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CABINET

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

THURSDAY 4 DECEMBER 1975

at 10.15 am

PRESENT

The Rt Hon Harold Wilson MP
Prime Minister

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

The Rt Hon Lord Shepherd
Lord Privy Seal

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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

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Samuel Silkin QC MP
Attorney General (Item 4)

The Rt Hon Edmund Dell MP
Paymaster General (Item 4)

SECRETARIAT

Sir John Hunt
Mr G R Denman (Item 2)
Mr P Benner (Item 1)
Mr J A Hamilton (Items 3 and 4)
Mr T F Brenchley (Item 2)
Mr J A Marshall (Item 3)
Mr R P S Hughes (Items 1 and 2)
Mr C J Farrow (Item 4)

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European
Council

THE FOREIGN AND COMMONWEALTH SECRETARY reported on the meeting of the European Council which the Prime Minister and he had attended in Rome on 1 and 2 December. There had been no communique but a number of agreements had been come to in the form of working documents. On the Community Budget and financial control the discussion which the Prime Minister had had with the Federal German Chancellor in July and the work which the Prime Minister had since put into elaborating our proposals had paid a substantial dividend. There had been a general welcome at the European Council for our proposals which we would now publish as a White Paper and agreement in particular to pursue actively our proposal for a Committee of the European Assembly on the lines of the House of Commons' Public Accounts Committee to watch over Community expenditure. On the basis of the discussion detailed proposals would be submitted by the Commission to the Council of Ministers.

On direct elections, seven countries had agreed that elections to the European Parliament should take place on a single date in May or June 1978. It had been agreed that any country which at that date was unable to hold direct elections should be allowed to appoint its representatives from among the elected members of its national Parliament. The Council had noted the Prime Minister's statement that further consultations would be necessary before the British Government could commit itself to final arrangements. Denmark had also reserved its position. Foreign Ministers had been instructed to take further their examination of the question and to submit a report to the next European Council in March. This would probably lead to considerable argument on the size of the European Assembly between the French, who wanted the number of seats to be proportional to the population of the Member States, and the Irish, who wanted to increase the share of the total seats held by the smaller countries.

On Passport Union the Council had agreed that a uniform passport might be issued as from 1978 and had asked the Council of Ministers (Foreign Affairs) to resolve all outstanding questions in this area including the difficult issues of the abolition of frontier controls and the harmonisation of conditions of entry.

M. Tindemans had reported very briefly on the progress of his report on European Union but there had been no substantive discussion. A United Kingdom proposal for a meeting of Ministers of the Interior to discuss common problems with particular reference to law and order had been agreed. The President of the French Republic had also suggested that this meeting should discuss the associated question of the right of asylum.

On the Conference on International Economic Co-operation there had been long and fierce discussion. The Prime Minister had fought very hard for our position and, while we had not gained everything we had publicly aimed for, there had been some significant practical gains. The French had agreed to the principle of a Minimum Support Price (MSP) and emergency sharing arrangements for oil although the latter point was not for

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publication, and thus had come into line in everything but name with the International Energy Agency

which they had earlier refused to join. In so far as representation of the United Kingdom was concerned it had been agreed that the Community spokesmen should be the President of the Council and the Commission, but that the President of the Community Delegation would be able to invite two countries, the United Kingdom and Luxembourg (as the country due to succeed to the Presidency at the end of the year) to "present additional statements" providing that they did not actually contradict the Community mandate. But, of course, any Community mandate required unanimity and we would only agree to one which fully took account of our own interests. So, both at the Ministerial Conference in December which he would attend and in the various Commissions, the United Kingdom would be able to put its own point of view. This arrangement was not as satisfactory as the separate seat for which we had pressed. But in reality the gains of substance we had made in securing French agreement to MSP and the emergency sharing arrangements and the separate voice we had gained for the United Kingdom represented a good compromise. We could not have obtained more and what we had secured had only been got by tough and sustained negotiation on the part of the Prime Minister.

THE PRIME MINISTER said that we had in fact secured the substance of what we had set out to get. Not only had the French agreed to the principle of an MSP and emergency oil sharing but we had secured the right to state our case. The Press reports of a row between himself and the Federal German Chancellor had been entirely unfounded. Indeed, Herr Schmidt had been helpful throughout. After the compromise had been reached President Giscard had said that the result had shown the value of the European Council and that the Community had been strengthened by the compromise. And an editorial in today's Le Monde had pointed out that, as a result of the Prime Minister's tactics, Community energy policy had made more progress in a few hours than since the birth of the Community.

The Prime Minister added that he had been asked at the lunch attended only by Heads of Government about our intentions on import controls. He had said that we were still considering our position. In the case of cars a decision would depend on the fate of the Chrysler operations in Great Britain. President Ortolini of the Commission had been unhelpful and the other Heads of Government had said that import restraints in the United Kingdom on cars would present difficulty. Action on our part on textiles and footwear particularly in so far as imports from low cost producers were concerned, would cause much less difficulty as would action on television tubes providing that this was limited to types not supplied by the European market.

In discussion it was argued that as represented in the media the decision of the European Council on passports, in particular the proposal that a Community passport should have the words "European Community" at the top, was likely to arouse nationalist reactions in this country. Moreover the practical utility of a European passport was open to question. On the other hand it was pointed out that the Prime Minister had made it clear at the European Council that we would not wish to introduce the new passport before the new nationality legislation which had been projected had come into force. And a whole range of technical issues which remained to be resolved would need to be studied further by the Council of Ministers.

The Cabinet -

2. Took note, with approval, of the statements by the Prime Minister and the Foreign and Commonwealth Secretary.