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PART A

part.A.

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PO - CH | NL | 0558.

part.A.

Chancellor's (Lawson) Papers:

The Presidency of the European Commission

DD's : 25 Years

Andrew

26/4/96.

PO - CH | NL | 0558.
part.A.

FROM THE PERMANENT REPRESENTATIVE

J O Kerr Esq CMG
FCO

29 March 1988

M. G. ... 12/iv
M. G. ... 12/iv
Wes Common
Presiding
Dear John, 11/4

1. cc. Mr. ... : HMT
Mr. Haldy : DAF
Mr. Roberts : DTI.
2. cc. Mr. Braitwaite
Miss Spencer O.S.
3. Mr. Wall. 2/50.
6/iv.

-NEW
THE PRESIDENCY OF THE COMMISSION

1. I promised to let you have before Easter an assessment of the EC Commission Presidency stakes. This particular race, like other grander concurrent fixtures in the US and France, casts a long shadow before it; and the chattering classes in Brussels have been hard at work for some weeks now. But there are more questions than answers about who is in the race, let alone about who will win.
2. The main reason for this uncertainty is the question mark over Delors' own intentions. He has clearly not himself despaired of a call to the Matignon on or about 8 May; and, if the telephone does ring, it can be assumed that he will go. I am not well placed to speculate on the chances of that happening. The conventional wisdom in Brussels is that it will only occur in the event of a narrow Mitterrand victory, ie one which discourages immediate dissolution of the Assembly but necessitates an effort to construct a new majority within the membership of the present Assembly. It all looks to me like a sufficiently long shot to spare you an analysis of the complicated situation we would be in if we have to find an interim, May-December 1988 President.
3. And if the telephone does not ring? In those circumstances there is much circumstantial evidence that Delors will seek another term. It is true that his Chef de Cabinet, Lamy, is at pains to keep his master's options open; but Delors is a compulsive workaholic, genuinely passionate about Europe, who has got a second wind from the success of the European Council in February. David Williamson says we can safely disregard Lamy's loyal modesty. Would Delors get another term without difficulty? I do not quite see who is going to stop him. His standing with most Heads of Government is pretty good. There is of course endless speculation about our own Prime Minister's attitude to such an eventuality. I take care neither to feed it nor to answer it.

4. If, for some reason or another, Delors is not a candidate, what is the rest of the field? Bangemann was much spoken of some months ago but his star seems to be on the wane. His shortcomings are pretty well known; the Wörner appointment to NATO weighs against him; the problems of replacing him as Head of the FDP are perhaps conclusive. Lubbers too is often spoken about. But there is no evidence that he actually wants the job, good though he would probably be at doing it. The Belgian press runs Martens rumours from time to time; no-one else seems very interested in them nor convinced he could do the job well. Pandolfi is occasionally mentioned for the (?) third time but he is more clearly seen now than before to be a technocrat rather than a politician with clout. Then there is a clutch of present Commissioners more or less assiduously promoting their own candidatures (Andriessen, Christophersen, Sutherland). I would rate them in about that order, but none of them terribly high. We could, I would suggest, live reasonably comfortably with any of them, although Andriessen has a worryingly obstinate streak when he gets the bit between his teeth, of the oils and fats tax, hormones, Christophersen is every bit as much a consensus, all-things-to-all-men operator as any Danish politician and Sutherland would frankly be boxing a bit above his weight (not literally, it is rising).

5. All this is rather vague. I am afraid my advice at this stage has to be based on tinkering with the old Stock Exchange dictum and say "go away, come back in May (preferably shortly after the 8th)".

6. There are two additional points worth registering. The first is that Delors is putting a lot of emphasis on the theme of continuity, the need to implement the future financing package and to push through the single market programme. Given that new Presidents of the Commission, like new Prime Ministers and even new Ambassadors, always seek to make their mark by distinguishing themselves from their predecessors, and on the assumption that we ourselves would be happier with a "steady as she goes" approach than with one liable to produce new initiatives - monetary, institutional, social policy or what would you - this is perhaps a factor which should be given some weight.

7. The second is that, if Delors is up and running, there will be a temptation to say "2 years, but no more". It is just important to remember that one is then committed to appointing the next President of the Commission after that from among the sixteen other members of the 1989 Commission (because Commissioners get a four year term which cannot be individually terminated other than by voluntary resignation or compulsory retirement, eg on ground of misconduct).

/ 8. For the sake of completeness, I enclose Williamson's current marking of the card for the members of the new Commission.

*The list
David*

D H A Hannay

cc: R G Lavelle Esq - Cabinet Office
Ambassadors in EC posts

RESTRICTED

WILLIAMSON'S MAP FOR THE NEW COMMISSION

<u>France</u>	Delors A N Other (Cheysson to become a Diplomatic Adviser at the new Mitterrand Elysée)
<u>Italy</u>	Pandolfi Ruggiero But Natali is putting up a stalwart rearguard action for another term
<u>Germany</u>	Bangemann (or conceivably Narjes if B. not available) Schmidhuber
<u>Spain</u>	Marin Malutes
<u>UK</u>	? ?
<u>Denmark</u>	Christophersen (but not certain)
<u>Ireland</u>	Sutherland (but not certain)
<u>Luxembourg</u>	Anyone but Mosar
<u>Belgium</u>	De Clercq very likely to go. Outcome depends on current governmental negotiations.
<u>Greece</u>	Simitis
<u>Portugal</u>	Cardoso likely to go.
<u>Netherlands</u>	Andriessen



BF to JT 19/4
You might
like to
minute X.

BRITISH EMBASSY

THE HAGUE

INF 007

30 March 1988

m.

N Towers Esq
Information Division
Treasury Chambers
Parliament Street
London SW1P 3AG

cc: PS/Chancellor (Mr. P. H. ...)
Mr. ... (No. 10)

J. J. C.

A useful addition to
the canon.

Dear Mr Towers,

PRESS ARTICLE

Ym.
2:15 X
a minute? 1/1/80, 1/2/80
AMH
SW
Chick
Support it
M.

1. You may be interested in the enclosed article carried in the left-wing Dutch daily newspaper "Het Parool". Particularly interesting is the journalist's remark that Mrs Thatcher has shown that the ideas of the most influential supply economist Milton Friedman work, adding that "anyone supporting these right-wing, neo-classical ideas, is encouraged by Mrs Thatcher to defend his conviction with even more vigour".

2. The article is even more unusual as it is carried in a paper which, traditionally, supports Dutch socialism.

Yours sincerely,

Joan Clements
Joan Clements
Press Attache

Enc

Engeland dwingt ook onze politici tot keuzes

door BROER AKKERBOOM

LAWSON, de minister van financiën van Engeland, draagt zijn begroting in net zo'n onooftreffelijk koffertje als onze minister Ruling. Maar daarmee houdt elke overeenkomst ook wel op. De begroting die Lawson begin deze week presenteerde is de neerslag van een succes-verhaal in optima forma.

Want Engeland kent geen zorgenmakend begrotingstekort. Daar schrijft de overheid niet zoals in Nederland elke maand een nieuwe staatslening uit, maar lost de overheid daarentegen voortdurend schulden af. Hier gaat het werkloosheidscijfer slechts mondjesmaat omhoog. In Engeland is de werkloosheidsdaling ronduit spectaculair. De economische groei in Nederland bedraagt een kleine 2 procent. In Engeland zit men omstreeks de 3 procent groei. Omgerekend naar Nederlandse verhoudingen elk jaar weer een verschil van zeker 4 miljard gulden.

Hoe zo geneuzel over belastingverlaging? In Engeland bezorgt de hoge economische groei Lawson zo veel financiële meevallers, dat de belastingdruk voor het modale gezin nu omlaag is gebracht tot 25 procent. In 1978, tijdens het Labour-bewind, was die nog 33 procent.

Het Engelse succes-verhaal maakt het optreden van Lawson van afgelopen week tot een wel zeer belangrijke politieke gebeurtenis.

Thatcher geeft de 'zieke man van Europa' zijn grondige opknopbeurt, dat andere West-Europese landen minder dan ooit om haar

heen kunnen. De politieke invloed van Engeland in de Europese Gemeenschap zal door dit economische geweld duchtig toenemen. Bovendien zullen de EG-landen bij de aanleg van hun infrastructuur plotseling weer rekening met de ontwikkelingen in Engeland moeten houden. Er gaat een economische as Duitsland-Engeland ontstaan, waar Nederland mogelijk erg weinig van gaat profiteren omdat het daarvoor te ver van de nieuwe Kanaaltunnel afligt.

Ook de door Lawson nagestreefde forse verlaging van de toptarieven bij de belastingen zal zijn uitwerking niet missen.

Tot voor kort verlieten elk jaar duizenden hoog opgeleide Britten hun land, omdat de lonen laag en de hoogste belastingtarieven erg hoog waren. Onder de laatste Labour-regering was het maximale belastingtarief zelfs 83 procent, terwijl die in Nederland nooit de 72 procent heeft overschreden. Onder Lawson zal die uitstroom van talent volledig tot stilstand komen. Voortaan hoeven in Engeland de beter-betaalden over het inkomen boven circa 60.000 gulden niet meer dan 40 procent belasting te betalen. De belastingverlaging is zelfs zo spectaculair dat een toestroom van hoogopgeleiden naar Engeland daarvan heel goed het gevolg zou kunnen zijn. In ieder geval lijkt zeker dat internationale ondernemingen vaker hun

hoofdvestiging en researchlaboratoria in Engeland zullen vestigen. Maar naast de economische invloed zal de begroting van Lawson ook een grote ideologische invloed hebben.

Want met het Engelse beleid lijkt de visie van de aanbod-economen bewezen. Wat Reagan niet lukte, lukt Thatcher. Zij geeft aan dat de ideeën van de meest invloedrijke aanbod-econoom Milton Friedman werken.

Iedereen die deze rechtse, neo-klassieke visie aanhangt, krijgt van Thatcher de argumenten om het eigen gelijk met des te meer kracht te verdedigen. Het bevelen van de vakbonden, het verlagen

van de uitkeringen, het mensen hard straffen als ze niet voldoende naar werk zoeken, het vergroten van de inkomensverschillen, het verkleinen van de afstand tussen bruto en netto inkomen ('wig'), het verminderen van de ontslagbescherming, al dit soort harde maatregelen lijken inderdaad de economische groei en werkgelegenheid te hebben bevorderd.

DE EUROPESE POLITICI komen door dit soort ontwikkelingen weer voor een ideologische keus te staan. Or verwacht blijkt dat de samenleving toch nêf maakbaar is dan in brede kring werd gedacht.

Het respectabele weekblad The Economist gaf dat laatst nog eens heel duidelijk aan. Dit blad had een groot aantal landen op

een rijtje gezet naar de mate waarin het land had gekozen voor een zo vrij mogelijke markt, of voor veel mogelijk overleg tussen overheid, werkgevers- en werknemersorganisaties. Opvallende uitkomst was dat de landen die een extreme keus hadden gemaakt het op economisch gebied (inflatie, werkloosheid, economische groei) het best deden. De landen met 'van alles wat' bleken in feite landen met 'van alles niets'. Een middenkoers blijkt niet te lonen. Het is kiezen tussen het kapitalisme van Engeland of de (eveneens harde) super-overlegeconomie van het sociaal-democratische Zweden.

Nederland heeft nog niet gekozen. Het harde financiële beleid dat de overheid voert dient er voornamelijk toe om uitgavenoverschrijdingen te compenseren. Bovendien zijn de aangekondigde belastingverlagingen eigenlijk ook nog maar bescheiden, want zij kunnen bij doorvoering van herzieningen in de ziektekosten en de belastingen niet eens de koopkracht op peil houden. Zelfs de opvallende verlaging van de toptarieven in de belastingen stelt internationaal weinig voor.

Kiezen door Nederland is kiezen door het CDA. Kiezen door het CDA is kiezen door de partijleider. Van Lubbers mag men mogelijk nog een 'sociaal-democratische' keus verwachten. Zijn ideeën gingen vroeger erg ver in die richting. Maar wat als de plannen slagen om Lubbers in 1990 benoemd te krijgen tot voorzitter van de Europese Commissie? Met een (relatieve) lichtgewicht als opvolger van Lubbers kan het balletje dan wel eens erg vreemd gaan rollen.

S GRAVENHAGE DEZER DAGEN

"Het Parool" 19.3.88

Translation of article in "Het Parool" of 19 March 1988.

BRITAIN ALSO FORCES OUR POLITICIANS TO MAKE A CHOICE

By Broer Akkerboom

The British Minister of Finance, Nigel Lawson, carries his budget in an equally ugly briefcase as does our Minister of Finance, Onno Ruding. But that is as far as the similarity goes. The budget presented by Mr. Lawson early this week is the result of a success story in the true sense of the word.

Britain does not have an alarming budget deficit. There the government does not issue a new public loan every month as in the Netherlands; on the contrary, it has continuously paid off debts. Here the unemployment figure has dropped only very slowly. In Britain the fall in unemployment is truly spectacular. Economic growth in the Netherlands is a little under 2 percent, in Britain it is roughly 3 percent, which means an annual difference of at least 4 billion guilders (about £1.15 billion).

The substantial economic growth in Britain has provided Mr. Lawson with so many financial windfalls, that the burden of taxation for the average income has been reduced to 25 percent. In 1978, under the Labour Government, it was 33 percent.

The British success story has turned last week's performance of Mr. Lawson into a major political event.

Mrs. Thatcher has given the "sick man of Europe" a thorough treatment, so that other West-European countries cannot ignore her, even less so than they did ever before. The political influence of Britain in the European Community will substantially increase as a result of this economic feat of strength. In addition, EC countries will now have to reckon again with developments in Britain in establishing their infrastructure. An economic Anglo-German axis is being set up, from which the Netherlands is likely to benefit little, as it is situated too far away from the new Channel tunnel.

The substantial reductions in top-salary tax rates pursued by Mr. Lawson are expected to be effective. Until recently thousands of highly trained Britons left their country every year, because salaries were low and the highest tax rates were very high. Under the latest Labour Government the maximum tax rate was even 83 percent, while in the Netherlands it never exceeded 72 percent. Under Mr. Lawson this exodus of talent will come to a full stop. In future higher-income earners of over roughly 60,000 guilders (about £17,150) will not have to pay more than 40 percent tax. The tax reduction has even been so spectacular that this could well lead to an influx of highly trained people into Britain. In any case, what seems certain is that international companies will increasingly be setting up their principal establishments and research laboratories in Britain. Apart from the economic influence, however, the budget of Mr. Lawson will also have a substantial ideological influence.

British policy seems to have borne out the view of the supply economists. What President Reagan did not manage to accomplish, Mrs. Thatcher has. She has shown that the ideas of the most influential supply economist Milton Friedman

work. Anyone supporting these rightwing, neoclassical ideas, is encouraged by Mrs. Thatcher to defend his conviction with even more vigour. Curbing trade unions, reducing benefits, severely punishing people who do not try hard enough to find jobs, increasing income differences, reducing the gap between gross and net incomes, reducing employment protection, all these tough measures seem to have boosted economic growth and employment.

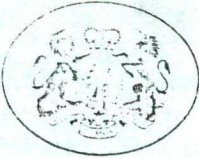
These developments have forced European politicians to make ideological choices. It has unexpectedly turned out that society is more malleable than was generally thought.

The respectable weekly "The Economist" clearly demonstrated this recently. It had listed a large number of countries according to the extent to which the country had opted for an open market or for collective bargaining between government, employers' organisations and trade unions. A striking result was that those countries that had opted for an extreme choice have had the best economic results (inflation, unemployment, economic growth). The results also showed that a middle course does not pay off. The choice is between either the capitalism of Britain or the super-collective-bargaining economy of Social-Democratic Sweden.

The Netherlands has not made a choice yet. The tough financial policy pursued by the Government is mainly aimed at compensating overrunnings in expenditure. Besides, the tax reductions that have been announced, are actually rather modest, because they will not be able to maintain the purchasing power if revisions in medical expenses and taxation are carried through. Even the remarkable top-salary tax-rate reductions don't mean much internationally.

X | A choice by the Netherlands is a choice by the CDA (Christian Democrats). A choice by the CDA is a choice by the party leader, Ruud Lubbers. Mr. Lubbers may still possibly be expected to make a 'Social-Democratic' choice. His ideas used to extend far in that direction. But what if plans succeed to appoint Mr. Lubbers chairman of the European Commission in 1990? With a (relative) lightweight as a successor to Mr. Lubbers one could expect anything to happen.

British Embassy
The Hague
25 March 1988



BRITISH EMBASSY,
THE HAGUE.

M. G. S.
PS - New Union Press
AS/w
8 April 1988
M/L

J O Kerr Esq CMG
AUSS
FCO

MARK OFF
1. cc. *PS*
PS/Drs Chulke
Sir J. Fretwell
Mr Broadwhite
Mr Ruffard
Mr Dai
Mr Lavelle: Cabinet Office
2. *De Wall / etc. etc.* *J. de*

Dear John,

THE DELORS SUCCESSION

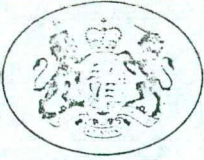
1. In his letter of 29 March, assessing the Commission Presidency stakes, David Hannay commented that there is no evidence that Lubbers wants the job. This is indeed the case, but there have been persistent rumours that he might, in certain circumstances, be interested to move to Brussels. He has himself now tried to halt these stories in comments to the Elseviers magazine (in many respects the Dutch "Economist"). In doing so he appears to have chosen his words carefully, implying that a European post might be attractive to him in the longer term. He told Elseviers:

"I am not a candidate for the chairmanship of the European Commission. My national role is not played out yet. Europe may be a beautiful challenge, and very dear to me, but I cannot and do not wish to leave the Netherlands in the near future."

I enclose a full translation of the article, which ranges widely over the succession issue. Interestingly, the speculation includes a suggestion that the Prime Minister might wish to promote Lubbers.

2. What are we to make of this? Apart from his typically delphic statement, Lubbers is, not surprisingly, keeping his own counsel. His ministerial colleagues and senior members of his party are divided on how to interpret his real objectives. We have been told with equal certainty by different sources that in certain circumstances Lubbers would be delighted to be drafted; and that he has no intention of allowing his name to be put forward at the present time. Most of his colleagues agree that he would be a good choice for the job and that it would be in the Netherlands' interest for him to succeed Delors. But despite assertions that it is time the Dutch had the Commission Presidency there is considerable doubt whether a Netherlands' candidate would have any chance

/of



of getting the job. I suspect that Lubbers sees things in much the same way. There have been some signs that he is wearying of the job of Prime Minister. In a long article in the Vrij Nederland at the end of last year he admitted that in some ways his second term in office was less agreeable than his first. He was surprisingly critical of his ministerial team, which he compared unfavourably with that in his first administration. Recent public opinion polls showed a slight drop in public support for him (one gave more support to the Ministers of Finance and Foreign Affairs than to the Prime Minister). But his term of office runs through to 1990, and were he to leave midway through he would be vulnerable to criticism of abandoning the ship. His departure this year would also leave the CDA with the unenviable task of finding a new leader acceptable to both the party and the coalition as a whole. Recent strains within the parliamentary wings of the coalition have been such that Lubbers would certainly hesitate before opening this particular Pandora's Box.

3. My conclusion is that Lubbers is currently planning on remaining Prime Minister for his full term of office but that he may then want to go on to other things and would not be averse to joining the Commission at some point, either as President or a member of the College. That said, I do not think that he would necessarily refuse outright the chance of a move to Brussels earlier if it seemed likely that the Presidency really was attainable. But he has made clear that he has no intention of undermining his own position here by making a bid for the Brussels job at the present stage. His view might change if Delors was recalled to Paris and it became apparent that he would be likely to get enough support to justify allowing him to be drafted. He undoubtedly enjoys European politics and has many of the attributes to make a success of the job. Of course, the only way of being clearer about any of this would be by a direct approach to Lubbers himself: even then I am not sure how much more one would learn until the kaleidoscope shakes again in Brussels, as no doubt it will.

eg post-Delors
if Delors does
an Mar 4 yrs

JH

Yours ever,
Michael

M R H Jenkins

/cc:



cc: Sir David Hannay KCMG,
UKREP BRUSSELS

HM Ambassadors: RRUSSELS
BONN
ROME
MADRID

RESTRICTED

Translation of article in 'Elsevier' of 2 April 1988.

EUROPE IS NOT WAITING FOR LUBBERS

NOR WILL ANDRIESSEN BECOME CHAIRMAN OF THE COMMISSION

By Hugo Camps

Prime Minister Ruud Lubbers chose not even to await the results of the Parliamentary debate on his latest economy measures. On the eve of the big duel with CDA (Christian-Democratic) party leader Bert de Vries he told 'Elsevier': "I am not a candidate for the chairmanship of the European Commission. My national role is not played out yet. Europe may be a beautiful challenge, and very dear to me, but I cannot and do not wish to leave the Netherlands in the near future."

Rumours in and around The Hague have thus proved empty. It was rumoured that Lubbers, while keeping everything at the devious level of informal consultations, was positioning himself to succeed Jacques Delors. But the ways of Europe are often even more mysterious than those of the CDA, and in the corridors of the European Commission in Brussels a possible Lubbers candidacy has always been shrugged off. The Dutch Prime Minister's chances were never rated high and Lubbers himself must have known this. Maybe this is why he now says: "The position of the Netherlands in Europe is very satisfactory. Frans Andriessen has managed to build up an excellent reputation among my fellow government leaders."

This much is certain: the list with names of candidates for the chairmanship of the Commission, as it has been circulating between Europe's capital cities for some time, does not include Lubbers' name. "And", adds a top EC official, "during the Hannover summit in June it will become clear that Andriessen is not worth speculating on either. It's between Germany and France."

Speculations in The Hague concerning a forthcoming Euro-career for Ruud Lubbers are only Dutch megalomania, say insiders. With his combination of technocratic cunning and political feeling the Dutch Prime Minister might seem tailor-made for chairmanship of the Commission, but appearances are seldom decisive when it comes to appointments at this level. In the Euro-myth surrounding Lubbers a few Community interests were overlooked from the outset. The Dutch Prime Minister would at best have made a third choice.

Until recently the German Minister of Economic Affairs, Martin Bangemann, was expected to succeed Delors. Since Halstein's first preferment within the Commission in 1958, the Germans have not regained the chairmanship. Bangemann was certainly a candidate who met the criteria of the other member states. But Chancellor Kohl no longer wishes to surrender his minister to the Brussels' Eurocracy. Bangemann's transfer to Europe would mean that the controversial Lambsdorff would once again present himself for a Cabinet's post in Bonn, and Kohl does not intend to go through that nightmare again. Lacking a suitable replacement for Bangemann, the Federal Republic of Germany is no longer an applicant for the chairmanship of the European Commission.

New Opportunity

With the elimination of the German claim, France now sees an opportunity to have Delors remain in post. Delors himself is interested. Mitterrand, Rocard, and Delors have in the last couple of weeks prepared a French scenario. If Mitterrand wins the French presidential elections, it would not be unlikely for Jacques Delors to be appointed Prime Minister, or rather prime martyr, as it will be an interim cabinet pending the dissolution of Parliament. Faced with this challenge Jacques Delors will not hesitate for a moment, for his honour - and his heart - are in Paris rather than in Brussels. However, Rocard too has shown himself in the past months to be a left-wing candidate with his eyes on the centre. With some prospect of stable government he would certainly be first choice for Mitterrand. Delors could then stay in Brussels.

Moreover, the chairmanship of the European Commission is, now more than ever, seen by Mitterrand as an essential instrument for honing his presidential profile. It is the resolute intention of the French President to build his second term of office around two international challenges: disarmament and Europe. He will therefore be quite willing to sacrifice a lot to keep the chairmanship of the European Commission in French hands. In view of the fraternal relationship between him and Chancellor Kohl, this should be feasible.

Should this Franco-German scenario fail for one reason or another, Mrs. Thatcher could then execute a small power play. And this is where Lubbers would come in. It has more than once surprised and baffled the household of the European Council that the British Prime Minister has cherished her Dutch colleague as an adopted son. This is because Lubbers has shown himself over the years to be an exponent par excellence of Europe-by-numbers. To the disillusionment of the Spanish Prime Minister Gonzalez, who is privately on very good terms with the businessman from Rotterdam, but who is also extremely disappointed about his bookkeeping approach to people, facts, and files. Gonzalez has rightly complained about the fact that the Dutch government during its last EC presidency ignored the issue of structural funds for the poorer member states.

Impressed

However, Mrs. Thatcher was impressed by Lubbers' expertise with figures. And by his general performance as well. The Dutch Prime Minister has always shown perfect timing in his interventions at European summits, and has the aura of an internationalist lacking any complexes. In this he contrasts with the Belgian Prime Minister Wilfried Martens, who was also tipped as a successor to Delors, but does not have a shadow of a chance. On the European scene Martens can play the endearing country boy, clumsy and amiable. A maestro who during speeches still keeps fumbling at the lapels of his jacket. Such touching shyness is lost, of course, on sophisticated people like Mitterrand, Chirac, and Thatcher. This is another reason why Lubbers' friend from the south has never presented any competition for him.

Two of the seventeen commissioners have already openly expressed their ambition to take up the chairmanship. The Irish commissioner Peter Sutherland has already started an open electoral campaign. However, this 'young foal', as he is furtively called by the Eurocrats, stands little or no chance. The Dutch Agricultural Commissioner Andriessen is of a heavier calibre. He too has lately made a few small electoral moves. Andriessen is praised for his stubborn resistance against the farmers, but few would like to see him as the chairman of the Commission. He is said to be too emotional and not to be up to

date with the facts. He also lacks the toughness of a Delors, who has been tempered in French politics.

Should the Big Three fail to come to an agreement on the chairmanship of the Commission, the Italian candidate Pandolfi would stand the best chances. Moreover, this choice could be seen as a gesture towards the poorer member states in the south. It is still too early for a Spanish chairman of the European Commission, prominent EC strategists argue. But an Italian could act as a suitable bridge between north and south.

British Embassy
The Hague
6 April 1988



BRITISH EMBASSY,
PARIS.

FROM THE AMBASSADOR .

J O Kerr Esq CMG
AUSS
E112
FCO

M. Cus
R. New Union Pres
Mark *W. D.*
12 April 1988

MWK out 1. cc PS
PS/Ros Chalko
PS/PUS
Sei J. Pretwell
Mr Bruthwaite
Mr David
Mr Lavelle: Cabinet Office

Dear John,

DELORS

2. ✓ Wall / et + p. JPL 13/IV.

1. In his letter to you of 29 March about the Presidency of the Commission, David Hannay comments that Delors entertains hopes of Maitignon if Mitterrand is re-elected on 8 May. You might like a word on Delors' prospects as seen from Paris.

2. Assuming a Mitterrand victory, there are several factors in Delors' favour. He is on the social-democrat wing of the French Socialist Party (PS), and his reputation stands relatively high with the non-Socialist Centre. This is just the sort of profile that would fit the Centre-Left Government which I should expect Mitterrand to try to construct if he is re-elected. Delors is also well regarded here for his European convictions and for his performance as President of the Commission. Given that Mitterrand is putting European construction at the centre of his election campaign, and that he intends to make it one of the dominant themes of a second septennat, the choice of Delors as Prime Minister would have an obvious symbolic value. Delors is also remembered as having been an effective Finance Minister who put the French economy back on track in 1983/84, after the ill-conceived expansionism pursued immediately after Mitterrand came to power - the near disastrous phase of "Socialism in one country". His appointment to Maitignon would therefore be reasonably well received by business and industry.

/3. This

CONFIDENTIAL

3. This is the positive aspect, as far as Delors is concerned: it puts him in with a chance. But he suffers from notable handicaps too. There is strong competition on the Right wing of the PS in the shape of Rocard and Bérégovoy. Rocard's chances are complicated by the tortured history of his personal relations with Mitterrand, but he is playing a resolutely loyal supporting role during the current campaign and might just reap the reward. The fact that he remains immensely popular in the country at large (much more so than Delors) is also a factor in his favour. If Mitterrand wins, and decides to dissolve the Assembly and call new legislative elections this autumn or in the spring of 1989, a popular Rocard at the head of the Government would help to mobilise the vote in the President's favour. ✓

4. Bérégovoy is also strong competition for Delors. Calm, solid, a particularly trusted Mitterrand confidant, he has served loyally with distinction since 1981, first as Secretary-General of the Elysée, then as Minister for Social Affairs, and (from 1984-86) as Finance Minister. He was notably successful in this last post, quickly winning the confidence of financial and business circles where his reputation at least matches, and probably surpasses, that of Delors. He is now the manager of Mitterrand's election campaign, a singular mark of favour. Mitterrand might well turn to him after 8 May, not least because his impeturbable temperament is said to be more to Mitterrand's taste than Delors', whose period as Finance Minister (in admittedly trying times) is still remembered for frequent and histrionic threats of resignation.

5. Even if Mitterrand were to prefer Delors to Rocard or Bérégovoy (or to socialist outsiders such as Bianco or Delebarre or even Fabius), a Delors premiership supposes that Mitterrand will nominate a PS Prime Minister if re-elected. He may not do so. He may opt instead for a centrist or even a non-political figure, with the aims of reinforcing his image as a rassambleur, and of making it more difficult for the Right to bring a new government down. In that case he could offer Matignon to eg Mme Veil or even Giscard, and Delors would lose out again.

/6. In



6. In short, Delors is in with a chance, but the odds are against him. My hunch is that if Mitterrand is re-elected he will prefer to try to keep Delors as his man in Brussels in the run-up to 1992 and look elsewhere for his Prime Minister.

7. I am copying this to the recipients of David Hannay's letter and to David Dain in WED.

Yours wa,
Ewen.

Ewen Fergusson

12 April 1988

CONFIDENTIAL

RESTRICTED



BF 22/4

FROM: J M G TAYLOR
DATE: 19 April 1988

BF 26/4

BF 6/5

5/5

28/4

MR A J C EDWARDS

cc Sir G Littler
Mr Lankester

3/5 29/4

PRESIDENCY OF EUROPEAN COMMISSION

The Chancellor has seen the enclosed translation of an article in "Het Parool", a Dutch newspaper.

- 2. He has noted the penultimate sentence of this article. He has asked whether the suggestion that Mr Lubbers might be the next President of the European Commission is a runner. If it is, he thinks we should certainly support it.
- 3. I should be grateful for advice.

J M G TAYLOR

CONFIDENTIAL

FROM: J E MORTIMER

DATE: 5 MAY 1988

1. MR EDWARDS ^{ADCE} 5 ✓
2. CHANCELLOR

cc: Paymaster General
Sir G Littler
Mr Lankester

Mark's

PRESIDENCY OF EUROPEAN COMMISSION

In his minute to Mr Edwards of 19 April, Mr Taylor said that you would like advice on the report that Mr Lubbers might be a candidate for the post of President of the European Commission from 1 January 1989.

2. I have consulted both Mr De Fonblanque (head of Chancery in UKREP) and Mr Kerr in the FCO, who is in the lead on this issue at official level in Whitehall. I told Mr Kerr about your support for Lubbers. He took note, and confirmed that it was, in any case, the Foreign Secretary's intention to consult you about the succession a little nearer the June European Council, when a decision will be taken.

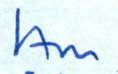
3. Mr Kerr said that, in his view, if Delors wanted to stay on in Brussels after the end of this year, he was unlikely to be deposed. It was generally thought that he had done a reasonable job as President, particularly on the internal market. It was unlikely that the Germans and the Dutch would want to oppose him. Sir David Hannay has expressed similar views (letter at Flag A).

4. The only real reason why Delors might not want to stay on as President is if he was invited by Mitterrand to take over as Prime Minister of France. But the chances of Delors being so invited are thought to be fairly slim (see the letter from our Ambassador in Paris at Flag B). Rocard and Beregovoy are thought to be stronger candidates. And there is always the possibility

that Mitterrand will choose a Prime Minister from outside the Socialist Party.

5. Although there have been numerous rumours that Lubbers would like to be President of the Commission, he himself has denied that he is a candidate, at least this time round. Our Ambassador to the Hague (letter at Flag C) thinks that a more likely scenario is that he will want to finish his present term as Prime Minister, which ends in 1990. Thereafter, however, he might well be interested in the Presidency of the Commission.

6. The position should be a little clearer by early next week, when we should know whether Delors will or will not be the next French Prime Minister.



J E MORTIMER

ps3/27T

CONFIDENTIAL



FROM: J M G TAYLOR

DATE: 9 May 1988

A handwritten signature in dark ink, appearing to be "JMG".

MR J E MORTIMER

cc PS/Paymaster General
Sir G Littler
Mr Lankester
Mr A J C Edwards

PRESIDENCY OF EUROPEAN COMMISSION

The Chancellor was grateful for your minute of 5 May.

A handwritten signature in dark ink, appearing to be "JMG".

J M G TAYLOR



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

FOREIGN SECRETARY

PRESIDENCY OF THE EUROPEAN COMMISSION

I mentioned to you at the OECD meeting in Paris that I had been approached by Martin Bangemann, who was most concerned that the Foreign Office had declared themselves to be in favour of Delors and against him for the Presidency of the European Commission. I was somewhat surprised to hear this, since I was not aware that we had an established line on whom we favoured for the Presidency. You told me that you did indeed favour Delors, partly because he was the most able candidate and partly because it was clear that he would be successful, and it did our cause no good to back a loser against him.

I take both these points, but it does not seem to me that there is any case for us adopting a high profile on this. In particular, it seems most undesirable for us to upset Bangemann and the German Government, when Bangemann will undoubtedly occupy a powerful position within the new Commission. I feel our public position should instead be one of neutrality between these two candidates.

I am copying this minute to the Prime Minister, the Secretary of State for Trade and Industry and the Minister of Agriculture.

A handwritten signature in dark ink, appearing to be 'N.L.' with a flourish at the end.

[N.L.]

24 May 1988



PERSONAL AND CONFIDENTIAL

PMP

CH/EXCHEQUER	
REC.	27 MAY 1988
ACTION	Mr A.J.C. EDWARDS
COPIES TO	CST, FST, PMG, EST, Sir P. MIDDLETON Mr LANKESTER, Mr MORTIMER, Mr MERCER, Mr BONNEY.

27/5

FCS/88/109

CHANCELLOR OF THE EXCHEQUER

26/5/88

Presidency of the European Commission

1. Thank you for your minute of 24 May about Bangemann's puzzling remarks in Paris.
2. The facts are that:
 - (a) A check in Bonn has confirmed that there has been no Federal Government decision to run a candidate to replace Delors. Delors has not yet formally indicated that he would be prepared to serve another 2 year term, but with Rocard chosen for the Matignon the universal assumption is that he will; and the betting in Bonn is heavily against any German opposition, if only because of the strong risk of causing offence in the Elysee.
 - (b) Bangemann announced (on 19 May) that he would seek nomination as an EC Commissioner. While acknowledging interest in the Presidency, he specifically added that he would not oppose Delors (Bonn telno 476).

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- (c) Kohl had already announced that he would support Bangemann's candidacy as a Commissioner; and German officials make no secret of the Chancellery's present intention that he should succeed Narjes as Vice-President, with the junior German Commissioner - Schmidhuber - staying on. Bangemann would then be well-placed to succeed Delors in January 1991. (If the Presidency changes during a Commission's 4-year lifetime, the choice is confined to existing Vice-Presidents and Commissioners.)
- (d) Since Bangemann's hat is not now in the Presidency ring, there has been no question of our indicating a UK preference as between him and Delors.
3. No other Member State shows any inclination to run a candidate against Delors; and it remains my view that we should not seek to block his reappointment at Hanover. I agree that we should continue to keep a low profile on this for the time being; but once it is clear that there will be no competing candidates we should take an early opportunity to make clear to Delors that we welcome the prospect of his continuing in office.

PERSONAL AND CONFIDENTIAL



PERSONAL AND CONFIDENTIAL

4. I am copying this minute to the Prime Minister,
the Secretary of State for Trade and Industry and the
Minister of Agriculture.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY. HOWE)

Foreign and Commonwealth Office
26 May 1988

PERSONAL AND CONFIDENTIAL