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INFO PRIORITY EC POSTS



Handwritten notes:
P
B/Lady Young
B/Mr Eggar
B/Pur.
Mr Derek Thomas
Mr Samuel
H/PEY
H/EDCO
H/ERO
H/Economic
Advised.
H/REP.
H/Info
H/News
H/Research
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PAPANDREOU AT THE SUMMIT

1. THE PRIME MINISTER AND YOU OUGHT TO FIND PAPANDREOU IN A CHASTENED MOOD AT THE SUMMIT.
2. THE GREEK ECONOMY IS IN A MESS. HIS AUSTERITY MEASURES ARE UNPOPULAR. HIS OWN PASOK PARTY IS DIVIDED AND THERE IS GROWING RESENTMENT AT HIS AUTHORITARIAN STYLE OF GOVERNMENT. THERE IS A SENSE OF FLAILING AROUND. THE OMENS ARE THAT THE GREEK ECONOMY WILL BE IN EVEN DEEPER TROUBLE NEXT YEAR. HIS ONLY CONSOLATION IS THAT HIS NEW DEMOCRACY OPPOSITION IS IN DISARRAY.
3. PAPANDREOU OUGHT TO BE GRATEFUL FOR WHAT HE HAS ALREADY RECEIVED FROM THE COMMUNITY: THE 1.75 BILLION ECU LOAN AND THE IMPS SETTLEMENT. HE OUGHT TO HAVE GOT THE MESSAGE (EG DELORS'S OUTBURST ON 27 NOVEMBER) THAT MANY OF THE EC PARTNERS HAVE HEARD ENOUGH FROM THE GREEKS ABOUT THE NEED FOR MORE MONEY. BUT HE IS UNLIKELY TO HAVE DONE MUCH CAREFUL HOMEWORK AND PANGALOS WILL HAVE TO BRIEF HIM. HE MIGHT BE TEMPTED TO PUSH HIS LUCK OVER COHESION. THIS IS THE MAIN POINT AT THE SUMMIT FOR GREECE. A ROW ON THIS ISSUE IN LUXEMBOURG WOULD DIVERT ATTENTION FROM HIS DOMESTIC PROBLEMS, A FAVOURITE PAPANDREOU PLOY. BUT, AGAINST THAT, HE CANNOT AFFORD TO ANTAGONISE HIS MAIN EC BANKERS WHOSE HELP HE IS LIKELY TO NEED AGAIN NEXT YEAR. SO MY GUESS ABOUT THIS UNPREDICTABLE MAN IS THAT HE WILL TRY TO POCKET SOME COMPROMISE WORDING ON COHESION WHICH HE CAN PRESENT TO THE GREEKS AS A PERSONAL VICTORY.
4. HE MAY REFER WITH PLEASURE TO THE PROSPECT OF YOUR VISIT TO ATHENS IN THE SPRING AND HE WILL HAVE HAD MR HESELTINE'S MESSAGE SUGGESTING A POSSIBLE MOD MINISTERIAL VISIT TO DISCUSS DEFENCE EQUIPMENT COOPERATION. IT IS IN OUR INTEREST TO ENCOURAGE HIS WESTERN FENCE-MENDING.
5. PLEASE PASS TO PRIVATE SECRETARY, NO.10 DOWNING ST.

T H O M A S

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