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CC(81) 13th
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 26 MARCH 1981
at 10.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

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

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Lord Carrington
Secretary of State for Foreign and
Commonwealth Affairs

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

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Francis Pym MP
Chancellor of the Duchy of Lancaster
and Paymaster General

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

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

The Rt Hon Humphrey Atkins MP
Secretary of State for Northern Ireland

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education and Science

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

SECRET

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Michael Havers QC MP
Attorney General (Item 1)

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

Mr. Barney Hayhoe MP
Minister of State, Civil Service Department
(Item 4)

SECRETARIAT

Sir Robert Armstrong
Mr P Le Cheminant (Item 4)
Mr R L Wade-Gery (Items 2 and 3)
Mr D M Elliott (Items 2 and 3)
Mr W N Hyde (Item 1)
Mr D J L Moore (Item 4)
Mr L J Harris (Item 1)

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PARLIAMENTARY
AFFAIRS

of Members
of the European
Parliament

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

THE HOME SECRETARY said that the European Assembly (Pay and Pensions) Act 1979 fixed the salaries of Members of the European Parliament (MEPs) at the same level as that of Members of Parliament (MPs) at Westminster. The pay of MEPs could legally be increased only by means of an effective resolution of the House of Commons bearing The Queen's recommendation. The Queen's recommendation was not required for increases in the pay of Westminster MPs as such, but was needed for the consequential increases in their pensionable pay. Pay increases for both MPs and MEPs would therefore normally be dealt with in the same effective resolution. When, however, the pay of MPs was increased in June 1980 from £10,725 to £11,750, the House of Commons had rejected the Government's proposals on the rate of pensionable pay, and the pay increase for MPs had been effected from 13 June 1980 on the basis of a resolution framed as an expression of opinion on pay alone without The Queen's recommendation being signified. It had been wrongly assumed that this resolution applied also to MEPs who had been paid at the higher figure. First Parliamentary Counsel had now pointed out that the absence of an effective resolution meant that there was no legal authority for paying the increase to MEPs, and the Comptroller and Auditor General (C and AG) had said that he could not authorise further payments at the higher rate from the Consolidated Fund unless he were given an undertaking by the Government that the position would be regularised at the earliest opportunity. There was a statutory obligation to keep the pay of MEPs in step with that of MPs, and he considered that there was no realistic alternative to giving the C and AG the required undertaking, and to moving an appropriate effective resolution as soon as possible, probably in the week beginning 6 April.

The Cabinet -

1. Invited the Home Secretary:
 - i. in consultation with the Chancellor of the Duchy of Lancaster and Paymaster General, to arrange for the moving of an effective resolution in the House of Commons at an early date to increase the salaries of Members of the European Parliament to £11,750 per year, with effect from 13 June 1980;
 - ii. to notify the Comptroller and Auditor General of the action proposed.

Canadian
Constitution:
Response to the
Report by the
Select
Committee on
Foreign Affairs

Previous
Reference:
C(81) 7th
Conclusions,
Minute 2

THE CHANCELLOR OF THE DUCHY OF LANCASTER AND PAYMASTER GENERAL said that an agreed draft of the Government's reply to the report by the Select Committee on Foreign Affairs about the expected request from the Parliament of Canada for the amendment and patriation of the Canadian constitution was now ready. The Government had undertaken that they would normally reply within two months to reports from Departmental Select Committees, but he considered that it would be tactically unwise in the present case to publish the Government's response before the current debates in the Canadian Parliament had been concluded. The response would not only be the first public indication of the Government's attitude towards the substance of the Canadian proposals but would commit the Government to attempting to secure the passage of the necessary United Kingdom legislation. Its timing, which was one of the few factors in this area wholly within the Government's control, should be determined primarily by the need to facilitate the difficult Parliamentary handling of the request. Although the Lord Privy Seal, with whom he had discussed the matter, was inclined to favour rather earlier publication, he was prepared to accept his judgment of the Parliamentary situation.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet noted that the legal and constitutional arguments advanced by the Select Committee and by those in Canada opposed to the Federal Government's proposals had so far remained largely unchallenged in this country. It was desirable that the Government's reply, which set out clearly the arguments for acceding to the Canadian request, should be available to members of both Houses of Parliament in time for it to have the maximum influence on their consideration of the request. The Cabinet agreed, however, that for the tactical reasons outlined by the Chancellor of the Duchy of Lancaster publication should be deferred until after the current debates in the Federal Parliament had been completed. The Chancellor of the Duchy of Lancaster should bring proposals on the Parliamentary handling of the expected Canadian request before the Cabinet in the near future.

The Cabinet -

2. Agreed that the Government's response to the report by the Select Committee on Foreign Affairs on the expected Canadian constitutional proposals should be published after the completion of the current debates on the subject in the Canadian Parliament.

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3. Invited the Foreign and Commonwealth Secretary to agree the date of publication of the response with the Chancellor of the Duchy of Lancaster and report this to the Cabinet.

4. Invited the Chancellor of the Duchy of Lancaster, in consultation with the Lord President of the Council, to bring early proposals on the Parliamentary handling of the expected Canadian request before the Cabinet for consideration.

Security
Services

THE PRIME MINISTER informed the Cabinet of the lines of the statement which she intended to make in the House of Commons that afternoon about the serious allegations made against former members of the Security Services and others in Mr Chapman Pincher's book "Their Trade is Treachery".

The Cabinet -

5. Took note.

Visit of the Pope

THE PRIME MINISTER said that it had been suggested that an invitation should be extended to the Pope to address both Houses of Parliament during his pastoral visit to the United Kingdom in 1982. Such addresses had in the past been given only by a few of those who were on official visits to this country as Heads of State or Government or of international organisations. For the Pope to address both Houses would be wholly inappropriate to the nature of his visit and would add to the already formidable security problems surrounding it. Subject to the views of colleagues, she proposed that the Government should not respond to this suggestion.

The Cabinet -

6. Agreed that no invitation should be extended to the Pope to address both Houses of Parliament.

FOREIGN
AFFAIRS

and
previous
reference:
(81) 8th
conclusions,
minute 3

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the political situation in Poland was once again causing serious concern. The Solidarity union were threatening national strike action from 31 March, with preliminary action on 27 March, unless there was a successful outcome to their latest negotiations with the Government, which were still proceeding. The future course of events was unpredictable.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

European
Council
24 March
previous
reference:
(81) 12th
conclusions,
minute 3

3. THE PRIME MINISTER reported on the meeting of the European Council in Maastricht on 23-24 March. On fish, it had emerged that Federal Chancellor Schmidt had not fully appreciated the degree to which the French were responsible for the breakdown of negotiations on a revised Common Fisheries Policy (CFP) in December, nor that the United Kingdom's insistence on settling the internal and external aspects of the CFP in a single package was in line with the relevant provisions of the 30 May 1980 budget agreement, to which all member States had subscribed. Once these points had been explained, it had seemed that the formal discussions on fish might take place in a less acrimonious atmosphere than had earlier been expected. In the event, however, President Giscard had raised the temperature by criticising the refusal of the United Kingdom to lift its reserve on the Canadian fisheries agreement and had been followed in like vein by Chancellor Schmidt. Attempts in the margins of the Council to reach agreement on marketing arrangements designed to safeguard our industry against additional low priced imports made insufficient progress to justify the lifting of the United Kingdom reserve. In these circumstances, as agreed in last week's Cabinet (CC(81) 12th Conclusions, Minute 3), she had probed President Giscard's intentions with him privately. He had denied that France wanted to put off further CFP negotiations until after the French Presidential elections. She had therefore suggested, and President Giscard and the Council had agreed, that the date of the next Fisheries Council should be advanced to 27 March with the aim of resolving the problem then. All Heads of Government had professed to be anxious to reach agreement at this Council. A confidential bilateral meeting between the Minister of Agriculture and his French counterpart, which was taking place while the Cabinet were in session, had also been arranged in an attempt to reach agreement on the main outstanding issue of access on lines acceptable to the United Kingdom industry.

Fisheries apart, the European Council had discussed unemployment at some length, and had confirmed that a joint Council of Ministers of Economic Affairs, Finance, Social Affairs and Employment should consider the problem further. It was to be hoped that this combined Council, which was unlikely to resolve the problem, would take place

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under the Dutch rather than the United Kingdom Presidency. In agreeing that the Agriculture Council should be requested to continue its discussions on prices with the will to reach agreement by 1 April, the United Kingdom had insisted that equal stress should be placed on the need for agricultural economy measures. The European Council had also reaffirmed the need for the Commission's proposals on budget restructuring to be presented by the end of June, and had issued a useful communique on Poland.

In discussion, it was noted that if the 27 March Fisheries Council was unable to reach agreement, it would be necessary for the Ministers concerned to decide urgently whether the potential linkage with the agricultural price fixing negotiations that would be resumed on 30 March should be exploited by the United Kingdom. The attitude displayed by the French in that day's bilateral talks would give some indication of the likely outcome of the Fisheries Council. It was suggested that the Government should in any event not allow the United Kingdom fishing industry to dictate the terms of a final CFP settlement. They should be pressed to accept whatever could be negotiated in the Community; any further subsidies agreed by the Government should help to make an agreement acceptable to them. It was further noted that the recent devaluation of the Italian lira should make it easier to settle on the Commission's agricultural price proposals, since Italy, France, Denmark, Ireland and Greece would be able to increase their producer prices by devaluing their green currencies. The United Kingdom and Germany would on the other hand gain no improvement in their support price levels. This would make a revaluation of the green pound still more difficult for the United Kingdom industry to accept.

The Cabinet -

Took note.

CIVIL SERVICE
DISPUTE

Previous
reference:
C(81) 12th
conclusions,
minute 4

4. THE CHANCELLOR OF THE EXCHEQUER said that, although the delays to revenue receipts, as a result of industrial action, would lead to some short-term increases in the monetary aggregates, they should not present any longer-term threat to economic management. Some staff in the Customs and Excise were refusing to carry out their normal duties and, under the standard procedures, they had been issued with oral warnings that they should resume work. He recommended that where necessary these oral warnings should now be followed by written instructions and, if those were ignored, by suspension from duty. In the Inland Revenue the numbers of staff refusing to carry out normal duties were increasing and he recommended that the staff concerned should be given oral warnings followed, if necessary, by written instructions and suspension. Contrary to the instructions of their own unions, some staff were picketing at Inland Revenue offices other than their own place of work.

THE PRIME MINISTER, summing up a short discussion, said that the Cabinet agreed that the Chancellor of the Exchequer should take action forthwith to deal, on the lines he had proposed, with those staff in the Customs and Excise and the Inland Revenue who were refusing to carry out their normal duties. He should arrange for the attention of the union leaders to be drawn to the fact that at some offices picketing was being carried out by staff from elsewhere. The Cabinet took note that if strike action affecting Sheriffs' Courts in Scotland were to continue, emergency legislation might be necessary.

The Cabinet -

Invited the Chancellor of the Exchequer -

- i. to take action forthwith, under the standard procedures, to deal with those staff in Customs and Excise and the Inland Revenue who were refusing to carry out their normal duties;
- ii. to arrange for the attention of the union leaders to be drawn to any picketing which was contrary to the unions' own instructions and to the requirements of the Employment Act, 1980.

Cabinet Office

26 March 1981