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CABINET

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

THURSDAY 2 NOVEMBER 1989

at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Sir Geoffrey Howe QC MP
Lord President of the Council

The Rt Hon Douglas Hurd MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon David Waddington QC MP
Secretary of State for the Home
Department

The Rt Hon Norman Fowler MP
Secretary of State for Employment

The Rt Hon Nicholas Ridley MP
Secretary of State for Trade and
Industry

The Rt Hon Kenneth Clarke QC MP
Secretary of State for Health

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

The Rt Hon John Wakeham MP
Secretary of State for Energy

The Rt Hon Antony Newton MP
Secretary of State for Social Security

The Rt Hon Peter Brooke MP
Secretary of State for Northern
Ireland

The Rt Hon The Lord Mackay of Clashfern
Lord Chancellor

The Rt Hon John Major MP
Chancellor of the Exchequer

The Rt Hon Peter Walker MP
Secretary of State for Wales

The Rt Hon Tom King MP
Secretary of State for Defence

The Rt Hon Kenneth Baker MP
Chancellor of the Duchy of Lancaster

The Rt Hon John MacGregor MP
Secretary of State for Education
and Science

The Rt Hon Cecil Parkinson MP
Secretary of State for Transport

The Rt Hon The Lord Belstead
Lord Privy Seal

The Rt Hon Christopher Patten MP
Secretary of State for the Environment

The Rt Hon John Selwyn Gummer MP
Minister of Agriculture, Fisheries
and Food

The Rt Hon Norman Lamont MP
Chief Secretary, Treasury

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ALSO PRESENT

The Rt Hon Timothy Renton MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robin Butler
Mr L V Appleyard (Items 3 and 4)
Mr P J C Mawer (Items 1, 2 and 5)
Mr J Mogg (Items 3 and 4)
Mrs J Bailey (Items 1, 2 and 5)

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PARLIAMENTARY
AFFAIRS

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

THE LORD PRESIDENT OF THE COUNCIL said that the arrangements envisaged should enable Government business to be completed in time for Parliament to prorogue on 16 November. The State Opening of the new session would take place on 21 November.

The Cabinet -

Took note.

HOME AFFAIRS

Industrial
Action in
the Ambulance
Service

Previous
Reference:
CC(89) 31.2

2. THE SECRETARY OF STATE FOR HEALTH said that there had been relatively few developments in the industrial action by ambulance staff in the previous week. The Unions were now maintaining accident and emergency services and focussing their action on the non-emergency services, with the result that staff were doing less and less work but still drawing full pay. They were also being drawn into making dangerous judgements about what constituted emergency and non-emergency cases. In London about 50% of the normal number of patients were being carried. This was not acceptable from the Management's point of view, particularly as National Health Service (NHS) resources were having to be used to provide alternative transport for patients. Patients who needed treatment were not receiving it and valuable hospital facilities were not being fully utilised. For these reasons, the management of the Ambulance Service was considering stopping the pay of those staff involved in the dispute who were not working normally. A decision by South Yorkshire Health Authority to stop the pay of those refusing to carry non-emergency patients had quickly resulted in a resumption of previous working patterns. There was a slight risk that a firm response of this kind by the Ambulance Managers would lead to sympathy action affecting the accident and emergency service. He was discussing with the Secretary of State for Defence whether the Armed Forces should be placed on 24-hour stand-by against this possibility.

General
Practitioners
Remuneration

Previous
Reference:
CC(89) 15.2

THE SECRETARY OF STATE FOR HEALTH said that the Parliamentary debate the previous evening on the Regulations on new contracts for General Practitioners had gone very well. There was as yet no pressure for a debate on the parallel Scottish regulations. With the long-running dispute about the new contract now resolved,

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attention could be concentrated on explaining the benefits to patients of the new contract. The resolution of the contract issue also removed a difficulty in the way of discussion of the Government's wider NHS reforms.

The Cabinet -

took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the United States President, Mr George Bush, and the Soviet President, Mr Mikhail Gorbachev, would meet aboard United States and Soviet vessels in the Mediterranean on 2/3 December. This would be an interim, informal meeting as a precursor to the full-scale United States/Soviet Summit scheduled to take place in June 1990. It was not expected to be the occasion for detailed negotiations. The Prime Minister's own visit to the United States eight days before would be well timed to enable her to brief President Bush on issues of prime concern to Britain.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Spanish Prime Minister, Senor Felipe Gonzalez, and his Socialist Party had just managed to retain an absolute majority in the Spanish elections on 29 October. The Conservative opposition party, the Partido Popular, had been given a bad press but had done better in the elections than they or commentators had expected. The seats which the Socialist Party had lost had gone mainly to the United Left grouping. The outcome of the elections would create more difficulties for Senor Gonzalez who was faced by high levels of unemployment and inflation. A number of Cabinet changes were likely, including the appointment of a new Foreign Minister, since the present Minister, Senor Fernandez Ordonez, was expected to retire.

THE FOREIGN AND COMMONWEALTH SECRETARY said that three important issues involving Hong Kong were likely to come to a head within the next few months. On the first issue, the Vietnamese boat people, he had examined the current situation and had reached the same conclusions as his two predecessors. It was difficult to avoid a solution which included an element of non-voluntary repatriation with

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appropriate guarantees. He was keenly aware of the presentational difficulties. A decision would be needed very soon on the timing of the first repatriation, which was likely to take place after the visit of the Prince of Wales to Hong Kong from 7 to 13 November, and the Prime Minister's visit to the United States on 23/24 November. The second issue concerned the pace of democratisation of the political system in Hong Kong. Work on this aspect was continuing, but was not yet ripe for decision. On the third issue, citizenship and nationality, a joint Foreign and Commonwealth Office and Home Office team had just returned from Hong Kong. The Home Secretary and he were now preparing a set of measures which would fulfil the public commitments made by Ministers. Although these issues did not require immediate solutions, he felt it right to warn colleagues that difficult decisions would be required before the end of the year.

The Cabinet

Took note.

COMMUNITY
AFFAIRS

Economic and
Monetary Union

4. THE CHANCELLOR OF THE EXCHEQUER said that he proposed to release at 11.30 am a Paper on the Government's approach to Economic and Monetary Union as an alternative to the proposals in the Delors Report. He would be setting out the issues fully in a speech to the House of Commons later in the day and the Paper itself would be laid before Parliament. Copies of the Paper and the Press Notice would be immediately available for colleagues. A summary of key points would also be circulated. It was crucial that colleagues took every opportunity publicly to support the Paper as a serious and constructive approach: it was not, as some would argue, a delaying tactic. The Government shared the views of some other Member States as regards the objectives that should be pursued (such as the stability of exchange rates and the avoidance of inflation) but the United Kingdom's approach was evolutionary in securing those objectives. At the end of Stage 1 it was inconsistent and unacceptable, as Delors proposed, that a liberal and market-led framework should be succeeded by a wholly prescriptive approach.

In discussion, it was emphasised that it was most important that all Ministers should speak in identical terms, not least because commentators were scrutinising every word for inconsistencies. Although a critique, the Paper was not an attack on the Delors ideas: it set out an alternative approach which required serious consideration. As had been

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the case with withholding tax, the United Kingdom could be successful in convincing others by the intellectual force of the arguments. The approach would be followed in the next Foreign Affairs Council and more comprehensively at the ECOFIN Council on 13 November. It was also important to attempt to secure the support of other Member States, notably the Federal Republic of Germany and the Netherlands. Copies of the Paper would be sent to all European posts to allow intensive lobbying. The Chancellor would consider speaking to Herr Waigel, the Finance Minister of the Federal Republic of Germany, by telephone after the Finance Minister had had the opportunity of reading the paper. The Ambassador in Bonn had been making strenuous efforts to encourage a positive reception to the United Kingdom's ideas.

The Cabinet -

Took note.

ban on British
beef

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Federal Republic of Germany now appeared likely to proceed to ban British beef imports with effect from 6 November because of the alleged threat of animal disease. He wished to alert colleagues that this could lead to others taking similar action throughout the Community. This would cause considerable unrest and critical comment. It had not yet been possible to engage the Commission on the issue.

EC/Poland

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD also noted that proposals on EC/Poland were very discriminatory against British industry and he might need to write to colleagues to set out the issues. There was a psychological problem to resolve: although the United Kingdom did not wish to reduce the help to Poland the present proposal bore very heavily on British soft fruit (notably raspberry) growers. The burden needed to be more fairly shared by all Community producers.

The Cabinet -

Took note.

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cial Charter

THE SECRETARY OF STATE FOR EMPLOYMENT said that, at the Social Affairs Council on 30 October, no vote had been taken on the Social Charter. He had maintained the United Kingdom's reserve on the substance of the Presidency text which presented a number of major difficulties. The Charter would again be discussed by the Social Affairs Council on 30 November: before then the Commission would bring forward its action programme of proposals. This was likely to run to some 40 to 50 pages and would therefore be helpful in destroying the argument that the proposed Charter was intended to be simply declaratory. The Charter would again be discussed at the European Council on 8 December. Press comment following the Council had generally supported the United Kingdom's line. Nevertheless the pressure needed to be maintained.

In discussion it was noted that Sir Leon Brittan was opposed to the detailed Charter and had given an excellent speech which would be circulated to colleagues. It would be helpful if Sir Leon could be encouraged to speak on British television to reiterate his point of view. The fundamental question was whether President Mitterrand did or did not want a Charter acceptable to the United Kingdom. At Chequers, the President had proposed an approach which sought to identify what the UK could agree - this might include some aspects of the Council of Europe Declaration. Unfortunately, his Ministers had not followed this approach. In the light of the Council the Prime Minister would now write to President Mitterrand setting out, in detail, what the United Kingdom could agree to as part of a voluntary Charter.

The Cabinet -

Took note.

THE QUEEN'S
SPEECH ON THE
OPENING OF
PARLIAMENT

5. The Cabinet considered a Memorandum by the Lord President of the Council (C(89) 12) to which was attached a draft of The Queen's Speech on the Opening of the 1989-90 Session of Parliament.

THE LORD PRESIDENT OF THE COUNCIL said that the draft Speech had been drawn up in the usual way by the Queen's Speeches and Future Legislation Committee (QL) and was based on the legislative programme which the Cabinet had approved on 5 October. The Speech was slightly longer than usual, reflecting the United Kingdom's involvement in a number of significant international developments and the very heavy legislative programme for the 1989/90 Session. It mentioned most of the Bills in the programme and some

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important policy matters on which no legislation was proposed. Once again, the programme was at the limit of what could be managed. It would be essential for colleagues to take a very close interest in the preparation of Bills for which they were responsible, and to resist the pressure to add new proposals to their Bills during their passage through Parliament. It was already clear that some Bills might not be ready for early introduction as hoped, and that others had been extended beyond the limits originally envisaged. The previous two Sessions had demonstrated the importance of making an early start with major Bills, and it would be vital to ensure that as many main Bills as possible received a Second Reading before Christmas, despite the late start to the Session.

In the course of discussion a number of drafting amendments to the text of the Speech were agreed. In addition, the view was expressed that some of the current delays in preparing draft Bills for the forthcoming Session could not be blamed on late policy instructions from Departments. Even in cases where instructions had been sent in good time, Parliamentary Counsel had not always been able to respond promptly. This was because the draftsmen were still working on the amendments needed to Bills which were completing their final stages during the spillover. On the other hand, the delays currently being experienced reinforced the need to consider whether problems could be reduced by involving extra drafting resources from outside Government.

THE PRIME MINISTER, summing up the discussion said that the Lord President of the Council should circulate a final text of the Queen's Speech incorporating the changes agreed by Cabinet. The forthcoming Session of Parliament would again be heavy, and it would be important to finalise the main Bills quickly so that they could be introduced in Parliament as early as practicable. Colleagues in charge of Bills should cooperate with the Lord President in ensuring that this objective was achieved. The Lord President of the Council should have in mind the comments made by colleagues about the drafting of Government Bills in carrying forward the work he already had in hand on this matter.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion and invited the Lord President and Ministers in charge of Bills to proceed accordingly.

Cabinet Office

2 November 1989

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