

1530

Pres

Agenda

- 1 ECA. r Soc.
- 2 Enlargement
- 3 Relations + other int. countries
- 4 oral report from FAE Pres a UK budget.

forwards - 5. Texts on Community matters
 6. " " Pot. Coop ECU
 int. Econ

Head of State tonight at dinner - ECU relations
 post Brezhnev
 int. Econ

Foreign Ministers

7. Report on E. Union - FRG/Italian.

understand fisheries to be raised - before we
 end this pm. at ca. 1830

Agreed

ECA r Soc Situation

Pres: Referred to Reports / Documents
 Support endorse -
 then concourse - guidelines for future action
 strengthening internal market
 investment
 etc
 Key note or conclusion = timetable for rapid action

Thom

Third time looking at the "crisis" in this context.
getting worse - analyze reasons & scope.

public anxiety
we're not good agreement + US - steel.
Done at we cd, with mandate from, at SAIT meeting
Final results along this line for.

Kept Japan under surveillance
Close consultation + US.

Internal market not so satisfactory
'83 will be best years - OECD thinks situation will deteriorate
- Unions against fighting inflation
- Reflationary period cd begin
- poor employment prospects
- Unions cd start capitulating

Third world - financial difficulties.

1. Primitive structure
2. Return. infra. help
3. Cash rich internal market -
we're facing too few external markets.
- 4 Technology.

(etc - rather long, verbose, & lacking in clarity)

Ortoli

Business cycle less favorable than kept at Versailles.

1982 - in growth
1983 - worse year than expected
+ 1 1/2% - doubtful.

but inflation falling. Must get back to normal levels
Demand is slack everywhere - incl. USA
by developing countries huge debts
& price of products dropped.

- No econ. recovery in any country unless way - investment is the key - but there must be confidence.
- Climate of pessimism -
- International situation changing -
- Problem looks structural, not cyclical.
- People think crisis is over - we must act.
- Otherwise there is the danger of deflationary spirals.
- ∴ adjustments

- No investment without opening - E
- Protectionism will begin to bite.
- Must have to work to pull together - must not be allowed.

Temptation = to drop float v. ECU.

1. Get back to monetary stability
2. Exchange rates, - \$ shock after oil shock

Must reflect this in monetary.

Talk with US - in search of de facto stability

Five world confidence in an econ. environment -

2. Strengthen EMS - I see this as centre of Community
- be need to remain together in context.
- Wider to reaffirm the value of the system.
- EMS stabilised close links + those outside - Austria, Norway, Switzerland, etc

We've been too passive because of developing countries' attitudes

3. Markets may crumble

EMS has played good role in stability
- also in cohesion.

EC should dismantle discrepancies.

Make room for further cuts in interest rates, &
wage change or policy in US.

Head off drift to protectionism.

Intervention kept under control. Support IMF.

Summit should come at in favour of real policies.

Doing nothing to restore confidence.

Complex procedure = set vitally backlog of decisions
with FAC

in non-diplomatic way.

FRS presidency - appoint someone full time to cope.

Who here might be chosen to lead or to help?

(Pih comment: 'irritation')

To sum up -

We shall do all for EC working in right direction -

But we must each put our own countries in order.

Have thought or spec. trg. scheme for young people

with increase trg. opportunities - better the standards of
structures.

EC must give signal to young people - they face a bleak
lot.

Training is my suggestion.

Summit: I found rather disappointing. Not well thought through.
At least 2 references to Germany losing the war(s).
(inexperienced, obvious). I did not feel he got to
the heart of it - the diagnosis first.

1955

7

Fa. 1955

New sort & new approach.

Try & clear up general mess.

Trade Unions: ineffectiveness; balance of payments:

demand supply of labour: disintegration of political forces - the structure of parties no longer

conicides with views of people voting for them:

unions approach every cause for complaint:

election within 15 months

The new majority we've found is based on certain commitments.

inflation down to 7% in 1963 - 110% in '64

to achieve this, must reduce cost of labour.

index-linking unproductive - must get away from it -

simply reducing taxes on employees

raising charges on employers.

this government has got work.

prevent charges for services rising.

counter fear of rising unemployment.

Private investment

EC still financial infrastructure works in some cities/regions

"Make all fantasies we have to become reality"

Housing - 1m. houses at the end of the 60s

10% sold in 2 years of the 60s to

have some useful measures.

Local Sat. etc.

Need new money - tax a black market labour etc etc etc

Comment: I wd take my money out of Italy now.

What can we do as a Community?

- NL policy objective
 - (1) reducing public deficit - to cause drop in interest rates
 - (2) direct support for investment, & development
 - (3) social - job sharing among young people.

Target policy to reduce consumption -
 We wish a freeze in wages - ie not to compensate for rise in cost of living -
 to improve competitiveness

Private sector has taken this advice on board.
 We do not expect fundamental results from job sharing.

All new vacancies advertised 32 hours for 32 hours' pay

- (1) requires for international & EC - coordination.
 National restrictive policy requires expansionary international policy
 involves IOT, world bank etc
 at carried out + financial discipline

- (2) requires international free trade - within "our precious Community"
 EC "must not crumble".

Maintain free trade - & extend wherever possible.
 ought to be possible in conjunction with NICs which have big potential to contribute toward world bank.
 We do like to help the bank that a mutually beneficial trade system.

Not many measures can be taken to help here at Community level.
 Signs still emit from our discussion here to indicate
 how serious we take this
 Adopt a new approach - esp. for young countries
 a brighter prospect.

1740

- PM. Comput. to Com. a papers - & their presentation.
- Present econ. sit. result of 4 factors -
1. oil price rises - & waste of purchasing power
 2. New pattern of internet. Trade.
 many things now produced by Japan, Singapore, MG etc
 (more cheap) (low overhead).
 structural problem, will persist.
 3. Also experience 3rd Ind. Rev. - microchip
 must look for labor intensive industries - which
 means service industries.
- It is simultaneous -
4. Recession last met, internet. financial sit. has
 worsened - Mexico, Brazil, E Europe etc.

One letter
 that is analysis - (as)
 how feasible?
 11 fronts:

- 1. Nit. funds - £ set at at Versailles
a Jumbo Suit.

Control money supply

Control inflation

etc. etc. to get it. rates down -

Must not report any problems to each other.

Not all investment good - must be selective.

spent billions in building up steel -

now " " taking it down -

shipbuilding

Investment that is productive.

Schemes to alleviate unemp. among young.

also training scheme.

Encourage small businesses - low unemp
new empl. in big businesses.

2. Euro' trade.

De - French market - far from free market yet.

How well the Com. did at the SAIT conference.

Hope we have can endorse 'conditions'.

Capitalize Com.

3. International Finance.

IMF have tackled it as well as possible,

in conjunction with Central Banks.

But say so here.

Discipline here, as in each country.

4. Pub. Opinion factor -
expectations too high - favor job.
economy mt.

1257.

Haynes -

Chiffre -

All of us up against same problems. ^{More or less identical}

Our national experiences an advantage to us -
(starting badly - this)

We have our difficulties.

try to avoid too much political & social impact

difficulties coming down -
"Some of you have now been able to deal with unemployment".

Germany in 1933 was the result of despair from unemployment

France was adopting Stumpet econ. position - like UK.

Concerned about what we call popular consumption -

improve technique and productive capability.

France less competitive than many.

Our success is going to reduce trade

EC lacks a certain confidence in itself -
we protect where necessary - but don't do it if all
can be done.

We cannot protect with protection -

Super Com. should make facts available.

Lots of barriers - health is around etc.

You all have protection policies - can tell you
what cannot sell in your countries only

All learning on conscience -

(copying all sector files
the France)

Can get dossier on table -
Shocker that Kohl still accuse → or protectionist
(feels like Greece Turkey!)

Comment - defensive, muddled, + based solely on France
interests & attitudes } as perceived by

Downing with internal protection - combine together to
protect as Community

United we stand - a fall.
Greece internal market, rejected it.

New Com. Instruments -

We need money - instrument wanted.
New financial instrument - agree with PM.
Not any investment - agree with PM.

eg street - energy - electronics.
man for (shd) Lee.
eg. Leighton as - airbus - may not be line of
possibility.

etc. . .

in and on . . . about work or substance -

Conclusion - take up Versailles proposals - econ, #, J.R.
" " challenge or OS -

Bretton Woods II.

1833

Comment - zero contribution - I did impossible to record + make
any sense of it!

~~Annex~~
Annex

Give up my chance to speak.

Reports are complete's acceptable to me.

Minutes Reports v.t.
 4 points -

1. Continuation of our econ. policies.

EMS anchor point or concerted policy

2. Investment

New Community Investment -

3. Better use of market or 2% in volume.

Access to Com. proposals - simplify border procedures.

4. Slavery available jobs - must be offered.

Production investment.

25,000 new jobs per week in Belgium -

a scrapped idea.

Pres. 5 Nordic pols discussed:

Fear continuation of present trend of lead to serious depression.

Anti-inflation policy should stand alone.

Kohl's suggestion of kind of "toothache" trap

- might be positive result.

Discuss formally tonight, & return back tomorrow.

1903

1.

Development

Pres. Com. Document - useful basis.

Mitterand. 3 months ago, wrote Thom expressing my reservations about Spain - with effects a Portugal.

Said to my public I am in favour of Spain joining.

If we cannot clarify the issues that arise before joining, we shall oppose.

We must not go again with what happened with UK.

No timetable - not in 5 years, no fear.

Need guarantees before, not after accession.

Satisfied with Com.'s work - clarified certain issues or carried it forward.

has pointed France with guarantees it needs - let waiting for clear replies to Qs I've asked.

Thom. Things left up -
3 points.

1. Mediterranean products -
we must conclude work on the deficit - see clear problems we have.

2. Ask Foreign Ministers to make a report to next E. Council, to tell us what problems still remain.

3. Can. it be repeated to look into pre-accession Qs felt with in an inventory.

KAL. welcome what Michael said about the democracy
of Spain.
vital to contribute to stabilizing democratic process,
& encourage.

Because of of problems, need to settle many matters
first.

We need to know what we are agreeing to.
Liked the sound of Thom's proposals - provided we
stick to the date.

PM Agree Sp. & P looking for encouragement & support.

" Com's proposals

" Report that enlargement should not add
much to need for resources.

That is why I think ^{existing} resources adequate
(para 3 of speaking note, final).
Substantial change in FEDTA requirement this year.

Advisable if Com. reports to AdS or fall early

in New Year on this aspect, & gives his

views how trend will develop.

In anticipation of joining, Spain received investment

wh. has been used to export advantages

terms - reinforced by advantages administrative

practice.

On that basis, I agree.

Panama

Phon.

Must talk to Spaniards about M's points.
(Intercepted).

0.96% or slightly $> 1\%$ -
stronger on '83 budget than we had expected.
Should not run into danger.

Pres.

No comment to press tonight.

Budget

Allerman - Tichen

AE FAC last week, correct procedure.
Para) or enclosures or they.

CORPER scanmi e. s. c. p. report to

FAC in January

on CORPER R. update 9 & 16 Dec -

My

Hope spent) proper, enclosure of
next E. Co. is hard.
If not, discuss the.

Pres.

Agreed.

Disc.

Pres. First C. meet 21/12. Leaves a little time

- to be used to get detailed agreement.

Hope some - not too important - matters can be clarified. DK demands cut down how to almost nothing.

Must go to the Spec. Int. C. in DK Parliament.

I want to be able to exclude this matter in a positive manner.

Hope to exclude on 21/12.

PM. All v. much more difficult or if in Chair as politician.

We have had to be v. careful to the other of
- rather have
be have needed limit of

concessions - what to make clear.

Samuel

NL. I understand - think I can draw conclusion (at least)

Int. with try to bring about solution by end Dec.

important to give public opinion confidence in way
EC takes decisions. If no satisfactory conclusion,

pol. problems fall on us.

Pres. If 'yes' or 'no' was - could say 'no'. Hope matters
can be clarified possibly by 21/12. DK cut latest.
Accept we suffer severe cut.

Thom

Essential to have CFP before fear at.