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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

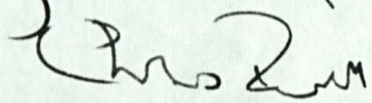
14 November 1986

Dear Christopher,

LONDON EUROPEAN COUNCIL: 5-6 DECEMBER

The Prime Minister was grateful for the Paymaster General's recent minute suggesting how we could give further impetus to deregulation at the forthcoming European Council. She agrees with the steps which Mr. Clarke proposes. She also agrees that we should avoid including consumerism under the business and jobs item of the Council's conclusions.

I am copying this letter to the Private Secretaries to members of OD(E) and to Sir Robert Armstrong.

Yours sincerely

(C. D. POWELL)

Christopher Capella, Esq.,
Paymaster General's Office,
Department of Employment.

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PRIME MINISTER

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 Prime Minister
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LONDON EUROPEAN COUNCIL : 5 - 6 DECEMBER

The Secretary of State for Employment and I have now seen your ^{at-top} Private Secretary's letter of 13 October recording your view that giving further impetus to deregulation should be a priority for the European Council. We readily agree.

I think in fact that the main elements are now in place for reaching a set of useful and positive conclusions at the Council on business and jobs. They include progress in completing the internal market; endorsement of our own employment initiative in advance of what we hope will be its adoption at the Social Affairs Council on 11 December; action to help small firms; and deregulation.

On the last of these there has been progress but not as much as we should have liked. There is now a task force within the Commission reporting to Commissioner Matutes with responsibility for the interests of small and medium sized enterprises and for deregulation; a new system has begun to operate for assessing the compliance costs for business of new proposals; and a study is underway to examine the burdens created by existing EC legislation. This makes it particularly important that the European Council maintains pressure on the Commission to pursue deregulation as a matter of priority. The Council must emphasise the need to move without delay to full and effective operation of the compliance cost system, and we should express strong support for Commissioner Matutes and his task force in their efforts to reduce burdens on business and to follow up the actions taken this year.

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On our employment initiative, we have largely succeeded in neutralising the opposition of the European Trade Unions, who rightly see the initiative as an attempt to rid the Council agenda of social engineering proposals such as Vredeling and Parental Leave. But we still need the stimulus of the European Council to line up the support of one or two of the more faint-hearted member states.

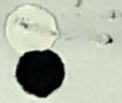
Overall I would hope that we can secure agreement at the Council to conclusions which endorse all of these priorities - while at the same time avoiding subjects which might undermine their impact. On the latter count I have some doubts about including consumerism under the business and jobs item. It is often the case that consumer interests conflict with the imperatives of employment and profitability by loading extra costs on employers. I think we should be cautious therefore before lending it the endorsement of our own European Council under the business and jobs heading.

I am copying this to members of OD(E) and Sir Robert Armstrong.

K C
November 1986

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