



Ref. A03335

PRIME MINISTER

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The New Commission

The FCO brief suggests the line you might take in talking to Monsieur Thorn on Monday about the distribution of portfolios in the new Commission. Strictly speaking, this is for the new Commission to decide; but Monsieur Thorn will expect you to let him know Her Majesty's Government's views and to ask him to take them into account.

2. Our first priority is to retain the Budget portfolio for Mr. Tugendhat and to ensure thereby that he will have a major role to play in the budget restructuring exercise.

3. Mr. Ivor Richard (who will be seeing Monsieur Thorn after your meeting) would like to get the Development portfolio, with Industrial Affairs as his fallback. Either of these would be worth getting. Treasury Ministers are inclined to think that we should go for Competition Policy, believing that this could help to achieve a freer market e.g. on air fares and insurance. The Commissioner in charge of Competition Policy could have some influence in these areas; but he could also be influential in the opposite direction - preventing the Commission taking too legalistic a view e.g. about our Regional Development Grants or our North Sea oil policies. However, it is not one of the most sought after portfolios (although the Dutch are supposed to be interested), and it would be better tactics at this stage to show more interest in Development or Industrial Affairs if we want to keep those options open.

4. In trying to influence the portfolio which Mr. Ivor Richard gets, you will want to bear in mind that he is keen to use his time as Commissioner to try to change the direction of the Labour Party's policy on Europe. This objective would obviously be made more difficult if he had a portfolio which brought him too frequently into conflict with some of the attitudes of the Left. Viewed in this light, both the Industrial and the Competition Policy portfolios offer both



opportunities and risks; but on balance I would judge the Development portfolio to be the safest, since the Commission traditionally takes a fairly forthcoming attitude on relations with the ACP countries and in the North/South dialogue generally. By the same token, we would have to expect that, if Mr. Richard was the Development Commissioner, and trying at the same time to win greater Labour Party support for the Community, we might from time to time find him saying things which would not be welcome to the Government.

A handwritten signature in black ink, consisting of the letters 'R' and 'A' in a stylized, cursive script.

ROBERT ARMSTRONG

24th October, 1980