

- (1) a broadening of the activities of the European Social Fund;
- (2) the strengthening of employment policy and the harmonisation of social security schemes;
- (3) improvement of training and harmonisation of professional qualifications;
- (4) the integration of citizens of other member countries in the country where they lived until the stage of European citizenship is reached.

Mr. Andreotti concluded by saying that a social policy could not be produced without the co-operation of the trades unions.

32. *The Prime Minister of France* (M. Messmer) pointed out that the construction of Europe too often seemed to be a matter of Ministerial meetings; it was necessary to put more emphasis on the idea of Europe conceived for the individual. M. Messmer put forward four general considerations:

- (1) there should be a Community policy in favour of workers particularly vulnerable to unemployment; in this respect the field of training was important;
- (2) the improvement of working conditions; people were less and less likely to put up with monotonous work;
- (3) the participation of management and labour in the Community's activities and the protection of the consumer;
- (4) the need to defend the environment.

M. Messmer had two proposals:

- (1) the strengthening of the Economic and Social Council and the creation of sectorial committees for industry;
- (2) the creation of a European foundation for the improvement of working and living conditions together with the creation of a European institute of social information and study.

33. *Mr. Lynch* expressed support for the activities of the European Social Fund. He went on to say that for Ireland regional policy was a very important aspect of the social programme, first because the grave imbalances within the Community were incompatible with its nature as originally conceived and, secondly, because EMU could only work on a stable economic basis. Mr. Lynch went on to refer to the resolutions of 22 March, 1971, and 21 March, 1972, which had not been put into effect and asked for a very high priority to be given to regional policy in 1973 so that EMU could be completed by 1980. Mr. Lynch thought that it should be possible to take the necessary decisions by the end of 1973.

34. *Mr. Eyskens* said that his Government attached great importance to social and regional policy and supported the points in Chancellor Brandt's paper (tabled that morning—see Annex B) as also those in the paper approved by the Ministers of Foreign Affairs at Frascati. He expressed himself in favour of the participation of workers in the management of companies. He supported Mr. Biesheuvel on the environment and said that Belgium entirely approved of Mr. Eyskens's speech, together with what M. Messmer had so eloquently said.

35. *Chancellor Brandt* then made the following points:

- (1) Germany was in favour of the participation of management and labour in working out a programme of action and was ready to consider the French idea of a European fund. But all this would require a meeting of responsible Ministers next year;

- (2) It would not be possible to take any decision on the participation of workers in management, but the question should be studied;
- (3) It would be necessary to tackle very cautiously the question of the status of workers in countries other than their own in order not to discriminate against those who came from countries outside the Community;
- (4) Germany had suggested a conference on the environment in order to bring it within the field of responsibility of the Community;
- (5) He did not find British and Irish ideas on regional policy satisfactory as the timetable was not possible. We could undertake sufficient preparatory work before the beginning of the second stage of EMU to allow regional policy to be financed by *ressources propres*.

Herr Brandt concluded that regional policy must encourage the reform of the present situation rather than its maintenance.

36. *M. Schumann* pointed out that little progress had been made on industrial policy on the basis of the memoranda presented by France and the Commission about European companies, investment and co-ordination of purchasing. He pointed out that foreign investors owned 8 to 10 per cent of Europe's potential. He suggested that in this field the Community could use procedures similar to those employed by France in the preparation of the plan. M. Schumann took up Mr. Heath's remarks about energy policy, pointing out that Europe's demand for oil would rise from 610 million tons in 1970 to 1,430 million tons in 1985 and that American imports would in the same period rise from 175 million tons to perhaps 740 million tons. There would therefore be a problem of transition from oil to nuclear energy and this was a challenge to Europe. He was in favour of the creation of European oil companies. On nuclear policy he repeated the French view that a European isotope separation plant should be set up. The gaseous diffusion technique was the only one at present practicable. On regional policy, he expressed the hope that it would not be necessary to create a heavyweight administration and that programmes could be harmonised and their execution monitored. It was also necessary to avoid duplication between national and regional programmes. France was not opposed to supplying additional money for a European regional fund but thought that this should be used in the first place for agricultural regions. He hoped and believed that it should be possible to develop such a regional policy without waste or duplication by the beginning of 1974.

37. *Dr. Mansholt* said it was important to turn to the human aspect of Europe which was of direct importance to the people. It was essential that firm political undertakings should be given at the earliest possible moment.

#### (b) MEETING AT 10 a.m. ON 20 OCTOBER, 1972

##### *Political Co-operation*

38. *M. Schumann* introduced the discussion. He said that political co-operation had hitherto been mainly *à Six* and it had only been going on for a short time. But these beginnings were encouraging. It had been decided that they should begin with some difficult questions like the Middle East and CSCE. They had succeeded in bringing their positions closer together. For example, in previous years, Members had voted completely differently at the United Nations on Middle East questions. Recently they had voted together. As regards the

CSCE they were agreed on procedure and on aims. Political co-operation should therefore be pursued so that Members of the Community spoke more and more frequently with one voice. This would help to attain the Community's ends.

39. The *German Foreign Minister* (Herr Scheel) said that the Political Committee was functioning fairly well. Progress was being made towards the harmonisation of foreign policies and this was due in part to the fact that those responsible met constantly. But more could still be done on the road to common action. There was a close connection between the work of the Political Committee and the action of the Community. How, for example, could we develop a Mediterranean policy in the trade field if we did not bear in mind the political factors? The same applied to the CSCE. There was no clear distinction between economic and political questions. How should we improve the work of the Political Committee? The Commission was already taking part in certain of the bodies doing this work. This should continue and the flow should be in the other direction as well. The results of the Political Committee should be fed into Community discussions. The Foreign Ministers should meet more frequently. Four times a year instead of twice, with extraordinary meetings as necessary. There should be more time now for such meetings since work on the enlargement of the Community had in the past taken up a lot of time. There could also be less WEU meetings. Finally, he thought that the terms of reference of the Foreign Ministers should be renewed and even better political co-operation instituted as a result of the "second Luxembourg report" which should be prepared by mid-1973.

40. The *Secretary of State* said that Her Majesty's Government was keen to see the development of political co-operation carried as far as possible. The purpose should be always to agree on a joint approach and then to carry that approach into the international field. The Community could not dictate to others but could influence the operation of international developments. European co-operation in CSCE would be very important. He had an open mind about how to improve the machinery and was attracted by Herr Scheel's suggestion that the Foreign Ministers should meet four times a year. Herr Scheel was also right about the need to economise on time. Foreign Ministers' other activities should be rationed to allow them to concentrate on the foreign policy of the Community.

41. The *Dutch Foreign Minister* (Mr. Schmelzer) said that an increase in mutual information had been achieved and was very desirable. In political co-operation we should concentrate on topics in which the Community could have a real impact. It would be necessary to tackle the foreign policy aspects of Community decisions, and to have effective co-ordination of foreign policies. Prior consultation, before the final co-ordination in NATO of CSCE matters, was proceeding along the right lines. He agreed with the proposals for more frequent meetings and a second Luxembourg report before 1 July, 1973.

42. The *Italian Foreign Minister* (Sr. Medici) agreed with the previous speakers about the CSCE and the Middle East. He mentioned the relevance of political co-operation in connection with the Middle East to the Prime Minister's remarks the day before on energy policy. We should aim at a common stand. He agreed that Foreign Ministers should meet four times a year and Political Directors perhaps once a month. Another possibility was to give a special name to the Communities' Ambassadors in each other's capitals.

43. The *Luxembourg Foreign Minister* (M. Thorn) agreed that there had been progress; supported Herr Scheel's remarks on the inter-connection of political co-operation and Community action; and said that this should be studied more

fully in the second Luxembourg report. He agreed that a policy on the Mediterranean should take political considerations into account. The Commission's proposals had been guided by essentially economic considerations. A Community common policy should take account of political considerations as well. One idea might be to precede meetings of the Council with Foreign Ministers' meetings on political co-operation. This idea, too, could be dealt with in the second Luxembourg report to be produced by 1 July.

44. The *Danish Foreign Minister* (Mr. Andersen) said that Denmark found it valuable to take part in foreign policy consultations. They were ready to co-ordinate wherever necessary. They thought that political co-operation should continue to take place outside the institutions of the Community. They agreed with the proposals for more frequent meetings and to a second Luxembourg report. Political co-operation should deal with subjects on which the Community could exercise influence.

45. The *Irish Foreign Minister* (Mr. Hillery) said that the political co-operation was on the right road. He agreed with proposals made for improvements.

46. The *Prime Minister* said that the Foreign Ministers should set out to create a common foreign policy. Foreign policy consisted of formulation and implementation. Foreign Ministers should achieve a common formulation. As President Pompidou had suggested for the Finance Ministers yesterday, he suggested today that the Foreign Ministers should set out with determination to agree on common foreign policies. Once they had done so, they could operate separately as Nine, profiting from the different experience and influence of the individual countries, pursuing a common policy. They should not only react to events but should formulate medium and long-term foreign policies. The need was to work out what Europe could do in the world.

47. The *Prime Minister* said that we needed to establish a close relationship between foreign policy in the strict sense of the word and economic, commercial, financial and monetary policy. The political consequences of the economic, commercial and monetary policies of the Community must be considered. The Community's common commercial policy should take account of political factors. Economic, commercial and financial means should be used to promote the Community's political ends. Foreign Ministers pursued political co-operation outside the institutions of the Community, they also presided over the Council. Wearing these two hats, they and their advisers should be able to deal effectively with both aspects.

48. *M. Schumann* agreed that there should be more frequent meetings, though he would have preferred that there should be two regular and two extra meetings a year, the latter to take place when the Presidency thought this necessary. He agreed that the two improvements set out by the Prime Ministers were absolutely correct and his proposal fitted into them.

49. *Herr Scheel* said that he agreed very much with the Prime Minister on the inter-relationship of political co-operation and Community action. He also agreed with M. Schumann about two regular and two special meetings. *M. Schumann* said that the Summit should agree in principle to double the number of meetings and the rest could be decided in the second Luxembourg report.

50. *President Pompidou* said that there was agreement that Foreign Ministers were happy with what had already been done. Political co-operation was working. The question was vital to our countries and to Europe. Each country had its



In the case of the United States it was necessary to create some sort of instrument which would carry out the dialogue. If the United States did not take the initiative in creating closer relations, then the Community should.

59. *President Pompidou* said that we should be clear that a Community of Nine represented a considerable economic and commercial power. It would be dangerous to give the impression that this economic and commercial strength ought to be limited by political consideration. But this is what would happen if relations with the industrial countries were institutionalised. *President Pompidou* brushed aside relations with Japan and Canada and said that it was relations with the United States which was the real problem. The United States had an ambassador accredited to the Community in Brussels who could have a large staff and permanent contact with the institutions of the Community. There were opportunities to meet in inter-governmental organisations. A duet between the Community and the United States would look like a further attempt by the rich countries to dominate the poor. In addition, one had to think not only of the United States but also of the Soviet Union; the Soviet Union had not yet defined its attitude to the Community. But if relations with the United States were institutionalised the Russians would want the same thing and the Community would be sandwiched.

60. *The Prime Minister* agreed that there was no need for the dialogue with the United States to be institutionalised; it was doubtful whether the United States would want this. The dialogue should be on as wide a front as possible. The Americans had agreed to multilateral trade negotiations in 1973. The Prime Minister recalled his experiences during the Kennedy Round when the Community had, unjustly, been accused of holding up the negotiations. Now the Community was much bigger and more influential; it should say something in the communiqué about the negotiations, for example that they should begin on 1 July, 1973. The institutions to the Community could be instructed by the Summit to work out a common position. All this would show that the Community was serious. In order that the negotiations should not drag on, as had the Kennedy Round the Community should also perhaps propose that the negotiations should end in 1975 before the Presidential Elections and the anniversary celebrations of the United States. Furthermore tariff and non-tariff negotiations should go together. The problem should be treated sector by sector. The Americans would of course demand the inclusion of agriculture. The Prime Minister said that in his view European agriculture had for a long time been under-developed, and the Community was obliged to give it its rightful position; there was no reason to be ashamed of this. But the Community could now suggest that as long as it was compatible with the solidarity of the Common Agricultural Policy the subject could be discussed. But the CAP must not be dismantled. The Prime Minister went on to say that Japan deserved particular attention; it was the third economic power in the world and had enjoyed over the last 10 years an average growth rate of 10.4 per cent. It was a rich country which got richer every year. However only 1.37 per cent of the Community's external trade was with Japan. The institutions of the Community should give an absolute priority to profiting from Japan, which should be opened up to the Community's imports and investments. The triangular relations between Japan and the Western democracies, and the United States and Japan and China were going to be a predominant characteristic of the next 25 years. Japan must remain in the democratic world. Japan took its political decisions quickly, as for example it had done in the case of China and Formosa. Turning to aid, the Prime Minister said that the world was already impressed by the aid which the Community was giving. The United Kingdom could agree to

the objective of increasing trade with the developing countries by 15 per cent. But the United Kingdom could not accept the figure of 0.7 per cent for public aid. In the previous year the United Kingdom had spent 1.14 per cent of GNP on public and private aid and investment but public aid had been 0.41 per cent rising towards 0.43 per cent. To accept 0.7 per cent would be almost double public aid and would produce an enormous increase in total aid, unless we wished to limit private investment. Private investment was of more use to the developing countries than public investment. In our efforts to see how we could give more aid we had put forward a proposal about debts. The United Kingdom thought it was psychologically bad to give aid with one hand and to take it away in repayments with the other; there had been countries which had overthrown democratic régimes because they could not get over their debt problems. There was of course the danger of only helping the bad stewards. Herr Brandt's proposals had not gone far enough and both should be considered. The Indian Sub-Continent should be included on any list of the poorest countries.

61. *M. Schumann* said that the Community should give absolute priority to aid. First of all the Community should confirm its desire to promote a policy of association and preferential agreements with the countries to which it was linked by the Yaoundé Convention. The United States could only give 10 per cent of its aid to Africa so it was up to Europe to decide whether Africa should be left subject to other influences. France was ready to continue to contribute 1 per cent at least of its GNP to the developing countries and was also ready to fix as an aim for public aid a figure between 0.6 per cent and 0.7 per cent, a figure which could be achieved by all countries in 1975. Private investment should not be considered as aid. The Community could not limit the decisions of UNCTAD about the least developed countries. Turning to relations with other countries *M. Schumann* said that the Community should not give the impression of attaching more importance to relations with the West than to relations with the East; the growth of the Community had coincided with *détente*. Some countries had only been able to undertake a forthcoming policy towards the East because they were firmly backed by an increasingly prosperous Community. In the CSCE negotiations the Community should not behave as a *bloc* but as countries which had kept closely in touch. In the multilateral commercial negotiations in 1973, although the Community should be in favour of the increase of trade, it should be careful not to lose its identity in a far wider market.

62. *Dr. Mansholt* said that the creation of a Community of nine countries had to be justified outside in the context of relations between the rich and the poor. This could only be done if the Community decided clearly its political objectives. The Community must note the fact that customs duties between the rich countries are lower than those which are maintained between the rich and the poor. It would be helpful if we could arrange for agricultural prices to increase by 3 per cent a year but the Community's own arrangements would make this difficult. The 15 per cent figure would only mean anything if all industrialised countries imported 15 per cent more. If, however, the Community could express the needs in figures, that is to say the need to increase purchases from the under-developed countries from \$3,000 million in 1970 to \$12,700 million in 1980, that would make a great impression. *Dr. Mansholt* suggested that another formula for aid could be that the Community should give 1.5 per cent of the increase in its wealth to the under-developed countries.

63. *President Pompidou* summing up said that there was a desire on the part of the Community to show itself open to the rest of the world and to avoid protectionism, though it had certain interests of its own to defend. The

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Community was also anxious that its position in the Western world should not hinder its relations with the East. Although on aid the difficulties were clear, the communiqué should give the impression that the Community was ready to increase its effort.

(c) MEETING AT 4.30 p.m. ON 20 OCTOBER, 1972

Institutions

64. *Mr. Biesheuvel* said that there could be no progress towards the second stage of EMU unless the Community's decision-making processes were improved and the Parliament played an appropriate role. The Dutch memorandum submitted to the *Ad Hoc* Group had proposed changes which would have required Treaty amendments. The new members were not however in favour of amending Treaty amendments. The new members were not pressing the Dutch proposals. But the Treaty at this stage and so he was not pressing the Dutch proposals. The 1972 would provide two occasions for Council discussion of the future of the European Parliament. It would be considering the Commission proposals on the Vedel report and would be taking decisions on the second stage of EMU. This made it necessary for the Summit to issue a directive which might be that there should be during 1973 a decision on instituting direct elections (in accordance with national laws) and increasing the powers of the Parliament. Members of the Parliament from the new members must have their say. If no decision was taken during 1973, the Dutch could take the decision about direct elections in the Netherlands on their own. Finally, he proposed that Parliament should have a say in nominating the Commission from 1 January, 1973.

65. *Mr. Eyskens* quoted President Pompidou's remarks in his opening speech about forming a European Union in this decade. How should we do this? It must be a juridical union. Some people had suggested the use of a Wise Man or of Foreign Ministers. But he suggested that it would be a major objective of the Summit declaration or communiqué that it would be a major objective to transform relations between members into a European Union, while respecting the existing treaties, and ask the Foreign Ministers to produce a report by the end of 1973.

66. *Signor Andreotti* said that the aim was European unity. Italy was therefore, as far as the Parliament was concerned, in principle in favour of direct elections. But the entry of three new members justified a pause for thought. He would like to receive concrete proposals from the enlarged Parliament. This should be considered within a reasonable period. Meanwhile we should not denigrate the existing Parliament. He suggested that it should hold two major debates a year on the state of the Community with the Council President and other Foreign Ministers in attendance, perhaps even some Prime Ministers. As regards its powers, it should be made responsible for approving the EEC budget. Another idea which he suggested was that national Parliaments should each organise an annual debate on the state of the Community.

67. The *Prime Minister* said that we were a new member with no direct experience of the institutions of the Community, though we had met with some of them over a considerable period. In our view European Union was an admirable objective which should be achieved by pragmatic steps. If we spoke of federation or confederation this would cause all sorts of differences. The word union allowed us to make progress wherever we could. As regards the Parliament there was general agreement on the need for it to have responsibility and to be able to voice its criticisms of the other institutions. In our view some of those who put forward proposals for improvements should have experience

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of government and we should naturally wish our parliamentarians to take part. We hoped to contribute to making the Council and the Commission as efficacious as possible. As regards Ministers for Europe, we thought it essential that Foreign Ministers should retain their overall control. We did not like the idea of Ministers being resident in Brussels. But we had a full member of the Cabinet in London, dealing with Europe, responsible to the Prime Minister and the Foreign Minister. This arrangement happened to suit us. We thought therefore that we should be able to fall in with whatever was asked of us.

68. *Herr Scheel* agreed with the Prime Minister. There were two questions. Increasing the powers of the Parliament and direct elections. We should not concentrate our attention on the latter which was not practical at present. We should rather give the Parliament more competence, especially power to take decisions in regard to legislative developments. The Germans were in favour of State Secretaries for Europe and of the co-ordination of the dates of national cabinet meetings.

69. *Mr. Jorgensen* said that it would be wise to wait until the new members had some experience but the Danish Government was prepared to consider suggestions for changes including the creation of Ministers able to give more time to Europe. The Danish Government did not support direct elections to the Parliament for the time being.

70. *Mr. Lynch* agreed that it was best to wait before changes were proposed. He thought that Ministers of Foreign Affairs had too much to do and could be helped by junior Ministers who could deal with secondary European questions, subject to approval by Ministers of Foreign Affairs. One problem affecting the Parliament was the difficulty for national members to play their full part in the European Parliament. It was therefore inevitable that there should be direct elections.

71. *M. Werner* said that it was not the Summit's task to make revolutionary changes in the structure of the Community. European union would, however, be a political structure and would need an executive controlled by Parliament, and a judiciary. The problems of relations between these three should be resolved in the course of this decade. He was glad to see that there was general agreement on the need to hand over to the Community a number of new powers, particularly in the field of EMU. This would bring Article 235 into play. Closer control in the field of EMU. This would be necessary because so much of it was now voted out of *ressources propres*. The Parliament should also have two debates a year on general European affairs and there should be an improvement in relations between the Council, the Commission and the Parliament. The Parliament should be asked to give its own views on how it should be elected. It was up to each country to make its own arrangements to lighten the load of Ministers of Foreign Affairs. Any Ministers dealing with European Affairs should have real powers of co-ordination and there were advantages in countries being represented in the Council by a Minister who was in touch with the whole range of European problems. Junior Ministers would not be of much help.

72. *M. Schumann* said that there was no question of revising the Treaty and that the new members must gain some experience. None the less progress must be made. In the first place Article 235 should be used. Secondly nobody wanted an additional level of consultation between Ministers and permanent representatives. However, each country could have a Minister fully empowered to replace the Minister of Foreign Affairs. Thirdly, France was opposed to moving towards government of the Community by the Parliament but was in

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