

GRS 250

CONFIDENTIAL

CONFIDENTIAL

FM THE HAGUE 211300Z SEPT 83

TO ROUTINE FCO

TELEGRAM NUMBER 264 OF 21 SEPTEMBER

INFO ROUTINE UKREP BRUSSELS

INFO SAVING EC POSTS AND UKDEL NATO

THE PRIME MINISTER'S VISIT TO THE NETHERLANDS, 19/20 SEPTEMBER

1. MRS. THATCHER CAME TO THE HAGUE FOR TALKS WITH MR. LUBBERS. SHE ALSO PAID A MUCH APPRECIATED VISIT TO ESTEC (THE FIRST BY A PRIME MINISTER), WAS RECEIVED IN AUDIENCE BY QUEEN BEATRIX, GAVE A PRESS CONFERENCE AND SEVERAL PRESS INTERVIEWS, ATTENDED A LARGE DINNER GIVEN BY LUBBERS WITH SIX MEMBERS OF THE DUTCH CABINET AND OTHER LEADING PERSONALITIES AND HAD A BREAKFAST DISCUSSION WITH PROMINENT BRITISH AND DUTCH BUSINESSMEN.
2. THE TALKS CENTRED ON THE EUROPEAN COMMUNITY (THE HAGUE TELNO 261) AND ON INF DEPLOYMENT. ALTHOUGH LUBBERS INSISTED THAT THE DUTCH SHARED OUR OBJECTIVES FOR THE ATHENS COUNCIL THE PRIME MINISTER FELT THAT THE DUTCH WERE SHOWING SOME SIGNS OF WEAKENING IN THEIR RESOLVE. THEY WERE LEFT IN NO DOUBT THAT SHE FELT IT WAS PREMATURE TO BE TALKING ABOUT COMPROMISES WHICH WOULD INVOLVE FURTHER PROTECTIONISM. ON THE OTHER HAND, IT WAS EVIDENT THAT THE DUTCH ARE VERY WORRIED ABOUT THE SITUATION WHICH WILL ARISE IF THERE IS NO AGREEMENT AT ATHENS AND RENATIONALISATION OF THE CAP BEGINS TO DEVELOP SEMI COLON THEY REALISE THAT THIS WILL BE VERY EXPENSIVE FOR THEM.
3. THERE WERE NO SIGNIFICANT NEW DEVELOPMENTS ON INF STATIONING, BUT THE DUTCH PUBLIC VIA THE PRESS AND TELEVISION WERE LEFT IN NO DOUBT ABOUT THE STRENGTH OF BRITAIN'S DETERMINATION TO DEPLOY IN DECEMBER AND ABOUT THE IMPORTANCE OF OTHER RELEVANT MEMBERS OF THE ALLIANCE MEETING THEIR AGREED COMMITMENTS. IN HIS REMARKS AT THE JOINT PRESS CONFERENCE LUBBERS SAID THAT HE ENVISAGED NEGOTIATIONS CONTINUING AT GENEVA AFTER DEPLOYMENT BY THE UK, FRG AND ITALY.
4. LUBBERS CONDUCTED THESE BILATERAL DISCUSSIONS THE DAY BEFORE THE OPENING OF PARLIAMENT AND A SPEECH FROM THE THRONE AND BUDGET FORECASTING IMPORTANT ECONOMIC MEASURES (MY TELSNO 1 AND 2 TO BONN) THE DISCUSSIONS WERE FRANK AND FORTHRIGHT. THE DUTCH PRESS AND TELEVISION COVERAGE OF THE PRIME MINISTER'S VISIT WAS EXTENSIVE AND FAIR, THOUGH THERE WAS MOST CONCENTRATION ON THE NUCLEAR ISSUES RATHER THAN ON THE COMMUNITY BECAUSE THIS SUBJECT IS OF MOST INTEREST TO THE DUTCH.

CONFIDENTIAL

15.

CONFIDENTIAL

5. THE VISIT WAS WELL WORTHWHILE BECAUSE OF THE OPPORTUNITY TO DISCUSS AT THE HIGHEST LEVEL, AND THUS TO REDUCE THE POSSIBILITY OF AVOIDABLE MISUNDERSTANDING ON, THE KEY ISSUES IN THE COMMUNITY AND IN NATO. PRIME MINISTER CRAXI WILL BE HERE LATER THIS WEEK. IT WILL BE USEFUL IF SOME OF THE DUTCH VIEWS EXPLAINED TO THE PRIME MINISTER ARE DEPLOYED WITH THE ITALIANS.

FCO PSE PASS SAVING COPIES.

MANSFIELD

LIMITED

WED

NEWS D

ECDS

DEF D

PS

PS/MR WHITNEY

PS/PUS

SIR J BULLARD

MR JAMES

(REPEATED AS REQUESTED)

COPIES SENT TO
No. 10 DOWNING STREET

THIS TELEGRAM
WAS NOT
ADVANCED

-2-

CONFIDENTIAL

pm.

GRS 380
UNCLASSIFIED
FM THE HAGUE 211530Z SEP 83
TO PRIORITY FCO
TELEGRAM NUMBER 266 OF 21 SEPTEMBER
INFO SAVING EC POSTS, UKDEL NATO AND UKREP BRUSSELS

OUR TELNO 264: PRIME MINISTER'S VISIT TO THE NETHERLANDS: MEDIA
COVERAGE

1. THE INTERVIEWS WHICH THE PRIME MINISTER GAVE IN LONDON TO THE LIBERAL NATIONAL DAILY NRC/HANDELSBLAD AND AVRO'S CURRENT AFFAIRS TELEVISION PROGRAMME TELEVISIER MAGAZINE SET THE TONE FOR THE MEDIA COVERAGE OF THE VISIT. BOTH CONCENTRATE ON NUCLEAR ISSUES AND EAST WEST RELATIONS ALTHOUGH THERE WAS SOME COVERAGE OF COMMUNITY AFFAIRS IN THE NEWSPAPER INTERVIEW. BOTH APPEARED ON SATURDAY AND WERE GOOD CURTAINRAISERS FOR THE VISIT. OTHER NEWSPAPERS, SUCH AS THE CONSERVATIVE ALGEMEEN DAGBLAD, (377,000) CARRIED POSITIVE ARTICLES ON THE SATURDAY BEFORE THE VISIT POINTING TO AREAS OF ANGLO-DUTCH COOPERATION. THE VOLKSKRANT (SOCIALIST: 250,300) FORESAW THE PRIME MINISTER USING THE HAGUE AS 'A STAGE FROM WHICH TO WARN THE WORLD THAT IT SHOULD NOT DELAY THE SITING OF CRUISE MISSILES'.
2. ALGEMEEN DAGBLAD AND DE TELEGRAAF (CONSERVATIVE, 619,800) BOTH CARRIED POSITIVE EDITORIALS ON 19 SEPTEMBER. ALGEMEEN DAGBLAD'S EDITORIALIST NOTED THAT THE TWO PREMIERS WOULD CERTAINLY DISCUSS BRITAIN'S RELATIONS WITH THE COMMUNITY AND REMARKED THAT THE COMMUNITY WAS GOING THROUGH A 'DIFFICULT PERIOD' BECAUSE OF GREEK CHAIRMANSHIP OF THE COUNCIL OF MINISTERS. THE EDITORIALIST NOTED THAT BRITAIN'S CONTRIBUTION TO THE COMMUNITY BUDGET WAS 'TOO HIGH'. DE TELEGRAAF'S EDITORIALIST CONCENTRATED ON NUCLEAR ISSUES, CONCLUDING THAT THE PRIME MINISTER IS CORRECT IN IGNORING THE ACTIVITIES OF THE PEACE MOVEMENTS AND IN ACCEPTING CRUISE MISSILES.
3. MONDAY'S EVENING PAPERS AND TUESDAY'S PAPERS ALL CARRY PROMINENT AND EXTENSIVE FACTUAL REPORTS OF THE VISIT, MANY WITH PHOTOGRAPHS EITHER OF THE PRIME MINISTER VISITING ESTEC, WITH THE QUEEN OR MR LUBBERS. THERE WAS ALSO GOOD COVERAGE OF THE VISIT ON THE EVENING TELEVISION AND RADIO NEWS. ALL REPORTS SINGLE OUT THE PRIME MINISTER'S STATEMENT AT THE PRESS CONFERENCE TO THE EFFECT THAT SHOULD THE GENEVA TALKS FAIL NATO COUNTRIES SHOULD GO AHEAD WITH THEIR 1979 DECISION TO SITE NUCLEAR MISSILES. ALL PAPERS NOTE MR LUBBERS' TACIT AGREEMENT WITH THIS, WHILST NOT BEING DRAWN BY THE PRESS ON THE QUESTION OF ACTUAL SITING IN THE NETHERLANDS, AND HIS ASSENT TO THE PRIME MINISTER'S ASSERTION AT THE PRESS CONFERENCE THAT BRITISH AND FRENCH INDEPENDENT NUCLEAR FORCES SHOULD NOT BE INCLUDED IN THE INF TALKS. MOST PAPERS REPORT ON THE IMPORTANCE BOTH PREMIERS ATTACHED AT THE PRESS CONFERENCE TO NATO.

/COMMENT

File No.
Department
Drafted by
(Block Capitals)
Tel. Extn.

OUTWARD
TELEGRAM

Security Classification
IMMEDIATE ^{Precedence}
DESKBYZ

FOR
COMMS. DEPT.
USE

Despatched (Date)
(Time)Z

POSTBYZ

PREAMBLE

(Time of Origin).....Z(G.M.T.) (Restrictive Prefix).....
(Security Class.)..... (Caveat/
Privacy marking).....
(Codeword)..... (Deskby).....Z

TO..... (precedence) (post) Tel. No.of.....

AND TO (precedence/post).....

AND TO SAVING.....

INFO IMMEDIATE: UKREP BRUSSELS (Deskby 0830Z) 20.9.83
BONN

ROUTINE: OTHER EC POSTS
WASHINGTON

INFO SAVING.....

Distribution:-

[TEXT]

PRIME MINISTER'S VISIT TO THE HAGUE: 19 SEPTEMBER
SUMMARY

1. The plenary session was entirely devoted to EC matters. Large measure of agreement on the fundamentals, but Dutch stress on need for consideration in the run-up to Athens of possible areas for compromise.

DETAIL

(A) CAP` EXPENDITURE

2. There was full agreement that getting the CAP under proper financial control was central to the whole debate. Lubbers emphasised the key role he saw for the Germans. Since the latter were still in two minds about the CAP it was however impossible to make the

Copies to:-

necessary adjustments to it. As long as the Germans had the feeling they could profitably "sing the British song" about paying too much they would hang back from cutting the CAP down to size.

(B) MCA's

3. Lubbers argued that while it was essential for the Germans to accept some action on MCA's the phasing out in two years proposed by the Community was too abrupt. If the choice was between German support for CAP reform or quick phasing out of MCA's, the former was more important. The Germans should have a cut-off on MCA's protecting them against nominal price reductions.

(C) OILS AND FATS TAX

4. Lubbers described himself as firmly opposed to such a tax.

(D) CEREALS SUBSTITUTES

5. Lubbers suggested that it might be acceptable to the US to stabilise imports at their present level. Van den Broek noted that the Netherlands would ideally prefer to avoid any limits. But the fact had to be faced that, while the French were prepared to accept lower cereals prices, they would not tolerate a declining volume of sales. The question was: should a concession be made to the French on import levels for cereals

/substitutes

NOTHING TO BE WRITTEN IN THIS MARGIN

substitutes in exchange for agreement on lower prices? The Prime Minister stressed the dangers of adopting so protectionist an approach, and argued that to do so would have damaging consequences for European industrial exports. The EC could not afford to offend the US in this way, and should aim to sort out its own problems without damaging the Americans. The fundamental problem remained the production of unnecessary surpluses. In reply Van den Broek noted that the Dutch had in mind only auto-limitation by mutual agreement, in two narrow sectors, citrus pulp and maize gluten. Soya must not be touched.

(E) MILK

6. The Prime Minister commented that the proposals now on the table would penalise efficient producers, but there would be pressure to let small producers through the net. It was imperative that there should be no exemptions, and vital to get the solution on milk right, in view of its large share of the CAP budget. The UK preference was for a sharp price cut, and it was important to insist on undertakings on price even if the superlevy were accepted. The Dutch Ministers agreed. The superlevy must not be an excuse for laxity on prices.

(F) FUTURE FINANCING

7. The Prime Minister underlined the UK's unwillingness to go on paying its present net contribution. There was no question of the UK accepting in future the sort of net contribution we had in 1983. It was necessary that the root of the problem should be tackled at Athens. She was not prepared to go down the wrong road

to get another patched-up agreement. If Athens led to an impasse, then eventually the money would just run out. Lubbers commented that the renationalisation of agriculture would then follow. The Prime Minister questioned the likelihood of that happening, given the state of those countries in the CAP.

8. The Prime Minister argued that to press the Germans to go on paying an open-ended share of the costs was to store up political trouble for the future: he who paid the piper would wish to call the tune. Lubbers said that while he thought all Member States were prepared to take into account the British position on the budget, the same was not true for the Germans. It might however be possible so to restrain the CAP budget as to make the bill acceptable for the Germans. c

9. In response to a question from Lubbers, the UK objections to the Danish proposal were explained, as was our view that it did not provide a basis for agreement at Athens. The Prime Minister made plain she would not contemplate agreeing at Athens to an increase in own resources in isolation from our essential conditions.

EMBARGO

UNOFFICIAL TRANSLATION

tot 20-9-83

B.30 un

SPEECH FROM THE THRONE 1983

Members of the States-General,

In the years we are now passing through, the Netherlands is being sorely tried. Many have lost their jobs, and many young people have never worked at all. Despite ever larger government deficits, there is no improvement: rather, they have led only to an ever heavier burden of interest payments and hence to greater deficits. Employment and prosperity have been increasingly eroded, affecting both the country as a whole and the individual citizen. Government policy, and the budget which will be presented to you today, are intended primarily to end this situation.

M 2/9

h.a.

Adjustments are necessary if we are to achieve recovery. The Government realises that they will be very painful for those persons and categories for whom they spell loss of income, substantial changes in working and living conditions or uncertainty about the future. Nevertheless, the Government will not draw back from taking the measures which are necessary: too much is at stake. The rise in unemployment and the decline in prosperity, both of which have assumed increasingly serious proportions in recent years, must be halted; only then can we work together towards recovery.

Recovery is possible. That is why we must persevere. Together, we can overcome the difficulties and again create security for the older sections of the population and opportunities for the young. Now that the international economic climate is improving, this is the moment when we can effectuate a turn for the better.

The changes in social security are intended to ensure that it remains possible to pay for it. In order to distribute the cuts fairly, it has been decided on the one hand to make a general reduction and on the other hand to make a bigger reduction in the more generous benefits. With the aid of the Socio-Economic Council and in consultation with you, members of the States-General, a new, equitable and affordable social security system must be worked out in the years ahead. The proposed measures will make it possible to reduce social security contributions, which will benefit both those in employment and benefit claimants. In this way the loss of purchasing power can be limited to some extent.

This makes it easier for the employed to accept termination of the cost of living adjustment to their earnings and use of the money thus saved for the redistribution of employment and consolidation of the company or organisation in which they work. Last autumn it was agreed with employers and employees that negotiations concerning terms of employment should be directed towards these ends, and this line can now be pursued further in the year ahead.

The enormous number of young people and women coming onto the labour market makes it an absolute necessity to redistribute employment, by means of part-time jobs and otherwise. This is difficult, but we must organise employment so as to offer opportunities to larger numbers of people. We owe it to one another to do so.

One reason why civil servants and employees of state-financed organisations are being asked to sacrifice part of their income is the need to preserve employment in their sector, insofar as this can be done; but another reason is to enable more people to obtain work and income by means of the redistribution of employment. This could help tens of thousands of people.

The Policy Document on Employment, published today, deals with the recovery of

the economy and the creation of employment, the distribution of work and opportunities for benefit claimants to perform useful work outside the home.

Industry - both existing and new companies - and all who work in it must again provide a basis for increasing employment and prosperity. To this end we must reduce the Government deficit and the burden of taxation and social security contributions. An important move in this direction will be made in today's budget. The Government deficit will fall, albeit gradually. Social security contributions will fall considerably. In spite of taxation measures, total taxation will not rise. Even though Government finances are tight, the Government proposes to lighten the burden on industry, both in the case of companies and of the self-employed.

Today's budget is more austere than some we have seen in the past. Although interest payments on the Government deficit have risen and the cost of unemployment to public funds has increased sharply, it is important that Government services should not be cut too extensively, and fiscal measures must therefore be taken. It will be clear that these increases in taxation must counterbalance the proposed decreases. The increases in taxation have been designed to hit the upper income brackets hardest: in this way the burdens imposed on public funds by rising unemployment and by measures to improve the position of industry will be distributed according to the ability to pay, and money will again be available next year for special benefit payments to those who have to survive on minimum incomes.

In order to restore employment it is not enough to reduce and control the costs of industry. The Government has therefore embarked upon the task of simplifying regulations in the Netherlands. This is significant not only for the economy. Individuals and industry alike are entitled to a government which imposes regulations with care, only where strictly necessary, without seeking to be comprehensive and without acting bureaucratically. Government should refrain from activities which can be carried out at least as effectively by others. It should limit its own activities, but where measures are called for - for example to combat fraud, the narcotics trade or damage to the environment - it should act clearly and firmly. If we succeed in this, the constitutional state will gain in credibility and strength.

The preservation of a flourishing constitutional state is one of our primary tasks and is a precondition for the continuation of democracy. However, the constitutional state can only flourish if everybody has the opportunity for personal development, equal rights can be realised for all, national traditions and those of groups within society can be preserved, and groups with different views and customs tolerate and appreciate one another.

It is not the economic recession alone which is to blame for feelings of uncertainty and insecurity and, in some cases, even of loss of direction. That is why so much importance must be attached to the fabric of society, from the family to the neighbourhood, from clubs and associations to the many different media forms, to which the individual can relate and where he can feel at home.

It is also in the interests of the constitutional state that administration should be improved, and that the public should have as much direct say as possible in decision-making. The difficult work of decentralisation will therefore be continued.

The quality of society must be determined by the attitudes and efforts of the individual. This applies to the issue of minorities, who must find their place in our society. It applies also to education where, apart from the necessary retrenchment, much work is being done on important new plans, notably in secondary education;

a special challenge in this respect are the new short courses in senior secondary vocational education and the apprenticeship system. Major initiatives in the sphere of adult education and the application of information technology in education and research are just a few examples of the fact that the role of education in society is growing rather than shrinking.

Looking back over national budgets in the past, it is striking how constant the allocations have been for urban renewal and improvement of the environment. These are deliberate priorities, as we should bear in mind in connection with cuts elsewhere.

The same quality of society is expressed in the spheres of public health, care of the elderly and cultural policy. Here, too, the Government, in close consultation with the States-General, will initiate measures designed to facilitate more effective use of the available funds, taking more account of the potential and responsibilities of the individual. This does not relate primarily to the technicalities of administration, as welfare and welfare policy must be rooted in the principles of shared responsibility and justice.

The action programme which the Government will present to you today contains numerous specific administrative measures. Here and now it is a matter of opting for administrative action by a Government which wishes to place maximum reliance upon the strength and sense of solidarity of the individual and to organise society in such a way that the weaker are not pushed aside.

This year again, we have enjoyed continued peace. Regrettably, developments in political and military relations between East and West still offer little prospect of any fundamental reduction in existing tensions. An adequate defence effort on the part of the Western alliance remains essential in order to preserve peace and security. The price which we pay for this is certainly not too high. The Policy Document on Defence will contain plans for our armed forces for the next ten years.

Both within the alliance and elsewhere, the Government continues to insist on the importance of arms control. It must be possible to stop the arms race without taking excessive risks, given our responsibility to prevent war. The question of the implementation of the NATO dual-track decision of 1979 concerning medium-range nuclear missiles and the talks on this subject being held in Geneva are now entering a crucial stage. The siting of new missiles by NATO countries must be avoided if at all possible, but in return, the medium-range missiles on the other side must be dismantled. If this aim cannot be achieved in a single step, every effort should be made to achieve interim solutions.

The Government wishes to pursue a coherent policy on the whole field of nuclear weapons. Besides promoting the negotiations in Geneva, it therefore also advocates reduced dependence on other nuclear weapons, and notably those in the short-range category.

In order for genuine results in arms control and in reducing the role of nuclear weapons to be achieved, cooperation within the alliance is indispensable.

The numerous regional conflicts and wars in various parts of the world demonstrate the extent to which the preconditions for the preservation of peace are still lacking. Apart from the risks associated with excessive armaments, the contrast with the poverty which exists in so many countries is a constant spur towards arms control.

The poorest developing countries in particular have been in the grip of economic stagnation and decline for some years now; the result is an unacceptable level of poverty for many millions of people. We must consider it our duty to do everything possible to help alleviate their need. Fortunately a number of developing countries have succeeded in freeing themselves from stagnation and under-development, and have achieved a certain rate of growth. This being the case, we must promote economic cooperation with those countries in addition to providing continued assistance to the poorest developing countries. This will not only help to alleviate poverty but will also serve to restore more favourable economic trends both at home and abroad.

With regard to the Netherlands Antilles, we can look back on a successful round table conference. It is now a question of building on the results.

Our country has its own share of responsibility for the European Community. We must spare no effort to preserve and further develop it, important as it is for prosperity and development in freedom. That too calls for adjustments and renewal. Only in this way can the Common Agricultural Policy continue to work satisfactorily and can new tasks, including transport policy, be tackled. Only in this way can a sound financial basis be provided for the Community and can it remain affordable. And, finally, only in this way will it be possible for the accession of Spain and Portugal to take place on an acceptable basis.

Members of the States-General,

Next year we shall commemorate the 400th anniversary of the death of William the Silent, the Father of the Fatherland. Since his time, many successive generations have built our country into what it is today. In this generation, too, all Dutch citizens are being called upon to make sacrifices and display solidarity. Again and again, we have to reinterpret our traditions of liberty and mutual respect in the light of contemporary developments, and at all times we must protect our norms and values and preserve their vitality. Our democracy is a precious asset, and it is by virtue of that democracy that so many cares and responsibilities are entrusted to you, the representatives of the people.

May God's blessing be upon your work.