1

Special Privilege to welcome – declare open.

Welcome to Greece

" " Gaston Thorn.

Reciprocate hospitality.

20 years ago – forerunner of Council
meeting Paris 11 Feb '61.

Since then 24 Summit conferences or councils.

Europe's place different from 20 years ago.

—

Agenda.

Soc. & Ec. situation in Community
& prospects.

Mutual relations with Ind countries U.S. Japan.

North/South.

European Passport.

—

Floor to Commission.

Helmut Schmidt – ? Passports? Do we have to settle?
? Poland? – we should discuss.
Something on Poland in Conclusions
? Spain. role of King & need to preserve
democracy. – In conclusions.

Giscard. – Seat of Institutions

2 Ortoli

Sit^n worse than last Dec.

Slight revival postponed & uncertain.

∴ Decline in overall prod^n. this year.

Unempl. 7%. 7½% end of year.
Increase in unempl^mt - spectacular in some countries
B of P. higher this year than last.
U.S. B of P in surplus - Japan parity
Biggest slowing down of inflation to 10½%,
or 10 or 9%
These inflation figures too high.
Int. Mon. Sit^n - revival of dollar. Interest rates of
U.S too high ... volatile.
Investment important. Int. Rates too high.

Investment less in % in communities than in 1970.

Limits to greater action - (i) Inflation still with us
(ii) Deficits still high in
several countries,
(iii) B of P. deficit.
Adjustment will apply through structural means.

← Energy - Nuclear plants required
- Savings of energy
← Budget - Must return to its real function.
Consumption costs must disappear for
reduct^n in [illegible] in investment.
← - Serious effort at ~~[illegible]~~ in direction.
U.S. & Japan can react more easily than us.
Salary. - no real increase in wages

Room for manoeuvre limited.

G.M.S - Can concert vis-a-vis the dollar

Can't ask U.S. not to fight inflation
Vigorous rigorous monetary policy required
– also backed up by budgetary policy
Show U.S. – certain techniques & effect on our economies.

Community can help by presenting real problems.

President – Reps of Employers & workers.

Need to fight against inflation
Relations with other ind countries

Level of unempl. → 10m.
Lay down guidelines to accelerate special progr. for joint council meeting.

Ec. Soc. Sit. – include Round the Table.

Luxembourg – Werner – Public opinion demands that we say something about unemployment.
Europe. Profound crisis.
Collapse at beg. of this year? Ups & downs in rest of this year.
Instruments in hands of national gvts.
but community – convergence of policies
– particularly in investment and restructuring.
Auelands – tripartite meeting.
– Exchange of ideas. EMS. – reinforced?
Interest rates – increasingly more strained.
– Fishing Problem – should be solved
– Agricultural Prices – – – fixed within deadline.
– Steel – Luxembourg concerned. Restructuring.
Rules of game – Non discriminatory market. Art 58. running out.
Embarked on in-depth restructuring – collapse of steel market led to problems.
Red. in manpower of $\frac{1}{3}$. Nearly achieved.
Investment aids – important. Subsidies linked to rationalisation.

4/

Exposed to competition. Must avoid
penalising countries which have
adopted restrictions [illegible].
Stagflation continues although inflation down.
Must avoid rebirth of protectionism.
Closing of ranks as regards various markets.
Should give indications on guidelines

Forlani — Italian Measures. - Serious problems.
Policy for reciprocal development.
Inflation - 20%.
Currency subject to sharp pressures - beyond EMS.
Exchange losses.
Measures to avoid - leakage of reserves. $ 3 ½ b
in 2 ½ months.
I.R. 16 ½ → 19%.
Obligatory Reserves 15.5 → 20%.
Ec. Programme 80-83. basis for action.
" to reduce inflation + advance [illegible].
which is due to energy + food
Reduce Public Exp. - Health, Pensions + other
social sectors - drastic but necessary.
1980 - Economies pursued divergent paths.
- Causes?
- Concentrate efforts on strengthening policies of
structural reform

Haughey. - Unemployment - principal problem
Move from reduction of problem to crisis.
- engaged on long-term investment
- expanded activity of social fund.
Need for technology + innovation.

GISCARD. - Not talk about Presidency problems
- Fisheries - should have been solved by 31 Dec.
Situation which holds everything up.
Relations with Canada solved in modest
way.
- Introduction of Maritime [illegible] in [illegible] way.

- Recession in world conditions -

Rest in Luxembourg to settle problem.

- New tension in Europe.

Serious economic sitⁿ in Community.

Drop in prodⁿ except in Greece.
Increase in Unemployment.
Note Italian decisions.
Concerted monetary policy.
- whilst rates -
Approach doing those lines to US.
Energy - investment.

Structural Change - Adaptation.
Negative side. Positive Side

Specific action about employment.
Early retirement.
European consultations. - Funds could be systematically used.
Tensions Community crisis
↓
Distribution of Community Resources
Sectoral crisis which if not dealt with at community crisis will be dealt with at national level.

Net contributors - Germany. France, G. Britain.

Market. respect basic rules of market.

GREECE. - 1982. GK Economy. Prices remained stable.
- Increase in savings - increase in revenue
B of P satisfactory. Recession - managed
'Investment law' has encouraged new investments.
G.D.P. - not up to forecast. - Weather

b

SCHMIDT. Inf. 5. Unemp- 5%. GNP bad.

World economy - shudders within recession + imbalance in BoPs.

National reasons can't more causes

← Oil Price explosion. - oil must be saved

Main single reason

Decline for workers for industry

Monetary committee - rate of rates of interest

Not intention to use tough language.

Not ~~taking~~ up position. - Gentleman's agreements not respected.

Agreements must be honoured

~~[illegible]~~ FRG does not intend to agree to any decision which would lead to violation of 1% VAT.

30 May 1980. - By 30th June there be

National Protectionism - must not slip into. Did in 1931-2-3. Terrible results for whole world.

National selfishness

← Fish - Cannot understand why general agreement by end 1980. Cannot understand why ~~this~~ has not happened

- Lack of ability of 10 years.

Sheep - Not enthusiastic.

Quotas

- so long as sheep is subsidised

If subsidise - reduce urgently - quickly

Subsidy race - keep sheep artificially cheap.

Financial Situation. EEC. Budget increased by 23%.
Then 1982 24,000 million E.C.U.'s

Farm Prices. → Normal rules must be respected.

World Political Sit. – Not only Japanese trading policy.

O.P.E.C.

Denmark. – [illegible]

Reduction in working hours.

Pharaos.

Oil's
Standard [illegible]
Investment.

1970 – 2 [illegible]
1975 → 4.8
80–81 → 7–7½%

Belgium Deindustrialisation.

Wages moderation.

Jumbo Council. → Must be prepared.

– Steel –

– Budget. 1% VAT.

1980 budget 0.70.
1982. – 0.85%. – Remove special [illegible]
0.71%

1982 – 1% VAT.
1 billion e.c.u.'s. – ceiling [illegible]

Giscard Methods & timetables.

Tients - not authorised on political links.

Jumbo Council.

Mountain - forth a mouse

Only one Council - different agendas,

Grasshopper - will be dashed

Prepare council seriously

Fish - Incompetence.

1973 -1982