

12<sup>th</sup> June 1980

Cosy.

This is a Benedictine Monastery whose motto was Pray & Work.

Serious problems.

Satisfactory Budget solution. How marvellous we all are.

Discard

too much time spent on drafting Communiqués

Why have any statement? except on Foreign Affairs. Foreign Ministers should meet.

Matcha

Foreign Ministers should meet to narrow differences on Middle East.

Discard.

Heads of Govt should issue directives at dinner on what they want, so that Foreign Ministers can work all night to prepare for tomorrow.

After a baffling discussion it was agreed that if there was time late tonight to talk about Foreign Affairs would do then something (but what, I am unable to say) will happen.

Discard.

Let's have a general economic debate & the one on Foreign Affairs. Nobody has read the papers anyway & the is no point in



issuing any Communique. We all ought to be out-  
in Venice not wasting time with several videograms  
of papers. (This groupiness confirms his attitude when  
talking privately to him by a land)

Ortoli makes an economic statement.

talking head

① Some countries need worse than others in  
inflationary & budgetary terms.

Just do better

② Some growth looks likely, but may be  
too optimistic. If so we must consult.

Commissions approach too remote.

unemployment not just a statistic

Oil is problem. Recycling spec surplus  
should be studied further.

Haughay

Giscard

Recent oil price increases - no justification &  
cause inflation. Not responsible & should say  
so.

Secondly Balance of Payments. Community now  
in deficit. due to Germany. asks Schmidt  
why & what is he doing?



Schmidt

2

● going through increase of 6% in consumer prices since last May(?) + all other things.

Balance of Payments worsening

because

① import prices - od.

② taken international obligations seriously others have not.

trouble is we do what others don't. & how extra community payments make it worse.

But we have good credit standing & massive reserves.  
+ monetary & budgetary policy.

Restructuring. Not just rationing on net receipts but also net payments.

Market policies not wanted for two or three or even one country to pay for others richer than themselves! (you wouldn't read about it)

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Schmidt (cont)



Americans offering oil at too low prices to consumers.

Not undertaking obligations

They are responsible for so much of what goes wrong  
deep American recession will spread all over  
& lead to unemployment & there is no solution

~~Key~~ deflation worst remedy.

how will financial mechanisms help.

Cosy. as an Italian.

Not very interesting.

Lecture on recycling

& oil supplies etc.

Linkins

No cure of unemployment.

Recycling faces us particularly in context of  
North-South

How to finance h.d.e's. Debt level too high

Private sector might collapse.

Schmidt.

State also might collapse & probably E.E.C  
will in 80 - 81.

No more financial obligations  
possible.

Certainly not to European partners in credit



Schmidt (cont)

(4)

h.g.'s will have to pay an oil bill  
Ja essentials - increase over 12 months - in order  
of magnitude as much as total development aid.

h.g.'s choose not to understand & side  
with Opec. They are ridiculous.  
Oil must be delivered at preferential prices  
not credit. Because they can't pay & rescheduling  
would be necessary. Europe should keep out because  
otherwise it will pay.

" GENERAL IMPRESSION

NOONE WANTS COMMUNIQUE  
ON ANYTHING!

(Ld. Carrington to (D-F 1720)

Gensler + van Agt  
have both left the room  
out of boredom!



Leut.

agrees.

Piscard.

World problem & Europe shouldn't take on anything in front of anyone else.

Industrialised countries asked to increase aid. France now 5.7% of G.W.P.

(missed a lot of this - reading telegrams)

organiser

Satisfied that budget proposals accepted.

budget figures arbitrary.

{ C.A.P. overall expenditure too great no solution by reducing expenditure } ?

Far too boring to listen.

hatcher

unless inflation tackled, employment situation will deteriorate

thus restrictive money supply essential

thus high interests & unemployment inevitable

oil worse than 1972



really redistribution of wealth.  
we want them able to borrow money back so get through.  
but really because price increases stopped.

But now not stopping. What is  
limiting factor. Political. Banking system & welfare  
economy essential. doing irreparable damage to  
L.G.'s. explains oil cycle.

How stop it. World recession inevitable.  
Political action only solution. discuss at  
next Venice.

Haughay  
—  
But we have done everything  
economic textbooks say  
But still problem. HELP.

Gisced  
—  
Agrees well P.N. has to act on causes.  
1. Express disapproval.  
2. Answer argument that oil companies  
make profits (spot market)  
3. more concerted free market.  
4. show consequences to prove consequences  
L.G.'s will be bankrupt.



Schmidt.

long intervention on need for energy substitution  
indictment of U.S & Canada for capitalising on difficulties  
Nuclear essential  
Reduce dependence on oil.

Fontana

25% of electricity generation in Belgium Nuclear  
58% in a few years.

Belgian economy in a bad way.  
Balance of Payments - enormous deficit  
agrees political answer necessary

~~Van A~~  
Werner

congratulate ourselves on dealing with Agenda  
otawase rehash of previous speeches.  
But strong attack on Schmidt  
Ja juste retour!

Schmidt

Then reacts how much he has to pay  
in P.F. terms! It can't go on; it is unignorable  
do everything to prevent it. And we'll not be  
milked anymore!

Werner

uncommunitaire.