

SECRET

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

CC(81) 35th
Conclusions

COPY NO 79

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 5 NOVEMBER 1981
at 9.30 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 Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

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

The Rt Hon Francis Pym MP
Lord President of the Council

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

The Rt Hon John Nott MP
Secretary of State for Defence

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

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

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Humphrey Atkins MP
Lord Privy Seal

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry

The Rt Hon John Biffen MP
Secretary of State for Trade

The Rt Hon David Howell MP
Secretary of State for Transport

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

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

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 R L Wade-Gery (Items 2 and 3)
Mr D M Elliott (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
2	FOREIGN AFFAIRS	
	Arab/Israel	1
	Canadian Constitution	2
3	COMMUNITY AFFAIRS	
	30/31 October Informal Meeting of Finance Ministers	2

PARLIAMENTARY
AFFAIRS

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

THE PRIME MINISTER, summing up a brief discussion, said that Ministers should be careful in any public statements not to appear to enter into any commitments involving public expenditure which went beyond undertakings already given by the Government. In particular, the Secretary of State for Social Services, if pressed during the Debate on the Address, should go no further than confirming the existing pledge to maintain the real value of state retirement pensions during the lifetime of the present Parliament.

The Cabinet -

Took note.

FOREIGN
AFFAIRS

Arab/Israel

previous
reference:
C(81) 34th
conclusions,
minute 2

2. THE LORD PRIVY SEAL said that there had been a last-minute hitch in the arrangements for four members of the European Community - Britain, France, Italy and the Netherlands - to participate in the proposed multinational force and observers in Sinai. The ten members of the Community had reached agreement on a public statement by the four Governments designed to make clear that participation was consistent with the Venice Declaration of June 1980 and that support for the arrangements associated with Israel's withdrawal from Sinai was distinct from the rest of the Camp David process; and on an anodyne statement by all ten Governments along the same lines. These statements had been due to be published on 6 November. But the United States Secretary of State, Mr Haig, to whom they had been shown in confidence on 4 November, had reacted very unfavourably. He was pressing in particular for the omission of any reference to the Venice Declaration. This was a request which the European Governments were not in a position to accept. Publication had therefore been suspended and representatives of the four Governments would be meeting in London on 6 November to consider how to proceed. Meanwhile the Israeli Government had publicly suggested that they would veto any potential participant in the Sinai multinational force who entered reservations inconsistent with the Camp David Agreement. The present situation was particularly unsatisfactory for the British Government, who had from the beginning had good reasons for being reluctant to participate at all.

THE LORD PRIVY SEAL said that the current conference between the Federal and Provincial Governments in Canada seemed to have got off to a reasonable start. It was not likely to reach unanimous agreement on the problems associated with patriating the constitution, but it might just be able to produce a satisfactory compromise between the Federal Government and a reasonable number of the Provinces. It was impossible to say how long the conference would last.

The Cabinet -

Took note.

3. THE CHANCELLOR OF THE EXCHEQUER said that discussion of the 30 May 1980 mandate at the 30-31 October informal meeting of Finance Ministers had made no significant headway. The Germans had presented their case for some limit on their net contribution to the Community budget to be agreed alongside any solution proposed for the United Kingdom, and the Dutch had restated their earlier arguments for a new budgetary framework in terms that to some extent echoed the approach he had put forward in his speech in The Hague in June. He had had a private talk in the margins of the meeting with Monsieur Delors, the French Finance Minister. It was apparent that he at least recognised the need for the Community to find a solution to the budget problem soon, though Monsieur Delors had made clear that this represented his personal approach and that there was as yet no agreed French Government view on this subject. Finance Ministers had also voiced their continuing concern at the refusal of the United States Government to intervene in the exchange markets and their hope that this attitude might give way to a greater willingness to co-operate with other monetary authorities if the dollar weakened next year. In a review of the economic situation within the Community, it was noteworthy that a common pattern of financial stringency and public expenditure reductions was emerging throughout Europe; the Germans had now embarked on their third round of expenditure cuts.

The Cabinet -

Took note.

Cabinet Office

5 November 1981