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FRAME POLITICAL UNION
FRAME SOCIAL

FOREIGN AFFAIRS COUNCIL: 13 MAY 1991
INTERGOVERNMENTAL CONFERENCE (POLITICAL UNION): MINISTERIAL
SOCIAL POLICY: SECRETARY OF STATE'S COMMENTS

1. FOR COMMENTS FROM PRESIDENCY, COMMISSION AND ALL OTHER DELEGATIONS ON THE PRESIDENCY'S LATEST SOCIAL POLICY TEXT SEE MIPT.
2. YOU SAID THAT OF ALL THE DOSSIERS FACING THE POLITICAL UNION IGC THE SOCIAL POLICY ONE WAS THE MOST DIFFICULT. IN THE UK'S VIEW THE EXISTING TREATY BASIS STRUCK A JUST BALANCE BETWEEN THE SCOPE FOR COMMUNITY ACTION AND THE DIVERSITY OF NATIONAL PRACTICES AND CUSTOMS. YOU WERE AGAINST SUBSTANTIAL CHANGE NOT OUT OF ANY EXTREME PHILOSOPHY BUT ON THE BASIS OF THE UK'S EXPERIENCE. THE CENTRAL ISSUE INVOLVED, THAT IS THE FRAMEWORK OF INDUSTRIAL RELATIONS AND THE PLACE WITHIN THAT FRAMEWORK OF LEGISLATION, GOVERNMENT AND THE INSTITUTIONAL ROLE OF EMPLOYERS AND EMPLOYEES HAD BEEN THE DOMINANT QUESTION IN THE POST WAR POLITICS OF THE UK. IT HAD BEEN TACKLED UNSUCCESSFULLY BY THE HEATH GOVERNMENT AND ITS SUCCESSOR BUT AFTER 1979 IT HAD BEEN DEALT WITH. IN CONSEQUENCE THE UK NOW EXPERIENCED A VERY SMALL NUMBER OF DAYS LOST THROUGH INDUSTRIAL DISRUPTION, BENEFITTED FROM STRONGER ECONOMIC GROWTH AND HAD A SYSTEM OF DECENTRALISED INDUSTRIAL RELATIONS WHICH WAS NOT SIGNIFICANTLY DISPUTED. IT WAS A SYSTEM THAT WORKED AND IT WOULD NOT BE RADICALLY CHANGED UNDER ANY NEW GOVERNMENT. IT FOLLOWED THAT THE UK WAS NOT ABLE TO ACCEPT EUROPEAN COMMUNITY ARRANGEMENTS WHICH MIGHT LEAD BACK INTO THE MORASS FROM WHICH WE HAD EMERGED.
3. YOU STRESSED THAT THERE WERE OTHER ARGUMENTS. IN PARTICULAR, YOU POINTED OUT THAT THE MEMBER STATES OF THE COMMUNITY ENJOYED VARYING DEGREES OF PROSPERITY. TO PILE ON COSTS ARISING FROM SOCIAL MEASURES WOULD REMOVE THE BEST PROSPECT OF CONVERGENCE

BETWEEN MEMBER STATES. ON RQM YOU UNDERLINED THAT WHILE YOU UNDERSTOOD WHY THE PROPOSAL HAD BEEN MADE, IT WOULD NOT HELP THE UK TO OVERCOME ITS DIFFICULTIES OF PRINCIPLE.

4. CONCLUDING YOUR REMARKS YOU STRESSED THAT THE MOST SUCCESSFUL LABOUR RELATIONS WERE ACHIEVED ON A VOLUNTARY BASIS BY LOCAL DIALOGUE BETWEEN MANAGEMENT AND WORKERS WITH MINIMUM CENTRAL REGULATION. THIS WAS THE BEST SPUR TO COMPETITIVENESS AND POSITIVE ECONOMIC GROWTH WHEREAS OVER-REGULATION BLUNTED THE INCENTIVE OF BOTH MANAGEMENT AND WORKERS. ONLY THROUGH STRONG ECONOMIC GROWTH COULD DESIRABLE HIGH LEVELS OF SOCIAL PROTECTION BE AFFORDED. TO COMMIT THE COMMUNITY TO POLICIES IN THE SOCIAL AND EMPLOYMENT FIELDS INVOLVING POTENTIALLY ENORMOUS COSTS WOULD INHIBIT THE EFFECTIVENESS OF THE SINGLE MARKET AND ARTIFICIALLY INFLATE LABOUR AND SOCIAL COSTS. EXCEPT TO THE EXTENT SET OUT IN THE EXISTING TREATY ALL THESE MATTERS SHOULD BE DEALT WITH ON THE BASIS OF SUBSIDIARITY REFLECTING DIFFERENT ECONOMIC CONDITIONS AND THE FACT THAT SOCIAL POLICIES WERE DEEPLY ROOTED IN NATIONAL BACKGROUNDS.

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