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CM (72)  
18th Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet held at  
10 Downing Street, S.W.1, on Thursday, 23 March, 1972  
at 10.30 a.m.

Present:

The Right Hon. EDWARD HEATH, M P, Prime Minister

The Right Hon. REGINALD MAUDLING, M P, Secretary of State for the Home Department	The Right Hon. SIR ALEC DOUGLAS- HOME, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD HAILSHAM OF ST. MARYLEBONE, Lord Chancellor	The Right Hon. ANTHONY BARBER, M P, Chancellor of the Exchequer
The Right Hon. WILLIAM WHITELAW, M P, Lord President of the Council	The Right Hon. LORD CARRINGTON, Secretary of State for Defence
The Right Hon. SIR KEITH JOSEPH, M P, Secretary of State for Social Services	The Right Hon. GEOFFREY RIPPON, Q C, M P, Chancellor of the Duchy of Lancaster
The Right Hon. ROBERT CARR, M P, Secretary of State for Employment	The Right Hon. MARGARET THATCHER, M P, Secretary of State for Education and Science
The Right Hon. GORDON CAMPBELL, M P, Secretary of State for Scotland	The Right Hon. THE EARL JELlicoe, Lord Privy Seal
The Right Hon. PETER WALKER, M P, Secretary of State for the Environment	The Right Hon. PETER THOMAS, Q C, M P, Secretary of State for Wales
The Right Hon. JAMES PRIOR, M P, Minister of Agriculture, Fisheries and Food	The Right Hon. JOHN DAVIES, M P, Secretary of State for Trade and Industry and President of the Board of Trade

The following were also present:

The Right Hon. JOHN PEYTON, M P, Minister for Transport Industries (Item 4)	The Right Hon. MAURICE MACMILLAN, M P, Chief Secretary, Treasury (Item 4)
The Right Hon. Francis Pym, M P, Parliamentary Secretary, Treasury	Mr. PAUL BRYAN, M P, Minister of State, Department of Employment (Item 4)

The Right Hon. SIR PETER RAWLINSON,  
Q C, M P, Attorney-General

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*Secretariat:*

**SIR BURKE TREND**  
**Mr. N. F. CAIRNCROSS**  
**SIR PHILIP ADAMS**  
**Mr. B. G. TUCKER**  
**Mr. A. P. HOCKADAY**

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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.

The Budget

*The Prime Minister* said that the Cabinet would wish to tender to the Chancellor of the Exchequer their warmest congratulations on the content and presentation of his Budget.

Previous

Reference:

CM (72) 17th

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Oversea Affairs

Iran

2. *The Foreign and Commonwealth Secretary* said that on his way to visit Pakistan he had had a meeting with the Shah of Iran. He had found that the Shah was broadly content with the arrangements made in the Gulf following the termination of our special relationships there and that his main concern was with the signs of increasing Soviet influence in the area. He considered this particularly dangerous in Iraq, where the Soviet Government were exploiting dissident Kurdish elements. In this situation the Shah was looking increasingly to the West for support and assistance; and, as a result, there were good prospects for the expansion of our trade. In general our relations with Iran could be regarded as very satisfactory.

Pakistan

Previous

Reference:

CM (72) 14th

Conclusions,

Minute 2

*The Foreign and Commonwealth Secretary* said that he had been warmly welcomed during his visit to Pakistan. He had found that President Bhutto had grown in stature following the Pakistani defeat and the loss of the former East Wing. The President was undoubtedly the only political leader with sufficient authority to unite the country; but he would need to be given time to put it on its feet again. Unfortunately, the Prime Minister of India, Mrs. Gandhi, was adding to his difficulties by her insistence that any discussions about future relations between India and Pakistan should deal with all outstanding issues, including the very sensitive question of Kashmir. President Bhutto was prepared to go himself to visit Mrs. Gandhi for discussions in which, although no agenda need be agreed in advance, he would hope to deal first with immediate problems such as the return of Pakistani prisoners of war. Mrs. Gandhi's insistence that such discussions could better be handled by a plenipotentiary created further problems for President Bhutto, since he had removed from office most of the senior officials of the former regime and their replacements were insufficiently experienced to provide adequate representation. The Foreign and Commonwealth Secretary recalled that he had sent a message to Mrs. Gandhi stressing the importance of establishing peace in the sub-continent as quickly as possible and urging her to adopt a more conciliatory attitude towards President Bhutto. There were also difficulties in the way of an early meeting between President Bhutto and Sheikh Mujibur Rahman, the Prime Minister of Bangladesh; here again, the attitude of Mrs. Gandhi was crucial and, at the moment, unhelpful.

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Israel  
Previous  
Reference:  
CM (72) 16th  
Conclusions,  
Minute 3

*The Foreign and Commonwealth Secretary* said that in the course of a day of discussions with the Prime Minister of Israel, Mrs. Meir, and the Foreign Minister, Mr. Eban, he had been impressed by the hardness of their attitude towards the settlement of the Arab-Israel dispute. They were still insisting that Egypt must learn the lessons of military defeat and abandon her stipulation that negotiations could only begin on the understanding that a settlement would include a provision for the total withdrawal of Israeli forces. With regard to the recent proposals of the King of Jordan for the creation of a united Arab Kingdom on a federal basis, the Israeli Ministers regarded it as regrettable that the King had publicly staked a claim to part of Jerusalem, thereby reducing the area of possible negotiation. In these circumstances there appeared to be no unilateral action which we could usefully take at this stage to bring together the parties to the dispute. It was greatly to be hoped, however, that during the forthcoming visit of the President of the United States to Moscow the Governments of the United States and the Soviet Union might agree on steps which could be taken towards a settlement.

The Cabinet—

Took note of the statements by the Foreign and Commonwealth Secretary.

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Northern  
Ireland  
Previous  
Reference:  
CM (72) 15th  
Conclusions,  
Minute 1

3. The Cabinet gave further consideration to the situation in Northern Ireland in the light of the talks the Prime Minister had held on the previous day with the Prime Minister of Northern Ireland. Their discussion and the conclusions reached were separately recorded and issued only to The Queen, the Prime Minister and those Ministers who had to take action.

The conclusions are recorded separately in the standard file held by the Secretary of the Cabinet.

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Industrial  
Affairs  
Railwaymen's  
Pay  
Negotiations  
Previous  
Reference:  
CM (72) 16th  
Conclusions,  
Minute 4

4. *The Minister for Transport Industries* said that, in the course of further negotiations with the rail unions, the British Railways Board had improved their offer to just below 11 per cent increase in the wage bill. Details of the offer were set out in the annex to his minute of 22 March to the Prime Minister, copies of which had been circulated to members of the Cabinet. The Board had also tabled a draft agreement for future co-operation on the industry's problems, including progress towards a salaried pay structure. All the three rail unions had rejected the revised offer, and said that they would not be prepared to continue discussions or to consider the draft agreement without a promise of higher cash increases. The Board's negotiator had undertaken to report their views to his Board and to get in touch with the unions again when he had obtained the Board's views. It was the Board's intention to take their time in

arranging for discussions to be resumed, so that what they believed to have been a generous offer should meanwhile make its impact on the union leaders, the railwaymen themselves, and indeed on the general public. Nevertheless, the Chairman judged it on balance to be unlikely that the unions would settle on the basis of the revised offer, and there remained scope for making only a marginal improvement within the 11 per cent limit on which both the Board and the Government were resolved. The Chairman had not yet participated in the negotiations himself, although he was ready to do so whenever it seemed advantageous; but he did not in any event intend to agree to meet the unions until after the weekend. Should the negotiations finally break down, the Board planned to mount a substantial publicity campaign to explain their position and the merits of the offer they had made. But it was now unlikely that the unions would resort to industrial action before Easter.

In discussion the following were the main points made—

(a) The Cabinet were not in a position to judge the Board's handling of the negotiations and could not dictate their tactics but the fact that their offer had been raised to within £700,000 of the limit before the Chairman himself had intervened in the negotiations might have induced the unions to think that the Board had a good deal more in hand. If the relatively marginal further improvement that the Board could still make failed to persuade the unions to settle, and a breakdown followed, responsibility for the next move would inevitably fall to the Government themselves, and it might be difficult to resolve the dispute without a further concession. On the other hand, there was no indication that the unions had been allowed to think that they could obtain any significant further improvement in the offer, and the fact that the threat of industrial action had so far been averted vindicated the Board's tactics. The Chairman's decision to reserve his own intervention until the final stage might be fully justified if, by doing so, he proposed to make it clear to the unions that they must now make up their minds on the basis of the offer already made to them.

(b) While the facts of the Board's offer might have been made known to the railwaymen generally, through their union branches, they were not known to the general public and consideration might be given to publicising them. However it would probably be unwise to do this by means of a Ministerial speech since it would then appear that the Government were seeking to intervene while negotiations were in progress and thereby courting a direct confrontation with the unions. The Board felt that even a public statement by themselves in advance of a settlement or the breakdown of negotiations would be regarded as provocative. Despite the fact that Ministers would not wish a settlement to be at a higher level than 11 per cent, an agreed settlement remained their primary objective and it would be impolitic to do anything which might jeopardise this.

*The Prime Minister*, summing up the discussion, said that the points made in the Cabinet's discussion could be considered further by the Ministerial Steering Committee on Pay Negotiations, which

should meet urgently to take stock of the position reached in the railwaymen's pay negotiations and to consider the next steps.

**The Cabinet—**

Took note, with approval, of the Prime Minister's summing up of their discussion, and invited the Home Secretary to make arrangements accordingly for a meeting of the Ministerial Steering Committee on Pay Negotiations.

*Cabinet Office,  
23 March, 1972.*

