CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 16 JANUARY 1975
at 10.30 am

PRESENT

The Rt Hon Harold Wilson MP
Prime Minister

The Rt Hon Edward Short MP
Lord President of the Council

The Rt Hon Lord Elwyn-Jones
Lord Chancellor

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

The Rt Hon Eric Varley MP
Secretary of State for Energy

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

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 Merlyn Rees MP
Secretary of State for Northern Ireland

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

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

The Rt Hon Michael Foot MP
Secretary of State for Employment

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

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

The Rt Hon Reginald Prentice MP
Secretary of State for Education and Science

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

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

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)

Mr Joel Barnett MP
Chief Secretary, Treasury

SECRETARIAT

Sir John Hunt
Mr P D Nairne (Item 2)
Mr H F T Smith (Item 2)
Mr P Benner (Items 1 and 3)
Mr J A Hamilton (Item 4)
Mr E J G Smith (Items 1 and 2)
Mr J Peters (Item 4)

CONTENTS

<table>
<thead>
<tr>
<th>Item</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>PARLIAMENTARY AFFAIRS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Debate on EEC Documents</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Mr John Stonehouse</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>FOREIGN AFFAIRS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Relations between the United States and the Soviet Union</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Sugar</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>CAP Prices 1975–76</td>
<td>4</td>
</tr>
<tr>
<td>3.</td>
<td>CENSUS 1976</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Parents' Countries of Birth</td>
<td>5</td>
</tr>
<tr>
<td>4.</td>
<td>CHANNEL TUNNEL</td>
<td>7</td>
</tr>
</tbody>
</table>
The Cabinet were informed of the business to be taken in the House of Commons during the following week.

It was reported that difficulties were still arising on debates on European Economic Community (EEC) documents. A number of Government supporters had put down an embarrassing amendment to the Government Motion to take note of the documents on agricultural prices which was due to be debated that evening. The need to keep members late to vote against their own colleagues caused problems of Party management.

In discussion it was argued that the problem arose partly because some members were using the new situation to extend Parliamentary involvement into an area previously the preserve of the Executive. On agricultural prices, for example, traditionally Parliament had not known what proposals the Government was considering until the final determinations had been made and announced, and the Government was accountable to the House only at that stage; it would therefore be an extension of the role of Parliament for it to become involved while negotiations were proceeding. On the other hand it was pointed out that if Parliament were to exercise an effective role in EEC legislation, it would need to make its views known before decisions were taken by the Council of Ministers. The Lord President of the Council and the Foreign and Commonwealth Secretary would shortly be circulating a joint memorandum on the handling of these debates.

THE LORD PRESIDENT OF THE COUNCIL reported that a message had recently been received from Mr Stonehouse asking for arrangements to be put in hand for him to relinquish his seat in the House of Commons. Subsequent reports had suggested that on the advice of his lawyer he was having second thoughts, and attempts had therefore been made through the British Consul General to secure written confirmation of his intention to resign. These had so far been unsuccessful; but the Consul General was hoping to arrange a meeting with Mr Stonehouse and his lawyer during the course of the day. It, however, no firm indication of Mr Stonehouse's intentions had been received by the beginning of the following week it would seem right to proceed with the establishment of a Select Committee to make recommendations about the action to be taken.

In discussion it was argued that the matter should be approached cautiously, despite the strength of feeling amongs the Government's backbench supporters that it was intolerable that Mr Stonehouse should continue as a Member of the House of Commons. Members were chosen by the electors in their constituencies, not by the House
itself; and the House should therefore beware of acting too
precipitately over the removal of any properly elected Member.
Moreover, while it was true that Mr Stonehouse could not look after
his constituents' interests while not in the country, there were a good
many instances of Members who had been absent for relatively long
periods without giving rise to serious dissatisfaction.
Mr Stonehouse had not been convicted of any criminal offence, and
the objections to taking action merely on the suspicion of such an
offence were obvious, particularly since it might be found that illness
lay at the root of some of his recent actions.

As against this, it was argued that, in the circumstances of his
disappearance involving his feigned death, Mr Stonehouse had treated
Parliament with contempt; and he had almost certainly abused his
privileges as a Member of the House. And while it was true that no
allegations of fraud had been substantiated, he did not deny that he had
entered another country by means of a forged passport. Moreover,
the longer the present situation continued, the longer would the
electorate of Walsall North be left without effective representation.

THE PRIME MINISTER, summing up the discussion, said that the
Cabinet agreed that important issues of principle were at stake and
that the decision must not be determined by the present strength of
feeling amongst the Government's backbench supporters. The Lord
President of the Council should discuss the matter informally with
the Speaker to ascertain whether the basis of any action by the House
might be that the House had been treated with contempt and perhaps
also that Parliamentary privilege had been abused. There should also
be informal consultations with the Opposition before any action was
taken. Subject to the outcome of these discussions, it would be
right, if no further action had been taken by Mr Stonehouse to
relinquish his seat by the beginning of the following week, to arrange
for the matter of his continued membership of the House of Commons
to be referred to a Select Committee. If this were not the
Committee of Privileges itself, it would be desirable for any
specially constituted committee to consist largely of members of the
Committee of Privileges, who were accustomed to dealing with such
matters in a judicial spirit and would not be unduly swayed by the
strength of feeling amongst backbench Members. It would be
important to ensure that the points which had been raised during the
Cabinet's discussion were before the Select Committee and taken into
account by them. The Lord President of the Council should keep him
informed of how it was proposed to proceed.

The Cabinet -

Took note, with approval, of the Prime Minister's
summing up of their discussion.

CONFIDENTIAL
2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the decision by the Soviet Union to repudiate its Trade Agreement with the United States had led to speculation that the policy of detente was under threat and that Mr Brezhnev might be in difficulty with his colleagues. It was premature to reach either conclusion. The Russians had clearly decided that the conditions about Jewish emigration from the Soviet Union which the United States Congress had sought to lay down, and the restriction of credits to be made available by the United States Export/Import Bank to the very modest figure of $300 million over four years, rendered the Trade Agreement unacceptable; but there was no evidence of any intention on the part of the Soviet Union to abandon detente. Nor should any political significance be attached at this stage to the fact that Mr Brezhnev had been absent from public view since the end of December.

THE PRIME MINISTER, summing up a brief discussion, said that although it was unlikely that the failure of the Trade Agreement would carry wider implications for detente, the Russians might decide for political reasons to switch some of their trade with the United States to other suppliers. When he and the Foreign and Commonwealth Secretary visited the Soviet Union in February a substantial increase in the level of our exports to the Soviet Union would be high on the agenda for discussion.

The Cabinet -

1. Took note of the Prime Minister's summing up of their discussion.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that he had held discussions in London on 9 and 10 January and in Brussels on 14 January with representatives of the sugar producing countries on the supplement to the price to be paid in 1975 for sugar imported into the United Kingdom under Protocol 22 of the Treaty of Accession to the European Economic Community (EEC). As Cabinet had agreed, he had finally offered a price of £250 a ton cif, making it plain that this was the limit. The producers had in discussion lowered the price they were seeking from £315 a ton to £283 a ton, but at that level had linked it with an extension to 1 July 1976. The following morning he was holding a confidential meeting with the Minister of Agriculture for Mauritius at the latter's request. It could emerge at that meeting that there was further movement by at least some of the producers. He had kept representatives of the refinery workers and the Members of Parliament concerned in touch with the position; they were content with the way it was being handled.
In discussion it was suggested that it was right to stand firm on £250 a ton. This was a profitable price; the residual world market price was falling sharply, and there were considerable advantages to the producers in obtaining a long-term contract. In the light of further developments, the Cabinet should have a discussion next week on the general position reached and the implications of the options open.

The Cabinet -

2. Invited the Minister of Agriculture, Fisheries and Food to circulate to the Cabinet for discussion next week a memorandum on the position on sugar supplies and prices in the light of the alternative courses of action which were open.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that there had been a general discussion in the EEC Council of Ministers (Agriculture) on 13 and 14 January on the prices to be determined under the Common Agricultural Policy (CAP) for 1975-76. The discussion in the Council of Ministers would be resumed on 20 January and continue for much of that week. The prices were due to be decided during the course of that meeting, but it was now doubtful if they would be. The meeting would in any case be a difficult one. His line at it would be in accordance with the discussions on the subject in the Ministerial Committee on European Questions.

In discussion it was noted that it would be crucial to secure, in accordance with our renegotiation objectives, an improved regime for beef, though this did not mean that we need object on doctrinal grounds to any degree of intervention. The likely increase in prices for dairy products, due both to the next transitional step to EEC price levels and to the price increases currently under discussion, was a worrying feature. The Ministers concerned had not reached agreement on the price for milk to be guaranteed to United Kingdom producers and on the consequences for the consumer price of milk - an issue that was separate from, but related to, the CAP price negotiations.

THE PRIME MINISTER, summing up the discussion, said that the Minister of Agriculture, Fisheries and Food should be guided in the negotiations by the discussions that had taken place in the Ministerial Committee on European Questions. Any issues, such as that of the milk price, which had not been resolved should be pursued urgently within that Committee, and be reported to the Cabinet if necessary.
The Cabinet -

3. Took note, with approval, of the Prime Minister's summing up this part of their discussion and invited the Minister of Agriculture, Fisheries and Food to proceed accordingly.

3. The Cabinet had before them a memorandum by the Secretary of State for Social Services (C(75) 5) about the inclusion in the 1976 census of a question about parents' countries of birth.

THE PRIME MINISTER said that the issue had been fully considered by the Home Affairs Committee in December 1974, when it had been decided on balance that the question should be included; and the position of the Secretary of State for Social Services had not then been reserved. It would therefore not normally be appropriate for the matter to be reopened in Cabinet; but he had agreed to make an exception on this occasion, bearing in mind that the Secretary of State for Social Services, who was acting on behalf of the Registrar General and not in her Departmental capacity, had been prevented by pressure of even more urgent business from attending the meeting of the Home Affairs Committee. Very strong grounds would however have to be adduced before it would be right to reverse the decision which the Committee had reached after a full discussion.

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the inclusion in the 1971 census of a question about parents' countries of birth had given rise to more complaint than any other question and had imperilled the success of the census as a whole. There was no evidence that public feeling had changed significantly since then - indeed, the position might be even more difficult in 1976 than it had been five years earlier, in that Irish people might become reluctant to provide the information required. It was unlikely that the information given in response to the proposed question would be accurate: in 1971, when 3 per cent of people had failed to answer the question, those who had not replied were greater in number than the immigrant community. Moreover, even if a wholly satisfactory response could be secured, the information collected would be misleading because many people one or both of whose parents had been born in the new Commonwealth were in fact white - figures provided by the Registrar General showed that, of people over 18 with one parent born in the new Commonwealth, four out of five were white. Information no less accurate than would be obtained directly from a question about parents' countries of birth could be secured indirectly by assigning young people in a household to the ethnic group identified by the country of birth of the adults in the household. This method, though admittedly not wholly accurate - in particular
because it would not identify coloured adolescents who had been born in this country but had left home - would be much less likely to cause offence. The Registrar General felt strongly that the use of this indirect approach was preferable; and considerable weight must be given to his advice on technical matters of this kind.

In discussion, it was argued that there was still a real danger that the inclusion of a question about parents' countries of birth would cause offence and that, since reasonably accurate information could be secured by other means, it was not worth imperilling the success of the census as a whole by including it. It was perhaps significant that in the Civil Service the Staff Side were strongly opposed to the recent decision that a count should be made of coloured employees. The case against inclusion was strengthened by the fact that there would not be a corresponding question in the census in Scotland. As against this, it was argued that the decision by the Home Affairs Committee had been taken after a full discussion and should stand. Points which had particularly weighed with the Committee were that the voluntary organisations active in the race relations field now favoured including the question, which supported the view that opinion had changed since 1971; and that the omission of a question which had appeared in the last census would lead to suspicions that the Government were seeking to conceal embarrassing information. Moreover, the seriousness of the opposition in 1971 could be overstated - the failure of 3 per cent of people to respond to the question about parents' countries of birth seemed in many cases to have arisen from a simple misunderstanding of what was required, not from dislike of the question. Furthermore, many of the complaints which had been made came not from the coloured community but from white people one or both of whose parents had been born overseas. Policies calling for positive discrimination in favour of immigrant and other deprived groups required information more accurate than would be produced by the indirect approach proposed by the Registrar General; and informed opinion was increasingly abandoning the view that differences in colour should be treated as though they did not exist or did not matter, and instead was tending to hold that sensible policies were impossible unless based on objective facts, and consequently on the collection of relevant and accurate information.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet's discussion had shown that there were substantial arguments both for and against including in the 1976 census a question about parents' countries of birth. Like the Home Affairs Committee, however, the Cabinet had decided on balance that the question should be included, and the Secretary of State for Social Services should inform the Registrar General accordingly.
The Cabinet-

1. Took note, with approval, of the Prime Minister's summing up of their discussion.

2. Invited the Secretary of State for Social Services to inform the Registrar General of the Cabinet's decision that, on balance, the question about parents' countries of birth should be included in the 1976 census.

4. THE SECRETARY OF STATE FOR THE ENVIRONMENT recalled that the Cabinet at their previous meeting had agreed in principle that the present Channel Tunnel project must be regarded as abandoned, and the French Government so informed, subject to more detailed discussion by the Ministerial Committee on the Channel Tunnel Project. Since then the Ministerial Committee had considered the matter and had come to the same conclusion. As regards giving effect to the decision, the only real alternatives in the Committee's view were to undertake some months of negotiation with the French Government on the possibility of going forward on some new basis, or else to close down the project while keeping open the possibility, at modest expense, of taking it up again in five or ten years' time. The balance of opinion on the Committee had been in favour of the second alternative, because the first seemed to them likely to endanger the equal sharing of charges between the two Governments, to prolong the planning blight connected with the high-speed rail link, and to involve the British Government negotiating in bad faith, a situation which would be evident to all concerned. Even in the context of the renegotiation of the terms for Britain's membership of the European Economic Community (EEC), an attempt to prolong negotiations with the French Government would in his view involve the risk of coming to the point of final decision on the project at an even less propitious moment. He had seen the French Ambassador the previous day and given him a message to M. Cavaille, the French Minister of Transport; he had circulated a copy of this to members of the Cabinet. Predictably, the Ambassador had indicated his distress about this development, and the French were sure to adopt an indignant posture in public. As the Cabinet were aware, he himself would greatly have preferred a year's delay and a mature decision on the project, and he was still sure that at some time we would need to have a fixed electric rail link between Britain and France; nevertheless the present project was clearly dead, and it was some consolation that it was the action of the companies which had provided the opportunity to make a clear-cut decision.

In discussion it was emphasised that this decision was bound to place us in a very difficult position in relation to the French Government, not simply in the EEC context but in terms of our diplomatic posture throughout the world. Experience showed that the French would take the utmost advantage of any opportunity to damage us in the eyes of
other countries, for instance in the Euro-Arab dialogue, and it was unfortunate to give them plausible pretexts for arguing that the British could not be trusted to persevere in difficult circumstances. The first reactions from the French Government to the decision on the Channel Tunnel project suggested that they would certainly try to avoid paying their share of the charges arising from abandonment, and that they would do little to help in closing down the project in orderly fashion. It might still be possible to lessen the damage if we were prepared to continue negotiations with the French Government for a month or two, if necessary sending a senior Minister to Paris for the purpose.

On the other hand, it was pointed out that the final decision had come about as a result of the companies' action, and a statement of the British Government's position by 20 January was essential. The two Governments had equally been placed in an impossible position by the action of the companies, and we had previously received the clear impression that the French Government too would have preferred to have postponed the full construction stage for a year or more, even though the Tunnel was a far better investment for them than for us. In these circumstances there was no alternative but to endorse the decision reached by the Ministerial Committee, and the action taken by the Secretary of State for the Environment to inform the French Government.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet endorsed the conclusion that the present Channel Tunnel project must now be regarded as abandoned, and the decision that it should be closed down in such a way as to keep open the possibility, at modest expense, of taking it up again in five or ten years' time. They recognised that this was bound to put us in a difficult position in relation to the French Government, but they endorsed the message which the Secretary of State for the Environment had sent to the French Minister of Transport; every effort must now be made to close down the project in an orderly fashion. The Secretary of State for the Environment should make a statement to Parliament on the following Monday.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.
2. Invited the Secretary of State for the Environment to arrange to close down the Channel Tunnel project while keeping open the possibility, at modest expense, of taking it up again in five or ten years' time.

3. Invited the Secretary of State for the Environment to make a statement to Parliament on the following Monday.