CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 29 NOVEMBER 1973
at 10.30 am

PRESENT

The Rt Hon Edward Heath MP
Prime Minister

The Rt Hon Sir Alec Douglas-Home MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Anthony Barber MP
Chancellor of the Exchequer

The Rt Hon Lord Carrington
Secretary of State for Defence

The Rt Hon James Prior MP
Lord President of the Council

The Rt Hon Geoffrey Rippon QC MP
Secretary of State for the Environment

The Rt Hon Gordon Campbell MP
Secretary of State for Scotland

The Rt Hon Peter Thomas QC MP
Secretary of State for Wales

The Rt Hon Joseph Godber MP
Minister of Agriculture, Fisheries
and Food (Item 7)

The Rt Hon Lord Hailsham of St Marylebone
Lord Chancellor

The Rt Hon William Whitelaw MP
Secretary of State for Northern Ireland

The Rt Hon Robert Carr MP
Secretary of State for the Home Department

The Rt Hon Sir Keith Joseph MP
Secretary of State for Social Services

The Rt Hon Margaret Thatcher MP
Secretary of State for Education and
Science

The Rt Hon John Davies MP
Chancellor of the Duchy of Lancaster

The Rt Hon Maurice Macmillan MP
Secretary of State for Employment

The Rt Hon Sir Geoffrey Howe QC MP
Minister for Trade and Consumer Affairs

The Rt Hon Lord Windlesham
Lord Privy Seal

SECRET
ALSO PRESENT

The Rt Hon Francis Pym MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir John Hunt
Mr P D Nairne (Item 3)
Mr H F T Smith (Items 1-4)
Mr P Benner (Items 1 and 4-6)
Mr J A Hamilton (Item 7)
Mr K R Stowe (Items 5 and 6)
Mr H F Ellis-Rees (Item 2)
Mr D Evans (Item 3)
Mr R & S Johnston (Item 7)

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

It was noted that some Opposition speakers were likely to seek to import criticism of Sir John Donaldson, President of the National Industrial Relations Court, into the debate about the consequences of the Industrial Relations Act which was to take place on 4 December. It was argued that, to be within the rules of order, criticism of a judge's conduct could be made only in the context of a substantive motion calling for his removal from office; and the Lord President should confirm informally with the Speaker whether he intended the debate on 4 December to be conducted on this basis. If so, it might be useful to seek an occasion - possibly during the questions following the business statement to be made later in the day - to clarify the position to Members.

The Cabinet were informed that the Ministers principally concerned would shortly be considering the line to be adopted by the Government spokesmen in the debate on immigration which was to take place on 5 December on the basis of a Motion for the adjournment; and that the conclusions reached would be reported to the Cabinet at their next meeting. It was agreed that arrangements should be made for the scope of the debate to be extended so as to enable race relations to be covered also.
FOREIGN AFFAIRS

Middle East

Previous Reference:
CM(73) 56th Conclusions, Minute 2

Oil Supplies

Previous Reference:
CM(73) 57th Conclusions, Minute 6

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the outcome of the Arab Summit recently held in Algiers had been reasonably satisfactory. The delegates had avoided inflammatory statements and it was of particular importance that they had not sought to tie the hands of President Sadat of Egypt in the forthcoming negotiations with Israel. On the negative side, however, they had recognised the Palestine Liberation Organisation as the sole representative of the Palestinian people, this decision would be unacceptable to King Hussein of Jordan and might make it difficult for him to attend the peace negotiations.

The Cabinet -

1. Took note of the statement by the Foreign and Commonwealth Secretary

THE SECRETARY OF STATE FOR DEFENCE said that the previous evening he had had a private conversation with Sheikh Yamani, the Saudi Arabian Minister of Petroleum. Sheikh Yamani had professed to have sought an opportunity without the presence of his "hard-line" Algerian colleague to assure the Government of Saudi Arabia's friendly intentions towards the United Kingdom and the European Economic Community (EEC) in general; though his Government considered that the Dutch would have to give further proof of amendment before the embargo on oil supplies to Holland could be lifted. Sheikh Yamani had said that his Government had no wish to see the United Kingdom suffer from lack of oil supplies; their quota would be punctually fulfilled and his Government would ensure that the oil allotted to the United Kingdom was not diverted elsewhere. There could however be no question of total production being increased until there was some progress towards a settlement with Israel; and if the United Kingdom sought to increase their quota of Saudi Arabian oil, it could only be at the expense of other European customers. Sheikh Yamani had indicated that his Government might be disposed to treat the EEC as a special case if the Community were to take economic action against Israel. On being informed that such an arrangement was tantamount to blackmail and was most unlikely to prove acceptable to the governments concerned, he had gone on to suggest that the EEC might seek ways to help the Arab nations, though he appeared to have no specific project in mind. From what Sheikh Yamani had said it seemed clear that he would not be willing to go as far as this in his conversations with members of the Government in the presence of his Algerian colleague; and there might be advantage in exploring the question further with the Saudi Arabian Ambassador.

The Cabinet -

2. Took note of the statement by the Secretary of State for Defence.
3. THE CHANCELLOR OF THE DUCHY OF LANCASTER said that important meetings of the Council of Ministers (Foreign Affairs) and the Council of Ministers (Finance) would take place in Brussels on 3/4 December 1973.

The Council of Foreign Ministers would consider proposals for the establishment of a Regional Development Fund. We should seek to make as much progress as possible on the key issues of the size of the Fund and the distribution of shares amongst member states; but it was unlikely that the meeting would reach final agreement. It might be necessary for the Copenhagen Summit Meeting on 14/15 December to lay down general guidelines. The Council would also be discussing the Commission mandate for trade negotiations with Spain and Israel. We wanted to get better terms in certain sectors where there were implications for the cost of food in the United Kingdom. We would also be seeking the Council's agreement to maintaining our current tariff arrangements with the Mediterranean countries if, as now seemed inevitable, new agreements could not be in force by then. The Council of Finance Ministers would be discussing proposals for a second stage of Economic and Monetary Union and for Community action against inflation, where we would be pressing for action in the tariff field aimed in particular at easing the pressure on the price of food. But it was unlikely that tariff action could have more than a marginal real effect on food prices generally.

The Cabinet -

Took note with approval of the statement by the Chancellor of the Duchy of Lancaster.
4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the political trend was on the whole favourable. The fact that the Executive Designate had been formed was attracting increasing support for the efforts of the moderate politicians to co-operate. But in response to the alliance of the moderate forces, the extremists on both sides were intent on causing trouble. The extensive hi-jacking of vehicles by the Provisional Wing of the Irish Republican Army during the past week was essentially a propaganda exercise and the casualties had been few. The reaction of Protestant extremists was demonstrated by the way in which they had disrupted the most recent meeting of the Assembly. The tripartite talks with representatives of the Irish Government and members of the Executive Designate would be held the following week.

The Cabinet -

Took note of the statement by the Secretary of State for Northern Ireland.
5. The Cabinet had before them a memorandum by the Secretary of State for the Home Department (CP(73) 129) about the status of the proposed Health and Safety Commission (HSC).

THE HOME SECRETARY said that the Home and Social Affairs Committee had concluded that the question whether the HSC, which was to be set up under legislation giving effect to the recommendations of the Robens Report, should or should not have Crown status and be staffed by civil servants raised issues of sufficient importance to warrant consideration by the Cabinet. In principle the Committee had on balance favoured Crown status, which seemed more appropriate for a body with important enforcement functions.

There were however some very difficult staffing problems. Many of the staff serving the HSC would come from the Department of Employment, which had recently also been affected by the establishment of the Manpower Services Commission (MSC). This was a non-Crown body and the consequential change in status had caused much disquiet amongst the staff affected. The new contracts of service had not yet been signed and, if another body which the staff would regard as closely comparable were set up and accorded Crown status, there was some fear that they might not be signed at all. The result would be that it would not be possible to achieve the objective of establishing the MSC by 1 January 1974. On the other hand, the National Staff Side, while prepared to acquiesce in the establishment of the MSC as a non-Crown body, had represented very strongly that the HSC had different functions and should have Crown status; and they and the staff from other Departments who were liable to be transferred to the HSC would greatly resent a decision denying the Commission this status merely in order to appease those who were due to be transferred to the MSC.

In discussion, it was argued that, bearing in mind that the HSC would use its powers of enforcement only as a last resort, it was in principle preferable that it should not be a Crown body. It was an underlying principle that the HSC should be an independent executive body, in the running of which a major part would be played by the two sides of industry. This approach seemed incompatible with Crown status, which would in practice result in the Commission becoming little more than an advisory body. This would be a serious blow to the objective of tripartite co-operation.

As regards staffing, the position was that three-quarters of the 2,500 staff required by the HSC would come from the Department of Employment, which was also the source of the 14,000 staff needed by the MSC. A very serious situation would arise if this latter numerous group of staff declined to sign the new contracts. Moreover, it was doubtful whether the National Staff Side would in the last resort resist the denial of Crown status to the HSC. Their main anxiety was that it might set a precedent for the further
hiving off of civil servants; but in fact there seemed to be no further immediate scope for action on these lines and therefore it should be possible to allay their anxiety. Furthermore, most of the professional staff due to be transferred to the HSC favoured a Commission organised on a two-tier basis; and the Home and Social Affairs Committee had agreed that this would not be compatible with Crown status.

On the other hand, it was argued that on the point of principle it was desirable that a body with important enforcement functions - which would include the power to prosecute - should be publicly answerable in the way that could most appropriately be secured by Crown status. The National Staff Side were prepared, though reluctantly, to accept that the decision not to give the MSG Crown status could not be reversed now that the relevant legislation was on the Statute Book; but they felt very strongly that different considerations applied to the HSC. In the interest of good long-term staff relations, it was desirable to give heed to their view.

In further discussion it was suggested that no major issue of principle was in fact involved, and that the determining factor should be staff relations. On the latter, it seemed reasonable to expect the National Staff Side to persuade the Departmental interests concerned to accept the conclusions reached at national level. It was, however, pointed out that the Conservative Party had for long accepted in principle the desirability of reducing the range of functions performed centrally in the interest of self-regulation at the periphery; and although it was not clear why an HSC which did not have Crown status would in practice be unable to carry out executive work, it would be desirable to consider the point further and perhaps to consult the Confederation of British Industry and Trades Union Congress.

THE PRIME MINISTER, summing up the discussion, said that the discussion had thrown up a number of important issues on which further work was needed before a decision could be reached. The staffing problems in particular needed careful thought; the recent difficulties in the Government’s relationship with staff were showing signs of easing and it would be unfortunate to do anything which would imperil this improvement. The Cabinet agreed that it would be undesirable for the HSC to decline into no more than an advisory body; but it was not clear why this must follow from its being given Crown status. On this matter also further thought was needed. The Ministers concerned, together with Sir William Armstrong, the Head of the Home Civil Service, should accordingly examine these matters further and report the outcome to him.
The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.

2. Invited the Home Secretary, in consultation with the Secretary of State for Employment, the Lord Privy Seal and the other Ministers concerned and with Sir William Armstrong, the Head of the Home Civil Service, to consider further the issues referred to in the Prime Minister's summing up and to report their conclusions to him.

6. The Cabinet considered a memorandum by the Lord President of the Council (CP(73) 130) about Members' pay and allowances.

THE LORD PRESIDENT OF THE COUNCIL said that he and the Lord Privy Seal had been under considerable pressure from Members of both Houses for some increase to be made in the current levels of Members' pay and allowances and in the Peers' daily expenses allowance. It seemed to be generally accepted in the House of Commons that Members' basic salaries could not be increased in advance of a further report by the Review Body, which would normally conduct only one enquiry during any Parliament of normal length; but the pressure for increases in the allowances, which in the case of the House of Lords expense allowance was related to actual expenses incurred, was more substantial. He did not think it would be acceptable to make any increase in the Peers' allowance in isolation. The alternatives seemed to be either to take no action or to increase the Peers' expense allowance and the Members' secretarial allowance. There were obvious problems of timing and presentation involved in the latter course. He had thought it necessary to alert his colleagues to these difficulties and, subject to their views, suggested that the next step should be for a small group of the Ministers concerned to consider the matter further in all its aspects.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet agreed that the Lord President's proposals should be considered in detail by the Ministerial Committee on Counter-Inflationary Measures, with particular reference to their relationship to Phase 3; to the possible danger involved in making any changes without reference to the Review Body; and to timing, bearing in mind the obvious objections to agreeing any increases until the current major industrial pay claims had been settled.
The Cabinet -

1. Took note, with approval, of the Prime Minister’s summing up of their discussion.

2. Invited the Lord President of the Council, in consultation with the Lord Privy Seal, to arrange for his proposals to be considered by the Ministerial Committee on Counter-Inflationary Measures.
The Cabinet considered a memorandum by the Secretary of State for Employment (CP(73) 131) on the handling of the coalminers' and power engineers' disputes.

THE PRIME MINISTER reported that on the previous day he and other colleagues had met the Executive of the National Union of Mineworkers (NUM). There had been a useful and restrained discussion in a relatively good atmosphere. He and his colleagues had given the Executive a broad survey of world and national economic problems. They had stressed that the future of the coalmining industry in this country was assured, but had made clear that there could be no question of the Government departing from the provisions of Stage 3 of the counter-inflationary policy. They had also pointed out that the offer which the National Coal Board (NCB) had made to the miners, within the provisions of the Pay and Prices Code, was very favourable; and had quoted figures to show that its acceptance would place the miners in a more advantageous position compared with other industrial workers than they had been under previous settlements. The rate of wastage from the industry owed as much to discontent with industrial unrest as to other factors. It was disappointing that the Executive had subsequently, by a substantial majority, decided against an immediate ballot of their members on the NCB offer; but there were signs that the arguments advanced by him and his colleagues had made a genuine impact on at least the more moderate members of the Executive, and that this might bear fruit in due course. In the meantime, the most pressing need was to convince the miners that the Government was not prepared to go beyond the provisions of Stage 3. He proposed to make a statement in the House of Commons that afternoon on the outcome of the talks.

THE SECRETARY OF STATE FOR EMPLOYMENT, reporting on the electrical power engineers' dispute, said that the Pay Board was making an urgent re-examination of the application of the Pay Code to out-of-hours working. He had therefore decided against meeting the Electrical Power Engineers Association for the time being. In the meantime the Electricity Council should be urged to take a more active part in negotiations than they had done hitherto.

In discussion it was agreed that the arguments used by Ministers in the talks with the NUM should continue to be propagated continuously and vigorously; informal briefing of newspaper editors had been particularly effective. A briefing note summarising these arguments should be prepared giving special emphasis to a comparison of the present wage offer with the situation before and after the Wilberforce Inquiry.
During further discussion it was stated that although the loss of coal production had been less than at first feared, coal and oil stocks continued to fall and the critical level for maintaining uninterrupted supplies of electricity might be reached in February. It was essential therefore to consider what further measures might be adopted to prolong the endurance of primary fuel stocks, including the definition of an optimum balance between the use of coal and oil for electricity generation.

THE PRIME MINISTER, summing up the discussion, said that public opinion must be sustained in its view that the offer to the coalminers was final. The Secretary of State for Employment should circulate a briefing note to Ministers based on the arguments used in the previous day's discussion with the NUM. The Lord President of the Council should circulate a paper for the Cabinet to discuss at their next meeting on further measures which might be taken to economise in the use of fuel.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.

2. Invited the Secretary of State for Employment to circulate a briefing note to Ministers on miners' pay.

3. Invited the Lord President of the Council to circulate a paper on what further measures might be taken to economise in the use of fuel.

Cabinet Office

29 November 1973