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CDP
18/6

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PAYMASTER GENERAL

European Community: United Kingdom Initiative
on Creating Conditions for Employment Growth

1. Thank you for your letter of 2 June about the employment growth initiative, which I am delighted to see making good progress. I agree that the Community needs to turn away from peripheral issues such as the directive on parental leave, and that our initiative can make a major contribution to shifting discussion onto creating the conditions for employment growth. This must be a priority for the UK and the rest of the Community, through and beyond our Presidency.
2. Both at the recent informal meeting with my EC colleagues on 7/8 June and at my meeting with the Dutch Prime Minister, Mr Lubbers, on 6 June, I emphasised the importance that we attach to this initiative and the real need for the Community to be seen to be taking practical steps to tackle unemployment.
3. As you know, following these meetings and your own meeting with them, the Dutch are intending to concentrate the economic discussion at the European Council on 16/17 June on lifting the burdens on businesses and on the labour market. The Dutch specifically agreed at the Foreign Affairs Council this week that your paper would be on the table for discussion. We are aiming to secure language in the European Council conclusions mandating the Commission and Council to come up with a labour market strategy based on our ideas.



4. I agree that the phrase "labour market flexibility", like "deregulation", produces some unease in the Community, mainly because the terms are given a rather narrow interpretation. I think we have both found that the terms "employment growth into the 1990s" and "reducing the burdens on business" make the same ideas more readily acceptable.

5. I am copying this minute to the Prime Minister, other members of OD(E), Nicholas Edwards, Norman Fowler, Tom King, Kenneth Baker, Malcolm Rifkind, Sir Robert Armstrong and Sir David Hannay.

A handwritten signature in dark ink, appearing to be 'G. Howe'.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

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