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CC(82) 7th
Conclusions

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CABINET

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

THURSDAY 25 FEBRUARY 1982

at 10.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Francis Pym MP
Lord President of the Council

The Rt Hon John Nott MP
Secretary of State for Defence

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry

The Rt Hon David Howell MP
Secretary of State for Transport

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Sir Keith Joseph MP
Secretary of State for Education and
Science

The Rt Hon James Prior MP
Secretary of State for Northern Ireland

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries and
Food

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Humphrey Atkins MP
Lord Privy Seal

The Rt Hon John Biffen MP
Secretary of State for Trade

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

The Rt Hon Baroness Young
Chancellor of the Duchy of Lancaster

SECRET

The Rt Hon Nigel Lawson MP
Secretary of State for Energy

The Rt Hon Norman Tebbit MP
Secretary of State for Employment

The Rt Hon Cecil Parkinson MP
Paymaster General

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr D J S Hancock (Items 2 and 3)
Mr R L L Facer (Items 2 and 3)
Mr D H J Hilary (Item 1)
Mr L J Harris (Item 1)

CONTENTS

Item	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
	Canada Bill	1
2.	FOREIGN AFFAIRS	
	Ireland	1
	El Salvador	1
	Poland	2
3.	COMMUNITY AFFAIRS	
	Council of Ministers (Foreign Affairs) 23-24 February	3
	European Monetary System	3
	Greenland Referendum	4

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	European Monetary System	3
	Greenland Referendum	4

PARLIAMENTARY
AFFAIRS

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

Canada
Bill

Previous
Reference:
CC(82) 5th
Conclusions,
Minute 1

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that, if the Canada Bill completed its progress through the Commons as planned on 8 March, she would hope to be able to arrange its introduction in the House of Lords on 9 or 10 March, with Second Reading on 16 or 18 March and Royal Assent by 25 March. She could not, however, guarantee this timetable. Although the House of Lords authorities had taken the view that the Bill was unamendable, there was a possibility of a hostile motion being tabled on Second Reading, and there might well be a substantive debate on each clause at Committee Stage. It was important that the House should not be given the impression that they were being forced to consider the Bill to a predetermined timetable. This made it undesirable that any announcement should be made about the date of a possible Royal Visit to Canada before the Bill had made significant progress in the Lords.

THE PRIME MINISTER, summing up the discussion, said that it was to be hoped that the House of Lords would deal with the Canada Bill no less expeditiously than the Commons. The possibility of a Royal Visit to Canada around the end of March should if possible be kept open for the moment, and the timing of any public announcement should be reviewed once the Canada Bill had been introduced in the House of Lords.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Ireland

2. THE LORD PRIVY SEAL said that a new Government had not yet been formed in the Republic of Ireland following the general election. The Prime Minister would be chosen when the Dail met on 9 March. The leader of the Fianna Fail Party, Mr Haughey, was facing a challenge to his position from Mr Desmond O'Malley.

El Salvador

Previous
Reference:
CC(82) 6th
Conclusions,
Minute 2

THE LORD PRIVY SEAL said that the observers whom the Government would be sending to the forthcoming elections in El Salvador had not yet been chosen. It was intended to select distinguished persons from outside politics. None of the other members of the European Community had agreed to send observers, and it seemed likely that observers would be present only from a number of Latin American countries including Venezuela and Honduras. There was a risk that the British observers' report, which would be published, would be critical

of the conduct of the elections. But the decision to send observers could be defended on the grounds that only their presence enabled a fair judgment to be made about the validity of left wing attempts to discredit the elections as a sham even before they took place.

In discussion the point was made that, while it was right to assist the Americans in their policies in Central America, British involvement in El Salvador would be criticised not only on the left but by some of the Government's supporters in the country. It was important that the names of the British observers should be announced soon, in order to avoid any impression that the Government were having second thoughts about the wisdom of their decision. It was not widely known that the United States provided El Salvador with far more economic than military aid by value.

Poland
Previous
reference:
C(82) 5th
conclusions,
minute 2

THE LORD PRIVY SEAL said that there was no sign of any political solution in Poland. Nothing was to be expected from the current meeting of the Plenum of the Polish Communist Party nor from the meeting of the Sejm the following day. General Jaruzelski's government was still facing the dilemma that if it relaxed the martial law regime it would have to face further unrest in the country, while if it maintained the present restrictions the economy would continue to deteriorate. It was clear from recent reports that Western action to restrict the provision of credit was beginning to affect the Polish economy.

The Cabinet -

Took note.

3. THE LORD PRIVY SEAL reported the main results of the Council of Ministers (Foreign Affairs) on 23-24 February. The Council had discussed Japan's reaction to the Community's request for positive steps to reduce their trade surplus. It was agreed that their measures, although a step in the right direction, had not been nearly enough and that the pressure should be kept up on them to do more. The Council had commissioned further studies of the scope for common action and would consider the matter again at its next meeting in March. The Council had agreed to a number of minor advances in the negotiations for the accession of Portugal. Following discussion of the proposal by the German and Italian Foreign Ministers for a European Act, Foreign Ministers had asked a group of officials to work on a revised draft of this document. It would not require legislation and the United Kingdom intended to try to replace the word "Act" by a more appropriate title. The Council had agreed that its meeting on Tuesday 23 March should be reserved for a serious discussion of the 30 May Mandate. The Presidents of the Council and the Commission were to have bilateral contacts with member states in the meantime. The Commission would be producing illustrative figures of the scale of the problem and the possible method of solving it. The Council's discussion of Poland had gone well and all member states except Greece, and possibly Denmark, had agreed to the idea of imposing restrictions on imports of manufactured goods and luxury products from the Soviet Union.

THE CHANCELLOR OF THE EXCHEQUER said that on Sunday 21 February he had been called upon for the second time to chair a meeting of Finance Ministers to decide on a realignment within the European Monetary System. The negotiations had been difficult and prolonged. They were not helped by the fact that the Belgians had announced in advance their intention of securing a 12 per cent devaluation, and that, throughout the negotiations, their Finance Minister was in touch with his Prime Minister who was continually speaking to the press. In the end agreement had been reached on a Belgian devaluation of $8\frac{1}{2}$ per cent. The Danes had made a bid for a devaluation of 7 per cent but were able to secure agreement to no more than 3 per cent. It had been agreed that any consequential devaluations of "green" rates should be postponed until after the agricultural price-fixing negotiations. A very technical problem had arisen over the French wish to avoid the creation of a 1 per cent negative monetary compensatory amount for France and in the end Finance Ministers had agreed to suspend the usual rule until the end of March. The result would be that France would enjoy a very small preferential advantage for a few weeks.

COMMUNITY
AFFAIRS---
Council of
Ministers
(Foreign
Affairs)
23-24 FebruaryPrevious
reference:
C(82) 5th
conclusions,
Minute 2European
Monetary
SystemPrevious
reference:
C(82) 6th
conclusions,
Minute 3

Greenland
referendum

THE LORD PRIVY SEAL reported that only 75 per cent of the electorate had voted in the Greenland referendum but 52 per cent of the votes had been in favour of withdrawal from the Community. This meant that a majority of the electorate had not voted for withdrawal and the Danish Government would now have to decide what to do.

In discussion it was stressed that the United Kingdom should insist on very tough negotiations about the terms of Greenland's withdrawal. If the Community made it easy for Greenland to withdraw, and especially if they were allowed to establish a 200-mile fishing limit and sell the resulting catches freely in the Community market, the Government would encounter serious political difficulties at home with the opponents of Community membership in general and the Community fishing policy in particular.

The Cabinet -

Took note.

Cabinet Office

25 February 1982