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PRIME MINISTER

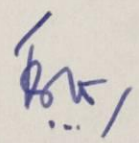
Cabinet: Community Affairs

You may wish to tell the Cabinet that the Three Wise Men called on you and the Foreign and Commonwealth Secretary on 16th July. They will be reporting in October. You told them that two meetings of the European Council per year were enough; and that you favoured one Commissioner per country for the enlarged Community.

2. The Chancellor of the Exchequer might be invited to report on the outcome of the 16th July Finance Council, at which the Commission were pressed to produce their reference paper on the budget problem in time for the 17th September Finance Council. We lifted our reserve on the payment of EMS interest rate subsidies to Ireland and Italy after securing agreement to an entry in the Council minutes which safeguards the United Kingdom position for the future.

3. The Lord President of the Council might be invited to give an account of the inaugural session of the European Parliament on 17th-18th July, at which he represented the United Kingdom.

4. The Ministerial Sub-Committee on European Questions (OD(E)) will have met just before Cabinet to discuss the legal and Parliamentary handling at home of the Commission's draft Decision on state aids for steel. The Foreign and Commonwealth Secretary may wish to report the conclusions reached.



JOHN HUNT

18th July, 1979