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FRAME GENERAL
FM UKREP BRUSSELS 111925Z MAR 85
TO IMMEDIATE FCO

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TELEGRAM NUMBER 913 OF 11 MARCH 1985
INFO PRIORITY COPENHAGEN, THE HAGUE, ROME, DUBLIN, PARIS, BONN,
LUXEMBOURG, ATHENS, LISBON, MADRID, INFO SAVING BRUSSELS.

COMMISSION PROGRAMME FOR 1985

1. MY IMMEDIATELY FOLLOWING TELEGRAMS SUMMARISE THE KEY PROPOSALS IN THIS SUBSTANTIAL DOCUMENT AND OFFER A FEW IMMEDIATE COMMENTS. IT BEARS DELORS' STAMP IN MANY PLACES. HE HAS DEVOTED A GREAT DEAL OF TIME TO IT AND HAS LARGELY GOT HIS WAY. IT IS A MUCH MORE PRAGMATIC DOCUMENT THAN WE WOULD HAVE HAD FROM THE THORN COMMISSION. IN READING IT WE HAVE TO BEAR IN MIND THAT IT IS ADDRESSED PRIMARILY TO THE EUROPEAN PARLIAMENT. (THIS HELPS TO EXPLAIN THE CONSPICUOUS ABSENCE OF ANY REFERENCE TO BUDGET DISCIPLINE).

2. IN A NUMBER OF WAYS, DELORS' GENERAL STANCE SEEMS LIKELY TO CAUSE US PROBLEMS. HIS APPROACH TO THE STRUCTURAL FUNDS (INCLUDING IMPS) AND HIS ENTHUSIASM FOR A COMMUNITY CULTURAL POLICY ARE OBVIOUS EXAMPLES. THE EMPHASIS HE PLACES ON DIALOGUE BETWEEN THE 'SOCIAL PARTNERS' IS DIFFERENT FROM OUR OWN (THOUGH WHAT HE WANTS TO GET ACROSS IN THE DIALOGUE IS OFTEN SENSIBLE, EG: THAT REAL LABOUR COSTS WILL HAVE TO LAG BEHIND PRODUCTIVITY GAINS FOR A TIME IF JOB-CREATING GROWTH IS TO BE ACHIEVED (PAGE 41) AND THE NEED TO SCRUTINISE SUBSIDIES AND TAX RELIEF WITH GREAT CARE (PAGE 40)). THE IDEA THAT MEMBER STATES SHOULD EXAMINE TOGETHER THE ROOM FOR MANOEUVRE EACH POSSESSES, 'NOTABLY FOR ENCOURAGING PRIVATE AND PUBLIC INVESTMENT', WILL CERTAINLY GIVE RISE TO ARGUMENT ABOUT THE RELATIVE MERITS OF TAX CUTS AND PUBLIC INVESTMENT AS WELL AS THE DEGREE OF 'ROOM FOR MANOEUVRE'. SOME OF THE WELCOME IDEAS ON THE COMMISSION'S ECONOMIC ANALYSIS FOR THE DUBLIN EUROPEAN COUNCIL HAS LARGELY DISAPPEARED: NOTABLY THE NEED TO REDUCE THE BURDEN OF REGULATION ON EUROPEAN BUSINESSES.

3. A SIGNIFICANT DEVELOPMENT IS THAT THE COMMISSION ARE FIRMLY CONVINCED THAT THE COMPLETION OF THE INTERNAL MARKET BY 1992 REQUIRES AGREEMENT ON A PROGRAMME OF HARMONISATION OF VAT AND EXCISE RATES. COCKFIELD, WHO HAS PUT HIS NAME TO THIS, TELLS ME THAT DELORS WILL PRESS IT HARD. WE SHALL NEED TO THINK HARD ABOUT OUR LINE TO TAKE ON THIS POINT.

4. THERE IS HOWEVER MUCH IN THE PAPER THAT IS SENSIBLE, FOR EXAMPLE:

- (I) THE EMPHASIS ON PRICE STABILITY:
- (II) THE STRESS ON THE NEED TO REFORM THE CAP: -
- (III) THE PRIORITY FOR THE INTERNAL MARKET:
- (IV) THE COMMITMENT TO A MORE OPEN TRANSPORT SYSTEM, AND THE PHASING OUT OF LORRY QUOTAS:
- (V) MOST OF THE SUBSTANTIAL CHAPTER ON EXTERNAL RELATIONS.

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/S. Now.

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5. NOW THAT DELORS HAS GOT THIS PROGRAMME OUT HE WILL HAVE RATHER MORE TIME FOR DISCUSSIONS WITH MEMBER GOVERNMENTS. I RECOMMEND THAT YOU INVITE HIM OVER FOR A THOROUGH DISCUSSION AT A FAIRLY EARLY DATE.

FCO ADVANCE TO:-

FCO - PS, PS/MR RIFKIND, BRAITHWAITE, RENWICK, SHEPHERD, FAIRWEATHER
R
CAB - WILLIAMSON
DTI - LACKEY
MAFF - ANDREWS
TSY - UNWIN

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TELEGRAM NUMBER 922 OF 11 MARCH 1985
INFO COPENHAGEN, THE HAGUE, ROME, DUBLIN, PARIS, BONN, LUXEMBOURG,
ATHENS, LISBON, MADRID, INFO SAVING BRUSSELS.

COMMISSION PROGRAMME FOR 1985
EMPLOYMENT AND SOCIAL AFFAIRS

SUMMARY

1. NO MAJOR SURPRISES. EXPECTED EMPHASIS ON FIGHTING UNEMPLOYMENT WITH TARGET OF TURNING THE TIDE OF UNEMPLOYMENT WITHIN TWO YEARS. ORGANISATION OF WORK AND THE INTRODUCTION OF NEW TECHNOLOGIES IDENTIFIED AS MAIN PRIORITIES FOR DISCUSSION BETWEEN SOCIAL PARTNERS. FIRM STATEMENT AGAINST REDUCING SOCIAL BENEFITS ('SOCIAL DUMPING') TO GAIN COMPETITIVE ADVANTAGE. AREAS OF INDUSTRIAL RESTRUCTURING IDENTIFIED ALONG WITH AREAS OF HIGH UNEMPLOYMENT AS MAIN TARGETS FOR NEW SOCIAL FUND GUIDELINES.

DETAIL

2. ON UNEMPLOYMENT THE OBJECTIVE IS TO TURN THE TIDE OF UNEMPLOYMENT WITHIN 2 YEARS. WAYS OF STIMULATING EXTRA GROWTH THROUGH EMPLOYMENT-RELATED PUBLIC INVESTMENT ARE TO BE EXAMINED, AND THE COMMISSION WANT TO DISCUSS WITH BOTH SIDES OF INDUSTRY AS WELL AS GOVERNMENTS WAYS OF IMPROVING THE LABOUR MARKET. THERE ARE FAMILIAR THEMES SUCH AS THE PROMISE OF A COMMUNICATION ON THE ADAPTATION OF WORKING TIME WITHOUT INCREASING THE COSTS ON EMPLOYERS. THE AIM OF REVIVING THE SOCIAL DIALOGUE 'AT ALL LEVELS' IS ALSO SET, THE TWO PRIORITY AREAS BEING THE ORGANISATION AND DISTRIBUTION OF WORK AND THE INTRODUCTION OF NEW TECHNOLOGIES. ACTION IS ALSO PROMISED ON A NEW PROGRAMME TO PROMOTE EQUAL OPPORTUNITIES, AND A SECOND HEALTH AND SAFETY AT WORK PROGRAMME. THERE ARE TO BE COMMUNICATIONS ON SYSTEMS OF SOCIAL SECURITY, AND ON AN INTEGRATED YOUTH POLICY, AIMED PARTICULARLY AT THE MOST VULNERABLE GROUPS.

3. AS EXPECTED, REFERENCES TO THE SOCIAL FUND GUIDELINES FOR 1986-88 FOCUS ON GREATER CLARITY, STRICTER CRITERIA AND BETTER COORDINATION WITH THE OTHER STRUCTURAL FUNDS. BUT REFERENCE IS ALSO MADE TO TIGHTENING THE LINK BETWEEN THE SOCIAL FUND AND COMMUNITY OBJECTIVES, SUCH AS NEW TECHNOLOGY, AND AREAS EXPERIENCING INDUSTRIAL RESTRUCTURING ARE MENTIONED ON AN EQUAL FOOTING WITH AREAS OF HIGH UNEMPLOYMENT AS THOSE ON WHICH RESOURCES SHOULD BE CONCENTRATED.

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