

SECRET

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

C(75) 37th
Conclusions

COPY NO 85

CABINET

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

THURSDAY 24 JULY 1975

at 10.00 am

PRESENT

The Rt Hon Harold Wilson MP
Prime Minister

The Rt Hon Edward Short MP
Lord President of the Council

The Rt Hon James Callaghan MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Lord Elwyn-Jones
Lord Chancellor

The Rt Hon Roy Jenkins MP
Secretary of State for the Home
Department

The Rt Hon Denis Healey MP
Chancellor of the Exchequer

The Rt Hon Anthony Crosland MP
Secretary of State for the Environment

The Rt Hon Michael Foot MP
Secretary of State for Employment

The Rt Hon Anthony Wedgwood Benn MP
Secretary of State for Energy

The Rt Hon Shirley Williams MP
Secretary of State for Prices and
Consumer Protection

The Rt Hon Barbara Castle MP
Secretary of State for Social Services

The Rt Hon Eric Varley MP
Secretary of State for Industry

The Rt Hon Peter Shore MP
Secretary of State for Trade

The Rt Hon Roy Mason MP
Secretary of State for Defence

The Rt Hon William Ross MP
Secretary of State for Scotland

The Rt Hon John Morris QC MP
Secretary of State for Wales

The Rt Hon Merlyn Rees MP
Secretary of State for Northern Ireland

The Rt Hon Fred Peart MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Harold Lever MP
Chancellor of the Duchy of Lancaster

SECRET

The Rt Hon Lord Shepherd
Lord Privy Seal

The Rt Hon Fred Mulley MP
Secretary of State for Education and
Science

The Rt Hon Reginald Prentice MP
Minister for Overseas Development

The Rt Hon Robert Mellish MP
Parliamentary Secretary, Treasury

The Rt Hon John Silkin MP
Minister for Planning and Local Government

SECRETARIAT

Sir John Hunt
Sir Patrick Nairne (Item 2)
Mr P Benner (Item 1)
Mr J A Hamilton (Item 3)
Mr T F Brenchley (Item 2)
Mr E J G Smith (Items 1 and 2)
Mr A M Macpherson (Item 3)

CONTENTS

Item	Subject	Page
1	PARLIAMENTARY AFFAIRS	
	Remuneration, Charges and Grants Bill	1
2	FOREIGN AFFAIRS	
	Portugal	3
	Conference on Security and Co-operation in Europe	3
	India	4
	Foreign Policy	5
3	PEERS' EXPENSES ALLOWANCE	6

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in Portugal was confused. The Armed Forces Movement (AFM) were disillusioned in the face of their political and serious economic problems: and it was believed that the officers of the Lisbon garrison were divided about the desirability of ousting General Goncalves from the post of Prime Minister. The Socialist Party leader, Dr Soares, aimed to achieve this and would like to replace Goncalves by an alliance of Crespo and Antunes. Soares was however impetuous and might in fact have saved Goncalves by calling for his resignation: the Popular Democratic Party were probably wiser in not working openly for his removal. Dr Soares, who might call for a general strike, feared large scale arrests of his supporters (and also his own assassination), but it was doubtful whether the Communists were themselves strong enough to move in force. There was however a possibility that the Communist Party, with the backing of some members of the AFM, might stage a left-wing coup ostensibly to forestall intervention by the North Atlantic Treaty Organisation (NATO): precautions were therefore being taken about NATO naval movements in the area to avoid providing a pretext for this. At the European Council meeting there had initially been a division of opinion about aid to Portugal and it was possible that the French had been motivated more by domestic political considerations than by the merits of the situation: the final statement had however been a good one. It had begun on a positive note but had then made it clear that the provision of aid depended on Portugal being a pluralist democracy. The European Council had agreed that the Prime Minister and the French President, M Giscard d'Estaing, should discuss Portugal with Mr Brezhnev, the Secretary General of the Communist Party of the Soviet Union, at the forthcoming Helsinki Conference. There was no doubt that the Soviet Union was supplying substantial funds to the Portuguese Communist Party, so Mr Brezhnev had it partly in his power to control the situation as evidence of his wish for genuine detente. The Prime Minister and he would attend a meeting of Socialist leaders in Stockholm which the Swedish Prime Minister had called for 2 August and which might help to strengthen the position of Dr Soares, who would attend it.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the third stage of the Conference on Security and Co-operation in Europe, which the Prime Minister would be attending in Helsinki the following week, was of great importance. The results of the second stage of the Conference had been as good as, or perhaps better than, we could have expected. One of the critical issues had been the provision about inviolability of frontiers. The Federal

Republic of Germany had accepted a statement to the effect that frontiers, while inviolable by force, could be changed by peaceful means and in accordance with international law. It was important to the Germans to maintain the principle that frontiers should not be sanctified in concrete and the provision for peaceful change might some day have application elsewhere in Europe. This did not mean that the East European countries would now detach themselves from the Warsaw Pact, but he attached significance to a remark made to him by the Polish First Secretary, Mr Gierek, that "detente gives us room for manoeuvre". It was up to the West to play their part in developing that room for manoeuvre. The British role at Helsinki would be prominent since by luck of the ballot the Prime Minister would be the first speaker at the opening session and would also be chairman for the closing one. Looking beyond the third stage, our next objective was to make 1976 a year for reaching agreement on some reduction in arms in Central Europe. We favoured a resumed meeting of the Conference in early 1977 at Ambassadorial level to assess the results then achieved over the whole range of subjects agreed at the third stage of the Conference. In the meantime the development and exploitation of trade contacts was of the highest importance. He was in close contact with the Secretary of State for Trade about this and would himself be visiting Hungary in the following week.

THE FOREIGN AND COMMONWEALTH SECRETARY said that both Houses of the Indian Parliament had now approved Mrs Gandhi's emergency powers which meant that there was no need for Parliament to meet again for at least a year. It was a serious matter that the correspondents of four leading British newspapers had been forced to leave India and that the British Broadcasting Corporation had decided it had to withdraw its correspondents. A protest had been made through our High Commissioner in Delhi: and he had put in hand an urgent study of the situation. There was no sign as yet that the Soviet Union was seeking to exploit the situation in India.

The Cabinet -

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