



Foreign and Commonwealth Office

London SW1A 2AH

24 June 1989

C D Powell Esq
 Private Secretary
 No 10 Downing Street

Dear Powell

MADRID EUROPEAN COUNCIL: SOCIAL DIMENSION

1. You will have seen in the briefing on social issues for Madrid references to a Commission comparative study on working conditions in Member States. This was commissioned at Hanover, and was referred to again in the Rhodes conclusions. I now enclose a summary text which was approved by the Commission on 20 June, and a longer synopsis, on which the summary was based but which is still an in-house Commission document and not therefore on the table at Madrid.
2. The study is in fact rather helpful to our case on the social charter because it illustrates vividly the fundamental difference between the UK (and Irish) on approach on social issues, and that of most of our continental partners; and shows that these differences have deep constitutional roots. The synopsis (but not the summary) sets out the difference between what it calls the Anglo-Irish, Nordic and Roman-Germanic legal traditions, and both documents bring out major differences on issues such as employment law, concepts of working time, leave conditions, regulation of industrial relations and so on. For this reason the Commission's unargued conclusion (paragraph 54) that the study makes it possible to identify "objectives, ways and means of possible convergence of rules on working conditions" looks highly artificial.
3. The study's bulk (synopsis yet to be published and individual reports on Member States not even circulated informally) and timing (released just five days before the European Council) also provide us with a further Madrid argument against a premature rush to judgement on the Social Charter proposal: the text, commissioned by Hanover, should first be fully considered by the Council.
4. The Foreign Secretary believes that we should make use of the study in Madrid. He also believes that it



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would be worth repeating the point made by the Prime Minister to Gonzalez on 19 June that one of our principal objections to the Charter proposal is the Commission's intention to introduce follow-on legislation. A non-binding approach, respecting the principle of subsidiarity and in keeping with modern industrial relations, is favoured by the CBI (Sir Trevor Holdsworth's letter to the Prime Minister of 22 June) and by the European Employers Federation (Madrid telno 634).

/ 5. I therefore enclose a supplementary speaking note, prepared in consultation with Department of Employment officials, for the Prime Minister's use in Madrid. There has not been time for the Employment Secretary to see the text but the Foreign Secretary and he have discussed the general approach proposed. The Foreign Secretary envisages that the speaking note might be used once discussion had developed and after the Prime Minister had drawn on the opening speaking note in the main brief (No 1(e)). The idea of a completely non-binding statement, explicitly excluding the possibility of follow-on Community legislation, would be new. Although the majority of other Member States are unlikely to favour so clear a restraint on future legislation, this approach expresses our promotion of subsidiarity in a positive fashion; could help to slow down the pace of Community debate, to our advantage; and might help us to secure acceptable procedural Madrid Conclusions.

6. If the idea - promoted by the French - of a Working Group on social issues were to emerge in Madrid, OD(E) agreed on balance that the UK should participate fully.

7. Copies of this letter go to Clive Norris (Department of Employment) and Trevor Woolley (Cabinet Office).

Yours ever
Resident Clerk

pp Stephen Wall
Private Secretary