CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 7 FEBRUARY 1974
at 10.30 am

PRESENT

The Rt Hon Edward Heath MP
Prime Minister

The Rt Hon Lord Hailsham of St Marylebone
Lord Chancellor

The Rt Hon William Whitelaw MP
Secretary of State for Employment

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 Peter Walker MP
Secretary of State for Trade and Industry

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

The Rt Hon Ian Gilmour MP
Secretary of State for Defence

The Rt Hon Joseph Godber MP
Minister of Agriculture, Fisheries and Food (Items 1 - 7)

The Rt Hon Lord Windlesham
Lord Privy Seal
THE FOLLOWING WERE ALSO PRESENT

Mr Tom Boardman MP
Chief Secretary, Treasury
(Items 6 - 7)

The Rt Hon Julian Amery MP
Minister of State for Foreign and
Commonwealth Affairs (Items 6 - 7)

The Rt Hon Humphrey Atkins MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir John Hunt
Mr H F T Smith (Item 7)
Mr J A Hamilton (Items 4 & 5)
Mr D Evans (Item 6)
Mr R L Baxter (Items 4 & 5)

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1. THE PRIME MINISTER informed the Cabinet that, following the breakdown of discussions with the Trades Union Congress (TUC) and the decision of the Executive of the National Union of Mineworkers (NUM) to call a national coal strike he had decided to seek a Dissolution of Parliament so that the country might express its views in a General Election. The Queen's consent had been obtained by telegram, and an announcement would be made at 12.45 pm that day. Prorogation and Dissolution would both take place on the following day. Polling would be on 28 February; the first meeting of the new Parliament on 6 March; and the State Opening of Parliament on 12 March.

The Prime Minister said that during an election campaign the Government retained its responsibility to govern and Ministers would of course continue to be fully responsible for the work of their Departments. It was however customary for Ministers to observe reasonable discretion as regards the initiation of any new action of a continuing or long term character and also, for example, in the making of new appointments to statutory boards for which they were answerable. In discharging Government engagements Ministers should seek to avoid creating any impression that they were using such occasions for Party political purposes; and, before undertaking to fulfil international commitments, they should consider carefully whether the subject matter was such that they could speak with the authority proper to a representative of Her Majesty's Government. But clearly Ministerial representation at the Energy Action Group in Washington and in meetings of the Council of Ministers in Brussels would continue to be necessary. As soon as the Dissolution had been publicly announced, Ministers would be advised by the Cabinet Office of certain necessary arrangements which, by long convention, were made during the period of an election. Guidance would be circulated on the use of official transport during the campaign and on the arrangements for broadcasting, Press articles and interviews by Ministers. An Election Business Committee was being established under the chairmanship of the Lord Chancellor to provide a forum for the clearance of statements of policy by the Government; to co-ordinate, as appropriate, comments from Departments on the guidance prepared for the use of Government Party candidates in dealing with enquiries put to them during the election campaign; and to consider replies by Departments to similar enquiries from Opposition Party candidates, organisations and members of the public. The Paymaster General, the Minister for Trade and Consumer Affairs and the Lord Privy Seal would be the other members. The Lord Privy Seal, who would also be taking the daily meetings of the Conservative Party's Questions of Procedure Committee, would be mainly responsible for day to day liaison between the Election Business Committee and the Central Office.
The election was being held at short notice and in an acutely difficult industrial situation. Urgent operational decisions might be needed on a day to day basis eg in relation to power allocations, picketing, etc. He had therefore decided to establish a Committee under the chairmanship of the Lord President to provide Ministerial supervision for the work of the Civil Contingencies Unit and to take the necessary decisions on ways of maintaining the endurance of the nation in matters directly connected with the current emergency. The terms of reference and composition of this Committee would be promulgated later in the day. It might have to meet at short notice and the members should ensure that if they were not themselves available because of election business they could be represented by one of their supporting Ministers or, failing that, their Permanent Secretary who should be authorised to take decisions on their behalf.

The Cabinet -

Took note, with approval, of the statement by the Prime Minister.
2. THE PRIME MINISTER said that the Leaders of the Labour and Liberal Parties were being informed of the intention to Dissolve Parliament at 11.30 am. Thereafter arrangements would have to be made through the usual channels for the rearrangement of business. In the new circumstances it was most undesirable that the second day of the emergency debate should take place and proceedings should be arranged to avoid this. It was also undesirable that there should be any unnecessary Ministerial statements after Questions or this would increase the pressure on the Government to make a statement about their next move in the miners' dispute.

In discussion it was noted that the House of Commons would have to deal with an Appropriation Bill to allot Vote Supply and with the Pensions (Increase) Bill. These would not however necessarily take long and it was for consideration whether to try to carry through a Bill to implement recommendations from the Speaker's Conference on candidates expenses in an election campaign. This might be opposed by Liberal Party members but the Speaker's recommendations had been specifically put forward to meet the contingency of an early election and it would be to the Government's advantage for the change to be made. Otherwise there would be a greater risk of outright disregard of rules which Ministers would themselves have scrupulously to observe.

The Cabinet -

Approved the proposal to introduce a Bill to implement recommendations from the Speaker's Conference on candidates expenses, and invited the Lord President, in consultation with the Parliamentary Secretary to the Treasury, to decide whether this should be taken before or after the Appropriation Bill and the Pensions (Increase) Bill.

3. THE PRIME MINISTER informed the Cabinet that he proposed writing to Mr. Gormley, the President of the National Union of Mineworkers (NUM), asking the union to suspend industrial action until after the election so that the country could consider the issues involved in a calmer atmosphere and also to the Leaders of the Labour and Liberal Parties inviting them to support his request to Mr. Gormley.

In discussion a number of amendments were agreed to the draft letter to Mr. Gormley.
4. **THE SECRETARY OF STATE FOR EMPLOYMENT** said that in an election campaign the supporters of the Government would have to answer questions about their proposals for ending the miners' strike if they were to form the next Government. He suggested that the answer should be that the case was to be referred to the Pay Board for an examination on the lines of the report on pay relativities (Cmd 5535). The examination should begin at once, and the Pay Board should call on all interested parties including the trade unions to give evidence, though the unions might refuse. Any award recommended by the Pay Board should be backdated to 1 March, and since this was a point of great public interest it should be made clear from the beginning. If the Cabinet agreed that the reference to the Pay Board should be made it should be mentioned in the broadcast that the Prime Minister was to make that evening. The wording of the reference would have to be published, and he would propose to consult a small group of other Ministers about the drafting. After Parliament was dissolved, he would consult the Chairman of the Pay Board, the Confederation of British Industry (CBI), and the Trades Union Congress (TUC).

If the letter to the National Union of Mineworkers (NUM) did not persuade them to call off the strike during the period of the election campaign, the question would arise of a possible cooling-off period under the Industrial Relations Act. He had been advised, however, that the Government might fail to obtain an injunction, as it would be necessary to demonstrate that a cooling-off period would be conducive to a settlement of the dispute by negotiation or arbitration. The NUM would contest an injunction and would be likely to appeal if one were granted. If unsuccessful they might defy the injunction. All this could have damaging effects in an election campaign. On the other hand if the Government did not seek the injunction, they would have to explain to their supporters why they were not making use of a remedy provided under the Industrial Relations Act. His recommendation was that, if there were any risk of failure, it would be better not to apply for an injunction, as it was always damaging for a Government to lose a case in court.

In discussion it was argued that, in referring the case of the miners to the Pay Board, there might be advantage in simultaneously referring the case of the nurses, whose relative position by comparison with industrial workers had greatly deteriorated during the last 3½ years. This move would be popular and would demonstrate that the Government took account of the interests of groups other than those that took industrial action. But a similar case could be made on behalf of the teachers and numerous other groups such as postmen and firemen. The question of which groups to single out for early reference to the Pay Board required more thorough consideration.
In discussion of the proposed application for a cooling-off period, it was agreed that it would be unwise for the Government to attempt any action that would risk failure in the courts. In explaining this, there was no need to enter into any question of legal advice; the Secretary of State for Employment could say that he did not feel able to give an affidavit that a cooling-off period would conduce to a settlement of the dispute. It was suggested that the supporters of the Government might argue that, having gone to the limit of the possibilities for reasonable negotiation provided under the Act, the Government must now seek authority for whatever further measures might be necessary to deal with the dispute.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that the mineworkers' case should be referred to the Pay Board for an examination on the lines of the relativities report, and he would make this clear in his broadcast that evening. Since the CBI had said that they did not want the Pay Board to be the body responsible for carrying out such examinations and the TUC had reserved their position, it would have to be explained that this was only a temporary arrangement and that the question of setting up a separate relativities board would be re-examined after the election. Although it might not be possible to reach an immediate decision on any other references to the Board, it should be made clear that the case of the miners was only one of a number of cases to be dealt with in that way. As regards a cooling-off period, the Cabinet agreed that it would be a mistake to invoke this provision of the Industrial Relations Act during an election campaign. The Secretary of State for Employment should prepare a brief, in case the question was raised during the campaign.

The Cabinet -

1. Took note, with approval, of the summing up of their discussion by the Prime Minister and invited the Secretary of State for Employment to be guided accordingly.

The Cabinet was informed that as a result of the discussion at their last meeting the Lord Advocate and the Attorney General were ready to make public statements in explanation of the law about picketing. It would however be premature to make such statements until it was certain that the miners' strike would take place.
The Cabinet -

2. Invited the Home Secretary to decide, in consultation with the Lord Advocate and the Attorney General, whether and if so when their statements should be made.

THE SECRETARY OF STATE FOR ENERGY said that the Sub-Committee on Prices of the Economic Policy Committee had discussed the retail price of petrol the previous day, and the majority of the Committee had agreed that an increase of 8p a gallon should be authorised, with the Minister for Energy supporting an increase of 10p. He would now agree to an increase of 8p, so that there was no need to discuss the point in Cabinet.

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that he might have to raise later the question of a consequential increase in the tax rebate for public transport.

The Cabinet -

Took note.

5. The Cabinet had before them a memorandum by the Secretary of State for Energy about the response to a coal miners' strike (CP(74) 8).

THE SECRETARY OF STATE FOR ENERGY said that he had examined the likely effect of a coal miners' strike on supplies of energy. It was clear that supplies of electricity were not the limiting factor in determining endurance and a balance had to be struck between conserving fuel supplies and maintaining the industrial and commercial life of the nation. He proposed that a three-day working week on the present pattern should be continued; that the Central Electricity Generating Board (CEGB) should be authorised to purchase fuel oil on the spot market within a price limit to be agreed by the Department of Energy, and that an examination should be made of the need to have cuts in domestic and commercial oil use in order to release more oil for the CEGB. Oil stocks during February were likely to be good and he saw no reason to introduce further cuts before the General Election. He had put forward proposals for relaxations in the electricity restrictions during the period up to the General Election. These included a proposal that restrictions on the hours of television broadcasting should be removed during this period.
THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet endorsed the proposals put forward by the Secretary of State for Energy for the maintenance of fuel and electricity supplies during a coal miners' strike, including the removal of restrictions on the hours of television broadcasting. The Chancellor of the Exchequer should be kept fully informed as to the state of negotiations by the CEGB for the purchase of fuel oil on the spot market.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion.
6. THE CHANCELLOR OF THE DUCHY OF LANCASTER said that the Ministerial Committee on Europe (EUM) had considered the guaranteed price for milk in the United Kingdom to be set under the 1974 Annual Farm Price Review. Milk producers faced very large cost increases. The Farmers' Unions were pressing for an increase in the pool price of milk of at least 5 pence per gallon and there was a reasonable economic justification for this figure. There was doubt as to whether an increase of this size could be paid within the Community rules governing agricultural transition. If the Commission would not accept our proposal we should need to seek a derogation from the Council of Ministers and this would delay settlement of the Annual Review and undermine our negotiating position in Council discussions on prices under the Common Agricultural Policy (CAP) for 1974-75. It might, however, be possible to get Commission agreement to an award of about 5 pence per gallon made up partly of an increase in the price for 1974-75, and partly of a retrospective payment for 1973-74. Any lesser award would lead to the strongest criticism from the farming industry and we should therefore press our case with the Commission with a view to an early announcement. It would be necessary to decide separately whether the cost of such an award should be passed on to the consumer or borne in total or in part by the Exchequer.

In discussion it was argued that although there was a cogent case for a big increase in the producer price for milk, farm incomes generally had almost doubled in the last 4 years and excessive profits were being made in some sectors. The Government was vulnerable to criticism for not attempting to curb such profits and the situation was particularly delicate in view of further increases in the food price index to be announced in February. An award of no more than 4.5 pence per gallon should suffice to sustain milk production; to press for 5 pence, even though part of it would be retrospective, would undermine our negotiating position on CAP prices. We should not be able to resist the proposed increase in the EEC beef price which would automatically increase consumer prices here. It would also before the end of the year lead to support buying of beef which would be very damaging to the Government.

On the other hand it was argued that unless an award was made equivalent to 5 pence per gallon milk production might by next winter be insufficient to satisfy demand for liquid consumption. At present levels of profitability production was falling and undue numbers of dairy cows and in-calf heifers were being slaughtered. The Government would be open to severe criticism if it did not act to avert a threatened shortage of milk.
It was also argued that a decision to increase the producer price for milk without increasing the consumer price would have unacceptable consequences for public expenditure. When we were drastically reducing public expenditure it would be wrong to allow the Milk Fund to run into a deficit which could total £225 million by the end of 1974-75. It would be preferable to increase the consumer price.

THE PRIME MINISTER, summing up the discussion said that the Cabinet was agreed that the Minister of Agriculture should press the Commission not to oppose a total award equivalent to about 5 pence per gallon on the pool price for milk. He should seek to avoid having to ask the Council of Ministers for a derogation from Community rules and should give no commitment at this stage as to whether the Exchequer or the consumer would bear the increased cost.

The Cabinet -

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

2. Invited the Minister of Agriculture, Fisheries and Food to be guided by the Prime Minister's summing up in discussing the United Kingdom milk price with EEC representatives.
7. THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS said that Grenada had become independent that morning. Political tension continued in Grenada but there had been no violence in recent days and the independence ceremony had not been marred by any untoward incidents.

THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS said that Parliament had been informed that the Government had agreed in principle to a request from the United States Government for the expansion of the facilities at Diego Garcia, including improvements to the anchorage and to the airfield. Use of the facilities would be a matter of joint decision by the two Governments. We and the Americans had informed the Governments of a number of other countries, especially those in the Indian Ocean area, and the reactions had not been such as to give us cause for concern.

THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS said that a section of the Jordanian Army had expressed discontent and were reported to have called for the replacement of the Jordanian Prime Minister. Their complaints were against their financial situation; they did not appear to have any political objective. Some reports in the Press had given an exaggerated picture. King Hussein, who had been out of Jordan, had now returned and the situation appeared to be fully under control.

THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS said that we had proposed to the French Government that in view of our failure to agree in bilateral negotiations on the division of the Continental Shelf, we should approach the International Court of Justice jointly with a request for a decision. We had not yet received a reply from the French Government.

The Cabinet -

Took note of the statements by the Minister of State for Foreign and Commonwealth Affairs.