of subsidy which the Government had made available had been inadequate to finance necessary safety measures, and it specifically stated that there was no evidence that the reduction in the number of operating or maintenance staff had contributed directly to the disaster. The report contained some criticisms of the Railway Inspectorate and he would be announcing a positive response which he had agreed with the Chairman of the Health and Safety Commission. The report made 157 recommendations, virtually all of which he would be accepting. Some of those recommendations had implications for other departments and he was grateful to colleagues for their co-operation in taking these forward. For example, the Home Secretary intended to introduce regulations in response to Mr Fennell's recommendation about fire certification.

THE PRIME MINISTER said that the report brought out that there had been gross inadequacies in the management of London Underground and LRT. The Cabinet agreed that the Transport Secretary should make a statement on the report in the House of Commons that afternoon, as he had proposed.

The Cabinet -

3. Invited the Secretary of State for Transport to make a statement in the House of Commons that afternoon on the report by Mr Desmond Fennell QC into the fire disaster at King's Cross Underground Station on 18 November 1987.

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HOME  
AFFAIRS  
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Piper Alpha  
North Sea  
Oil Platform  
Explosion  
Previous  
Reference:  
CC(88) 29.1

2. THE SECRETARY OF STATE FOR ENERGY said that the preliminary hearing of the public inquiry into the explosion on the Piper Alpha platform would open on the following day. The technical investigation which he had established into the explosion had already produced an interim report, and it would be completed before the main public inquiry got under way. Concern about safety in the North Sea oil industry would no doubt be stimulated by an incident that morning in which a helicopter had gone down into the sea. Reports on this were still coming in, but they indicated that there had been no loss of life.

Industrial  
Action in  
the National  
Health  
Service

Previous  
Reference:  
CC(88) 28.1

THE SECRETARY OF STATE FOR HEALTH said that there had been some industrial action, the extent of which had been greatly exaggerated in some sections of the media, by nursing staff aggrieved by the grading which they had been awarded as part of the regrading exercise associated with the implementation of the nurses' pay settlement. The action had generally taken the form of working to grade as defined by local trade union officials, but this differed from the work expected of those grades by local management. Any retreat by management on disputed gradings would encourage the rapid spread of industrial action. His Department was therefore seeking to ensure that local management stood firm on the matter, and that nursing staff who objected to their gradings were reminded that they could pursue the matter through the appeals mechanism which had been agreed with the trades unions. Birmingham Children's Hospital, which had a history of industrial problems, had been worst affected by the action. The intensive care unit there had been closed to new non-emergency admissions as a result of action in support of five sisters who were aggrieved about their gradings, out of the total of around 50 staff in that unit. The National Union of Public Employees was very strong in that hospital and staff there had been in the forefront of previous disputes. Nine members of the Royal College of Nurses (RCN) at the hospital had taken industrial action during the current dispute but, following a private approach from his Department, the General Secretary of the RCN, Mr Trevor Clay, had gone on record to press them to return to work. He hoped that the industrial action both in Birmingham and elsewhere would rapidly come to an end once nursing staff realised that none of them would be disadvantaged as a result of the pay settlement.

The Cabinet -

Took note.

FOREIGN  
AFFAIRS

United States  
Presidential  
Election

Previous  
Reference:  
CC(88) 28.2

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the election of Mr George Bush as next President of the United States brought to the White House a good friend of Britain and a strong and dependable ally. There would be a welcome element of continuity because Mr Bush knew the background well on issues such as Europe, the Falklands and Northern Ireland. Mr Bush would however probably come under considerable pressure from Congress on questions such as protectionism, defence burdensharing and policy towards South Africa. The appointment of Mr James Baker as successor to Mr George Shultz as Secretary of State was also very good news. It was likely that Mr Alan Greenspan would remain as Chairman of the Federal Reserve Board. The position of Secretary for Defense was likely either to remain with Mr Frank Carlucci or to go to Senator John Tower. The transitional period until Mr Bush had been inaugurated as President and his new appointees had settled down would not be a good time for British Ministerial visits to Washington, barring exceptional circumstances. Sensible planning for such visits after 20 January 1989 would be needed in order to maximise their impact and he would be grateful if the Foreign and Commonwealth Office could be given notice of colleagues' intentions so that advice could be given on phasing.

Anglo-Irish  
Relations

Previous  
Reference:  
CC(88) 15.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had visited Dublin on 7 November to sign an agreement with the Irish Government on delimitation of the Continental shelf. This was a useful and practical step which made no change to existing policy on territorial waters but provided a clear basis for possible future oil exploration. There would be legislative implications in due course during the next session of Parliament, as already foreshadowed. The agreement with Ireland had taken Denmark and Iceland by surprise.

He had taken the opportunity of his presence in Dublin for talks with the Tanaiste, Mr Brian Lenihan, on other matters, and had also called on the Taoiseach, Mr Charles Haughey, who appeared to be recovering from his recent illness. He had pressed for renewal of the Irish legislation on extradition; had emphasised that the review under Article 11 of the Anglo-Irish Agreement should be a forward looking review of the activities of the Conference rather than of the Conference itself; and had stressed the importance of encouraging the constitutional parties in Northern Ireland to get back into talks about movement towards devolution. There had been no complaints from the Irish side about recent trials of terrorists including the three terrorists convicted at Winchester of plotting against the Secretary of State for Northern Ireland. This showed the value of giving the Irish Government prior notice about sensitive developments, for example the Government's intention to change the law on the right to silence. Mr Lenihan had asked that the British Government should look again at the possibility of three judge courts in Northern Ireland and he had not rejected this request out of hand since a re-examination of the question involved no commitment.

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Afghanistan  
previous  
reference:  
C(88) 13.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the intimation of possible delays in the Soviet troop withdrawal from Afghanistan and the additional deployment of more Soviet aircraft and missiles seemed to be part of the Soviet war of nerves designed to put pressure on Pakistan and the Afghan resistance to strike a deal with the Kabul regime. This was no doubt the negotiating task for which the Soviet Deputy Foreign Minister, Mr Yuliy Vorontsov, had recently been sent as Soviet Ambassador to Kabul. His judgment nevertheless was that the Soviet Union still wanted to complete withdrawal by 15 February as required under the Geneva Agreement. But there could be a good deal of alarms and excursions before then.

Sri Lanka

THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in Sri Lanka was going from bad to worse. November 10 was scheduled to be the last day for the presentation of nomination papers for the Presidential election in Sri Lanka. The Sri Lankan Government were coming under great pressure from the Marxist Janatha Vimukthi Peramuna (JVP) who were threatening to call a general strike. It was unclear whether the President, Mr Junius Jayewardene, would allow the constitutional process to go ahead or would opt for a clamp-down and the imposition of direct rule. The prognosis was very gloomy.

The Maldives

THE FOREIGN AND COMMONWEALTH SECRETARY said that prompt and effective Indian intervention on 4 November had restored the Government of President Gayoom after the recent attempt at a coup d'etat. President Gayoom was due to be re-inaugurated on 11 November and Lord Glenarthur would be attending the ceremony.

Israel

THE FOREIGN AND COMMONWEALTH SECRETARY said that after the general election in Israel on 1 November there were likely to be some weeks of haggling before the new government emerged. A coalition between Likud and the religious parties and the far right was the most likely outcome. This would make the peace process more difficult. The attitude of the Bush Administration would be crucial if this process was to be seriously re-engaged.

Anglo-Iranian  
Relations

Previous  
Reference:  
CC(88) 30.2

THE FOREIGN AND COMMONWEALTH SECRETARY said that there had been intensive exchanges with Iran since he had agreed at the end of September with the Iranian Foreign Minister that Embassies should be re-opened in the two capitals on a reciprocal basis. These exchanges had now reached a successful conclusion. The Government had remained firm in resisting Iranian attempts to re-establish formally their Consulate in Manchester and the Iranians had now accepted the position that while they could use their building there for temporary visits by Iranian officials from London, it would not enjoy diplomatic immunity. The Government had continued to take the opportunity to make strong representations to Iran for the release of Mr Roger Cooper and Mr Nicholas Nicola; and were also continuing to urge that Iran should bring pressure to bear for the release of British hostages in the Lebanon.

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THE FOREIGN AND COMMONWEALTH SECRETARY said that under the current British Presidency, negotiations had been successfully completed for the admission of Spain and Portugal to the Western European Union (WEU), which would be formalised at the Ministerial meeting of the Council of the WEU in London the following week.

THE SECRETARY OF STATE FOR DEFENCE said that in the margins of the meeting of the Independent European Programme Group the previous day, Spain had at last signed the Memorandum of Understanding bringing her fully into the European consortium for the European Fighter Aircraft. Contracts would now immediately be placed for the initial development phase.

THE FOREIGN AND COMMONWEALTH SECRETARY, referring to a misleading article in the press, said that the pensions regime in Gibraltar was in a state of total disarray. The Gibraltar Government was not in a position to meet its full pension obligations including some extending to Spanish workers. He himself and the Minister of State (Mrs Chalker) had had a number of meetings with the Gibraltar Prime Minister, Mr Joseph Bossano. The negotiations were likely to be long and difficult, and the United Kingdom would have to accept some financial liability. He would circulate a note in due course.

THE PRIME MINISTER said that her visit to Poland the preceding week had been a fascinating experience. General Jaruzelski had made it clear that she would be free to follow her own programme. No obstacles had been placed, for example, in the way of her visit to Gdansk or to the Church of the murdered Polish priest, Father Popieluszko. She had met the Polish Solidarity leader, Mr Lech Walesa, and a group of independents. She had been given an enormous welcome by the Polish people: 50,000 had turned out to meet her at Gdansk. Singing by packed congregations in the Solidarity church at Gdansk and in the church of Father Popieluszko, including a rendering of the second Polish national anthem, had been moving moments.

That it had been possible for her to witness all this was a great advance. She had nevertheless had to walk a tightrope throughout the visit in her talks with the Polish Government on the one hand and with the Solidarity organisation on the other. Solidarity was much more than just a trade union: it was the focus of opposition to the Government and to Communism. It was ironic that the Polish Government should be inviting Solidarity to sit down with them at a round table for talks, while declining to recognise them as a legal organisation. Mr Walesa himself was a very interesting and articulate man but neither he nor his team of advisers seemed to have a clear idea of their agenda for round table talks, beyond such generalities as trying to get the

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Polish Government to accept the need for a pluralistic society, which they would not be willing to do. She had therefore pressed Mr Walesa to devise a clear and precise agenda of demands which it would be hard for the Polish Government to refuse, starting with the requirement that Solidarity should be recognised as legal. Mr Walesa had told her that Solidarity was insulted by the move to close the Lenin shipyard which they regarded not as an economic, but as a political, decision. It was clear that the new Polish Prime Minister, Mr Mieczyslaw Rakowski, strongly disliked the Solidarity leadership, and that they knew it.

She had not found General Jaruzelski sinister; he was in fact quite easy to get on with. She had told him that as a politician he could not afford to ignore the groundswell of opinion which Solidarity represented; and that rather than face strikes he would do better to legalise Solidarity, thus providing a proper outlet for dissenting views. He had made the point, which churchmen had confirmed to her separately, that there were extremist groups associating with Solidarity who fomented trouble and caused some of the strikes by intimidation. It was clear to her that General Jaruzelski, who had a good relationship with the President of the Soviet Union, Mr Mikhail Gorbachev, was trying to make progress in solving Poland's problems. He had said that he was trying to follow some of Britain's economic policies. The difficulty was that, as in the Soviet Union, they were looking for the fruits of economic freedom without providing the political freedoms that went with this. From her talks with independents who knew about agriculture, she had learned that although 80 per cent of Polish agriculture was uncollectivised and remained in the hands of small peasants or yeomen farmers, these people were not free. They could not sell their land, or make purchases without permits, they could not easily obtain equipment and were subjected to all manner of constraints.

The United Kingdom's position in Poland was not as well established as that of some other countries. This was partly still a legacy of the sense that Britain had let Poland down at Yalta, despite going to war over Poland and providing help at the time of the Warsaw uprising. Thus while the Government's robust stance vis-a-vis the Soviet Union was admired, there was some leeway to make up. General Jaruzelski had said that English was no longer the second language in Poland. Germany was present in greater force, and the Italians were not far behind.

In discussion, it was noted that the Prime Minister's visit to Poland had been very successful but that the outlook for the Polish economy was very gloomy. The difficulty was that even if the Polish Government were to identify and implement the right economic measures, these in current circumstances would be likely to lead Solidarity to go on strike again. The latter for their part needed to understand that larger freedoms went hand in hand with larger responsibilities. Whilst agreement to an International Monetary Fund (IMF) programme would make it possible for the United Kingdom to help over such matters as debt rescheduling, the Polish Government still seemed a long way from that point. Poland still owed Britain money in respect of the abortive experiment over the Ursus tractor factory. There was no point in throwing good money after bad. Nevertheless every sensible opportunity should be taken to open matters

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up between Britain and Poland, such as the offer to take 200 management trainees, visits, management consultancies and trade on a firm-to-firm basis consistent with commercial prudence.

x Summing up the discussion, the Prime Minister said that it would be right to try to respond to General Jaruzelski's evident wish for a closer relationship with Britain. He ~~and Mr Rakowski~~ should be encouraged to visit Britain. Legalising Solidarity and the engagement of genuine talks with them in the round table process might justify some British support for Poland provided that they also reached agreement with the IMF.

The Cabinet -

Took note and endorsed, with approval, the Prime Minister's summing up of the discussion.

Cabinet Office

10 November 1988

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