

New file cover

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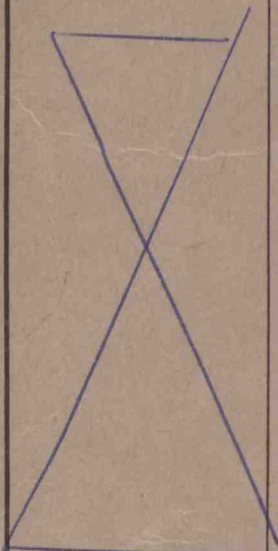
Internal Situation

UK/Dutch Relations.

NETHERLANDS

PART ONE

SEPTEMBER 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
3-8-88							
4-1-89							
8-3-89							
3-5-89							
4-9-89							
7-9-89							
10-11-89							
4-12-89							
24-1-90							
8-3-90							
29-3-90							
10-12-90							
1-11-91							
7-11-91							
							

PREM 19/3467

PART ONE ends:-

J8W to FCO 7.11.91

PART TWO begins:-

FCO to J8W 15.1.92

Cabinet / Cabinet Committee Documents

[illegible]

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB (CABINET OFFICE) CLASSES**

Signed J. Gray

Date 17/6/2017

PREM Records Team

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**SUBJECT
MASTER**~~Filed on:~~**10 DOWNING STREET
LONDON SW1A 2AA***From the Private Secretary***7 November 1991***Sean Richard***EUROPEAN COMMUNITY: PRIME MINISTER'S MEETING
WITH MR. LUBBERS**

The Prime Minister held a meeting this morning with Prime Minister Lubbers of The Netherlands. The Foreign Secretary and Mr. van den Broek were present. I have recorded separately their discussion on GATT. The rest of the conversation was devoted entirely to the European Community.

CFSP

Mr. Lubbers was very worried that the failure to reach agreement in WEU on a statement about WEU's role would cause problems at Maastricht. Some were refusing to agree a declaration, wanting to leave everything to Maastricht, others were refusing to reach agreement at Maastricht unless there was a declaration. The Foreign Secretary said that he had suggested a way through, which Genscher appeared to have accepted, namely that provisional agreement should be reached on a WEU declaration with nothing to be set in concrete until after Maastricht. Mr. van den Broek said he thought this was the right approach and was the one he would adopt at the conclave. There were a number of models of the relationship between WEU, NATO and the European Union and the heads of government could choose the particular model they wanted. The Foreign Secretary agreed. What we could not have were political texts agreed on the WEU/EPU relationship without knowing the WEU/NATO relationship. The core of the French position was to reserve everything to Maastricht but that would make it more difficult to reach agreement there. Mr. van den Broek commented that it was also the Germans, as President of the WEU, who were blocking things.

The Prime Minister said that he would be happy to see the WEU strengthened but we could not agree to it being equi-distant between NATO on the one hand and political union on the other. WEU had got to be predominantly in the NATO column within the NATO area. Out of area was different. Mr. Lubbers agreed. EPU was a much broader concept and its role on defence much more limited. The Prime Minister said that he was worried that we might reach an agreement in respect of the WEU which was not then compatible with the kind of agreement we were prepared to see at Maastricht. We needed to see language and how that would impinge on Maastricht. Mr. Lubbers said that this was an issue which had proved too difficult for special representatives. It would go to

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the conclave but even that might not help. What text would we have for Maastricht? The Luxembourg text, the Kohl/Mitterrand text or the Dutch text? Mr. van den Broek said that, as regards the NATO meeting, he had warned his people not to be too ambitious. The Prime Minister agreed. A row here would guarantee a row at Maastricht which was not what we wanted.

EMU/EPU

The Prime Minister said there were still big political problems about the negotiations. We would have a two-day debate later in the month for which we would put down a substantive motion and get a clear view from Parliament. We did not see huge problems with the Dutch text on EMU. The Prime Minister knew that the Germans were objecting to the provision allowing for a general no imposition clause. When he saw Kohl on Sunday he would attempt to persuade him that a UK specific clause would maximise our political difficulties. He would try to persuade Kohl not to press the issue. He did not know how much of the opposition was Kohl's and how much that of his officials. Mr Lubbers said that the Italians and the French were taking the same line as the Germans. Lubbers had argued that the clause as drafted was necessary for Britain but he had not been able to persuade those countries. They wanted a clear calendar as an incentive to action, just as 1992 had been the incentive for completion of the Single Market. The Prime Minister said we should review where we had got to in 1996/97 and make a decision then. The best way to maximise the prospect that the British Parliament would say no to a single currency was to single us out now. The political fall-out of such a move could be very great. It would give great political leverage to those in Britain who would want us to say no to a single currency.

As regards EPU there was hardly anything in the text we actively liked. It was a question of damage limitation. We were being asked to move too far too fast. Some sacrifices we could make but some things were fundamental. The Prime Minister could not get through Parliament any concept of the Community having competence over the WEU or any notion of duplicated structures.

The Prime Minister said that we had made huge advances inter-governmentally in the development of a Common Foreign Policy. We had looked very carefully at the proposals for QMV for operational matters and did not see how those areas could be defined.

The Prime Minister said there were some areas where we could agree to extensions of competence but we did not like what was proposed because of the extra expenditure implied. Ripa di Meana's recent behaviour had not helped.

The Prime Minister said that the idea of Europol and enhanced cooperation against crime, drug trafficking and terrorism, were attractive ones. We could go a long way, but inter-governmentally. It might be that when arrangements were up and running and had been tried and tested, people would conclude that there was no controversy over moving some interior/justice areas within Community competence. But that was certainly not

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the case now. Mr van den Broek said that Chancellor Kohl was the only one who was pressing on the competence point. Mr Lubbers commented that the German text in this area gave scope for decisions by majority vote. There was an obvious link between that text and the text on foreign policy. He understood our difficulties were primarily with Article 8a of the Treaty. The Prime Minister described our difficulties over Article 8a. The concept that we would lift our controls after 1992 because of the threat of a challenge of the European Court was fanciful. It was noteworthy that immigration and asylum issues were assuming a higher profile across the Community. Mr Lubbers commented that Community competence was essential for Chancellor Kohl to get round the problem of Germany's constitution. Mr. Lubbers wondered whether Kohl might accept something on an intergovernmental basis as long as it was written into the EPU treaty. The Foreign Secretary said we were prepared to go quite a long way down that route.

Procedure

Mr. Lubbers said that he was aiming at Maastricht for a text with a minimum number of square brackets. A working document would be produced in French by Friday evening and in other Community languages on Monday. He envisaged that the issue of opting out would have to go to Maastricht.

The Prime Minister said a lot of issues would have to go to Maastricht. Some of them were so fundamental that we would not be able to move. He could not accept things that he could not put through Parliament or that would lead to the demise of the Government.

Mr. Lubbers accepted that there were some things that were impossible and that no Government could move on. There were others that were very difficult, and where we would keep our cards close to our chest but, which were ultimately negotiable. If there were three or four such issues left over from Maastricht then it could be difficult for Britain to move and reach an agreement. Britain could become isolated on too many issues. That was why he hoped that a number of issues could be resolved before Maastricht. The Prime Minister agreed that that was tactically right. There were two ways of handling that situation. One was for those issues on which Britain could not agree not to be pressed on us. He would give Mr. Lubbers a clearer idea of our bottom line on 22 November. He did not want to go to Maastricht to say 'no' but he could not indicate now that he would necessarily be able to say 'yes' He saw a danger that while Britain and the Netherlands and some other partners might reach agreement in advance, some other Member States could open up the whole argument rather as Belgium had done at the Luxembourg European Council. He hoped other Member States would see that there was a prospect of making a real advance. It would be better if they protected those gains and did not push too far. Mr. Lubbers said that the problem was that a number of countries including the Netherlands felt they had already given in on parts of the structure. The Prime Minister said that depended on your starting point. A few months ago, EMU had been the big issue with EPU being regarded as a few institutional changes. But the

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EPU text was earth-shattering. Not every difficulty was insuperable, as yesterday's agreement on the Pregnancy Directive had shown. But there was a difference between difficult areas where movement was possible and those areas where we could not move even if we might want to do so.

I am copying this letter to the Private Secretaries to members of OPD(E) and Sonia Phippard (Cabinet Office).

Jans.
Stephen

J. S. WALL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

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From: THE PRIVATE SECRETARY

cc PQ



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

Covering confidential

5 November 1991

Dear Stephen

De Zgbi

VISIT BY NETHERLANDS JUSTICE MINISTER

You may wish to see the note of the Home Secretary's meeting with the Netherlands Justice Minister, Professor Hirsch Ballin, in advance of the Prime Minister's meeting on Thursday. Much of this is routine stuff, but I would draw your attention to the comments which the Home Secretary made about Article 8A, which are recorded in the penultimate paragraph of the note.

** enclosure*

I am copying this letter *(*to Richard Gozney at the Foreign Office.

yours

Paul Pugh

PAUL PUGH

Stephen Wall Esq
Private Secretary
10 Downing Street
London SW1

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NOTE OF A MEETING HELD ON 5 NOVEMBER 1991

WITH THE NETHERLANDS MINISTER OF JUSTICE

Present:	Home Secretary	Professor Hirsch Ballin
	Mr Langdon	Netherlands Minister of Justice
	Mr Gillespie	
	Mr Heal	Mr J H Grosheide, Director General
	Mr Pugh	for European and Immigration Affairs
		Mr J J Schutte, Adviser for Legislation
		and Public Law
		Mr J B Hoekman, Netherlands Ambassador

INTRODUCTION

The Home Secretary welcomed Professor Hirsch Ballin: the purpose of his visit was two fold - to prepare for the meeting on 13 November of Justice Ministers, which Mr Patten would be attending, and to prepare for the Trevi meeting in December.

EUROPEAN FRONTIERS CONVENTION

2 The Home Secretary said that it was very unfortunate that the Gibraltar issue had cropped up at such a late stage in the negotiations over the EFC. The United Kingdom had already proposed several possible solutions to Spain, and he would be seeing Sr Corcuera tomorrow, although he was not optimistic that agreement could be reached.

3 Professor Hirsch Ballin agreed that it was very unfortunate that this issue should stand in the way of agreement, and said that he would be happy to provide any assistance which the Home Secretary might want in resolving the matter.

CAR CRIME

4 The Home Secretary said that he would like car crime to be on the agenda of the next Trevi meeting. Car crime dominated UK crime figures and it would be very helpful to share experience with other European countries. He was pressing manufacturers in the United Kingdom to improve the security of their vehicles and it might be helpful to take a Europe-wide initiative to establish common standards for vehicle security.

5 Professor Hirsch Ballin agreed that he would put this on the agenda for Trevi. The Netherlands were also encountering substantial increases in car crime, particularly the theft of vehicles for export to Eastern Europe. The discussion might consider whether it would be helpful to establish an information system to pass intelligence between enforcement agencies involved in tackling organised car crime.

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EUROPOL

6 The Home Secretary said that the United Kingdom saw considerable advantages in developing a service to pull together and disseminate criminal intelligence: it should be more pro-active than Interpol, which tended to be a purely passive gatherer of information. At this stage, however, the United Kingdom could not agree to Europol developing into an operational agency, as Chancellor Kohl had proposed.

7 Professor Hirsch Ballin said that the Netherlands shared the United Kingdom's views, and would welcome support in developing the proposals along those lines in Trevi. There was a general will to support the development of Europol, and it was probable that agreement could be reached with the Germans, although some technical and procedural problems remained with France and Italy. The aim should be to reach agreement that Europol should be established in the first instance as an intelligence service with thorough evaluation after a few years before it developed further.

8 The Home Secretary was also keen to work towards a "Euro-warrant" which would allow a warrant for a person's arrest issued in one country to be enforced in another. There were certain constitutional difficulties at present that it should be overcome in the longer term.

9 Professor Hirsch Ballin said that in effect this happened already through the Schengen information system which the United Kingdom had indicated it could not accept. He hoped to have a discussion of this issue at the meeting of Justice Ministers on 13 November, and following further collection of information, to produce a document for formal discussion before the end of the Presidency.

IGC ON POLITICAL UNION

10 The Home Secretary said that the United Kingdom was happy to work inter-governmentally on interior and justice issues and would be happy to see Trevi consolidated as a Council of Interior Ministers. The United Kingdom could not however concede competence. Immigration policy was a particularly sensitive area in the United Kingdom and it would be politically impossible for any United Kingdom government to give up its rights to retain checks at its frontiers. Immigration was a matter of fundamental concern to the British people because of their experience over the last 40 years, and they would not accept giving up the natural advantages of geography for identity cards or other enforcement methods which were not as effective.

11 Professor Hirsch Ballin said that the Netherlands recognised the United Kingdom's concerns and had revised the Presidency text to try and meet them. Justice and long stay immigration matters were still dealt with in Article A, which referred to inter-governmental co-operation; and Article X, which dealt with short stay and visa matters had been revised so that inter-governmental instruments would remain in force until replaced by Directives under Article X, which would have to be unanimously agreed. This was in his view the most modest form of the Treaty which would be acceptable to other member states. It would be important to improve the practical arrangements for the enforcement of frontier controls, including agreeing standards for those

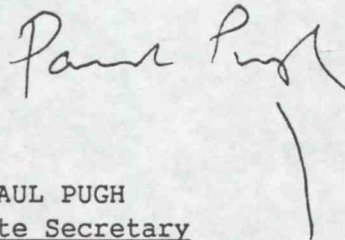
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responsible for issuing visas, and improving the exchange of information, particularly in connection with asylum seekers.

12 The Home Secretary agreed that improvements in the practical arrangements would be helpful, and he would be happy to consider carefully the revised text, but he doubted that it would be possible for the United Kingdom to accept it. The United Kingdom had been confident in 1986 that its rights to control entry had been preserved, and would continue to argue to maintain that position. He acknowledged that there were differing interpretations of Article 8A. The United Kingdom was keen to reach agreement at Maastricht, and one possible means of achieving that might be an understanding that the United Kingdom should be permitted to continue to interpret Article 8A as we did now. The Prime Minister would in any event make clear to Heads of Government that the United Kingdom would not give up its rights to control the movement of people over its frontiers.

13 Professor Hirsch Ballin said that he appreciated the United Kingdom's position, and was grateful for the Home Secretary making it so clear. He would consider the points made, but his view was that Article X as revised was as close to inter-governmental decision making as possible.

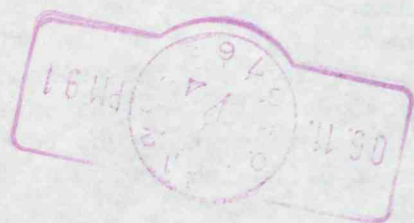


Private Office
5 November 1991

PAUL PUGH
Private Secretary

cc: Mr Regan
Mr Narey
Miss Rae
Mr Sutton
Mr Burns
Mr Hammond
Mr Langdon
Mr Angel
Mr Boys Smith
Mr Rawsthorne
Mr Gillespie
Mr Platt
Mr Harding
Mr Heal
Mr Sanderson
Mr Nicholls
Mr Varney
Mr Warne
Mr Crump
Mr Moorey
Mr Kerpel

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Foreign/Lubbers

bc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

**SUBJECT
MASTER**

1 November 1991

Filed on:

**TELEPHONE CALL BETWEEN THE PRIME MINISTER
AND PRIME MINISTER LUBBERS**

Prime Minister Lubbers of The Netherlands telephoned the Prime Minister this morning.

GATT

Mr. Lubbers referred to the letter he had received from President Bush about the GATT (of which we have, of course, had a copy). Mr. Lubbers wanted to try to unblock the negotiations in advance of the EC/US Summit on 9 November and was pursuing intensive discussions with the Commission as well as contacts with Paris, London and Bonn. He wondered if the Prime Minister could agree (as Chancellor Kohl had already done) to nominate someone with whom the Dutch could be in contact. Mr. Lubbers made clear that whoever was nominated would need to be in a position to be involved fairly comprehensively in discussions.

The Prime Minister welcomed what Mr. Lubbers had said. He would come back with a name. We would nominate someone who was fully briefed on all the detail of the GATT negotiations and who could come over to The Hague if necessary.

Soviet Union

Mr. Lubbers said that Delors was rather frustrated at the lack of movement on the Soviet Union. The Prime Minister said that Nigel Wicks had been in touch with M. Lamy and others about the organisation of a meeting of Sherpas but there seemed to be a blockage on the US side. We were anxious to make progress and would pursue the matter again.

The Prime Minister said that we understood that the Community package on food aid would be taken by the Commission next week and would then be referred to the European Parliament, but it could take as much as two months for the Parliament to give its approval. If President Nazarbaev was right then there could be real food shortages before Christmas. We must do everything we could to speed up the timescale. Mr. Lubbers agreed. He had not been aware of the problem but would look into

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it. He and the Prime Minister agreed that even if other members of the G7 did not follow the Community's example the Community should go ahead with its food aid package.

IGCs

Mr. Lubbers said that he would particularly wanted to talk to the Prime Minister in Rome about social issues, the European Parliament, the word "federal" and the WEU.

The Prime Minister explained the circumstances surrounding the postponement of his meeting with Chancellor Kohl. He looked forward to a discussion with Mr. Lubbers. He had been going through the IGCs with colleagues and we were hoping for agreement at Maastricht. There were some things we could not deliver. That was no doubt true for other member states although the problems might be more difficult here. The new presidency draft on EMU had been very well received in Britain. The Prime Minister knew that it caused difficulties but the inclusion of a general exemption provision was very important for us.

Follow up

- (i) GATT. The Prime Minister would be grateful if Mr. Lilley could nominate someone whose name I could pass on to Prime Minister Lubbers' office as a point of contact on the GATT. I should be grateful if Martin Stanley could get back to me on this during the course of today.
- (ii) Soviet Union. I have spoken to Nigel Wicks who will be in touch with M. Lamy. The Prime Minister would like to send a message to M. Delors, both to let him know we share his sense of urgency and to encourage the fastest possible progress on the EC food aid package through the European Parliament. I should be most grateful for a draft to reach me by Monday 4 November.

I have spoken to General Scowcroft about the danger, as described to the Prime Minister by Nazarbaev, of a food shortage in the Soviet Union before Christmas. I said that we thought it important to discuss this problem and had suggested a meeting of Sherpas. This seemed to have run into the ground in the US. We were happy to go along with the US suggestion of a discussion on the Soviet Union at the NATO Summit but that did not bring in the Community or the Japanese and would not therefore meet the operational need. Scowcroft said he was not aware of this particular problem and would look into it.

Scowcroft said that Bush and Gorbachev had had a rather odd meeting in Madrid. A few days before the meeting, Gorbachev had sent a message to President Bush, asking for \$4½ billion of US bilateral aid. He had reduced this sum to \$3½ billion at the meeting. The President had explained the difficulties of providing such a sum, not least the Administration's obligation to certify credit worthiness. The President had indicated that he might be able to meet about half the sum but Gorbachev had asked him not to make any announcement for the time being. Scowcroft was not sure what Gorbachev's motives were.

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- 3 -

The Prime Minister has been thinking of sending a message to President Bush on the Soviet Union in advance of the NATO Summit to try to provide a focus for discussion on the subject when the President and Prime Minister meet on Thursday morning. If the Foreign Secretary and Chancellor think this is a good idea I should be grateful if a draft could be provided to reach me by Monday 4 November.

I am copying this letter to Jeremy Heywood (HM Treasury), David Rossington (Ministry of Agriculture, Fisheries and Food), Martin Stanley (Department of Trade and Industry) and Sonia Phippard (Cabinet Office).

(J. S. WALL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

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FM THE HAGUE

(AMENDED DISTRIBUTION 26/4)

TO ROUTINE FCO

TELNO 162

OF 251234Z APRIL 91

INFO ROUTINE OTHER EC POSTS

POSITION OF DUTCH GOVERNMENT

SUMMARY

1. TENSIONS WITHIN DUTCH GOVERNMENT CONTINUE. FLURRY OVER POSSIBLE LUBBERS SUCCESSION TO DELORS. LIKELIHOOD OF AN EARLY CRISIS REMAINS LOW, BUT MEDIUM TERM OUTLOOK IS UNCERTAIN.

DETAIL

2. THERE HAS BEEN ANOTHER ILL-TEMPERED EXCHANGE WITHIN THE GOVERNMENT, THIS TIME SPARKED OFF BY THE PARLIAMENTARY FLOOR LEADER OF LUBBERS' OWN CDA PARTY, BRINKMAN. FRUSTRATED AT THE CONTINUING LACK OF ACTION OVER THE BUDGETARY DEFICIT, BRINKMAN ON 20 APRIL THAT THE CDA PARLIAMENTARY PARTY WOULD NOT SUPPORT THE CDA/PVDA COALITION'S PROPOSALS FOR TAX INCREASES IF THE GOVERNMENT DID NOT QUICKLY GET TO GRIPS WITH THE PROBLEMS OF EXCESSIVE STATE SUPPORT FOR 'DISABLED' WORKERS, AND OF CHRONIC ABSENTEEISM. HIS PVDA OPPOSITE NUMBER, WOLTGENS, CONDEMNED HIS REMARKS, AND BRINKMAN BACKED OFF, SAYING THAT HE HAD NO WISH TO BRING DOWN THE GOVERNMENT PROVIDED IT BEGAN TO SHOW RESULTS. HE EVENTUALLY AGREED TO AWAIT A REPORT ON THESE ISSUES FROM THE SOCIAL AND ECONOMIC COUNCIL (DUE IN JULY) AFTER LUBBERS HAD TOLD PARLIAMENT THAT THE GOVERNMENT WAS ALREADY WORKING ON RELEVANT MEASURES. THE INCIDENT HAS DRAWN ATTENTION TO THE CONTINUING STRAINS WITHIN THE COALITION OVER THE PROBLEMS OF THE ECONOMY, AND THE PRESIDENT OF THE DUTCH CENTRAL BANK HAS THIS WEEK WEIGHED IN WITH A WARNING OF THE NEED FOR MODERATION IN WAGE DEMANDS AND FOR EXTRA PUBLIC EXPENDITURE CUTS.

3. THERE HAS ALSO BEEN A FLURRY OVER A REPORT IN THE NEWSPAPER THE EUROPEAN, DATED 20 APRIL, QUOTING LUBBERS AS SAYING THAT HIS APPOINTMENT TO SUCCEED DELORS AS PRESIDENT OF THE COMMISSION WAS 'IN THE BAG'. THE GOVERNMENT INFORMATION SERVICE HAVE ANGRILY DENIED THE STORY, AND IT IS INDEED UNTHINKABLE THAT LUBBERS WOULD HAVE SPOKEN IN SUCH TERMS. BUT THE STORY HAS CONTRIBUTED TO THE IMPRESSION THAT THIS IS A GOVERNMENT WHOSE LEADER'S MAIN INTERESTS

ARE OUTSIDE THE NETHERLANDS AND WHOSE TIME MIGHT BE RUNNING OUT.

4. SO FAR THE FACTORS HOLDING THE COALITION TOGETHER APPEAR STRONGER THAN THOSE FORCING IT APART, AND IN THE SHORT RUN THE UPCOMING DUTCH PRESIDENCY OF THE EC WILL TEND TO ENCOURAGE THE COALITION PARTNERS TO CLOSE RANKS. BUT RECENT OPINION POLLS SHOW D66 (DEMOCRATS) AS NOW OVERTAKING THE PVDA IN POPULARITY, AND IT REMAINS FAR FROM CLEAR WHETHER THERE IS A BASIS FOR AGREEMENT BETWEEN THE CDA AND THE PVDA OVER THE FURTHER MEASURES WHICH HAVE BECOME URGENTLY NECESSARY TO REDUCE THE PUBLIC SECTOR DEFICIT.

5. IT IS LOOKING INCREASINGLY PROBABLE THAT A GOVERNMENT CRISIS COULD DEVELOP IN 1992 LEADING TO AN ELECTION OR AT LEAST A RESHUFFLE OF THE COALITION PARTNERS. SPECULATION CURRENTLY CENTRES ON TWO POSSIBILITIES: A NEW COALITION OF THE PVDA, VVD (LIBERALS) AND D66 WHICH COULD PUT THE CDA FOR THE FIRST TIME IN LIVING MEMORY INTO OPPOSITION, OR A CDA/VVD/D66 COMBINATION. THE LATTER COULD BE A POSSIBILITY IF RELATIONS BETWEEN THE CDA AND PVDA BREAK DOWN IRRETRIEVABLY. BUT THE PVDA ARE KEEN TO STAY IN GOVERNMENT, NOT LEAST TO PROVE TO THE ELECTORATE THAT THEY ARE A CREDIBLE PARTY OF GOVERNMENT. MUCH IN THE END WILL DEPEND ON THE EXTENT TO WHICH THEY ARE PREPARED TO COMPROMISE WITH THE CDA OVER REDUCTIONS IN PUBLIC EXPENDITURE.

JENKINS

YYYY

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WED

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10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

10 December 1990

Dear Wim,

Thank you for your kind letter of 28 November.

I would not, of course, presume to offer advice as to whether the Netherlands should introduce index-linked bonds. But I can say that our own experience of index-linked gilts has been a positive one. We see several advantages of financing ourselves in this form:

- a) buyers of indexed debt acquire certainty about the real rate of return they will receive regardless of what happens to future inflation. Equally, the Government knows the real interest cost of its borrowing. This reduction in risk, compared to borrowing in conventional form, is of value to both sides;
- b) having debt in indexed form acts as a deterrent to future governments pursuing inflationary policies. If they allow inflation to develop that will be reflected in the increased cost of redeeming the debt at its maturity;
- c) by the same token, because in fact we are confident that inflation will be defeated as a result of the tight policies we are pursuing, we believed indexed finance represents cheaper borrowing than would otherwise be obtainable.

*FEB
SPW*

*cc FCO
rtmt*

OK

For all these reasons, the proportion of gilts in indexed form has been increased steadily since they were first introduced in 1981. Over 15 per cent of all gilts are now in indexed form. We also issue index-linked savings certificates to individuals, enabling small savers to receive a guaranteed real rate of return. About £5 billion of the certificates are in issue.

Officials at the Treasury would, of course, be pleased to talk to your experts if they wished to discuss the matter in more detail.

*Yours Ever,
John*

Mr. Wim Kok



Treasury Chambers, Parliament Street, SW1P 3AG
071-270 3000

6 December 1990

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Dear Charles

Your letter of 30 November, enclosing correspondence from Mr Wim Kok, the Netherlands Minister of Finance, was, as you know, transferred to the Treasury.

... I attach a draft reply for the Prime Minister to send to Mr Wim Kok.

Yours sincerely

Kate Gaseltine

MISS K GASELTINE
Assistant Private Secretary

UNCLASSIFIED

Sm
cl Boyd Kok
To him

DRAFT LETTER FROM THE PRIME MINISTER TO MR WIM KOK

Thank you for your kind letter of 28 November.

2. I would not, of course, presume to offer advice as to whether the Netherlands should introduce index-linked bonds. But I can say that our own experience of index-linked gilts has been a positive one. We see several advantages of financing ourselves in this form:

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c) by the same token, because in fact we are confident that inflation will be defeated as a result of the tight policies we are pursuing, we believe indexed finance represents cheaper borrowing than would otherwise be obtainable.

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4. Officials at the Treasury would, of course, be pleased to talk to your experts if they wished to discuss the matter in more detail.

[JOHN MAJOR]

UNCLASSIFIED



Foreign and Commonwealth Office

London SW1A 2AH

3 December 1990

Dear Kate,

I enclose a letter that we have received from Mr Powell at Number 10 attaching one to the Prime Minister from Mr Wim Kok. The letter concerns the use of index-linked bonds by government.

I am informed by officials here that this subject is more appropriately one for your to deal with. I should therefore be grateful if you would provide Number 10 with a reply.

I have informed Number 10 of this transfer.

Yours sincerely,

Christopher H Eakin

(C H Eakin)

Assistant Private Secretary

Ms Kate Gaseltine
APS/HM Treasury



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 November 1990

1. Transfer to HM Treasury

2. " PS
PS/Mr. Carol-Jones
Mr. Tang
ECD (W)
WED

CH Talbot
3/12.

Dear Richard,

I attach a copy of a letter the Prime Minister has received from Mr Wim Kok, the Netherlands Minister of Finance.

I should be grateful for a draft reply, to reach me by Thursday 6 December.

Charles Powell

Richard Gozney Esq
Foreign and Commonwealth Office



MINISTER
OF
FINANCE

BGW90/3071

The Hague, November 28 1990

To: The Right Honourable John Major,
Prime Minister,
10 Downing Street,
London SW1
UNITED KINGDOM

Dear John,

I am writing you on a matter which has stirred quite some debate here in The Netherlands - between economists, and also in Parliament - namely the use of index-linked bonds by Government. Proponents have stressed the savings that such an instrument would produce. The Ministry of Finance has always been, and still is, very reluctant to introduce index-linked instruments. It is seen as undesirable that Government expenditure and indebtedness would rise with inflation, because this would aggravate budgetary problems in times of high inflation.

I would be very grateful if you could share some of the U.K. experience in this field. I am especially interested in your assessment of index-linked bonds in the present context of rising inflation in many European countries.

On a personal note I would like to congratulate you wholeheartedly with your election as leader of your party and with your appointment as the new British Prime Minister.

A copy of this letter will be sent to the new Chancellor of the Exchequer.

With kind regards,

(Wim Kok)



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

AN 30 November 1990

I attach a copy of a letter the Prime Minister has received from Mr Wim Kok, the Netherlands Minister of Finance.

I should be grateful for a draft reply, to reach me by Thursday 6 December.

Charles Powell

~~Richard Gozney Esq~~
Foreign and Commonwealth Office

→ HMT 3/12



MINISTER
OF
FINANCE

BGW90/3071

The Hague, November 28 1990

230

To: The Right Honourable John Major,
Prime Minister,
10 Downing Street,
London SW1
UNITED KINGDOM

Dear John,

I am writing you on a matter which has stirred quite some debate here in The Netherlands - between economists, and also in Parliament - namely the use of index-linked bonds by Government. Proponents have stressed the savings that such an instrument would produce. The Ministry of Finance has always been, and still is, very reluctant to introduce index-linked instruments. It is seen as undesirable that Government expenditure and indebtedness would rise with inflation, because this would aggravate budgetary problems in times of high inflation.

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On a personal note I would like to congratulate you wholeheartedly with your election as leader of your party and with your appointment as the new British Prime Minister.

A copy of this letter will be sent to the new Chancellor of the Exchequer.

With kind regards,

(Wim Kok)

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SECRETARY OF STATE'S VISIT TO THE HAGUE: CALL ON LUBBERS

SUMMARY

1. FRIENDLY AND USEFUL DISCUSSION OF E C QUESTIONS AND SOUTH AFRICA (NO SIGN OF LINGERING RESENTMENT OVER E B R D AFFAIR). LUBBERS PREOCCUPIED BY LIKELY DEVELOPMENTS OVER E M U AND POLITICAL UNION. VAN DEN BROEK ADVOCATES STEP BY STEP APPROACH OVER RELAXATION OF E C SANCTIONS

DETAIL

2. THE SECRETARY OF STATE HAD A HALF HOUR TALK WITH LUBBERS TODAY. VAN DEN BROEK AND I WERE ALSO PRESENT.

3. LUBBERS SAID THAT HE WAS A BIT PREOCCUPIED BY THE LACK OF FOCUS OF THE AGENDA FOR THE DUBLIN EUROPEAN COUNCIL. NO SUBJECTS SEEMED READY FOR DISCUSSION IN DEPTH. THIS APPLIED PARTICULARLY TO E M U, ALTHOUGH HE WAS WORRIED THAT PEOPLE HAD LITTLE UNDERSTANDING OF THE MAGNITUDE OF THE CHANGES WHICH WERE NOW UNDER DISCUSSION. HE HOPED INCIDENTALLY THAT THE U K WOULD SOON JOIN THE E R M.

4. LUBBERS ADDED THAT THE MAJORITY VIEW OF THE GOVERNORS OF THE CENTRAL BANKS, AND THIS INCLUDED DUISENBERG, APPEARED TO BE THAT THERE SHOULD BE A QUANTUM LEAP FROM STAGE 1 TO STAGE 3, WITH LITTLE TIME SPENT ON STAGE 2. IN LUBBERS' VIEW THIS WOULD REQUIRE A GREATER DEGREE OF ECONOMIC CONVERGENCE WITHIN THE E C THAN WAS AT PRESENT THE CASE AND THEREFORE IMPLIED A VERY LONG STAGE 1. VAN DEN BROEK SAID THAT THE SOUTHERN MEMBER STATES WERE ALREADY REALISING AT EVERY OPPORTUNITY THE NEED FOR GREATER RESOURCE TRANSFERS AS A CONDITION OF E M U.

5. THE SECRETARY OF STATE SAID THAT IT WOULD BE A MISTAKE NOT TO CONSIDER CAREFULLY WHAT COULD BE DONE BEYOND STAGE 1 OF E M U WITHOUT TAKING QUANTUM JUMPS, WHICH WERE RARELY IF EVER A SENSIBLE APPROACH WITHIN THE E C. WE WERE CURRENTLY GIVING MUCH THOUGHT TO HOW STAGE 1 MIGHT EVOLVE. A LOT OF TECHNICAL DISCUSSION WAS REQUIRED, AND HE DID

NOT SEE THESE MATTERS AS APPROPRIATE FOR DISCUSSION IN ANY DETAIL AT THE NEXT EUROPEAN COUNCIL.

6. ON POLITICAL UNION, LUBBERS SAID THAT HE WAS CONCERNED ABOUT THE EXPECTATIONS WHICH THE FRANCO-GERMAN INITIATIVE HAD AROUSED. THE NETHERLANDS WAS IN PRINCIPLE A SUPPORTER OF A MORE FEDERAL EUROPEAN COMMUNITY, AND HE FORESAW A SENSE OF DISAPPOINTMENT WHEN IT WAS SEEN WHAT THE FORTHCOMING I G C HAD ACHIEVED. DUTCH PRIORITIES WERE TO STRENGTHEN THE ROLE OF THE EUROPEAN PARLIAMENT, TO PUSH FORWARD THE PROCESS OF ECONOMIC INTEGRATION (SINGLE MARKET AND E M U) AND TO IMPROVE POLITICAL COOPERATION.

7. THE SECRETARY OF STATE SAID THAT HE THOUGHT A PRAGMATIC APPROACH WOULD BE ESSENTIAL IF ANYTHING SENSIBLE WAS TO BE ACHIEVED BY AN I G C ON INSTITUTIONS. TO THAT EXTENT, HE WAS ENCOURAGED BY THE DUTCH APPROACH (AS DESCRIBED THE PREVIOUS EVENING BY VAN DEN BROEK) OF FOCUSING ON A NUMBER OF PRACTICAL IMPROVEMENTS IN THE OPERATION OF THE INSTITUTIONS, WITHOUT PREJUDICE TO WHAT MIGHT FOLLOW LATER ON.

8. ON SOUTH AFRICA, THE SECRETARY OF STATE SAID THAT THIS WAS A MAJOR ISSUE ON WHICH THE E C NEEDED TO ACT IN ORDER TO SHOW CONCRETE RECOGNITION OF THE PROGRESS WHICH DE KLERCK HAD MADE. VAN DEN BROEK AGREED, AND SAID THAT WE SHOULD CONSIDER A STEP BY STEP RELAXATION OF SANCTIONS.

9. LUBBERS SAID THAT HE RECOGNISED THE RISKS WHICH DE KLERCK WAS RUNNING, BUT HE SAW PROBLEMS ABOUT RELAXING SANCTIONS WITHOUT GIVING THE IMPRESSION THAT THERE WERE NO REMAINING PROBLEMS OVER APARTHEID. MOREOVER IT WOULD BE UNFORTUNATE IF THE TWELVE APPEARED TO BE IN DISAGREEMENT OVER SANCTIONS AT A TIME WHEN DE KLERCK AND MANDELA WERE BEGINNING TO WORK WELL TOGETHER. VAN DEN BROEK SAID THAT NONETHELESS IN A SITUATION WHERE DE KLERCK AND MANDELA DISAGREED OVER SANCTIONS, THE TWELVE HAD TO TAKE A POSITION. A STEP BY STEP APPROACH WAS THE ONLY SENSIBLE ONE.

10. THE SECRETARY OF STATE SAID THAT THE TWELVE MUST NOT BE INERT ON THIS ISSUE. WE SHOULD ACTIVELY SUPPORT WHAT DE KLERCK WAS DOING. WE WOULD FIND OURSELVES IN A FAR WORSE SITUATION IF DE KLERCK WAS REMOVED BECAUSE OF A BACKLASH FROM HIS RIGHT. THE RECENT BY-ELECTION IN NATAL WAS A SALUTORY WARNING. LUBBERS SAID THAT HE TOOK THE POINT. AT THE VERY LEAST THE TWELVE NEEDED TO FIND A 'PERSPECTIVE' WHICH SHOWED THAT THEY SUPPORTED DE KLERCK AND WHICH WOULD ENCOURAGE HIM.

11. FCO PLEASE ADVANCE APS AND PS/NO 10.

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PERMAMENT SECRETARY MAFF

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Foreign and Commonwealth Office

London SW1A 2AH

29 March 1990

Mr
Jean Charles,

Rie Smith

CDP 3073

Foreign Secretary's Talk with the Dutch Foreign Minister
on 27 March

The Foreign Secretary thought that the Prime Minister might be interested in some of the things said by the Dutch Foreign Minister when he was in London for bilateral talks on 27 March. I enclose a copy of the record. The more interesting passages are those recording their discussion of CSCE matters, and EC matters.

Yours ever,

R. David Gony

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

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Mr Synnott, WED

Secretary of State's Talk with the Dutch Foreign Minister,
Mr van den Broek, in London on 27 March

The Secretary of State talked to Mr van den Broek for just over two hours at 1 Carlton Gardens on 27 March. He was accompanied by HMA The Hague and Mr Kerr. Mr van den Broek was accompanied by the Ambassador in London, his Political Director (Mr van Walsum) and his Director General for European Integration (Mr van Swinderen).

Dutch Internal

Asked about the recent Dutch municipal elections, Mr van den Broek answered, with much glee, that the Dutch Labour Party had suffered a very severe blow. It was not clear why: partly a question of turn-out and partly, perhaps, because the electorate saw no result from the Labour Party's first three months in the government coalition - unrealistic though such expectations were.

Lithuania

The Secretary of State feared that Soviet authority in Lithuania might have been put in the hands of a Soviet Army Commander. Army action could easily get out of control. Mr van den Broek said he had summoned the Soviet Ambassador on 26 March to express the Dutch Government's serious concern and to say that intimidation of the Lithuanian people seemed to be on the increase; it would become difficult to deny the Lithuanian people their aspirations; perhaps they were a different case from other parts of the Soviet Union, because of their history. He had also told the Soviet Ambassador that the Dutch wanted to express their confidence in the Soviet leadership. The Ambassador had been pleased by the Dutch Government's moderate approach but had asked them to add an appeal to all sides for restraint. He asked for the British view of the nationalities question.

The Secretary of State said he did not think that the Soviet empire in its present form could continue. There was a race between Gorbachev's moves towards a more federal structure and pressure for early action from various nationalities. Events in Lithuania had come too soon. He would probe when he went to Moscow from 9 to 12 April.

/Council

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Council of Europe

The Secretary of State said that he had acted on what Mr van den Broek had said to him in Brussels in early March about the Soviet application to join the Cultural Convention. At the Lisbon Council of Europe Ministerial meeting on 23-24 March, the move towards Soviet membership of the cultural convention had been slowed down. Mr van den Broek said Mr Waldegrave had made the right point, in a firm and principled way. The Ministers had clearly stipulated that their Deputies should work on the issue; this would give more time. As for membership of the Council of Europe itself, the meeting had not got as far as to look at Soviet membership, given the applications of all the others on the table. In general terms the positive outcome of the meeting was the agreement that the Council of Europe's standards should not be watered down; they had avoided the trap of automaticity of membership.

Germany/NATO

Mr van den Broek wondered how the Allies could make NATO membership more acceptable to German public opinion. He had spoken recently to President von Weizsacker. The President had been keen that legitimate security interests of the Soviet Union should be met. He had not gone as far as to say that continued German membership of NATO would make this difficult, but the thought was there, unspoken. Mr van den Broek thought that the Allies should try to treat Germany as a fully-fledged and independent state rather than a post-war pupil of the Occupying Powers. The Allies should therefore be cautious about a peace treaty, in the interests of avoiding a new German Versailles complex. It was a question of reducing and then removing the Occupying Powers' responsibilities in a way acceptable to all.

The Secretary of State agreed that this was the central issue, as had been made clear to him by Herr Genscher and Chancellor Kohl in Bonn earlier in March. Continued German membership of NATO was essential and both Herr Genscher and Chancellor Kohl were firm on this point. The question remained about what they intended NATO to be in the future. Arrangements in the GDR, where FRG thinking was still fuzzy, would be important. It was not clear whether Articles V and VI of the North Atlantic Treaty would extend to GDR territory. Herr Genscher had suggested that these Articles should only extend to the GDR when Soviet troops left. Chancellor Kohl was less precise. The tactics of the SPD in the run-up to the elections would be important. It made

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sense for Mr Shevardnadze and President Gorbachev to play the issue long so that the SPD could make good use of it in the campaign. This suggested that other Allies should push hard for early settlement of the NATO question. Mr van den Broek agreed. Playing the issue long gave the Russians more time to consider some pan-European security relationship which would appeal to the majority of electors in the FRG (although not to the present FRG leadership). He thought that if the Allies were serious about taking into account Soviet security interests they should promise that NATO would have no superiority in the central region.

The Secretary of State agreed; after the CFE agreement there would have to be further cuts in forces, both stationed and in the Bundeswehr. Mr van den Broek thought that if NATO was to avoid negotiations about the stationed forces of European Allies, the Alliance would need to discuss some form of multi-national forces, and how they should be armed. Personally he believed that SNF modernisation was a hopeless cause. He thought the Allies should put to the Germans an attractive package which might include reduction and subsequently the elimination of nuclear artillery. It was difficult to justify SNF in the new circumstances of Eastern Europe. The Allies might thereby protect the position of nuclear weapons on aircraft, including new stand-off weapons. The Secretary of State agreed that early answers to these questions were needed. He offered an additional element: the Allies would not behave responsibly if they failed to make new arrangements into which the French could fit. By leaving the integrated military structure the French had created a gap. Now was the time for them to fill it. M. Rocard, in London on 26 March, had seemed sympathetic on this point. As for the Germans, the Four Power arrangements should be ended. The Russians were wrong to think that they could make the most of their post-war responsibilities for Germany.

CSCE

Mr van den Broek suggested that Soviet acquiescence might be secured by including some pan-European element, to show that we were not deaf to the Russians. The Secretary of State said that President Havel of Czechoslovakia clearly wanted security guarantees of an old-fashioned sort. But we would not want to give such guarantees and thereby take on responsibility for defending Hungarians and Romanians from each other. Mr van den Broek warmly agreed. But the Secretary of State thought that, short of such guarantees, much could be done. The Prime Minister would be setting out our ideas in a speech on 29 March. The CSCE could help establish a European security structure through provisions to guarantee elections and the rule of law and the provision of a conciliation service. There might be a need for some, light, permanent CSCE structure.

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Mr van den Broek said the Eastern Europeans were seeking protection against the Soviet Union. He agreed that the West could propose a CSCE conciliation mechanism. He wondered if the Allies would have to go further and find a solution for the Eastern Europeans within NATO itself. The Poles, for example, were very ready to accept the existence of NATO and, by implication, some sort of NATO protection for them. Less dramatic would be a non-aggression commitment, in treaty form, from the Russians, without Western guarantees to the Eastern Europeans.

Mr van Walsum wondered if the UN Security Council would not be more effective in the post-Cold War era. The Secretary of State thought the United Nations might have a new lease of life; but psychologically a mechanism to solve European disputes would be stronger if it were established on a European basis. For the Eastern Europeans, the United Nations was really not very important. Mr van den Broek also doubted that the United Nations could provide what was needed.

Mr van den Broek returned to the possibility of multi-national forces in Germany. These might be extended to a peace-keeping role in disputes in Eastern Europe. The Secretary of State found this an interesting idea which might be of use if, for example, the Yugoslavs said that they needed outside help in keeping the Albanians and the Serbs apart in Kosovo. Mr van den Broek thought the use of UN contingents in Namibia might serve as some form of model. Sir Michael Jenkins thought that some form of European peace-keeping force could have the advantage of involving the Russians.

The Secretary of State undertook to send Mr van den Broek a paper with British ideas about development of the CSCE. Mr van den Broek asked about the preparation of the CSCE Summit. Should a preparatory committee start now or, as the US wished, later? The Secretary of State thought that preparations for the Summit should start fairly soon, but on the basis that they would be nugatory if a CFE agreement was not reached; the UK continued to believe that a CSCE Summit should be conditional upon agreement at the CFE. Mr van den Broek thought that in addition to discussion in the EC and NATO, a CSCE preparatory committee of the 35 would be needed, with officials from capitals. He favoured establishing this when Foreign Ministers met in Budapest on 12 May, rather than waiting until they were together in Copenhagen for the CSCE CDH meeting on 5/6 June. Mr Kerr suggested that the question of a CSCE Summit preparatory committee should first be broached in the NATO forum, with the United States present. The Secretary of State and Mr van den Broek agreed. The Americans were still sore about the EC discussion at Dublin and tact was needed.

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EBRD

Mr van den Broek said the Japanese and the Americans wanted Mr Ruding as President of the Bank but were not prepared to say so. The Dutch Finance Minister, Mr Kok, would be discussing with the Chancellor of the Exchequer, Dr Waigel and others how to use discussion at the informal ECOFIN meeting on 31 March/1 April to bring matters to a head. Mr Kerr agreed with the Dutch tactic of using the informal ECOFIN meeting. Finance Ministers were more likely to come up with the right answers, ie Mr Ruding for President and London for the site.

The Secretary of State said that the Chancellor had told M. Rocard on 26 March that it was all very well urging the UK to join the ERM and approve other moves to greater European integration, but this was not consistent with denying London as the site for the EBRD. The Secretary of State did, however, want to reassure the French about the permanence of the European Parliament in Strasbourg. Maintaining Strasbourg was very important to the French, for reasons he understood. He and Mr van den Broek agreed that they had not seen M. Dumas as fervent as when he spoke about the EP and Strasbourg at the March FAC. They also agreed that the most that could be offered to the French was an assurance that a change to the status quo on the site of the Parliament was not on the agenda at present. Neither could commit future Dutch or British governments. Mr Kerr thought the French might settle for an assurance about maintaining the Twelve Plenary Sessions of the EP in Strasbourg; but even if they wanted more, he rather doubted they would tie the issue into that of the site for the EBRD; they might however block decisions on the sites of Community institutions. Mr van den Broek said he had told M. Dumas recently of Dutch disappointment that the French seemed to want to control all multi-national institutions. With a French President of the European Commission, a French Secretary-General of the Council of Europe, a French Secretary-General of OECD and a French Secretary-General of the IMF, they really should be satisfied.

EC

The Secretary of State said there were two propositions under debate: (a) that the IGC should start in the summer (as M. Rocard had been advocating in London on 26 March, because this would allegedly send an important signal); and (b) that there might be a separate IGC on wider EC institution reform. The British position was the Strasbourg one: an IGC should

/start

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start in December. "Full and adequate preparation" was important, and was proceeding. It would be a mistake to distort it by bringing forward the IGC itself. He was not sure for whom the "signal" would be useful. As for another IGC on non-EMU institutions, and the necessary advance preparation, he thought the Community already had enough its plate for 1990 in dealing with the six challenges already on the agenda - EMU IGC preparations, German unification, EC/EFTA, the GATT Round, the 1992 programme, and devising new forms of Association Agreements for the Eastern Europeans.

Mr van den Broek gave a firm warning. His actual words were: "Britain, Britain: beware, beware". He thought the French and Germans would fall into each others' arms over EC institutional questions. President Mitterrand's television interview on 25 March had been important; he had said that he wanted the informal Dublin EC Summit on 28 April to agree that mid-1991 should be the end date for the IGC and that 1993 should be a target date for political union. The Dutch were not strongly against these ideas. In their view the many tasks facing the Community, which the Secretary of State had listed, needed stronger institutions.

President Mitterrand had even touched on the recent Belgian paper (which the Belgians had cleared with the Commission in advance). The Dutch were discussing internally their response to the Belgian paper but they had already told M. Eyskens that in general they supported the Belgians. Mr Lubbers had said privately to Mr van den Broek, on 26 March, that the Dutch need not be against mid-1991 as an end date for the IGC; similarly 1993 as the target date for political union was probably acceptable, as a target; and Mr Lubbers had not seemed wholly concerned by Mr van den Broek's argument that the EMU IGC should end before any further IGC on wider institutional change started. Mr van den Broek thought that the Belgian paper might be right in suggesting that EPC and the EC be brought closer together: witness the informal ministerial meeting in Dublin on 20 January, which had worked well. The Community could not look at policy towards Eastern Europe without taking EPC into account. It was understandable that the Commission should want to bring it into the mainstream of EC work.

The Secretary of State wondered if we were talking of a future Community of 12 or 20. He thought it would be difficult to exclude a number of the putative candidates and, therefore, an error to plan the Community's institutions on the basis of a Community of 12. Mr van Swinderen thought that the prospect of further possible enlargement strengthened the case for first moving quickly to further

/integration

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integration: but - as Mr van den Broek twice said rather firmly "it of course all depends on what kind of Community one actually wants". Was one talking of an enlarged Community (he mentioned the figures 18/20/22) which was economically closely integrated, or one which was also politically integrated? The latter was much more complex. He noted that some of the pitch for enlargement came from those keen to avoid political union. Personally, he was in favour of a Community of 15, 16 or 17 within a wider a confederation. He could not foresee that the Eastern European countries would adjust their economies fast enough to become full members in time for the next wave of enlargement.

Mr van den Broek suggested that for answers to the wider institutional questions the Community might soon need another group on the lines of the Dooce Group. President Mitterrand had also suggested a working group, to prepare for a second IGC. Without institutional strengthening, the Community's infrastructure was not strong enough to support the burden of the issues placed upon it. He also found it hard to accept that there should be greater European integration and coordination between Member States without a more important role for the European Parliament. But he understood that for HMG discussion of radical political changes over the next 12 to 18 months could prove difficult, given the decisions which the United Kingdom would in any case have to confront in the economic and monetary dossiers. The Secretary of State drew a distinction between moves to strengthen the Community and initiatives which would shake the foundations of the Community itself.

South Africa

The Secretary of State said that two sets of people were learning new rules. The South African Government were equipping themselves to learn about a transfer of power to blacks. The ANC were having to learn how to mobilise support for negotiations in which they would be dealing with some intelligent South African Ministers. Both groups had difficulties but would probably succeed. He had come away from South Africa convinced that we needed to help the blacks now, with their schools, their village halls and other infrastructure projects. This would complement help which the South African Government were giving. The latter had just given R 2 billion to a trust in the townships run by a strong critic of the Government (Mr Jan Stein). He thought that EC action was perhaps not sufficiently directed at what the black South Africans themselves called "nation-building". We needed to look at the possibilities of intensifying the European effort to help build the post-apartheid nation. He urged Mr van den Broek to look at the recent report of the EC's Ambassadors in South Africa.

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Mr van den Broek had always felt that South Africa was not a developing country. The EC should not, therefore, do things which the South African Government refused to do. The South African Government must make their own contribution. But against this background he would not be opposed to reappraising EC aid. He said that the details of the Troika visit were not yet fixed. Perhaps the next FAC meeting should look again at the aims of the Troika.

Mr van den Broek and the Secretary of State agreed that, from what people had seen in Windhoek during the Namibian independence celebrations, the prospects for Namibia looked quite encouraging.

R. H. T. Gozney
(R H T Gozney)

28 March 1990

cc: PS
PS/Mrs Chalker
PS/Mr Waldegrave
PS/Mr Maude
PS/PUS
Mr Weston
Mr Tomkys
Mr Bayne
Mr Broomfield
Mr Gillmore
Mr Greenstock
Mr Tait
Mr Kerr
Mr Goulden
Mr Carrick
Mr Fairweather
Heads of: ECD(I)
ECD(E)
Sec Pol Dept
Planners
CSCE Unit
EED
Soviet Dept
SAfD
News Dept
Special Advisers
HMA, The Hague
Sir D Hannay, UKRep Brussels
Sir M Alexander, UKDel NATO

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cc to PC
cc to PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

8 March 1990

Dear Richard,

NETHERLANDS FOREIGN MINISTER

Thank you for your letter of 7 March about the visit of Mr. Van den Broek. I am afraid the week in question is perfectly awful and I simply do not see any chance of the Prime Minister being able to see Mr. Van den Broek on either of the days you mention. Perhaps we had better keep it for another time.

Yours sincerely,

(C. D. POWELL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

KLB



Amanda
Does X
make any
difference?
Ch

Foreign and Commonwealth Office

London SW1A 2AH

7 March 1990

Dear Charles,

Foreign Secretary's Meeting with Mr Van den Broek,
Brussels, 5 March

/ The Foreign Secretary thought that the Prime Minister might be interested to see some of the points which Mr Van den Broek made during an informal bilateral meeting in Brussels on 5 March. I enclose a copy of the record.

X | I understand that the Foreign Secretary mentioned to the Prime Minister that Mr Van den Broek would be coming to London before long, and that she expressed interest in seeing him. As I think you also know, we were working on the date Wednesday 28 March. I know this would be very difficult for the Prime Minister. It now looks more likely that Mr Van den Broek will be in London on 27 March. I doubt this would be any easier for the Prime Minister, but perhaps you or Amanda Ponsonby could let us know.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

②

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Mr Synnott, WED

Eric Rinder
Dutch ideas are
pretty far from
ours on some
points. CBR 4/3.

Working Supper with the Dutch Foreign Minister in Brussels on
5 March

After the Foreign Affairs Council on 5 March, and after the Secretary of State had seen the Indian Foreign Minister, he gave a working supper to Mr Van den Broek. The Dutch Minister was accompanied by his Director General for European Integration, Mr Van Swinderen and his Deputy Political Director, Mr Christiaan Kroner. The Secretary of State was accompanied by HMA The Hague, and Mr Kerr. The discussion was open and useful, but kept at a fairly general level.

EC Issues

Mr Van den Broek foresaw a strengthened Germany in five or six years time. The Dutch were fairly relaxed at this prospect provided that EC integration proceeded and intensified. They held no dogmatic belief in supra-nationality, but they believed that their hesitations, and those of others, about a unified Germany could be removed through greater integration of the EC, which would constrain Germans ambitions. Greater integration would require institutional change, and more of a role for the European Parliament, in addition to the role that would have to be devised for it as one of the bodies to which new monetary institutions would be accountable.

The Secretary of State said there were two sets of possible worries about Germany. Fears about German military strength were not for the EC to consider. Fears about greater German economic strength, once the GDR had been digested, might not be met by institutional changes. He was not sure that seeking to imprison the FRG in strengthened EC institutions would make any significant difference to the future German role in Europe. Could any form of institutional change stop Germans being Germans?

The Secretary of State hoped that discussion of EMU during 1990 would make progress, so that the start of the IGC at the end of the year would not just prompt a repetition of earlier arguments. Looking beyond the EMU IGC, a wider discussion of the EC's future would be unavoidable. The Danes, for example, had ideas about enlargement, as would other member states.

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Mr Van den Broek spelt out the political fear of the Dutch: they feared that the Germans might be so absorbed, mentally and financially, in the process of unification that their interest in European integration would falter, and the FRG would become increasingly oriented towards Eastern Europe. Did the new situation in Europe not demand from EC member states something more than a continuation of a customs union? The Dutch did not favour new institutions for the sake of new institutions; they believed that to preserve a democratic bulwark in Western Europe required more cement than would be provided by the forthcoming IGC. He believed that the Europeans would have to try more federative structures.

The Secretary of State agreed that the EC needed to be more than a customs union; he believed that it was already so. For example, young Europeans travelling within the EC certainly felt part of something greater. He did not exclude a greater EC role in some policy areas - eg the environment. He knew from his last job as Home Secretary that the need for closer co-operation in the fight against serious crime was clear, and widely recognised. And the question of enlargement could not be deferred for ever: he believed that in, say, seven or eight years time, if things went well, the Community would need to take in some of the EFTAns and Eastern Europeans. Previously thoughts about enlargement had been curtailed for fear of the entry of neutral countries. But this constraint might now fall away of its own accord.

Mr Van den Broek said he would stop at Norway and Austria. Any enlargement would of course have an important effect on EC institutions. He had recently talked at length with Mr Delors about the institutions. When Van den Broek had asked about practical bottlenecks in the current Commission arrangements, M. Delors had complained about the failings of the present structure. Delors had said he he would immediately cut the number of Commissioners to 12. Mr Van den Broek said it was absurd for someone like Andriessen, Commissioner for External Affairs, to devise political frameworks for discussions between the EC and Eastern Europe. But while the Dutch tended to be federalist there were quite a few factions in the Dutch Parliament which feared loss of their national powers and responsibilities, and a watering down of Dutch culture. These fears manifested themselves in more and more requests for decentralisation in the Netherlands. When the Dutch saw more decisions being taken in Brussels, they countered with requests for devolution to the district and regional level. People were bothered by the gap between the point of decision taking and the point of implementation. Recently, for example,, there had been requests for locally based schemes to combat unemployment.

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The Secretary of State thought this Dutch experience fitted with the logic of subsidiarity: decisions should be taken at as low a level as possible. But this had not been the principle of the Founding Fathers of the Community, and those who had given the Commission the exclusive right to initiate legislation. (Of course any change to that might only expose the Community to the vagaries, and pet-schemes, of successive Presidencies and/or the Parliament.)

Mr Van den Broek was bothered by uncertainty over the prospects for UK membership of the ERM: we appeared to have added a new GEMU-related item to the Madrid "conditions". He also wondered what the UK expected of the IGC in terms of content and timing. The Secretary of State said that if he were Machiavellian he would support a wider IGC in the belief that it would take for ever to reach agreements on all the elements. But HMG thought the IGC should remain focussed on EMU. They would be working out their approach to the IGC during the year so that a serious discussion should be possible when it opened. For the next few months the timing of sterling's joining the ERM would probably not be an issue in Britain, although the picture would be different in the second half of the year if, as he hoped, the Italians lifted their exchange controls this spring, and, as we expected, UK inflation was clearly on a downward path by the autumn. We had not added any new conditions.

Mr Van den Broek said he too believed in limiting the scope of the IGC. In the Dutch Cabinet on 2 March he had asked his colleagues why they favoured greater powers in general for the European Parliament. He implied that he had not received a satisfactory answer. The Secretary of State thought that giving the European Parliament any control over monetary developments would run clean counter to the arguments about the importance of independence.

Security Issues

The Secretary of State summarised his meeting with the NATO Secretary General that morning (UKDel NATO telno 093). Genscher had indicated during FAC discussions that afternoon that the Russians could probably in the end accept the sort of arrangements for GDR security which were being mooted. But there were obvious dangers when the Alliance had to deal with a new German domestic electoral scrap every week. He thought that the special meeting of NATO Foreign Ministers in April should look at specific issue of future GDR security. When Ministers met in June in Turnberry they should answer the question "Why NATO?".

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Mr Van den Broek said he could not convince himself of the credibility of the idea of European security being guaranteed at 35 - although he was in favour of using the CSCE rather than any new structure, and he thought the 35 CSCE Ministers should meet once or twice a year. The Dutch had been thinking about a European Security Council. The Secretary of State wondered what it would be able to achieve. The need was to provide people like the Hungarians with protection from people like the Romanians.

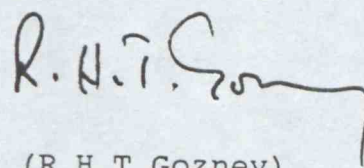
Mr Van den Broek thought that the Alliance would soon have to discuss again nuclear questions, especially the future of SNF. He believed that if there were no other argument for maintaining short range nuclear forces, it would be wrong for the Alliance to hang on to SNF just because once removed it would be difficult to re-deploy it. The Secretary of State and Mr Kerr thought that early talk of the removal of SNF would have a bad effect on the debate, eg in the US Congress, about the future of stationed forces in Europe.

Council of Europe

Mr Van den Broek was concerned about the Secretary General of the Council of Europe developing her own ideas, without sufficient guidance. In particular, if the Soviet Union joined the Cultural Convention it would have disproportionate access to relevant funds. It would also take full advantage of access to some two thirds of the Council of Europe's activities. The Secretary of State said that he had discussed the issue with Mme. Lalumiere in London on 27 February, but undertook to look at it again.

EBRD

Mr Van den Broek was cross that the French had now formally proposed Attali as EBRD President. The Secretary of State stressed the strength of our conviction that the right EBRD site was London. Mr Kerr criticised the Luxembourg bid for the CTMO site, and observed that both the UK and The Netherlands were bidding for both EBRD and CTMO, and realistically couldn't get both. We of course supported Ruding for the EBRD Presidency: realistically the Dutch couldn't win on both Presidency and site. Mr Van den Broek commented that the exchange was becoming rather interesting.



(R H T Gozney)

7 March 1990

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/cc:

cc: PS
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PS/Mr Maude
PS/PUS
Mr Weston
Mr Bayne
Mr Broomfield
Mr Greenstock
Mr Tait
Mr Goulden
Mr Kerr
Mr Burns, News Dept
Heads: Sec Pol
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ECD(E)
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HMA The Hague

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FOR SEC(NATO/UK)(P) AND D CTS NATO

THE NETHERLANDS : DEFENCE SPENDING

SUMMARY

1. DUTCH GOVERNMENT PLANS TO REDUCE DEFENCE SPENDING BY DFL 2.2 BILLION BETWEEN 1991 AND 1995 THOUGH COMMITMENT TO A 0.6% INCREASE THIS YEAR STANDS. SPECIFIC PROPOSALS INCLUDE A REDUCTION BY 750 MEN OF FORCES STATIONED IN THE FRG AND A REDUCTION IN THE NUMBER OF F-16 AIRCRAFT AVAILABLE FOR NATO TASKS. SAVINGS ON NAVAL EQUIPMENT AND ARMED SERVICES/MOD MANPOWER ARE ALSO ENVISAGED.

DETAIL

2. SPEAKING IN A PARLIAMENTARY DEBATE ON THE DEFENCE ELEMENT OF THE 1990 BUDGET, TER BEEK, DEFENCE MINISTER, SAID THAT THE NETHERLANDS WOULD BE AIMING TO MAKE ADJUSTMENTS IN DEFENCE SPENDING. PREVIOUS PROPOSED EXPENDITURE WOULD BE CUT BY DFL 2.2 BILLION OVER THE YEARS 1991 TO 1995. THIS WOULD MEET AN OVERALL BUDGETARY REQUIREMENT FOR A SAVING OF DFL 1.6 BILLION AND ALLOW EXTRA FUNDS TO BE SPENT ON VERIFICATION, NATO INFRASTRUCTURE, AUTOMATION AND PROTECTION OF THE ENVIRONMENT. HE PROMISED PRECISE DETAILS OF WHERE THE CUTS WOULD FALL IN THE DEFENCE REVIEW PAPER (LOOKING AT EXPECTED REQUIREMENTS OVER THE NEXT 15 YEARS) TO BE PUBLISHED BEFORE THE END OF THIS YEAR. TER BEEK DID, HOWEVER, INDICATE A NUMBER OF AREAS IN WHICH HE WOULD BE SEEKING SAVINGS.

3. THE ARMY IS PLANNING TO REDUCE ITS BUDGET BY MORE THAN DFL 1 BILLION IN THE PERIOD 1991 TO 1995. DUTCH FORCES STATIONED IN THE FRG (CURRENTLY NUMBERING SOME 5000 PERSONNEL) WILL BE PROGRESSIVELY REDUCED BY 750 CONSCRIPTS DURING 1991 AND 1992. IN THE NATIONAL SECTOR A NUMBER OF COMPANY SIZE UNITS AND LOGISTIC UNITS WILL BE TRANSFERRED TO A MOBILISABLE BASIS. THERE WILL BE AN OVERALL REDUCTION IN ARMY PERSONNEL BY APPROXIMATELY 1000.

4. PLANS FOR THE AIR FORCE WILL INVOLVE A TOTAL REDUCTION OF ALMOST

DFL 0.5 BILLION. THE NETHERLANDS WILL BE ABLE TO PROVIDE ONLY 144 F 16 AIRCRAFT FOR NATO TASKS RATHER THAN THE 162 PREVIOUSLY ENVISAGED. (SULLIVAN'S LETTER OF 16 JANUARY TO KIDD, SEC POL DEPT, MENTIONED A TOTAL OF 126 AIRCRAFT. WE UNDERSTAND THAT TER BEEK'S TOTAL OF 144 INCLUDES 18 EARMARKED AS REPLACEMENT RATHER THAN FRONT-LINE AIRCRAFT). PLANS TO ESTABLISH AN EXTRA GUIDED MISSILE GROUP IN THE NETHERLANDS IN ADDITION TO THE TWO EXISTING IN THE FRG ARE BEING CANCELLED.

5. THE NAVY WILL SAVE DFL 0.5 BILLION. CUTS ARE TO INCLUDE REDUCING THE MARINE CORPS BY 300 MEN AND IN THE LONGER TERM MAKING NO REPLACEMENT FOR THE TWO ZWAARDVIS CLASS SUBMARINES, BUILDING 8 INSTEAD OF 10 DOKKUM MINESWEEPERS, BUYING 20 INSTEAD OF 24 SHIP BASED HELICOPTERS AND RETIRING 4 OF THE 10 KORTENAER CLASS FRIGATES EARLY.

6. IN ADDITION TO THE MARINE CORPS AND ARMY MANPOWER CUTS THERE IS TO BE AN INVESTIGATION OF THE POSSIBILITY OF A 20% MOD STAFF REDUCTION INVOLVING 1500 JOBS.

COMMENT

7. THESE CUTS IN EXPENDITURE ESTIMATES DO NOT AFFECT THE PRESENT COALITION'S EXISTING COMMITMENT TO 0.6% GROWTH IN DEFENCE SPENDING THIS YEAR WITH A REVIEW IN THE SPRING OF THE DEFENCE BUDGET FOR 1991. TER BEEK CAME UNDER SOME PRESSURE DURING THE DEBATE TO GO FURTHER. THERE IS A DEGREE OF SUPPORT IN BOTH THE CHRISTIAN DEMOCRAT AND LABOUR PARTY PARLIAMENTARY GROUPS FOR SUBSTANTIAL DEFENCE CUTS IN THE PRESENT CLIMATE, AND FOR REDUCTIONS IN THE LENGTH OF NATIONAL SERVICE. TER BEEK CONCEDED ONLY THE PRINCIPLE THAT REDUCTIONS IN SPENDING WERE APPROPRIATE IN THE LIGHT OF DEVELOPMENTS IN EASTERN EUROPE AND THE LIKELIHOOD OF A POSITIVE OUTCOME OF CFEI AND EARLY START ON CFEII. HE PROPOSED TO LOOK AT THIS IN MORE DETAIL IN HIS WHITE PAPER AFTER THE CONCLUSIONS OF CFEI.

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MR LING
MR GILLMORE
MR TAIT

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Rie Nink

PRIME MINISTER'S



PERSONAL MESSAGE

MINISTER-PRESIDENT

SERIAL No. 214A/89

FM: NETHERLANDS:

Relations Sep 80.

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Her Excellency
The Right Honourable
Mrs. Margaret Thatcher
Prime Minister of Great Britain
and Northern Ireland

Nr. 89M019179

The Hague, December 4th, 1989

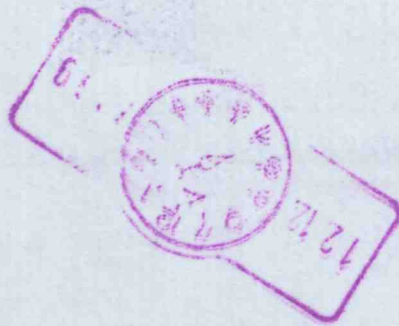
Dear Margaret

Thank you very much for your kind letter of
congratulations on my reappointment as Prime Minister of
the Kingdom of the Netherlands.
I have greatly appreciated the close links that have
developed between us over the years, and I too look
forward to our continuing close cooperation and
consultation on the variety of important tasks that indeed
lie ahead of us.

Yours

drs. R.F.M. Lubbers

NGTHGLANDS: (Marion) 1 Sep 20.



Meeting Record
Subject a Master.

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bc : PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

1 December 1989

Dear Sir,

PRIME MINISTER'S TALK WITH THE NETHERLANDS PRIME MINISTER

Mr. Lubbers telephoned the Prime Minister this afternoon to say that he would be meeting Chancellor Kohl in Salzburg tomorrow and wondered how she had reacted to his recent speech to the Bundestag. (From this point on, as a result of technical failure, I was only able to hear the Prime Minister's side of the conversation.)

The Prime Minister said that she was rather worried about the speech. It seemed to have been very much Chancellor Kohl's personal effort and not cleared with others either in Germany or within NATO. She thought the fifth point of his 10-point plan in particular was premature, and hard to reconcile with the agreement at the meeting of EC Heads of Government in Paris on 18 November that borders were not on the agenda. This was clearly a sensitive political issue for Chancellor Kohl. But he was less cautious and less sound in his approach than Genscher. She thought it would be useful if Mr. Lubbers could calm Chancellor Kohl down and point out tactfully that his speech was causing concern not just in Moscow but within some western countries. I understand from the Prime Minister that Mr. Lubbers said that the speech had not gone down well in the Netherlands and that he shared the Prime Minister's reservations about it.

The Prime Minister said that she had not welcomed either the parts of the Chancellor's speech dealing with economic and monetary union or the expansion of the powers of the European Parliament. She thought it a mistake to try to set a deadline for the work of an International Governmental Conference. She had just had a good meeting with M. Delors and found him more reasonable. He had agreed that the European Council in Strasbourg should concentrate on how the Community could respond to developments in Eastern Europe. In reply to a question from Mr. Lubbers, the Prime Minister confirmed that she thought an IGC in the second half of 1990 would be premature. She confirmed that she was opposed to the Social Charter in its present form. She also expressed reservations about the French proposal for an Eastern European Development Bank. Mr. Lubbers appeared to share these.

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- 2 -

The Prime Minister added for good measure that she was not very keen on President Gorbachev's latest proposal to hold a meeting of NATO and Warsaw Pact Heads of Government next year. It was more important to get substance right than to go for a showcase meeting.

The Prime Minister and Mr. Lubbers agreed that they would try to have their normal meeting in the margins of the European Council and would be in touch at the NATO meeting in Brussels on 4 December to arrange a time.

I am copying this letter to John Gieve (H M Treasury), Brian Hawtin (Ministry of Defence) and Trevor Woolley (Cabinet Office).

Yours sincerely,

—

C. D. POWELL

J. S. Wall, Esq.,
Foreign and Commonwealth Office

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 November 1989

Thank you for your letter enclosing a message for the Prime Minister to send to Dr Lubbers. She has now signed this and I should be grateful if you would arrange for its immediate despatch.

CHARLES POWELL

R N Peirce Esq
Foreign and Commonwealth Office

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T198/89



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10 DOWNING STREET
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THE PRIME MINISTER

10 November 1989

Dear Ruud.

It is a great pleasure to congratulate you on the successful formation of a new coalition. I wish you and your colleagues every success.

I have enjoyed our cooperation in the past and look forward to working with you on the many tasks that lie ahead, in the European Community, in the Alliance, and in our excellent bilateral relations.

Warm regards.

Yours ever

Margaret

His Excellency Dr Ruud Lubbers

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SCPE



Foreign and Commonwealth Office

London SW1A 2AH

9 November 1989

Dear Charles.

New Dutch Government

The new Netherlands Government was appointed on 7 November after two months of negotiations. Lubbers heads a centre-left coalition with Wim Kok, leader of the Dutch Labour Party, as Finance Minister.

The Prime Minister sent a personal message of congratulations to Mr Lubbers following the Christian Democrats' success in the 6 September elections. We normally advise in favour of delaying any message until a government is formed. Mr Lubbers' victory was an exception. It is still worthwhile congratulating him on continuing as head of government and we therefore suggest that the Prime Minister might send a further message now. I enclose a draft.

Yours,
Frythe Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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DRAFT MESSAGE FROM THE PRIME MINISTER

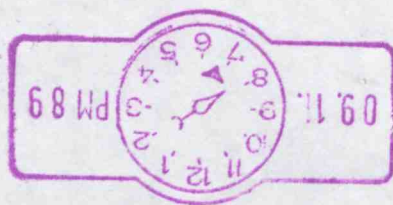
It is a great pleasure to congratulate you on the successful formation of a new coalition. I wish you and your colleagues every success.

I have enjoyed our cooperation in the past and look forward to working with you on the many tasks that lie ahead, in the European Community, in the Alliance, and in our excellent bilateral relations.

GA.

His Excellency Dr Ruud Lubbers
[Prime Minister of the Netherlands]

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(COLLAR)

NEW DUTCH MINISTERIAL APPOINTMENTS

SUMMARY

1. AGREEMENT ON THE ALLOCATION OF 12 OF THE 14 MINISTERIAL PORTFOLIOS IN THE NEW GOVERNMENT WHICH WILL BE APPOINTED ON 7 NOVEMBER. TWO NEW MINISTERS, AND THE STATE SECRETARY APPOINTMENTS ARE STILL TO BE NAMED. INITIAL REACTIONS TO THE TEAM. RECOMMENDATION FOR MESSAGES.

DETAIL

2. THE NEW DUTCH COALITION GOVERNMENT WILL BE FORMALLY APPOINTED BY QUEEN BEATRIX ON THE MORNING OF TUESDAY 7 NOVEMBER.

3. THE TWO COALITION PARTNERS REACHED AGREEMENT YESTERDAY ON THE ALLOCATION OF TWELVE OF THE FOURTEEN PORTFOLIOS IN THE NEW GOVERNMENT (SEE MIFT). TWO FURTHER MINISTERIAL APPOINTMENTS (TRANSPORT AND JUSTICE) WILL BE FILLED BY MEMBERS OF THE CHRISTIAN DEMOCRAT PARTY (CDA). THESE WILL BE ANNOUNCED SEPARATELY, TOGETHER WITH THE NAMES OF THE STATE SECRETARIES (JUNIOR MINISTERS) IN MINISTRIES.

4. THE ALLOCATION OF MINISTERIAL PORTFOLIOS IS A CAREFUL BALANCE BETWEEN THE COALITION PARTNERS WITH SEVEN POSTS GOING TO EACH PARTY. THE LABOUR (PVDA) LEADER, KOK, WILL COMBINE THE POST OF DEPUTY PRIME MINISTER WITH MINISTER OF FINANCE. IN ADDITION TO LUBBERS, ONLY TWO OF THE OUTGOING MINISTERIAL TEAM RETAIN THEIR PORTFOLIOS, VAN DEN BROEK AS FOREIGN MINISTER AND BRAKS AS MINISTER OF AGRICULTURE.

5. AS WIDELY EXPECTED THE FORMER LEADER OF THE CDA IN THE DUTCH SECOND CHAMBER, DE VRIES BECOMES MINISTER OF SOCIAL AFFAIRS. ANDRIESSEN, THE NEW MINISTER OF ECONOMIC AFFAIRS, HELD THE SAME POSITION IN THE 1960'S, AND HAS SINCE 1987 BEEN THE CHAIRMAN OF THE CHRISTIAN EMPLOYERS ORGANISATION.

6. OF THE NEW PVDA MINISTERS, TER BEEK, THE NEW MINISTER OF DEFENCE, IS A FORMER PARTY SPOKESMAN ON DEFENCE IN THE SECOND CHAMBER. HE IS

ON THE MODERATE WING OF THE PARTY AND WELL KNOWN TO US. HE HAS SENSIBLE VIEWS ON DEFENCE ISSUES AND NO RESERVATIONS ABOUT SPEAKING HIS MIND EVEN IF WHAT HE SAYS IS UNPOPULAR IN THE PARTY. HIS APPOINTMENT IS THEREFORE ON THE WHOLE GOOD NEWS, ALTHOUGH HE WILL BE LESS OUTSPOKEN THAN HIS LIBERAL PREDECESSOR BOLKENSTEIN (WHO WILL REVERT TO BEING A MEMBER OF PARLIAMENT AND CHAIRMAN OF THE SECOND CHAMBER COMMITTEE ON DEFENCE).

7. ALDERS, THE NEW MINISTER OF ENVIROMENT IS THE YOUNGEST MINISTER SO FAR ANNOUNCED (AGED 36) AND ALSO COMES FROM THE SECOND CHAMBER. HIS APPOINTMENT IS A SURPRISE, BUT HE IS KNOWN TO BE CLOSE TO KOK. THE PORTFOLIO IS AN IMPORTANT ONE FOR HIS PARTY, WHICH IS UNDER ATTACK FROM THE LEFT ON ENVIROMENT ISSUES.

8. PRONK AT DEVELOPMENT AID, IS A FORMER PVDA DEVELOPMENT MINISTER. HE WAS MUCH CRITICISED FOR HIS CONDUCT OF THE MINISTRY IN THE 1970'S WHEN HE WAS IDENTIFIED WITH THE PARTY'S LEFT WING AND WAS NOTORIOUS FOR HARD DRINKING. HE IS NOW SAID TO BE WISER AND ON THE WAGON.

9. HEDY D'ANCONA (HEALLT) WAS A STATE SECRETARY FOR WOMENS AFFAIRS IN THE DEN UYL GOVERNMENT AND FOR THE LAST 5 YEARS HAS BEEN A MEMBER OF THE EUROPEAN PARLIAMENT.

10. RITZEN IS AN ACADEMIC ECONOMIST WHO HAS SPECIALISED IN THE ECONOMICS OF EDUCATION AND IS THOUGHT TO HAVE BEEN BROUGHT INTO THE CABINET IN ORDER TO SORT OUT THE LONG STANDING PROBLEMS IN THE EDUCATIONAL FIELD.

11. MESSAGES TO SOME OF THE NEW MINISTERS WOULD BE APPROPRIATE AFTER THE APPOINTMENT OF THE GOVERNMENT ON 7 NOVEMBER. THE PRIME MINISTER SENT A MESSAGE TO LUBBERS IMMEDIATELY AFTER THE ELECTION TO CONGRATULATE HIM ON HIS SUCCESS. SHE MAY WISH TO CONSIDER SENDING A FURTHER ONE ON THE FORMAL APPOINTMENT OF HIS THIRD GOVERNMENT. MR HURD HAS RECENTLY REPLIED TO A LETTER OF CONGRATULATION FROM VAN DEN BROEK, AND AS THE TWO WILL MEET ON 9 NOVEMBER NO FURTHER MESSAGE SEEMS NECESSARY.

12. I RECOMMEND THAT THE CHANCELLOR OF THE EXCHEQUER SHOULD SEND A MESSAGE TO KOK, THAT MR KING SHOULD SEND A MESSAGE TO TER BEEK AND THAT BRAKS SHOULD BE CONGRATULATED ON CONTINUING HIS APPOINTMENT AT AGRICULTURE. ADDITIONALLY I RECOMMEND THAT MRS CHALKER SHOULD SEND A MESSAGE TO PRONK, THAT MR PATTEN SHOULD WRITE TO ALDERS AND THAT CONSIDERATION SHOULD BE GIVEN TO MR FOWLER WRITING TO DE VRIES.

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13. I SHALL BE MAKING SEPARATE RECOMMENDATIONS ABOUT BILATERAL
CONTACTS WITH NEW MINISTERS.

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THE NETHERLANDS: NATIONAL ELECTION: 6 SEPTEMBER

1. THE DISTRIBUTION OF SEATS IN THE SECOND CHAMBER FOLLOWING THE ELECTION IS AS FOLLOWS (1986 RESULTS ARE IN BRACKETS):

CDA (CHRISTIAN DEMOCRAT)	<u>54</u>	(54)
PVDA (LABOUR)	<u>49</u>	(52)
VVD (LIBERAL)	<u>22</u>	(27)
D66 (DEMOCRAT)	<u>12</u>	(9)
CALVINIST	<u>6</u>	(5)
GREEN/LEFT	<u>6</u>	(3)
CENTRE PARTY	<u>1</u>	(0)

2. THE CDA HAS THUS CONSOLIDATED ITS POSITION AS THE LARGEST PARTY. THIS IS AN INDICATION OF LUBBERS' PERSONAL STANDING AMONG THE ELECTORATE AND VIRTUALLY ASSURES HIM OF THE PRIME MINISTERSHIP OF THE NEXT DUTCH GOVERNMENT.

3. THE PRINCIPAL LOSERS WERE, AS EXPECTED, THE VVD. VOTERS WILL HAVE HAD IN MIND THE VVD'S ROLE IN CAUSING THE FALL OF THE GOVERNMENT IN MAY, AND THE SUBSEQUENT DIVISIONS WITHIN THE PARTY. WHILE, THEORETICALLY, THEY WOULD COMMAND A MAJORITY OF ONE IN COALITION WITH THE CDA IN THE 150 SEAT SECOND CHAMBER, THE DAMAGE THE ELECTION RESULT HAS DONE TO THE PARTY'S CREDIBILITY IS SUCH THAT THE CDA IS UNLIKELY TO LOOK TO THEM FIRST AS A COALITION PARTNER.

4. ON THE LEFT, THE PVDA HAS LOST 3 SEATS BUT SUPPORT FOR IT HAS HELD UP REASONABLY WELL IN FACE OF AN ENERGETIC CHALLENGE FROM A COALITION OF SMALL FAR-LEFT PARTIES IN THE GREEN/LEFT GROUPING. THIS GROUPING, WHICH INCLUDES THE DUTCH COMMUNIST PARTY, HAS FALLEN SHORT OF POLL PREDICTIONS WHICH EARLY IN THE CAMPAIGN GAVE IT UP TO 12 SEATS. IT HAS ALMOST CERTAINLY PICKED UP SOME OF THE MORE LEFT-WING VOTERS FROM THE PVDA, BUT IT DOES NOT PRESENT A MAJOR THREAT TO THE PVDA. IN THE CENTRE GROUND, D66 HAS MADE SIGNIFICANT GAINS.

5. ONE UNWELCOME DEVELOPMENT IS THE RETURN OF THE ANTI IMMIGRANT EXTREME RIGHT PARTY WITH ONE SEAT.

6. THE NEXT STAGE IN THE FORMATION OF A NEW GOVERNMENT IS LIKELY TO BE THE APPOINTMENT BY QUEEN BEATRIX OF AN INFORMATEUR WHO WILL TAKE

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SOUNDINGS OF THE PRINCIPAL PARTIES ABOUT THE PROSPECTS FOR A NEW COALITION. THE CDA HAS NOT YET STATED A PREFERENCE FOR A COALITION PARTNER BUT THE GENERAL EXPECTATION AT THIS STAGE IS THAT THEY WILL WISH FIRST TO EXAMINE THE POSSIBILITIES OF A COALITION WITH THE PVDA.

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08 SEP 1989

TELECON LAMPERT/SULLIVAN
MESSAGE FROM THE PRIME MINISTER TO MR LUBBERS

1. PLEASE PASS ON (IF IT WAS IMPOSSIBLE YESTERDAY) THE
FOLLOWING MESSAGE FROM THE PRIME MINISTER TO MR LUBBERS.

TEXT BEGINS

DEAR RUUD

I SEND YOU WARMEST CONGRATULATIONS ON YOUR ELECTION SUCCESS.
IT IS AN EXCELLENT RESULT AND I AM DELIGHTED TO THINK THAT WE
SHALL BE ABLE TO CARRY ON WORKING TOGETHER.

WARM REGARDS

MARGARET

TEXT ENDS

PRIME MINISTER'S
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7 September 1989

From the Private Secretary

NETHERLANDS ELECTION

The Prime Minister would like to send a brief personal message to Mr. Lubbers on the outcome of the Netherlands election as follows:

"Dear Ruud,

I send you warmest congratulations on your election success. It is an excellent result and I am delighted to think that we shall be able to carry on working together.

Warm regards,

Margaret"

I should be grateful if you could arrange for this to be delivered as soon as possible.

(C.D. POWELL)

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

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(COLLAR)

MY TEL NO 341: THE NETHERLANDS: NATIONAL ELECTION: 6 SEPTEMBER

SUMMARY

1. ELECTION CAMPAIGN LOW KEY WITH LUBBERS REFUSING TO BE DRAWN BY PVDA (LABOUR) LEADER WIM KOK. LATEST OPINION POLL SUGGESTS LOSSES OF VARYING DEGREES FOR ALL 3 MAJOR PARTIES AND GAINS BY THE SMALL D66 (DEMOCRAT - LEFT OF CENTRE) PARTY AND GREEN/LEFT GROUPING. BUT CDA LIKELY TO REMAIN THE LARGEST PARTY AND LUBBERS TO CONTINUE AS PRIME MINISTER. DIFFICULT TO BE CERTAIN ABOUT COMPOSITION OF NEW GOVERNMENT. BUT UNLESS THE VVD (LIBERAL) PARTY SUDDENLY RALLIES SUPPORT, IT STILL LOOKS LIKELY THAT LUBBERS WILL TRY AT LEAST INITIALLY TO FORM A COALITION WITH THE PVDA.

DETAIL

2. THE ELECTION CAMPAIGN IS NOW ENTERING ITS FINAL STAGE. IT HAS PROVED TO BE A LOW-KEY AFFAIR. RUDING, FINANCE MINISTER, TOLD ME THAT, AS FAR AS THE CDA WAS CONCERNED, THIS WAS EXACTLY AS PLANNED: THE CAMPAIGN MANAGERS HAD TAKEN A DECISION AT THE OUTSET THAT LUBBERS SHOULD REMAIN ALOOF FROM THE DAY TO DAY CAMPAIGNING, ALLOWING HIS RECORD OF ACHIEVEMENT OVER THE LAST SEVEN YEARS TO SPEAK FOR ITSELF. KOK HAS TRIED, WITH LITTLE SUCCESS, TO DRAW LUBBERS, PARTICULARLY OVER THE ECONOMY, ACCUSING HIM OF ISSUING 'BOUNCING CHEQUES' BY FAILING TO EXPLAIN HOW THE CDA WOULD FINANCE THEIR PROMISES NOT TO RAISE TAXES AND YET SPEND MORE ON HEALTH, EMPLOYMENT, AND THE ENVIRONMENT. THE MAIN ISSUES IN THE CAMPAIGN HAVE INDEED PROVED TO BE DOMESTIC SOCIO-ECONOMIC ONES. THE ENVIRONMENT HAS BEEN IMPORTANT, PRIMARILY IN TERMS OF THE COST IMPLICATIONS OF THE NATIONAL PLAN FOR OTHER AREAS OF EXPENDITURE, BUT IT HAS NOT PROVED QUITE AS CENTRAL A QUESTION AS EARLIER FORESEEN, PARTICULARLY BY THE FOREIGN MEDIA.

3. EVEN IN HIS LOW-KEY ROLE, LUBBERS' PERSONAL STANDING AND IMAGE HAVE BEEN A MAJOR ASSET FOR THE CDA, ALTHOUGH IN THE FIRST TELEVISION DEBATE BETWEEN HIM AND KOK ON 2 SEPTEMBER, KOK (GROOMED BY SAATCHI

AND SAATCHI EXCLAM) CAME OVER MORE FORCEFULLY THAN HITHERTO. HOWEVER, THE LATEST OPINION POLL, CONDUCTED AFTER THE DEBATE, STILL SUGGESTED THAT THE PVDA WOULD RETURN TO THE NEW PARLIAMENT WITH FEWER SEATS (49 INSTEAD OF THEIR PRESENT 52). AS EXPECTED, THE POLL AGAIN CONFIRMED THAT THE VVD WOULD FARE BADLY, RETURNING WITH 22 SEATS AGAINST THEIR PRESENT 27. INTERESTINGLY, THIS POLL ALSO INDICATED A LOSS OF ONE SEAT FOR THE CDA (AT PRESENT THEY HAVE 54) THOUGH THE CDA WOULD STILL EMERGE AS THE LARGEST PARTY. THE GAINERS IN THE POLL WERE D66 (UP FROM 9 TO 12 SEATS) AND THE GREEN/LEFT GROUPING (UP FROM 3 TO 8). THESE GAINS, IF THEY MATERIALISE ON ELECTION DAY, WILL MEAN THAT THE PVDA'S DECISION TO FIGHT THE ELECTION ON A MODERATE PLATFORM, IN ORDER TO WOO THE MIDDLE OF THE ROAD VOTER, LOST IT THE SUPPORT OF THOSE FURTHER TO THE LEFT WITHOUT COMPENSATING GAINS FROM THE CENTRE. BUT THERE MAY STILL BE A SUBSTANTIAL PERCENTAGE OF VOTERS WHO ARE UNDECIDED.

4. IT REMAINS DIFFICULT TO PREDICT WITH ANY CERTAINTY THE COMPOSITION OF THE COALITION WHICH WILL EMERGE AFTER THE ELECTION. A GOOD DEAL WILL DEPEND ON PARLIAMENTARY ARITHMETIC. ANY EVENTUAL COALITION MUST HAVE 76 SEATS BETWEEN THEM TO GIVE A BARE MAJORITY IN THE 150-SEAT SECOND CHAMBER. A FIGURE NEARER TO 80 WOULD BE MORE COMFORTABLE (THE PRESENT GOVERNMENT HAS 81). IF THE INDICATIONS OF THE LATEST OPINION POLL WERE TRANSLATED INTO ACTUAL RESULTS ON 6 SEPTEMBER, THE CDA AND VVD TOGETHER WOULD BE JUST SHORT OF A MAJORITY AND LUBBERS, AS LEADER OF THE LARGEST PARTY, WOULD BE OBLIGED TO OPEN NEGOTIATIONS WITH THE PVDA FIRST. THIS PROSPECT WOULD PROBABLY NOT DISMAY LUBBERS, AND THERE ARE THOSE IN THE VVD WHO BELIEVE THAT THEIR PARTY WOULD BENEFIT FROM A SPELL IN OPPOSITION. BUT MANY IN THE CDA SEE THE VVD AS MORE NATURAL AND MALLEABLE PARTNERS THAN THE PVDA. IF THE VVD DO RATHER BETTER THAN CURRENTLY EXPECTED, AND A CDA/VVD COALITION COULD MUSTER A REASONABLE MAJORITY, THERE COULD WELL BE PRESSURE FOR A CONTINUATION OF THE PRESENT FORMULA. NOR CAN IT BE RULED OUT THAT, IF IT PROVES IMPOSSIBLE TO AGREE A PROGRAMME FOR GOVERNMENT WITH THE PVDA, THE CDA MIGHT LOOK TO THE POSSIBILITY OF INCLUDING D66 IN A COALITION WITH THE VVD.

5. WHATEVER THE ELECTORAL RESULT, THE PROCESS OF FORMING A COALITION, WHICH INVOLVES INTENSE BARGAINING OVER POLICIES AND JOBS, IS LIKELY TO BE PROTRACTED. THIS IS CONSIDERED NORMA. MEANWHILE THE PRESENT GOVERNMENT WILL CONTINUE TO FUNCTION UNTIL A NEW ONE TAKES OFFICE.

JENKINS

PRIME MINISTER

MR. LUBBERS

Mr Lubbers tried to telephone you this morning to tell you about his visit to Washington. I explained that you were entirely tied up with the speech and would then be leaving for Scotland. He is determined to have a word at some point over the weekend, and has agreed to do so at 7.15 pm on Sunday. I will listen in to take a note.

I attach two telegrams which summarise the state of our knowledge.

C.D.P.

CHARLES POWELL

12 May 1989

CONFIDENTIAL

061627
MDHIAN 4326

CONFIDENTIAL
FM THE HAGUE
TO DESKBY 120830Z FCO
TELNO 217
OF 111740Z MAY 89
INFO IMMEDIATE WASHINGTON, BONN, UKDEL NATO

SNF : LUBBERS AND VAN DEN BROEK'S VISIT TO WASHINGTON : 9 MAY

SUMMARY

1. THE AMERICANS HAVE TOLD THE DUTCH THAT THEY COULD NOT ACCEPT THE INCLUSION OF THE WORD 'NEGOTIATIONS' IN THE COMPROMISE FORMULA WHICH THE DUTCH HAVE TABLED IN BRUSSELS. THE DUTCH ARE CONSIDERING THE POSSIBILITY OF PRODUCING ALTERNATIVE WORDING.

DETAIL

2. DUTCH OFFICIALS WHO WERE WITH THE PRIME MINISTER IN WASHINGTON HAVE TOLD US THAT BUSH SAW LUBBERS AND VAN DEN BROEK FOR 2 SEPARATE SESSIONS IN WASHINGTON ON 9 MAY. SNF WAS DISCUSSED FOR ABOUT AN HOUR. VAN DEN BROEK HAD HOPED TO BRIEF YOU PERSONALLY BUT AS THIS HAS NOT PROVED POSSIBLE FOR HIM, HIS OFFICIALS HAVE GIVEN US A SHORT ACCOUNT OF THE DISCUSSION ON SNF. BUSH HAD SHOWN GREAT INTEREST IN THE DUTCH WORDING AND HAD TALKED IN SOME DETAIL ABOUT THE IDEAS WHICH THE DUTCH HAVE ALSO SHARED WITH US. HOWEVER WHEN IT CAME TO THE DUTCH SUGGESTION THAT THERE MIGHT BE A CAREFULLY QUALIFIED REFERENCE TO NEGOTIATIONS THE AMERICANS HAD DRAWN A LINE AT THIS.

3. THE DUTCH ARE RELUCTANT TO ABANDON THEIR EFFORTS TO HELP TO REACH AGREEMENT BEFORE THE SUMMIT. LUBBERS HAS TOLD KOHL OF THE AMERICAN REACTION. VAN DEN BROEK HAS SUBSEQUENTLY ASKED HIS OFFICIALS TO CONSIDER POSSIBLE ALTERNATIVE WORDING NOT (REPEAT NOT) INCLUDING A DIRECT REFERENCE TO NEGOTIATIONS. WORK ON THIS IS BEING PUT IN HAND IMMEDIATELY BUT AS YET NO TEXT HAS BEEN FINALISED. THE DUTCH POLITICAL DIRECTOR, WIJNAENDTS, WHO WAS HIMSELF PRESENT AT THE DISCUSSIONS WITH BUSH, HOPES TO GIVE US A BRIEFING NEXT WEEK ON HOW DUTCH THINKING ON A FURTHER STEP IS SHAPING UP. IF YOU HAVE ANY FURTHER THOUGHTS YOU WOULD LIKE US TO PUT TO HIM, I SHOULD BE GRATEFUL FOR INSTRUCTIONS.

JENKINS

PAGE 1
CONFIDENTIAL

YYYY

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MR GOULDEN
MR RATFORD

ADDITIONAL

18

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CONFIDENTIAL
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 1319
OF 112348Z MAY 89
INFO IMMEDIATE BONN, UKDEL NATO, PARIS, THE HAGUE

HAGUE TELNO 217: SNF: DUTCH VISIT TO WASHINGTON

SUMMARY

1. DUTCH GIVE BLAND DEBRIEF IN WASHINGTON BUT SEEM ENCOURAGED PARTICULARLY BY SCOWCROFT TO PERSIST WITH EFFORTS FOR COMPROMISE. GERMAN EMBASSY CONCERNED ABOUT IMPACT OF SNF ISSUE ON THE COALITION. DETAIL

2. THE DUTCH EMBASSY GAVE A COMMUNITY BRIEFING ON 11 MAY WHICH WAS UNSURPRISINGLY MORE BLAND THAN IN TUR. EMBASSY OFFICIALS SAID THAT MOST OF THE HOUR WITH THE PRESIDENT HAD BEEN TAKEN UP BY A DETAILED EXPOSITION BY THE DUTCH OF THEIR COMPROMISE FORMULA. HOFSTEE (DCM) CONFINED HIMSELF TO SAYING THAT BUSH HAD SHOWN INTEREST BUT HAD REFRAINED FROM SUBSTANTIVE COMMENT. THE AMERICAN SIDE HAD HOWEVER MADE IT CLEAR THAT THEY WERE STILL VERY MUCH INTERESTED IN WORKING TO RESOLVE THE ISSUE PREFERABLY BEFORE THE SUMMIT, BUT IF NECESSARY AT THE MEETING ITSELF.

3. AFTER THE BRIEFING, HOFSTEE COMMENTED TO US PRIVATELY THAT THEIR GREATEST ENCOURAGEMENT HAD COME FROM SCOWCROFT WHO SAID THAT HE PERSONALLY WOULD HAVE NO PROBLEMS WITH A FORMULA ALONG THE LINES WHICH THEY WERE PROPOSING, PROVIDED NOTHING WAS SAID IN IT TO IMPLY ANY COMMITMENT TO AN SNF NEGOTIATION. THIS HAD GIVEN LIMITED COMFORT, SINCE SUCH A CONCESSION FROM THE AMERICANS WOULD STILL LEAVE AN ENORMOUS GAP BETWEEN THEM AND THE GERMANS. NEVERTHELESS IT HAD ENCOURAGED THEM TO PERSIST IN THEIR EFFORTS TO FIND A SOLUTION. WE EMPHASISED THAT OUR OWN POSITION TOO WOULD NEED TO BE TAKEN INTO ACCOUNT AND REITERATED THE REASONS WHY WE WERE DOUBTFUL OF THE WISDOM OF SEEKING COMPROMISES WHEN THE GERMAN POSITION REMAINED SO UNSATISFACTORY.

4. FOR WHAT IT IS WORTH, THE GERMAN EMBASSY REPRESENTATIVE REMAINED UNCOMFORTABLE THROUGHOUT THE DUTCH BRIEFING. THE COUNSELLOR (MUELLENSTAEDT) CONFIDED TO US SUBSEQUENTLY (PLEASE PROTECT) THAT THE ISSUE WAS PLACING REAL STRAIN ON THE COALITION AND THAT NO ONE WAS PROPERLY IN CONTROL IN BONN (ECHOING WOERNER'S COMMENT IN UKDEL NATO TELNO 151, PARA 7). THE CSU'S OPEN CRITICISM OF GENSCHER'S POSITION WAS ONE ASPECT. GENSCHER'S INSISTENCE THAT NO ONE BUT HIMSELF COULD HANDLE SNF POLICY WAS

ANOTHER. MATTERS HAD COME TO A HEAD DURING FMOD STATE SECRETARY PFAHLS'S VISIT HERE AND HIS CALL ON KIMMITT EARLIER THIS WEEK. PFAHLS HAD SEEN FIT TO DEPLOY AN IDEA, WORKED OUT BY HOLIK AND NAUMANN, WHICH SOFTENED THE WORD QUOTE EARLY UNQUOTE IN THE CALL FOR AN SNF NEGOTIATION BY ARGUING THAT THIS DID NOT MEAN QUOTE IMMEDIATELY UNQUOTE AND LINKING IT MORE CLEARLY TO PRIOR PROGRESS IN CFE. KIMMITT HAD BEEN UNIMPRESSED BUT GENSCHER HAD BEEN FURIOUS AT THIS UNAUTHORISED CONCESSION. THE GERMAN AMBASSADOR HAD BEEN HAULED OVER THE COALS. MUELMESTAEDT ADDED THAT THE BAD BLOOD WHICH EXISTED BETWEEN GENSCHER AND BOTH BAKER AND CHENEY WAS A FURTHER WORRY.

ACLAND

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ADDITIONAL

18

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KEEP ON TOP.



10 DOWNING STREET

Please can we keep on*

Tercentenary file and C/F file.

B/F if we receive another

invitation from the

Remembrances ?

1/9 * NW to TG 2/2/88
6/9 TG to NW 3/8/88

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INFO IMMEDIATE OTHER EC AND NATO POSTS

INFO PRIORITY WASHINGTON, OSLO

MY TELNO 200: FALL OF NETHERLANDS GOVERNMENT

SUMMARY

1. THE NETHERLANDS GOVERNMENT WILL SUBMIT THEIR RESIGNATION TODAY AFTER FAILURE TO GET PARLIAMENTARY SUPPORT FOR THEIR PLANS FOR FINANCING A NEW ENVIRONMENT POLICY. UNLESS A NEW GOVERNMENT CAN BE PUT TOGETHER, THE PRESENT CABINET MAY REMAIN IN OFFICE AS A CARETAKER ADMINISTRATION UNTIL ELECTIONS IN SEPTEMBER.

DETAIL

2. THE FALL OF THE LUBBERS CHRISTIAN DEMOCRAT (CDA)/LIBERAL(VVD) COALITION GOVERNMENT HAS FOLLOWED TWO DAYS OF GRADUALLY HARDENING POSITIONS OVER THE GOVERNMENT'S PROPOSALS FOR FINANCING THE NATIONAL ENVIRONMENT PLAN. LUBBERS HAD BROUGHT HIS CABINET AND HIS OWN CDA PARTY TO AGREE TO COMPROMISE PROPOSALS AT THE WEEKEND WITH THE GREATEST DIFFICULTY AND WAS UNWILLING TO REOPEN THE PACKAGE. THE VVD PARLIAMENTARY LEADERSHIP WERE ENCOURAGED BY THE PARTY CENTRAL AND REGIONAL ORGANISATION TO CONTINUE OPPOSITION TO TAX INCREASES DESPITE THE APPROVAL OF THE VVD MINISTERS IN CABINET.

3. BY YESTERDAY EVENING DIFFERENCES HAD BECOME IRRECONCILABLE. A VOTE OF NO CONFIDENCE WAS TABLED BY THE VVD PARLIAMENTARY PARTY LEADER, VOORHOEVE AND WITH THE OPPOSITION DUTCH LABOUR PARTY (PVDA) JOINING IN CRITICISM OF THE GOVERNMENT, LUBBERS INFORMED PARLIAMENT THAT HE WOULD SUBMIT HIS RESIGNATION TO THE QUEEN TODAY.

4. THIS DID NOT INVOLVE THE FORMAL DEFEAT OF THE GOVERNMENT IN A VOTE AND IT LEAVES OPEN THE THEORETICAL POSSIBILITY OF THE QUEEN INVITING LUBBERS TO TRY TO FORM A NEW GOVERNMENT. THE CHANCES OF HIS BEING ABLE TO DO SO LOOK REMOTE AND HE MAY WELL BE RELUCTANT TO TRY. IN THESE CIRCUMSTANCES HE COULD BE ASKED TO CARRY ON WITH HIS PRESENT GOVERNMENT IN A CARETAKER ROLE UNTIL NEW ELECTIONS CAN BE ARRANGED. UNDER THE PROVISIONS OF THE CONSTITUTION WHICH REQUIRES TWO MONTHS FOR PREPARATIONS AND WITH THE SUMMER BREAK AHEAD, THE EXPECTATION IS THAT THESE WOULD NOT BE UNTIL SEPTEMBER. A CARETAKER GOVERNMENT WOULD BE ABLE TO CARRY ON BUSINESS BUT WOULD BE PRECLUDED FROM INTRODUCING

NEW POLICY INITIATIVES.

5. THEIR POOR SHOWING IN RECENT PUBLIC OPINION POLLS AND A GROWING WISH TO DIFFERENTIATE THEIR OWN VIEWS FROM THOSE OF THE CDA MAY HAVE INFLUENCED VVD MPS TO BRING DOWN THE GOVERNMENT. THE VVD PARTY CHAIRMAN COMMENTED ON MONDAY EVENING THAT IF IT CAME TO DECIDING BETWEEN BRINGING DOWN THE GOVERNMENT OR CLARIFYING PARTY PRINCIPLES HE WOULD OPT FOR THE LATTER. THE VVD WILL HOPE TO BENEFIT FROM HAVING OPPOSED TAX INCREASES, BUT THEY RISK BEING OMITTED FROM THE NEXT GOVERNMENT. RECENT POLLS HAVE ALSO INDICATED THAT THE DUTCH LABOUR PARTY (PVDA) HAS OVERTAKEN THE CHRISTIAN DEMOCRATS AS THE PARTY WITH THE LARGEST SUPPORT. MANY CDA MPS BELIEVE THAT AN ELECTION WOULD SEE THE PVDA EMERGING AS THE STRONGEST PARTY IN PARLIAMENT WITH THE LIKELIHOOD THAT A LEFT CENTRE COALITION RATHER THAN A RIGHT CENTRAL COALITION MAY BE THE OUTCOME. BUT THE FIRST STEP, HOWEVER, WILL BE TO RESOLVE WHETHER OR NOT AN ALTERNATIVE GOVERNMENT CAN BE FORMED WITHOUT AN ELECTION.

JENKINS

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mem

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 April 1989

MR. LUBBERS BIRTHDAY

I enclose the video-tape of the Prime Minister's message for Mr. Lubbers' 50th birthday. I should be grateful if it could be delivered personally to Mr. Merkelback in Mr. Lubbers' office as soon as possible.

CHARLES POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office



810
ce I Beaumont
PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 March 1989

MR. LUBBERS' BIRTHDAY

The Prime Minister has agreed to record a message for Mr. Lubbers' birthday. I enclose a copy of the text she has agreed. We are making arrangements for the recording to be done some time in the next month.

(C. D. POWELL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

144

May I wish you a very happy birthday, Ruud. I hope you are spending it at home when your wife and children, and just for once taking a day off from the heavy burden of being Prime Minister - about which we both know something.

I remember our first meeting at the European Council in 1982. The first impression was of someone impatient to get on with the job in hand, and not waste time, even for lunch. I recognised a kindred soul, and I think that we have worked very well together in Europe since then. Indeed my only regret about the enlargement of the community is that The Netherlands and the United Kingdom no longer sit together at the Council table!

We in Britain very much admire your leadership, in particular at the time when the Netherlands was reaching a decision about INF stationing, but on many other issues too. So often in Europe, you have been the one to come forward with the proposal that achieves agreement. And we like your friendly and approachable style. Indeed, if you were not Dutch, we would claim you for our own!

It was a great pleasure to have you at Chequers just a few days ago, and to be able to talk so frankly and uninhibitedly about the great issues of the moment. Thank you for coming then, thank you for all that you do for Europe and the West as well as for your own people in the Netherlands - and once again, a very happy birthday.

PRIME MINISTER

MR. LUBBERS' BIRTHDAY

You agreed to record a short video message for Mr. Lubbers' birthday. I attach a short text. If you are content with it we will go ahead and make the arrangements.

CDP

CDP

8 March, 1989.

JD3ACK

May I wish you a very happy birthday, Ruud. I hope you are spending it at home when your wife and children, and just for once taking a day off from the heavy burden of being Prime Minister - about which we both know something.

I remember our first meeting at the European Council in 1982. The first impression was of someone impatient to get on with the job in hand, and not waste time, even for lunch. I recognised a kindred soul, and I think that we have worked very well together in Europe since then. Indeed my only regret about the enlargement of the community is that ~~we no~~ longer sit ~~right next to each other~~ at the Council table!

rule U.K. no

The Netherlands

Sept 1992

We in Britain very much admire your leadership, in particular at the time when the Netherlands was reaching a decision about INF stationing, but on many other issues too. So often in Europe, you have been the one to come forward with the proposal that achieves agreement. And we like your friendly and approachable style. Indeed, if you were not Dutch, we would claim you for our own!

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mf

MR. BEAUMONT

The Prime Minister has agreed to record a short video message for the birthday of the Dutch Prime Minister. We need to get this done by Easter if possible. Could you:

- negotiate with Amanda to find a date and time. Ideally, it would be tacked on to some other recording which the Prime Minister is making so that we do not have to get the equipment in twice. But I do not know what the possibilities are in the next few weeks.
- make the practical arrangements with the COI. I attach the likely text of the Prime Minister's remarks. It would probably be easiest to get it up on a screen so that she could read it off.

CDP

8 March, 1989.

May I wish you a very happy birthday, Ruud. I hope you are spending it at home when your wife and children, and just for once taking a day off from the heavy burden of being Prime Minister - about which we both know something.

I remember our first meeting at the European Council in 1982. The first impression was of someone impatient to get on with the job in hand, and not waste time, even for lunch. I recognised a kindred soul, and I think that we have worked very well together in Europe since then. Indeed my only regret about the enlargement of the community is that we no longer sit right next to each other at the Council table!

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It was a great pleasure to have you at Chequers just a few days ago, and to be able to talk so frankly and uninhibitedly about the great issues of the moment. Thank you for coming then, thank you for all that you do for Europe and the West as well as for your own people in the Netherlands - and once again, a very happy birthday.



Foreign and Commonwealth Office

London SW1A 2AH

16 February 1989

CF
~~Parker~~ plus
an

Jean Charles,

/ You wrote to Lyn Parker on 4 January requesting a text for the Prime Minister's birthday message on video to the Netherlands Prime Minister. I enclose a draft, on which you may wish to draw.

The Prime Minister's 1982 recollections of Lubbers come from a letter which she wrote at the time to Queen Beatrix.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street



Ruud

I am told that in your family you keep an old Dutch tradition every year on 5 December. ^{your wife &} Ria and the children send you traditional Sinta Klaas poems in which they try to introduce a note of appropriate frankness. This year, there is a very special occasion for messages on 7 May and I shall follow the Lubbers family tradition in this message to you.

May I first wish you a very happy birthday. I am sure that ^{your wife} Ria will be pleased that this is at least one day when she and your family can count on having you with them, hopefully not preoccupied with affairs of State.

One year can be a long time in politics and 1982 seems now to be very long ago. I recall reading in Downing Street in October 1982 that a one-time young radical had ben catapulted to the top to replace ^{Mr.} Dries van Agt as Netherlands Minister-President. I think that the first time we met was at the European Council that December. ^{I remember thinking: Live} I can now reveal my first impressions. ~~Here was a some-one new and fast talking Dutchman apparently intent on leading a "no nonsense" Cabinet, whose impatience to get on with his job was clear. I was told that you were reluctant to halt the flow of business to find more than 3 minutes for lunch, and that you then did not always know what you had eaten. Some would regard impatience as a vice. I do not when it arises from a real desire to get things done as speedily and effectively as possible.~~

^{very often}
We have seen a lot of each other since then. I quickly discovered that you were an expert manager with a particular talent for summing up the pros and cons
/of



of the issue before us. Your contribution was invaluable when we needed consensus. But you also had the capacity to give firm and statesmanlike leadership at times when such firmness was needed. I well remember the tremendous effort which you made at the time when the Netherlands was reaching a decision about INF stationing.

I know with what regard you are held within your own country. As one of your fellow Dutchmen once put it:

"Zo'n premier hebben we in jaren niet meer gehad".*

I value our close national ties and our personal relationship. I am sure that Ria will understand why one aspect of Portuguese entry into the Community is unwelcome to me. I am sorry that you and I no longer sit together at the Council Table.

* Translation: "We have not had a better Prime Minister for years"

NOTES: Telabau, Sep 80.





10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

4 January 1989

Thank you very much for your letter of 22 December which only arrived yesterday. I have shown Mrs. Lubbers' letter to the Prime Minister who will be delighted to record a message on video tape and will certainly do this in plenty of time for 7 May. I will let you have the tape as soon as it has been done.

With best wishes for the New Year,

(C.D. POWELL)

Mr. J.P.M.H. Merckelbach



fine
DA
c. Powell

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

4 January 1989

The Prime Minister has agreed to a request from Mrs. Lubbers to video tape a short message for Mr. Lubbers' 50th birthday on 7 May. I enclose a copy of Mrs. Lubbers' letter.

I should be grateful if you could let me have a suggested text for such a message. You will, I am sure, wish to consult Michael Jenkins in The Hague: but obviously the idea should not get back to Mr. Lubbers himself. Once we have a text, we will make arrangements here for the Prime Minister to record the message.

I have told Joop Merckelbach in Lubbers' office that the Prime Minister has agreed to Mrs. Lubbers' request.

(C.D. POWELL)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

MEM

ROTTERDAM, 22nd December 1988

Dear Prime Minister,

Yes - delighted

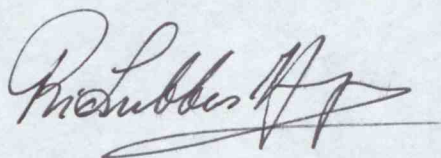
Ria Lubbers
Agree to do
this?
CDP 3/1

My husband, Ruud Lubbers, hopes to become 50 years of age on May 7th, 1989. Though he himself does not like to celebrate his birthdays and certainly dislikes to be praised to the skies, the children and I would like to really surprise him for once. After much hard thinking we concluded it would be a good idea to ask some of Ruud's colleagues with whom he has been in touch for several years now, either in bilateral contacts or in the context of the European Council, to express congratulations on a videotape. We would also certainly welcome a critical note on his character. We would plan to present these congratulations on May 7th next year during a private birthday party.

It would be a great privilege and a pleasure for us if you would be willing to help to make this surprise a success by presenting a short congratulation on a videotape.

I thank you very much in advance indeed, also on behalf of the children.

Please accept, Prime Minister, the assurances of my highest consideration.



Ria Lubbers-Hoogeweegen

Rt. Hon. Margaret Thatcher, MP
Prime Minister of the United Kingdom
10, Downing Street
London



KABINET VAN DE
MINISTER-PRESIDENT

R 311.

The Hague, December 22nd, 1988

Dear Charles,

As a follow-up to a short conversation at Rhodos between Mr. Bernard Ingham and the Director of our Government Information Service, Fred Lörtzer, I send enclosed Mrs. Lubbers' request to the Prime Minister concerning a congratulation message on video cassette on the occasion of Mr. Lubbers' 50th birthday on May 7th next year.

Would you please be so kind as to forward this request to the Prime Minister. If she would decide to present such a short congratulatory message would you please be so kind as to send the cassette to me personally, to the following address:

Mr. J.P.M.H. Merckelbach
Kabinet Minister-President
Binnenhof 20
P.O. Box 20001
2500 EA The Hague

Thank you very much in advance for your kind help.

Sincerely yours,

J.P.M.H. Merckelbach

Mr. Charles Powell
Private secretary to the Prime Minister
10, Downing Street
London

(CF) cc/84

PRIME MINISTER

TERCENTENARY CELEBRATION

The programme tomorrow is as follows:

1020 - Depart No. 10

1025 - Arrive North Door of Westminster Hall.

You will be met, and ushered to your seat on the west side of the hall.

1030 - Processions start, consisting of the American and Dutch delegations, the Speaker's procession, that of the Commonwealth Speaker's and the Lord Chancellor's procession.

1057 - The Royal Family arrive, escorted by the Lord Great Chamberlain and Mr Ridley.

The Lord Chancellor then reads out the Lords' Address and presents it to The Queen. The Speaker does likewise. The Queen will then read out her formal reply, followed by her speech. After the National Anthem the processions will withdraw. The ceremony should be over by 1130.

It will probably be most convenient for you to leave by the steps and then through the Lobby back to your room to avoid fighting your way out through the body of the hall.

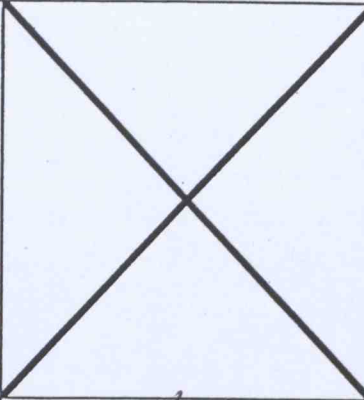
Archie Hamilton will be accompanying you throughout, and Charles Powell and I will also be present.

AB

P A BEARPARK

19 July 1988

DS2AIW

DEPARTMENT/SERIES <i>PREM 19</i>	Date and sign
PIECE/ITEM <i>3467</i> (one piece/item number)	
Extract details: <i>Heseltine to Barnister dated 18 July 1988 with attachment</i>	
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>17/6/2017</i> <i>G. Gray</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

MR. THATCHER

On Wednesday 20 July the Prime Minister will be attending a ceremony in Westminster Hall for the presentation of an address to The Queen in connection with the celebrations of the Tercentenary of the Glorious Revolution. I had rather assumed you would not want to be there for this, but I know that Members' spouses are invited so I thought I should check. A copy of a note setting out some of the arrangements is attached.

(P. A. BEARPARK)

11 July 1988

PS I would have ^{PS 19/7} BUT
how have ~~a~~
Commitment, so
No I was NOT be ^{11/7}



28 June 1988

Dear Margaret,

TERCENTENARY CELEBRATIONS, 20 JULY 1988

It will probably be helpful for you to have the enclosed summary of the arrangements for the Ceremony in Westminster Hall on 20 July. I am also sending copies to the Leaders of the two Houses, to the Secretary of State for the Environment and to other party Leaders.

I will ask Michael Ryle, the Commons Secretary to the Advisory Committee, to liaise with your office on the arrangements for your own arrival and departure.

All seems to be going well, I hope it will be an enjoyable and memorable occasion.

Yours ever

John Pym

PYM

Rt. Hon. Margaret Thatcher, MP,
The Prime Minister,
10 Downing Street,
London SW1.

TERCENTENARY OF REVOLUTIONS OF 1688-89 BILL OF RIGHTS AND
CLAIM OF RIGHT

Proceedings in Westminster Hall, 20 July 1988

1. Parliament will celebrate the above Tercentenary by presentation of Addresses to Her Majesty The Queen.
2. The Addresses will be agreed by both Houses on Thursday 7 July, following which The Queen will formally appoint 11 a.m. on Wednesday 20 July in Westminster Hall as the time and place for the Houses to attend on Her to present the Addresses.
3. The two Houses will assemble in Westminster Hall, on 20 July, seated as separate Houses, with the Commons on the West side of the Hall and the Lords on the East. Seats will be reserved for Members' spouses behind those reserved for Members. Various distinguished guests will be seated on the East side of the Hall. Officers of the two Houses, staff and other guests will be seated at the back of the Hall.
4. Seats in the front rows of the blocks for Members of both Houses will be reserved, by name, for the Prime Minister, members of the Cabinet, the Government Chief Whip, the Leader of the Opposition and other occupants of the Opposition front-bench, other party leaders and members of the Lord Chancellor's and Speaker's Advisory Committee. Ushers will show them to their places.
5. Guests will be admitted to the Hall from 09.45. Members are asked to take their seats at 10.30. Those occupying reserved seats in the front rows must be seated by 10.35 at the very latest.

6. Delegations from the Netherlands and the USA will be seated on the platform.

7. Two formal processions, led by the Speaker and the Lord Chancellor, including Commonwealth Speakers and Presidents of Upper Houses of Commonwealth Parliaments will enter by the East Door and will take their seats on the platform.

8. Members of the Royal Family, and The Crown Prince William of Orange arrive.

9. Just before 11.00 The Queen and the Duke of Edinburgh arrive, are greeted by the Lord Great Chamberlain and the Secretary of State for the Environment, and take their seats.

10. The Lord Chancellor presents the Address from the House of Lords and makes a speech.

11. The Speaker presents the Address from the House of Commons and makes a speech.

12. The Queen replies to the Addresses and makes a speech.

13. The National Anthem is played (one verse, not sung).

14. The Queen and Duke of Edinburgh, conducted by the Lord Great Chamberlain and the Secretary of State for the Environment, and accompanied by the Lord Chancellor and the Speaker leave the Hall by the North Door at about 11.25. They are followed by other members of the Royal Family. They proceed to Speaker's House.

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16. The Mace processions leave by St. Stephen's Hall.
17. The Commonwealth Speakers and Presiding Officers leave by St. Stephen's Hall for Speaker's House where they will meet The Queen.
18. Those Members occupying reserved seats in the front rows will be escorted out by ushers at about 11.30.
19. Other members and guests depart.

After the Ceremony

20. After meeting Commonwealth Speakers and Presiding Officers in Speaker's House, The Queen and other members of the Royal Family will visit the Exhibition in the Banqueting House in Whitehall. Crown Prince William of Orange, accompanied by the Netherlands Ambassador, will also be there. Lord Pym (Chairman of the Advisory Committee) will greet The Queen at 12.15. She will leave at 12.55.

21. Lord and Lady Pym will host a lunch at the Royal Horseguards Hotel for the Netherlands and American Delegations. After lunch the Delegations, Members of the Advisory Committee and other Members of the two Houses will visit the Exhibition.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

11 July 1988

I am writing to acknowledge safe receipt of your letter of 28 June to the Prime Minister with the arrangements for the celebrations for the Tercentenary of the Glorious Revolution on 20 July. I know the Prime Minister is looking forward to this.

(P. A. BEARPARK)

The Right Honourable The Lord Pym, M.C.

A handwritten signature in blue ink, appearing to be 'Pym', located at the bottom right of the page.

MR. THATCHER

On Wednesday 20 July the Prime Minister will be attending a ceremony in Westminster Hall for the presentation of an address to The Queen in connection with the celebrations of the Tercentenary of the Glorious Revolution. I had rather assumed you would not want to be there for this, but I know that Members' spouses are invited so I thought I should check. A copy of a note setting out some of the arrangements is attached.

(P. A. BEARPARK)

11 July 1988

MR. HAMILTON

I have assumed that you will accompany the Prime Minister when she attends the Tercentenary Celebrations in Westminster Hall on 20 July - arrangements attached - and have asked for a seat to be reserved for you immediately behind her.

I do hope I am correct.

(P. A. BEARPARK)

11 July 1988

Murdo Maclean

MOVING OF ADDRESS ON THURSDAY 7 JULY

I attach the Address for inclusion on the Order Paper (in the terms previously approved).

After the Address itself has been agreed it will be necessary for the Leader of the House to move formally the two further motions. On 16 June 1965 (the latest direct precedent) these were not on the paper and were moved without notice. But in our view there might be difficulty today in moving such a long motion without notice; people would wonder what was happening; there might be points of order. It would be much clearer and more formal (so less provocative) for everyone to see the motions on the paper. Also the attendance of the Commonwealth Speakers is not just a matter of form, and proper notice should be given.

I also attach the reply which the Palace should send. Following the precedent of 21 June 1965 the Leader of the House would bring in the Queen's reply at the Bar of the House immediately after Prayers on a convenient day before 20 July.

Michael

M. T. R.

1 July 1988

TERCENTENARY OF THE REVOLUTIONS OF 1688-89 AND OF THE BILL
OF RIGHTS AND CLAIM OF RIGHT

The Prime Minister

That an humble Address be presented to Her Majesty as follows:-

Most Gracious Sovereign,

We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom of Great Britain and Northern Ireland, in Parliament assembled, having in mind the acceptance by Their Majesties King William and Queen Mary of the Declaration of Rights presented to them on 13 February 1689, and recalling also the Bill of Rights passed by the Parliament of England and the Claim of Right made by the Estates of Scotland for vindicating and asserting the ancient rights and liberties of the people of the two Kingdoms, beg leave to express to Your Majesty our great pleasure in celebrating the tercentenary of the historic events of 1688 and 1689 that established those constitutional freedoms under the law which Your Majesty's Parliament and people have continued to enjoy for three hundred years.

That the said Address be presented to Her Majesty by the whole House.

That such Members of this House as are of Her Majesty's Most Honourable Privy Council, do humbly know Her Majesty's Pleasure when She will be attended by this House with the said Address and whether Her Majesty will be Graciously pleased to permit the invited representatives of overseas Parliaments of the Commonwealth to accompany this House in attending Her Majesty.

QUEEN'S REPLY REGARDING PRESENTATION OF ADDRESS

That Her Majesty, having been waited upon, pursuant to their Order of 7 July, humbly to know Her Majesty's pleasure when She will be attended by this House, has been please to appoint to be attended on Wednesday 20 July at Eleven of the clock, in Westminster Hall, and has given Her permission for this House to be accompanied by representatives of overseas Parliaments of the Commonwealth.

PRIME MINISTER

A first draft of your speech on the Moving
of the Address for the Tercentenary is attached.
We have some time on Monday to go through
this if you wish.

Could you please confirm that you are content
with the draft motion at Flag A?

The draft of The Queen's Speech for when
she receives the Address is at Flag B.

PAB

(P.A. BEARPARK)

30 June 1988

A

DRAFT MOTION TO BE MOVED BY THE PRIME MINISTER

That the said Address be presented to Her Majesty by the whole House.

That such Members of this House as are of Her Majesty's Most Honourable Privy Council, do humbly know Her Majesty's Pleasure when She will be attended by this House with the said Address and whether Her Majesty will be Graciously pleased to permit the invited representatives of overseas Parliaments of the Commonwealth to accompany this House in attending Her Majesty.

D R A F T

1688-1988: TERCENTENARY CELEBRATIONS

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NETHERLANDS

Relatives

Sept 80



B

PARLIAMENT AND THE GLORIOUS REVOLUTION
ADDRESS BY HER MAJESTY THE QUEEN

My Lords and Members of the House of Commons.

I thank you for the loyal dutiful Addresses which on your behalf the Lord Chancellor and Mr Speaker have presented to me on this Tercentenary of the Glorious Revolution.

In celebrating the Glorious Revolution with you, I too give thanks to Almighty God and pray that we may here rededicate ourselves to the principle of freedom under the law which animated the authors of that constitutional settlement three hundred years ago.

PARLIAMENT AND THE GLORIOUS REVOLUTION

WILLIAM AND MARY TERCENTENARY SPEECH BY HM THE QUEEN

My Lords and Members of the House of Commons.

It is fitting that the whole Parliament should assemble in this ancient Hall to celebrate the events of 1688 to 1689. It was here that we met to commemorate the 700th Anniversary of Simon de Montfort's Parliament of 1265. The four centuries which separated that Parliament and the Glorious Revolution, saw some turbulent and violent episodes, but it was the momentous events of the 17th century that brought the fundamental constitutional issues to a head. The successive swings between the arbitrary rule of The King and arbitrary rule of Parliament became increasingly intolerable and it was by their acceptance of the Declaration of Rights and assent to the Claim of Right in Scotland, that King William and Queen Mary ended almost a century of constitutional turmoil and uncertainty in the two Kingdoms.

Their peaceful joint accession symbolises the

friendship which has so long flourished between the British and Dutch people. The warm and generous reception we received on our recent visit to the Netherlands was ample evidence that the three hundred years since William and Mary have only deepened our ties - ties which we in Britain greatly treasure. It is therefore with especial pleasure that I welcome His Royal Highness the Prince of Orange, the Presidents of the two Houses of the Dutch Parliament and our other Dutch guests.

It is an irony of history that James II, by uniting the major political interests in opposition to him, unwittingly ensured that the Revolution Settlement which followed him produced a balanced Government not of King nor of Parliament but of the Crown in Parliament. Thus King William reported to the Convention, which was to become Parliament, "there is no sure Foundation of a good Agreement between a King and his people, but by a mutual Trust. When that is once broken, a Government is half dissolved".

That mutual trust marked the confirmation of constitutional monarchy and may well have spared this

country a more violent revolution. It also marked the dawn of a new era of religious tolerance. I am ever mindful that this Revolution Settlement put into practice the cardinal principles of the sovereignty of the Crown in Parliament and the separation of powers, ushering in an epoch of freedom under the law in which, happily, we still live. Experience has taught that peoples can enjoy the full fruits of liberty, security and justice only when they are represented in a sovereign legislature whose laws are interpreted by an independent judiciary.

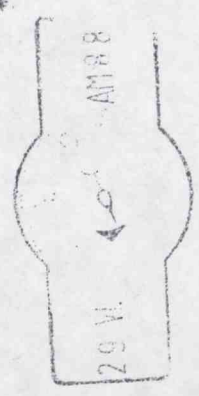
The Bill of Rights and the Scottish Claim of Right of 1689, still part of statute law, are the sure foundation on which the whole edifice of Parliamentary democracy rests, and had great influence abroad, especially in the United States of America and in the Commonwealth. I am particularly pleased, therefore, to welcome the Chancellor and a delegation from William and Mary College, Virginia, with their wives, who attend by a Resolution of Congress, approved by the President. The College of William and Mary was founded in 1693 with an endowment from the Crown and was the first College of Royal foundation in English America.

It was in Virginia that the ideas in the Bill of Rights found particularly fertile soil.

I also welcome most warmly the speakers and Presiding Officers of the Commonwealth and their wives, and the officers of their Parliaments and offer my best wishes for the Ninth Conference of Commonwealth Speakers and Presiding Officers. May the principles of freedom and tolerance, which guided the makers of the Glorious Revolution, inspire your conference.

The reaffirmation of constitutional monarchy can be dated to the acceptance by William and Mary of the Declaration of Rights and the Crown on 13 February 1689. Those events took place in the Banqueting House, which the Prince of Orange and I will be visiting later to see the exhibition, but this Hall, as the enduring symbol of our constitutional development, seems the more appropriate place to celebrate the Glorious Revolution and look to the future of Parliamentary democracy with confidence.

26





PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

28 June 1988

Dear Andy,

TERCENTENARY OF GLORIOUS REVOLUTION

I have spoken to Michael Ryle, Clerk of Committees, who is handling the arrangements in the Commons for the Tercentenary. Detailed arrangements concerning the Address on 20 July will be formally communicated to the Prime Minister by Lord Pym or the Black Rod, but I thought I would let you know informally how events in Westminster Hall will run.

The Prime Minister, members of the Cabinet, and leaders of Opposition parties will be in the front row of the Commons' half of Westminster Hall (the Lords will have the other side of the aisle). Everyone should be seated by 10.30 am: the Prime Minister could arrive at 10.25 and would be ushered to her seat. The processions will start at 10.30 pm and, in order, will consist of the American and Dutch delegations, the Speaker's procession, that of the Commonwealth Speakers and the Lord Chancellor's procession. The Royal Family, expected to be Princess Margaret, the Duke and Duchess of Gloucester, the Duke of Kent, and Prince William of Orange will follow, and the Queen and the Duke of Edinburgh, escorted by the Lord Great Chamberlain and the Secretary of State for the Environment, will arrive at 10.57 am.

To begin the ceremony, the Lord Chancellor will read out the Lords' Address and then step forward to present it to the Queen. He will then return to his position to make his speech. The Speaker will act similarly: the speeches are expected to last about 7 minutes each. The Queen will read out her formal reply, followed by her speech, also about 7 minutes long. After the National Anthem, the processions will withdraw, and the Prime Minister will be ushered out through the North Door if that is most convenient for her car. The ceremony should be over by 11.30 am. Could you let me know if you or another official will be accompanying the Prime Minister, as separate seating arrangements will need to be made?

As you know, there is an Exhibition to mark the Tercentenary at the Banqueting House in Whitehall. I understand the Prime Minister will be unable to attend the opening at 11.30 am this Wednesday, but Mr Ryle asked me to remind you that she would, of course, be welcome to look round the exhibition at another time. Wednesday or Thursday, before it is open to the public, would perhaps be the best days, or a tour would not be difficult to arrange for any evening after that. Perhaps you could let myself or Michael Ryle know if the Prime Minister wishes to attend.

I am copying this letter to Murdo Maclean.

Yours ever,
Nicholas

N D J DENTON
Private Secretary

P A Bearpark Esq
Private Secretary to the Prime Minister
10 Downing Street

From: The Rt. Hon. The Lord Pym, PC, MC

CF file

2/7 pps



28 June 1988

Dear Margaret,

TERCENTENARY CELEBRATIONS, 20 JULY 1988

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I will ask Michael Ryle, the Commons Secretary to the Advisory Committee, to liaise with your office on the arrangements for your own arrival and departure.

All seems to be going well, I hope it will be an enjoyable and memorable occasion.

Yours ever

Anthony

PYM

Rt. Hon. Margaret Thatcher, MP,
The Prime Minister,
10 Downing Street,
London SW1.

TERCENTENARY OF REVOLUTIONS OF 1688-89 BILL OF RIGHTS AND
CLAIM OF RIGHT

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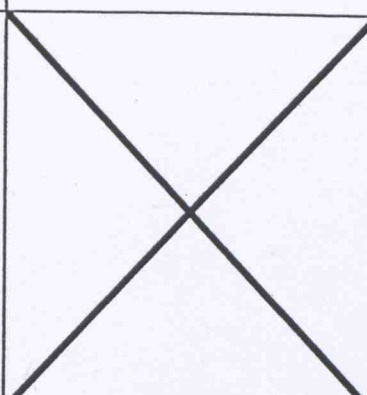
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28 June 1988

NETHERLANDS

Relatus ~~1st~~ Sep^r 80

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>3467</i> (one piece/item number)	Date and sign
Extract details: <i>Barrister to Heseltine dated 28 June 1988</i>	
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CF
=PRIME MINISTER

On Wednesday 20 July, you are to attend the presentation in Westminster Hall of an Address to The Queen on the Tercentenary. You have already agreed to move the Address in the Commons on Tuesday 12 July.

Unfortunately, the Clerks in the House did not consult Mr. Kinnock's office, and he is due to go on his tour of Southern Africa from 7-19 July. He has therefore asked if you would be prepared to move the Address either on Thursday 7 July just before he leaves (his first choice), or Tuesday 19 July, when he returns. But he fully accepts that the choice to move or not is entirely yours.

Are you prepared to accept either of the revised dates - you are free on both - after Questions - and, if so, which would you prefer?

PAB

P. A. BEARPARK24 June 1988

I think it would be
better on the 7th - his
plane may be late on the 19th

and



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

23 June 1988

CDP
24/6.

Lyn Parker Esq
PS/Secretary of State
Foreign and Commonwealth Office
King Charles Street
London SW1

Dear Lyn

COURTESY CALL BY NETHERLANDS FINANCE MINISTER

Mr Onno Ruding, the Finance Minister of the Netherlands, paid a courtesy call on the Chancellor this morning. Sir Geoffrey Littler was also present.

Toronto Summit: Debt

Ruding asked about the details of the Summit agreement on debt. In particular, did debtor countries have any discretion about the type of relief which they could have? The Chancellor assured Ruding that the choice would rest with creditor countries. Ruding commented that he was glad that the communiqué had made a link between the debt proposals and national budgetary arrangements. He was concerned that the Netherlands Aid Ministry might seek to use the agreement as a basis for increasing its expenditure. The Chancellor explained how the relief would operate in the UK.

Ruding asked about the Japanese scheme for middle income debtors. The Chancellor described the proposal. It boiled down to the IMF partly bailing out the banks. We could not accept this proposal, and nor could the United States or Germany. The Chancellor commented that the Japanese would probably now seek to revise the proposal. They might seek to take on a larger share of the burden themselves, in return for greater influence at the IMF. Ruding said that the Japanese had made a similar proposal to him, as Chairman of the Interim Committee, but that at that stage they had proposed placing the burden on the IBRD. He also suggested that the Japanese proposal, in reality, might be intended to perform the role of a stalking horse, so that - once it was rejected - the Japanese could make their own banks face up to their responsibilities.



Hanover: ERM

Ruding asked whether the Chancellor thought the French might try at Hanover to play up the line that the UK should join the ERM or pull out of the EMS. The Chancellor said that the French had never put this to us formally, nor mentioned it in any serious context. He would be very surprised if they were to press it at Hanover. The proposal was, in any case, a nonsense. No-one had the power to expel the UK from the EMS. Ruding agreed that it would be very unhelpful if the French were to try to take this line.

Hanover: European Monetary Integration

The Chancellor rehearsed briefly our position. Ruding said that the Dutch position was to be discussed at Cabinet tomorrow. He was, in principle, in favour of the idea of a European Central Bank. A study should be commissioned. But this should not be undertaken by "wise men". It should take place in the framework of the Central Bank Governors and/or the Monetary Committee. All countries should be represented on this group, which should report back within a year. If individual countries wished to bring outside experts into the group, they should be free to do so.

Hanover: Tax approximation

Ruding asked whether the Chancellor thought that tax harmonisation was a likely subject for Hanover. The Chancellor said that only the Commission had any interest in bringing this up. The Presidency should be firm in keeping any discussion to a minimum. Ruding said that whether this came up would depend on the force with which Lord Cockfield pressed the matter in the Commission. Delors had a high regard for Lord Cockfield.

I am copying this letter to Charles Powell (No.10).

Yours ever

J M G Taylor

J M G TAYLOR
Private Secretary





PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

22 June 1988

Dear Andy,

B/F Wells 29/6.

PARLIAMENTARY CELEBRATION OF THE
'GLORIOUS REVOLUTION'

at CLAP
I am replying to your letter of 6 June to Alison Smith. As requested, I attach a draft speech for the Prime Minister to use on moving the Address in the Commons on 12 July. At present, I do not have any more details of the moving of the Address or its presentation than are contained in Lord Pym's letter of 19 February to the Prime Minister, but I have asked Black Rod's office to contact you to let you have details of the 20 July presentation.

Yours,
Nicholas

N D J DENTON
Private Secretary

P A Bearpark Esq
PS/Prime Minister

WEST LONDON OFFICE
STATIONERS' HALL, LONDON E.C.4





10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 June 1988

WILLIAM AND MARY TERCENTENARY CELEBRATIONS

BF

Thank you for your letter of 9 May about the request by the delegation from the College of William and Mary to call on the Prime Minister on 19/20 July. I note that you do not recommend a call and that the programme for those days is likely to make one difficult. The Prime Minister could receive the delegation very briefly at 0930 on 19 July, but I do not conceal from you that if their programme were to make this impracticable, it would be something of a relief.

(CHARLES POWELL)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

SN



File 110

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 June 1988

PARLIAMENTARY CELEBRATION OF THE "GLORIOUS REVOLUTION"

The Prime Minister has agreed to move the Address in the Commons on Tuesday 12 July, and I see from Steven Wood's letter of 2 December last that he agreed to supply a suitable speech. Could you please ensure that we receive this by, say, Friday 24 June, to allow the Prime Minister to work on it here.

BK It would also be helpful at this stage to know if you have any further background information on the exact format of either the moving of the Address, or its presentation in Westminster Hall.

P. A. BEARPARK

Ms Alison Smith,
Lord President's Office.

[Signature]

PRIME MINISTER

I have had a word with Charles about the attached.

I am very hesitant about giving a time for this delegation -
particularly on the days mentioned.

Wednesday 20 July is the day of the Revolution Tercentenary
celebrations and you also have a lunch for industrialists.
Tuesday 19 is a normal Questions day and you have an Audience
that evening.

At present I can find a time - but given that you will have
been away for a good deal of June, business will be very
pressing in July - both here and in the House.

Please may we say "no" to this request?

DM

MP Tessa Gaisman

3 June 1988

I think I should
review them briefly - ~~to~~
subject to business at the time
not

0.60

Prime Minister

②

cc/c



I think this advice
is right: but you
should be aware that

Foreign and Commonwealth Office

London SW1A 2AH

9 May 1988

last year, you had to

turn down an honorary degree
from William & Mary College.

Dear Charles

CD 10/5

William and Mary Tercentenary Celebrations, 19-20 July

Mr Paul Verkuil, President of The College of William and Mary in Virginia, and a member of the college delegation who will represent the US government at the William and Mary Tercentenary celebrations in London on 19-20 July, has requested a courtesy call on the Prime Minister by the delegation leaders. Mr Warren E Burger, Chancellor of the College, will lead the delegation.

We see no particular reason to recommend that the Prime Minister should see the US delegation, especially as this would make it hard not to see the Dutch delegation (which includes the Speakers of both their Chambers) as well. The programme of events scheduled for 19 and 20 July is in any case unlikely to leave much room for calls.

Unless the Prime Minister particularly wishes to see both delegations, we will do our best to let the American team down gently. The Dutch delegation have not requested a meeting with the Prime Minister.

Yours ever

L Parker

(L Parker)
Private Secretary

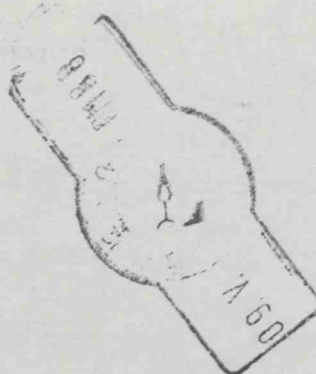
C D Powell Esq
10 Downing Street

I think it would be
more sensible to see them

me

ORIGINAL DOCUMENT

DATE 1960



Prime Minister

You may be
interested

COV
3073

* * *
Prime Minister Lubbers defended a controversial austerity package amid growing signs of a Dutch political crisis. The parliament is expected today to debate and vote on the plan, which calls for big cuts in state benefits for the young and the unemployed, as well as sweeping reductions in taxes on high income brackets.
* * *

mb



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 March 1988

Parliamentary Celebration of the
Glorious Revolution

BF | Your letter of 10 March to Mark Addison refers. I think Tuesday 12 July at 1530 would be most convenient, and have pencilled this into the diary.

I am copying this letter to Mike Eland (Lord Privy Seal's Office), Paul Stockton (Lord Chancellor's Office) and Murdo Maclean (Chief Whip's Office). To ensure that everybody knows what is going on, I am also enclosing for all recipients of this letter a copy of correspondence with Lord Pym.

(ANDY BEARPARK)

Nick Denton, Esq.,
Lord President's Office.

rc



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

17 March 1988

Dear Francis.

Thank you very much indeed for your letter of 19 February bringing me up to date on the arrangements for the celebration of the Tercentenary. I am very much looking forward to the ceremony on 20 July and have agreed that I will move the Address in the Commons, probably on Tuesday 12 July.

I would also hope to be able to visit the Exhibition, and will arrange for my office to be in touch a little nearer the time.

With best wishes,

Yours ever

Margaret

The Right Honourable The Lord Pym, M.C.

JA



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

10 March 1988

Mr Beames.
Contact with Tuesday 12 July?
We should also copy Lord Pym's
letter - advice PM's reply 15 the Lord
Pres if it hasn't already gone. MOR 11/3

Dear Mark

Clap

PARLIAMENTARY CELEBRATION OF THE 'GLORIOUS REVOLUTION'

I am replying to your letter of 18 February to Alison Smith. The Lord President met with Michael Ryle yesterday to discuss arrangements for the tercentenary. I believe Lord Pym has written to the Prime Minister with the details of the ceremony on 20 July, when the Address will be presented to Her Majesty by the whole House. A copy of the draft Address is attached.

It is envisaged that the Prime Minister would move the Address in the House the previous week. I also attach a copy of the draft Motion, which is based on the one moved on the occasion of the Seventh Centenary of Simon de Montfort's Parliament. The most suitable dates for the Motion are Tuesday 12 or Wednesday 13 July; it would be taken at 3.30 pm. Perhaps you could let me know which date is most convenient and the Whips' Office will then make the appropriate business arrangements.

I am copying this letter to Mike Eland (Lord Privy Seal's Office), Paul Stockton (Lord Chancellor's Office) and Murdo Maclean.

Yours,
Nick.

N D J DENTON
Private Secretary

M E Addison Esq
PS/Prime Minister
10 Downing Street

SP2AA2

TERCENTENARY

DRAFT SPEECH FOR PRIME MINISTER TO MOVE MOTION ON ADDRESS

I beg to move

I am sure that the House will again accord to you, Mr Speaker, the traditional right which has been claimed by Speakers to express the sentiments of the House to Her Majesty on presenting the Address which I have just moved.

Honourable Members will wish to know that Her Majesty has graciously agreed to come to Westminster Hall ^{on 20 July} ~~next~~ Wednesday, at 11 o'clock to receive the Address.

This occasion will mark the high point of the celebrations of the tercentenary of the Revolutions of 1688 and 1689 and of the Bill of Rights and the Scottish Claim of Right. There is also a major exhibition at the Banqueting House in Whitehall and a host of displays and other events in this country and in the United States and Holland.

The Glorious Revolution of 1688, which overthrew James II and brought his nephew William and daughter Mary to the throne, is a landmark in British Parliamentary history.

Although it was not a democratic revolution, confirming as it did the supremacy of the aristocracy and landed gentry which James II's authoritarianism had threatened, it nevertheless marks the moment when the balance of power finally shifted from Crown to Parliament. The Bill of Rights in 1689 abolished the royal right to suspend legislation, while the right to dispense with it in particular cases was very narrowly restricted. Parliament dictated changes in the Coronation oath, the new sovereigns having to swear to observe Parliamentary statutes. Since 1689 Parliament has met every year: the greater length, frequency and regularity of Parliamentary sittings from this time marks its assumption of the central place in the government of the country.

The victory of Parliament over Crown, admittedly won by and for the propertied classes rather than the people as a whole, did not inevitably mean that the democratic rights of ordinary people would be strengthened. But it did open the road to democratic Parliamentary Government, if Parliament chose to take it. If victory had gone to the absolutist James this road would have been closed, and democracy might only later have been achieved through the sort of violent revolution experienced in many parts of continental Europe. Whatever their faults and limitations, the forces which triumphed in 1688 and 1689 stood for ordered progress and the possibility of peaceful reform, as

Parliament continues to do today. I believe the House will join with me in supporting this motion to present an Address to Her Majesty, in recognition of the importance of the events we are celebrating, not only for this country, but for Parliamentary democracies everywhere.

NETHERLANDS: Relations
Sept 80

TERCENTENARY

SPEECH MOVING THE ADDRESS

I BEG TO MOVE MR. SPEAKER THAT AN HUMBLE ADDRESS BE PRESENTED
TO HER MAJESTY - IN THE WORDS IN MY NAME ON THE ORDER
PAPER - TO COMMEMORATE THE THREE HUNDREDTH ANNIVERSARY
OF ONE OF THE GREAT EVENTS IN THE HISTORY OF THESE
ISLANDS: THE GLORIOUS REVOLUTION OF 1688.

IT IS AN ANNIVERSARY WITH PARTICULAR MEANING FOR THIS HOUSE
BECAUSE, UNIQUELY IN THE ANNALS OF EUROPEAN HISTORY,
THIS WAS A REVOLUTION CARRIED THROUGH BY THE ACTION
OF PARLIAMENT ITSELF.

THE MAIN EVENTS ARE WELL KNOWN:

- THE DEFIANCE OF THE ORDERS OF KING JAMES II BY THE
BISHOPS AND THE JUDGES;
- THE INVITATION TO WILLIAM OF ORANGE AND MARY TO
DEFEND OUR ANCIENT RIGHTS AND LIBERTIES;
- THE LANDING AT TORBAY AND THE PEACEFUL TRANSFER
OF POWER WHICH GAVE RISE TO THE TITLE OF THE

THE BLOODLESS REVOLUTION IN ENGLAND - ALTHOUGH IT
WAS NOT LIKE THAT IN SCOTLAND, AND IT WAS A VERY
DIFFERENT STORY IN IRELAND;

- THE SUMMONING OF THE CONVENTION PARLIAMENT;
- AND THE PASSAGE OF LEGISLATION STARTING WITH THE
BILL OF RIGHTS AND IN SCOTLAND THE CLAIM OF RIGHT,
WHICH SET US FIRMLY UPON A COURSE OF POLITICAL
STABILITY AND PEACE AT HOME.

MR. SPEAKER THOSE WHO INVITED WILLIAM AND MARY AND WHO
DREW UP THE CONSTITUTIONAL SETTLEMENT
WANTED TO SECURE OUR LIBERTIES AND SAFEGUARD OUR
INSTITUTIONS:

PARLIAMENT, THE COMMON LAW, THE JURY SYSTEM, LOCAL
GOVERNMENT BY JUSTICES AND CORPORATIONS.

THERE ARE MANY IMPORTANT CONCLUSIONS TO BE DRAWN FROM THOSE
MOMENTOUS EVENTS THREE HUNDRED YEARS AGO.

FIRST, THE GLORIOUS REVOLUTION ESTABLISHED QUALITIES IN
OUR POLITICAL LIFE WHICH HAVE BEEN A TREMENDOUS SOURCE
OF STRENGTH: TOLERANCE, RESPECT FOR THE LAW, FOR
THE IMPARTIAL ADMINISTRATION OF JUSTICE, AND RESPECT
FOR PRIVATE PROPERTY.

IT ALSO ESTABLISHED THE TRADITION THAT POLITICAL CHANGE
SHOULD BE SOUGHT AND ACHIEVED THROUGH PARLIAMENT.

IT WAS THIS WHICH SAVED US FROM THE VIOLENT REVOLUTIONS
WHICH SHOOK OUR CONTINENTAL NEIGHBOURS AND MADE THE
REVOLUTION OF 1688 THE FIRST STEP ON THE ROAD WHICH,
THROUGH THE SUCCESSIVE REFORM ACTS, LED TO THE ESTABLISHMENT
OF UNIVERSAL SUFFRAGE AND FULL PARLIAMENTARY DEMOCRACY.

SECOND, THE EVENTS OF 1688 WERE IMPORTANT IN ESTABLISHING
BRITAIN'S NATIONHOOD.

AND THEY OPENED THE WAY TO THAT RENEWAL OF ENERGY
AND RESOURCEFULNESS WHICH BUILT BRITAIN'S INDUSTRIAL
AND FINANCIAL STRENGTH AND GAVE HER A WORLD ROLE.
THEY DEMONSTRATED THAT A FREE SOCIETY WILL ALWAYS
BE MORE DURABLE
AND MORE SUCCESSFUL
THAN ANY TYRANNY.

THIRDLY, WE ALSO CELEBRATE THE FORGING OF THE ALLIANCE
BETWEEN BRITAIN AND THE NETHERLANDS, AN ALLIANCE WHICH
HAS ENDURED OVER THREE CENTURIES, AND WHICH IS ACTIVE
TODAY IN NATO AND IN THE EUROPEAN COMMUNITY.
HER MAJESTY'S VISIT TO THE NETHERLANDS THIS WEEK FURTHER
STRENGTHENED OUR FRIENDSHIP.

MR. SPEAKER, EVEN GREAT EVENTS ARE SUBJECT TO CONSTANTLY
SHIFTING JUDGEMENTS AND INTERPRETATIONS.

NOT EVERY LEGACY OF 1688 IS A HAPPY ONE, ABOVE ALL
IN IRELAND.

BUT THE PRINCIPAL ACHIEVEMENTS OF OUR FOREBEARS IN
1688 REMAIN AND ENSURE THAT THE WILL OF THE PEOPLE
BE EXERCISED THROUGH PARLIAMENT RATHER THAN BY
INTIMIDATION OR PRESSURE PRACTISED BY ANY ONE GROUP
OR FACTION.

THAT IS THE LEGACY OF 1688, A LEGACY NOT JUST TO THIS
COUNTRY BUT TO PARLIAMENTARY DEMOCRACIES EVERYWHERE.

From: The Rt. Hon. The Lord Pym, PC, MC



1. GR - ~~to~~ ^{by}

2. PAB

R20.

Per NDM re x 1 title. 7 is
already agreed, day 1 no def. fixed. 2
is in de chng. MBK

19 February 1988

Added to
NDM
23/2

Dear Margaret,

ADVISORY COMMITTEE ON TERCENTENARY OF REVOLUTIONS OF 1688-
89 AND OF BILL OF RIGHTS AND CLAIM OF RIGHT

Our plans for Parliament's celebrations of this Tercentenary are almost complete, and they have all been approved by the Lord Chancellor and the Speaker. We have also kept the Leaders of the two Houses informed as planning has developed, but you may like to have now a summary of the main features of the celebrations.

2 | As you know, the main Ceremony will be in Westminster Hall on 20 July this year, when both Houses will present Addresses to The Queen at 11 a.m. The details of the Ceremony are being planned by Black Rod, who will keep your office fully informed in the usual way. The only speeches will be by the Lord Chancellor and the Speaker when presenting the formal Addresses, to which Her Majesty will reply.

4 | A few days before the Addresses are presented, they will have to be agreed by the two Houses. We will be advising the Leaders of the Houses on the terms of the Addresses and the procedure for moving them in the Lords and Commons, but you yourself may wish, in accordance with some past precedents (e.g. on 3 May 1977 for The Queen's Jubilee), to move the Address in the Commons. Other party leaders, and others such as the Father of the House, may then speak briefly in support.

Members and Officers of both Houses, and their spouses, will be attending the Ceremony in Westminster Hall. Other guests include representatives of the Armed Forces, the Civil Service, the Universities, the Judiciary

and the cities of London, Westminster, Edinburgh and Cardiff. There will also be three groups of distinguished guests from overseas: the Commonwealth Speakers and other Presiding Officers who will also be participating in a Commonwealth Speakers' Conference; a delegation from the USA (William and Mary College, Virginia, have been designated for this purpose by Congress, with the approval of the President); and a delegation from the Netherlands Parliament (the Presiding Officers and their principal Officers). The USA and the Netherlands are invited because of their particularly close historical connections with the Revolution and the Bill of Rights. No other countries will be officially represented.

The Commonwealth High Commissioners in London, and the Ambassadors of the USA and the Netherlands will also be invited.

Princess Margriet of the Netherlands has been invited by The Queen to attend the Ceremony, and other members of the Royal Family may also be present.

After the Ceremony, at about 11.30 a.m. The Queen, accompanied by the Duke of Edinburgh, will meet the Commonwealth Speakers and other Presiding Officers in Speaker's House. At about 12.15 p.m. she will visit the Exhibition in the Banqueting House in Whitehall.

This Exhibition is the second main feature of the parliamentary celebrations. It will be opened formally by Lord Hailsham on Wednesday, 29 June, 1988 at 11.30 a.m. It will be open all that day for Members and Officers of both Houses and their spouses. I hope you will be able to visit the Exhibition at some point and of course we can arrange for you to do so whenever convenient to you.

The Exhibition will be open to the public, seven days a week from 30 June until at least the end of September. Appropriate charges will be made for public visitors, which it is hoped will cover much of the costs of this Exhibition. The detailed work in mounting and administering it is being undertaken by the COI.

The Exhibition itself will be a major presentation, with popular features, such as a tableau, with "talking heads", of Prince William and Princess Mary receiving the Declaration of Rights, as well as many items of great historical interest, such as the original copy of the Bill of Rights. One section will describe the Revolution in Scotland (including the Claim of Right), and another will relate to events in America and the influence overseas of

the Bill of Rights. A simpler and much smaller exhibition will be available for display in various provincial cities. The enclosed brochure gives further details.

Thirdly, there will be a number of publications relating to the history of 1688-89. Some will be principally for scholars, e.g. the debates of the Convention of 1688. There will be a short history of the parliamentary events of the period for the general reader. And there will be material for use in schools.

We hope we have arranged appropriate - and not too lavish - celebrations to recall the remarkable events of 1688-89, and especially the Bill of Rights, which marked the beginning of our system of a constitutional monarchy governing through a free Parliament.

Please let me know if there is any further information you would like.

Janis Lint

Jan L

PYM
Chairman

The Rt. Hon. Margaret Thatcher, MP,
10 Downing Street,
London SW1.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 February, 1988.

PARLIAMENTARY CELEBRATION OF THE "GLORIOUS REVOLUTION"

I wrote to Steven Wood on 2 December about the arrangements for this. It would be helpful to know when the Prime Minister is likely to have to speak in the House, and I should be grateful if you would let me know when we are likely to get some idea of this.

(M.E. Addison)

Ms. Alison Smith,
Lord President's Office.

MRS GAISMAN

1. ~~N.W.~~ - thank you.

2. GR - Could you put on
1989 file for B/F in Sept?

19. 3/2

This is simply to note, but do nothing about.

The City Remembrancer, Mr. Adrian Barnes, told me today that the City were planning a great celebration, either lunch or a dinner on Tuesday 27 June 1989 to celebrate the tercentenary. Queen Beatrix and maybe The Queen, but more likely another member of the Royal Family, would be present. I suspect that the Prime Minister will receive an invitation. I gave no commitment whatsoever!

The City is also celebrating next year 800 years of the Mayoralty. There may be suggestions that the Prime Minister should attend a service at St. Paul's. The Queen may be present. Again I gave no commitment.

N. L. W.

NIGEL WICKS

2 February 1988

VC3AVK



JG2CHE

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 December 1987

PARLIAMENTARY CELEBRATION OF THE "GLORIOUS REVOLUTION"

The Prime Minister has seen the Lord Privy Seal's minute of 30 November. She is content with the arrangements proposed, and we are now keeping the diary clear for the ceremony on 20 July. We shall, of course, need to be in touch with you nearer the time to ensure that the arrangements for the Prime Minister to speak in the House a day or two before the main ceremony can also be fitted into the diary. As soon as you have a clearer idea on the timing, I suggest you get in touch with us.

It would be helpful if you could confirm that you will be providing in good time a draft speech for the Prime Minister's use on that occasion.

I am copying this letter to Mike Eland (Lord President's Office), Paul Stockton (Lord Chancellor's Office) and Murdo Maclean (Chief Whip's Office).

Mark Addison

Wait for nch
Andy
Do you need to
chase or
contend to wait?
JF 25/2

Steven Wood, Esq.,
Lord Privy Seal's Office.

AW



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

2nd December 1987

Dear Mark,

CF

Per note B/d

for 1/6/88

MS 4/12

1. ~~Mr. Wickham to note~~
2. ~~PTB to arrange a b/f~~
an et X.

MGA 3/12

PARLIAMENTARY CELEBRATION OF THE "GLORIOUS REVOLUTION"

WITH MGA?

Thank you for your letter of 2 December.

The next step will be for formal consultation with your office on behalf of the joint Committee co-ordinating the arrangements.

X | I confirm that this office will be happy to supply a speech for the Prime Minister's consideration. May I suggest we note our diaries to discuss what is required early in June next year?

I am copying this letter to Mike Eland (Lord President's Office), Paul Stockton (Lord Chancellor's Office) and Murdo Maclean.

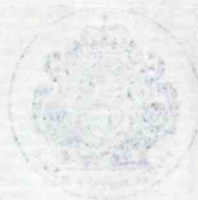
Yours,

Steven.

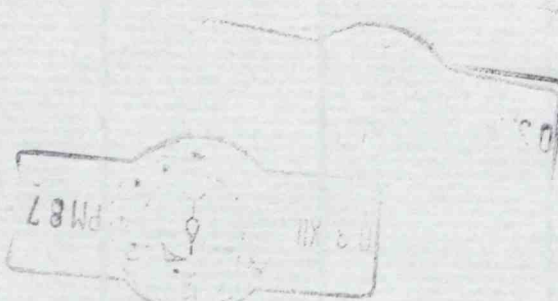
S N WOOD

Mark Addison Esq.
10 Downing Street
London SW1

BRITISH CONSULATE GENERAL
LONDON SW1A 1AA



CONFIDENTIAL





PRIVY COUNCIL OFFICE

WHITEHALL, LONDON SW1A 2AT

PRIME MINISTER

Prime Minister ①
Content with these arrangements? The
diary is clear for the ceremony on 20 July.
MER 1/12

PARLIAMENTARY CELEBRATION OF THE "GLORIOUS REVOLUTION"

A committee nominated jointly by Mr Speaker and the Lord Chancellor is preparing proposals for Parliament to mark the tercentenary of the "Glorious Revolution" of 1688/89. I have been consulted on the House of Commons aspects, and would be glad to know that you are content.

It is proposed that both Houses should offer addresses to Her Majesty the Queen on the occasion of the main ceremony, Wednesday 20 July 1988. So far as the Commons is concerned, a short address would be drafted for your approval and would be put down in your name, to be moved a day or two before the main ceremony with short speeches from yourself and the other party leaders.

The ceremony itself would take place in Westminster Hall, beginning a little earlier than is customary. The Queen would arrive at about 11.00 am; at 11.30 she would proceed to Speaker's House to greet Commonwealth Speakers; and at 12.15 pm she would visit an exhibition in the Banqueting Hall, before leaving at 1.00 pm.

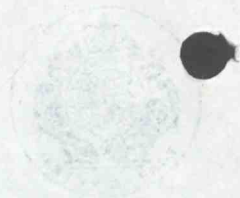
I believe these arrangements would be satisfactory, and I hope you agree.

I am copying this minute to the Lord President, the Lord Chancellor and to the Chief Whip.

JOHN WAKEHAM

30 November 1987

PAID CORRESPONDENCE
WHITEHALL, LONDON SW1A 1AA



UNITED KINGDOM

POSTAGE WILL BE PAID BY ADDRESSEE

TO THE DIRECTOR
GENERAL INVESTIGATIVE
DIVISION
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535

FROM: [illegible]

SUBJECT: [illegible]

RE: [illegible]

[The following text is extremely faint and largely illegible, appearing to be a memorandum or letter body.]





10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 May 1987

I enclose a signed message from the Prime Minister to the Netherlands Prime Minister about the recent fire-bomb attack on his home. My only information about this comes from the Press but I suppose it is broadly accurate.

I should be grateful if you could telegraph the text to our Ambassador in The Hague for delivery as soon as possible, allowing him discretion to come back to us if he thinks the message magnifies the incident.

(Charles Powell)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

SUBJECT
cc Ops
master



File
GA
PRIME MINISTER
PERSONAL MESSAGE
SERIAL No. T 83/87

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

8 May 1987

Dear Ruud,

I was horrified to hear of the fire-bomb attack on your house. You and your wife must have been very shaken, but I am relieved to hear that you were not hurt and no serious damage was done.

With warm regards, from this one.

Yours ever

Royal

His Excellency Dr. Ruud F. M. Lubbers.

GA

RESTRICTED

53032 - 1

OCMIAN 3032
RESTRICTED
OO THHAG
FM FCOLN TO THHAG
051330Z MAY
GRS 121

RESTRICTED
FROM FCO
TO IMMEDIATE THE HAGUE
TELNO 63
OF 051330Z MAY 87

ATTACK ON LUBBERS' HOUSE

1. FOLLOWING MESSAGE FOR LUBBERS FROM THE PRIME MINISTER:

QUOTE. DEAR RUUD, I WAS HORRIFIED TO HEAR OF THE FIRE-BOMB
ATTACK ON YOUR HOUSE. YOU AND YOUR WIFE MUST HAVE BEEN VERY
SHAKEN, BUT I AM RELIEVED TO HEAR THAT YOU WERE NOT HURT AND NO
SERIOUS DAMAGE WAS DONE. WITH WARM REGARDS FROM DENIS AND ME,
YOURS EVER MARGARET. UNQUOTE.

2. PLEASE ARRANGE TO DELIVER, UNLESS YOU CONSIDER THE MESSAGE
DISPROPORTIONATE TO THE ACTUAL SCALE OF THE INCIDENT. - SIGNED
ORIGINAL FOLLOWS BY BAG.

HOWE

OCMIAN 3032

NNNN
YYYY
LIMITED

WED

News D

P3

Ps/Pus

Mr. Carrow.

1

RESTRICTED

Restricted

RESTRICTED

FM THE HAGUE

TO PRIORITY FCO

TELNO 521

OF 161620Z SEPTEMBER 86

INFO PRIORITY HM TREASURY (FOR EF2), BANK OF ENGLAND

INFO ROUTINE 10 DOWNING STREET, DTI, ECOD, UKREP BRUSSELS, OECD PARIS

INFO SAVING EC POSTS

NETHERLANDS 1987 BUDGET

SUMMARY

1. THE MINISTER OF FINANCE'S BUDGET CONTINUES THE AUSTERITY PROGRAMME OF THE PREVIOUS LUBBERS' ADMINISTRATION. A MAJOR FEATURE IS THE PROVISION FOR SAVINGS OF 12.3 BILLION GUILDERS TO OFFSET AN EXPECTED DECLINE OF 8 PER CENT IN GOVERNMENT REVENUES FROM NATURAL GAS SALES IN 1987. THIS INVOLVES A CUT OF 4000 POSTS IN THE PUBLIC SERVICE ESTABLISHMENT. FOR THE FIRST TIME IN 30 YEARS GOVERNMENT EXPENDITURE WILL BE LOWER THAN IN THE PREVIOUS YEAR. NEVERTHELESS THE PUBLIC SECTOR DEFICIT WILL RISE FROM 7.3 PER CENT OF NET NATIONAL INCOME IN 1986 TO 8 PER CENT IN 1987.

GENERAL

2. THE BUDGET PREDICTS ANOTHER YEAR OF STEADY ECONOMIC GROWTH IN 1987 ALTHOUGH AT A SLOWER RATE THAN IN THE PREVIOUS TWO YEARS. AFTER RISING TO 8 PER CENT IN 1987 THE PUBLIC SECTOR DEFICIT IS FORECAST TO FALL ABOUT 1 PER CENT EACH YEAR THEREAFTER TO REACH AN AGREED TARGET OF 5.2 PER CENT OF NNI BY 1990.

EXPENDITURE CUTS

3. THE BUDGET SEEKS TO ACHIEVE IN 1987 TWO THIRDS OF THE TOTAL SAVINGS TO BE MADE OVER THE GOVERNMENT'S FOUR YEAR TERM. CUTS IN PUBLIC EXPENDITURE WILL TOTAL 5.4 BILLION GUILDERS, SPREAD AS FOLLOWS:

DEPARTMENTAL EXPENDITURE	2.4 BILLION
PUBLIC SECTOR	1.2 BILLION
SOCIAL SECURITY PAYMENTS	1.2 BILLION
HEALTH CARE	0.6 BILLION

RESTRICTED

RESTRICTED

4. THE BULK OF 4000 POSTS TO BE CUT IN 1987 ARE TO COME FROM THE SUPERANNUATION FUND ADMINISTRATION AND FROM AMONG CIVILIAN STAFF OF THE MINISTRY OF DEFENCE(

ALTHOUGH SERVICE PERSONNEL ARE EXEMPT).

ADDITIONAL EXPENDITURE

5. THE BUDGET PROVIDES FOR ADDITIONAL EXPENDITURE TOTALLING 794 MILLION GUILDERS (260 MILLION GUILDERS MORE THAN ANTICIPATED IN THE COALITION ACCORD IN JULY) AS FOLLOWS (IN GUILDERS):

JOB CREATION SCHEMES	250 MILLION
EDUCATION	50 MILLION
LAW AND ORDER	50 MILLION
POLLUTION RELIEF	16 MILLION
TACKLING THE EXCESS MANURE PROBLEM	25 MILLION
LOCAL GOVERNMENT SUBSIDIES	143 MILLION
ROAD FUND	100 MILLION
MINIMUM INCOME FAMILY SUPPLEMENTS	60 MILLION
PTT (TELECOMS) INVESTMENT	100 MILLION

REVENUE PROPOSALS

6. GOVERNMENT REVENUE WILL RISE BY 6.9 BILLION GUILDERS MAINLY FROM INCREASED TAXATION, BUT ALSO FROM REDUCTIONS IN SUBSIDIES PAID TO INDUSTRY AND PRIVATISATION RECEIPTS AS FOLLOWS:

REDUCTION IN CAPITAL ALLOWANCES, ABOLITION OF STOCK ALLOWANCES IN INCOME TAX AND CORPORATION TAX	- 1.5 BILLION
ONE PER CENT INCREASE IN BOTH RATES OF VAT	- 2.0 BILLION
INCREASED EXCISE DUTY ON FUEL OILS(BY 9 CENTS PER LITER) AND CORRESPONDING INCREASE IN SURCHARGE ON LPG	- 0.8 BILLION
KNOCK ON EFFECT ON NATURAL GAS REVENUES OF INCREASE IN EXCISE DUTY ON OIL	- 0.5 BILLION
PRIVATISATION INCOME AND EXTRA GAS SALES	- 0.4 BILLION
INCIDENTAL REVENUES, EG ANTICIPATED TAX RETURNS	- 1.4 BILLION

RESTRICTED

RESTRICTED

-3-

DETAILED FORECASTS

7. GNP IS EXPECTED TO RISE BY 2%, INFLATION TO BE REDUCED TO ZERO AND BOTH INDUSTRIAL PRODUCTION AND CONSUMER SPENDING TO RISE BY 2.5%. 40,000 NEW JOBS WILL BE CREATED WHICH WILL ASSIST IN BRINGING THE UNEMPLOYMENT LEVEL BELOW 700,000 IN 1987. REDUCTIONS IN SOCIAL SECURITY CONTRIBUTIONS AND THE FALL IN IMPORT PRICES WILL RESULT IN INCREASES IN DISPOSABLE INCOME, (2.5% IN THE PRIVATE SECTOR AND UP TO 2% IN THE PUBLIC SECTOR). A CONTINUED IMPROVEMENT IN COMPANY PROFITABILITY IS FORECAST. BUSINESS INVESTMENT WILL RISE BY 4.5% AFTER AN 8% INCREASE THIS YEAR. WHEN ALLOWANCE IS MADE FOR THE DECLINE IN INVESTMENT IN THE DUTCH ENERGY SECTOR THIS STILL REPRESENTS A HEALTHY LEVEL OF INVESTMENT IN THE REST OF THE ECONOMY. BOTH EXPORTS AND IMPORTS SHOULD RISE AGAIN. THE FORECAST IS FOR A CURRENT ACCOUNT SURPLUS OF DFL 13.5 BILLION.

COMMENT

8. THE CONTINUING RECOVERY OF THE ECONOMY AND THE FAVOURABLE FORECASTS FOR 1987 HAVE ENCOURAGED THE GOVERNMENT TO AIM AMBITIOUSLY TO COMPENSATE FOR THE LOSS OF REVENUE FROM NATURAL GAS SALES OVER A RELATIVELY SHORT PERIOD. THE BALANCE STRUCK BETWEEN LOWERING GOVERNMENT EXPENDITURE AND RAISING ADDITIONAL REVENUE IS A RESULT OF PROTRACTED DISCUSSION BETWEEN THE COALITION PARTNERS. THERE ARE THOSE, INCLUDING THE GOVERNOR OF THE NETHERLANDS BANK, DUISENBERG, WHO CONSIDER THAT THE EFFECT OF THE BUDGET WILL NOT BE AS TOUCH AS ITS APPEARANCE (SEMI-COLON) AND THAT THE BUDGET IS NOT SEVERE ENOUGH TO DEAL ADEQUATELY WITH THE LOSS OF NATURAL GAS REVENUES NOR TO ACHIEVE THE NECESSARY CONTINUING LOWERING OF THE PUBLIC SECTOR DEFICIT.

9. CUTS IN THE GOVERNMENT SERVICE IN SUCH A SHORT PERIOD, PARTICULARLY IN THE DEFENCE CIVILIAN SUPPORT STAFF, ARE LIKELY TO CAUSE PROBLEMS. WE KNOW THAT SERVICE CHIEFS ARE WORRIED BY THIS.

10. THE BUDGET PROPOSALS WILL BE DEBATED IN THE SECOND CHAMBER IN MID- OCTOBER.

MARGETSON

YYYY

FCO PLEASE PASS TO SAVING ADDRESSEES
HALNAN 1320

FINANCIAL
WED

REPEATED AS REQUESTED

-3-

RESTRICTED

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 133/86

Subject cc: master
ops

CONFIDENTIAL

50532 - 1

OCMIAN 0532
CONFIDENTIAL
OO THHAG
FM FCOLN TO THHAG
161900Z JUL
GRS 76

CONFIDENTIAL
FM FCO [COLLAR]
TO IMMEDIATE THE HAGUE
TELNO 282
OF 161900Z JULY 86

PLEASE PASS THE FOLLOWING MESSAGE FROM THE PRIME MINISTER
TO DR RUUD LUBBERS, PRIME MINISTER AND MINISTER OF
GENERAL AFFAIRS OF THE NETHERLANDS :
QUOTE I WAS VERY PLEASED TO LEARN OF YOUR RE-APPOINTMENT
AS PRIME MINISTER AND THE SUCCESSFUL COMPLETION OF YOUR
TASK IN FORMING YOUR NEW GOVERNMENT. CONGRATULATIONS,
AND BEST WISHES FOR YOUR SECOND TERM. UNQUOTE

HOWE

OCMIAN 0532

NNNN
MAIN

EUROPEAN POLITICAL
WED

COVERING CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

16 July 1986

Dear Charles,

Agreed &
Despatched
CDD 16/7

New Netherlands Government

/ You may have seen The Hague telegrams 445-447 (copies enclosed) reporting the formation of the new Netherlands Government.

/ Sir John Margetson has suggested that the Prime Minister might send a brief message of congratulations on Mr Lubbers' formal re-appointment as Prime Minister, to follow up the message she sent on 22 May following the election results. I enclose a suggested text, which we would propose to send by telegram to The Hague if agreed.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

COVERING CONFIDENTIAL

GRS 385

COLLAR

Confidential

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FM THE HAGUE

TO IMMEDIATE FCO

TELNO 445

OF 141515Z JULY 86

INFO PRIORITY EC POSTS, UKDEL NATO, UKMIS NEW YORK, WASHINGTON

NEW NETHERLANDS GOVERNMENT

SUMMARY

1. NEW DUTCH GOVERNMENT WAS SWORN IN TODAY. THE LIBERALS LOSE ONE MINISTERIAL PORTFOLIO, WHICH REFLECTS THEIR POOR SHOWING IN THE GENERAL ELECTION. VAN DEN BROEK REMAINS AS MINISTER FOR FOREIGN AFFAIRS. SURPRISE APPOINTMENT OF VAN EEKELEN (PREVIOUSLY STATE SECRETARY FOR FOREIGN AFFAIRS) AS DEFENCE MINISTER.

DETAIL

2. MR LUBBERS ENCOUNTERED NO MAJOR DIFFICULTIES IN COMPLETING HIS WORK AS FORMATEUR. MINISTERS WERE SWORN IN THIS AFTERNOON, 14 JULY (FULL LIST IN MIFT). STATE SECRETARIES WILL BE SWORN IN THIS EVENING (LIST IN MY SECOND IFT).

3. THE BALANCE OF THE NEW COALITION (9 CHRISTIAN DEMOCRATS AND 5 LIBERALS) REFLECTS THE POOR SHOWING OF THE LIBERALS IN THE GENERAL ELECTION. AS EXPECTED, THE LIBERALS NOW HAVE DEFENCE BUT HAVE LOST DEVELOPMENT COOPERATION AND HOME AFFAIRS - A NET LOSS OF ONE PORTFOLIO. AS EXPECTED, VAN DEN BROEK CONTINUES AS MINISTER FOR FOREIGN AFFAIRS. THE NEW LEADER OF THE LIBERALS, DE KORTE, MOVES FROM HOME AFFAIRS TO ECONOMIC AFFAIRS. THE ONE SURPRISE IS THE APPOINTMENT OF VAN EEKELEN (STATE SECRETARY FOR FOREIGN AFFAIRS IN THE PREVIOUS GOVERNMENT) AS MINISTER FOR DEFENCE. HE HAD BEEN WIDELY TIPPED TO GO TO BRUSSELS AS PERMANENT REPRESENTATIVE TO THE EC: BUT OVER THE WEEKEND ANOTHER LIBERAL REFUSED THE DEFENCE PORTFOLIO WHICH THEN WENT TO VAN EEKELEN. HE COMES TO THE JOB WITH MUCH KNOWLEDGE AND EXPERIENCE IN THAT FIELD, HAVING BEEN STATE SECRETARY FOR MATERIAL IN THE MINISTRY OF DEFENCE FROM 1978-81 AND HAVING SERVED AT NATO WHEN HE WAS A DIPLOMAT. THE REPLACEMENT OF WINSEMIUS AS MINISTER FOR HOUSING, PHYSICAL PLANNING AND ENVIRONMENT, BY THE YOUNGER EX-LEADER OF THE LIBERAL PARTY, NIJPELS, IS THE RESULT OF MUCH MANOEUVRING. WINSEMIUS WANTED ECONOMIC AFFAIRS AND REFUSED TO CONSIDER ANY OTHER PORTFOLIO. LUBBERS CANNOT BE PLEASED TO HAVE LOST ONE OF THE BRIGHTEST AND MOST EFFECTIVE MEMBERS OF HIS LAST COALITION FOR NIJPELS WHO SHOWED A NOTABLE LACK OF POLITICAL JUDGEMENT DURING HIS UNSUCCESSFUL PERIOD AS LIBERAL PARTY LEADER.

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Confidential

4. THE PRIME MINISTER HAS ALREADY SENT A MESSAGE TO MR LUBBERS CONGRATULATING HIM ON HIS ELECTION VICTORY. SHE MIGHT HOWEVER LIKE TO SEND A VERY BRIEF MESSAGE OF CONGRATULATION ON HIS BECOMING PRIME MINISTER FOR THE SECOND TIME. YOU WILL WISH TO SEND A MESSAGE OF CONGRATULATION TO MR VAN DEN BROEK AND I RECOMMEND THAT THE SECRETARY OF STATE FOR DEFENCE SHOULD SEND A MESSAGE TO MR VAN EEKELLEN. I AM SURE MR WINSEMIUS WOULD APPRECIATE GREATLY A MESSAGE FROM MR WALDERGRAVE.

MARGETSON

EUROPEAN POLITICAL
WED

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GRS 100

UNCLASSIFIED

FM THE HAGUE

TO IMMEDIATE FCO

TELNO 446

OF 141545Z JULY 86

INFO PRIORITY EC POSTS, UKMIS NEW YORK, WASHINGTON, UKDEL NATO

MIPT: NEW NETHERLANDS GOVERNMENT

1. THE NEW CABINET IS:

(A) PRIME MINISTER AND MINISTER OF GENERAL AFFAIRS	DRS R F M LUBBERS (CHRISTIAN DEMOCRAT: CDA)
(B) DEPUTY PRIME MINISTER AND MINISTER OF ECONOMIC AFFAIRS	DRS R DE KORTE (LIBERAL: VVD)
(C) FOREIGN AFFAIRS	MR H VAN DEN BROEK (CDA)
(D) FINANCE	DR H O C R RUDING (CDA)
(E) DEFENCE	DR W F VAN EEKELLEN (VVD)
(F) DEVELOPMENT COOPERATION	DRS P BUKMAN (CDA)
(G) JUSTICE	MR F KORTHALS ALTES (VVD)
(H) HOME AFFAIRS	DRS C P VAN DIJK (CDA)
(I) AGRICULTURE AND FISHERIES	IR G J M BRAKS (CDA)
(J) SOCIAL AFFAIRS AND EMPLOYMENT	DRS J DE KONING (CDA)
(K) TRANSPORT AND WATERWAYS	MEVR DRS N SMIT-KROES (VVD)
(L) HOUSING, PLANNING AND ENVIRONMENT	DRS E H T M NIJPELS (VVD)
(M) WELFARE, HEALTH AND CULTURE	DRS L C BRINKMAN (CDA)
(N) EDUCATION	DRS W J DEETMAN (CDA).

2. A NOTE ON VAN DIJK FOLLOWS BY BAG TO FCO ONLY.

MARGETSON
EUROPEAN POLITICAL
WED

GRS 160

(COLLAR)

UNCLASSIFIED

FM THE HAGUE

TO IMMEDIATE FCO

TELNO 447

OF 141610Z JULY 86

INFO PRIORITY EC POST, UKMIS NEW YORK, WASHINGTON, UKDEL NATO

MIPT: NEW NETHERLANDS GOVERNMENT

1. THE FOLLOWING HAVE BEEN APPOINTED AS STATE SECRETARIES IN THE NEW GOVERNMENT:

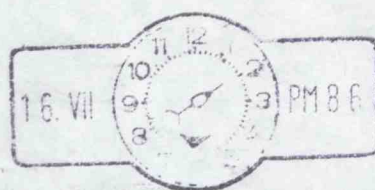
FOREIGN AFFAIRS (EUROPEAN AFFAIRS)	P R H M VAN DER LINDEN (CDA)
JUSTICE	MRS V N M KORTE-VAN HEDEL (CDA)
HOME AFFAIRS	MRS D Y W DE GRAAFF-NAUTA (CDA)
EDUCATION	MRS N J GINJAAR-MAAS (VVD)
FINANCE	H E KONING (VVD)
DEFENCE	J VAN HOUWELINGEN (CDA)
HOUSING	G PH BROKX (CDA)
ECONOMIC AFFAIRS	A J EVENHUIS (VVD)
ECONOMIC AFFAIRS (FOREIGN TRADE)	E HEERMA (CDA)
SOCIAL AFFAIRS	L DE GRAAF (CDA)
HEALTH	D J D DEES (VVD)

2. THE NUMBER OF STATE SECRETARIES HAS BEEN REDUCED FROM 16 TO 11. A NUMBER FROM THE LAST GOVERNMENT HAVE BEEN REAPPOINTED TO THEIR PREVIOUS POSITIONS. THE NEWCOMERS ARE VAN DER LINDEN (A MEMBER OF THE FOREIGN AFFAIRS COMMITTEE IN THE LAST PARLIAMENT WHO WAS A SPONSORED VISITOR IN JANUARY), MRS DE GRAAFF-NAUTA (A MEMBER OF THE FRIESLAND PROVINCIAL PARLIAMENT), EVENHUIS (PREVIOUSLY CHAIRMAN OF THE DEFENCE COMMITTEE), HEERMA (MEMBER OF THE AMSTERDAM CITY COUNCIL RESPONSIBLE FOR ECONOMIC AFFAIRS) AND DEES (LIBERAL MP).

MARGETSON
EUROPEAN POLITICAL
WED

DRAFT MESSAGE FROM THE PRIME MINISTER TO DR RUUD LUBBERS,
PRIME MINISTER AND MINISTER OF GENERAL AFFAIRS OF THE NETHERLANDS

I was very pleased to learn of your re-appointment as Prime Minister and the successful completion of your task in forming your new Government. Congratulations, and best wishes for your second term.





10 DOWNING STREET
SW1A 2AA

THE PRIME MINISTER

10th June, 1986

Dear Francis.

Thank you for your letter of 3rd June about Parliament's celebrations in 1988 of the Tercentenary of the Revolution of 1688-89 and of the Bill of Rights and the Claim of Rights.

I have noted the points you make in your letter, and I am most grateful to you for keeping me informed.

Yours

Ranjan

The Rt Hon Francis Pym MC MP

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TELNO 225

OF 080700Z JUNE 86

AND TO INFO IMMEDIATE UKREP BRUSSELS

INFO PRIORITY OTHER EC POSTS, UKDEL OECD

INFO ROUTINE WASHINGTON, UKMIS NEW YORK, VIENNA

[FRAME GENERAL]

MY CALL ON LUBBERS AND VAN DEN BROEK: 1600-1730 ON 6 JUNE

SUMMARY

1. USEFUL AND FRIENDLY 90 MINUTE DISCUSSION COVERING PREPARATION FOR THE EUROPEAN COUNCIL, AGRICULTURAL POLICY (FOLLOW-UP TO TOKYO), AND POST-CHERNOBYL, ARMS CONTROL AND SOUTH AFRICA: THE LAST TWO RECORDED SEPARATELY.

DETAIL

(A) EUROPEAN COUNCIL

2. VAN DEN BROEK SAID HE EXPECTED THE AGENDA TO INCLUDE SOCIO-ECONOMIC QUESTIONS, EMPLOYMENT, THE INTERNAL MARKET, A PEOPLE'S EUROPE SITREP, EC POLICY PRIORITIES FOR THE NEXT FEW YEARS, AGRICULTURE, AND VARIOUS POCO ITEMS (EG HUMAN RIGHTS, MIDDLE EAST AND SOUTH AFRICA). ALSO POSSIBLY THE DRUGS PROBLEM.

3. I SAID WE WERE ESPECIALLY KEEN TO HAVE A WELL-ORGANISED COUNCIL. HEADS OF GOVERNMENT SHOULD NOT BE BOUNCED BY NEW PROPOSALS TABLED AT THE LAST MINUTE. LUBBERS RECALLED VARIOUS OCCASIONS ON WHICH THAT ERROR HAD BEEN MADE BY THE COMMISSION, AND SOMETIMES EVEN MEMBER STATES. I SUGGESTED THAT THE DUTCH

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Should

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SHOULD LAY DOWN A CLEAR DEADLINE. LUBBERS AGREED, AND UNDERTOOK TO INCLUDE ONE IN HIS ROUTINE PRE-COUNCIL LETTER TO EC COLLEAGUES, WHICH HE THOUGHT SHOULD ISSUE WITHIN A WEEK.

4. HE ALSO AGREED ON THE NEED FOR THE EUROPEAN COUNCIL TO GIVE FRESH IMPETUS TO THE INTERNAL MARKET ROLLING PROGRAMME.

5. I SAID WE WOULD WANT TO SEE SUPPORT FOR THE UK/ITALIAN/IRISH INITIATIVE ON EMPLOYMENT (LUBBERS SAID HE THOUGHT THAT WOULD BE RIGHT). FISCAL AND BUDGET MATTERS WOULD ALSO NEED TO BE DISCUSSED, THOUGH NOT AT GREAT LENGTH. VAN DEN BROEK SAID THE AIM SHOULD BE NO INCREASE IN THE CEILING BEFORE 1988. I STRESSED THE IMPORTANCE OF NOT ASSUMING THAT THERE WOULD THEN BE AN INCREASE. LUBBERS SAID HE FULLY AGREED.

(B) AGRICULTURAL POLICY POST-TOKYO

6. I SAID IT MIGHT BE USEFUL FOR THE EUROPEAN COUNCIL TO REACH CONCLUSIONS ON GUIDANCE FOR THE AGRICULTURAL COUNCIL. LUBBERS SAID HE FEARED PROBLEMS IN THE GATT CONTEXT WITH THE FRENCH: HIS IMPRESSION WAS THAT THE CLIMATE OF THE AGRICULTURAL DEBATE IN FRANCE WAS CHANGING FOR THE WORSE. GUILLAUME HAD STARTED INNOCENTLY ENOUGH, BUT WAS NOW GETTING INTO HIS STRIDE. CHIRAC HAD BEEN VISIBLY RELIEVED AT TOKYO BY THE OMISSION OF ANY REFERENCE TO GATT.

7. VAN DEN BROEK RECALLED THAT HE HAD DISCUSSED WITH SHULTZ IN HALIFAX THE WISE MEN PROPOSAL AS A WAY OF SEEKING TO RESOLVE THE CURRENT EC/US PROBLEMS. HE HAD THOUGHT IT WELL WORTH CONSIDERING. THE EUROPEAN COUNCIL MIGHT NOT BE TOO EARLY TO LAUNCH THE IDEA. I SAID WE WOULD CERTAINLY BE PREPARED TO GIVE IT A HARD LOOK. WE ALSO FAVOURED WIDENING THE DEBATE BEYOND THE TRANSATLANTIC CONFLICT ZONE, TO TAKE ACCOUNT OF OTHER INTERESTS. VAN DEN BROEK SAID HE APPRECIATED THE NEED TO DISCUSS THE IMPACT OF EC AND US POLICIES ON THIRD MARKETS, BUT HIS PERSONAL PREFERENCE WOULD BE TO LIMIT THE PARTICIPANTS TO THE US AND THE COMMUNITY. LUBBERS NOTED THAT ANDREISSEN HAD RESERVATIONS ABOUT THE PROPOSAL. SOME PEOPLE FEARED THAT ONCE BROUGHT INTO BEING IT WOULD LEAD TO EC/US NEGOTIATIONS ON AGRICULTURE TAKING PLACE OUTSIDE RATHER THAN INSIDE GATT. LUBBERS SUMMED UP IN FAVOUR OF THE WISE MEN IDEA, SAYING THAT

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IF FOREIGN MINISTERS PROVED WILLING TO CONTEMPLATE IT DURING THE WEEKEND THEN AGRICULTURE MINISTERS COULD TAKE IT FURTHER DURING THEIR MEETING ON 9/10 JUNE. I POINTED OUT THAT WHILE IT WAS POTENTIALLY USEFUL WE SHOULD NOT WASTE TOO MUCH ENERGY ON THAT PARTICULAR PROPOSAL, SO LONG AS WE CONTINUED TO ENHANCE THE GENERAL LEVEL OF PERCEPTION OF THE AGRICULTURAL PROBLEM, WHICH WAS NOW RISING QUITE FAST.

(C) HUMAN RIGHTS DECLARATION

8. I EMPHASISED THE IMPORTANCE OF CAREFUL PREPARATION IF THERE WAS TO BE ANY QUESTION OF THIS SUBJECT COMING TO THE EUROPEAN COUNCIL. WE WERE NOT AS YET CLEAR WHAT NEW ELEMENT A DECLARATION WOULD ADD TO THE EXISTING POLICY OF THE MEMBER STATES ON HUMAN RIGHTS.

9. VAN DEN BROEK ARGUED THAT THE TWELVE HAD SO FAR NEVER SPOKEN OUT IN A PROPERLY ALL-EMBRACING WAY ON THE SUBJECT OF HUMAN RIGHTS IN RELATION TO THEIR EXTERNAL POLICIES, THOUGH THEY HAD MADE A START IN THAT DIRECTION IN THE CSCE AND LOME CONTEXTS. THEY NOW NEEDED TO MAKE IT CLEAR THAT HUMAN RIGHTS PLAYED AN INCREASINGLY IMPORTANT ROLE IN THEIR RELATIONS WITH THIRD COUNTRIES: CF GENSCHER'S ATTITUDE IN RELATION TO CENTRAL AMERICA.

10. I NOTED THAT A DECLARATORY APPROACH OF THIS KIND DID NOT COME EASILY TO THE BRITISH, THOUGH THERE WAS NO DOUBTING OUR SUPPORT FOR HUMAN RIGHTS, AS INSTANCED BY OUR FIRM STAND ON THAT FRONT IN OUR RELATIONS WITH THE RUSSIANS.

(D) POST-CHERNOBYL

11. LUBBERS SAID HE WANTED TO AVOID DISCUSSION OF THE PROS AND CONS OF NUCLEAR ENERGY AT THE EUROPEAN COUNCIL. I PRESSED THE CASE FOR CARRYING THE DEBATE FORWARD IN THE IAEA. VAN DEN BROEK NOTED THAT EURATOM TOO HAD A ROLE TO PLAY.

HOWE

FRANK GENERAL
ELD (1)

3-
CONFIDENTIAL

from: Rt. Hon. Francis Pym MC, MP



HOUSE OF COMMONS
LONDON SW1A 0AA

3rd June 1986

Dear Margaret,

ADVISORY COMMITTEE ON TERCENTENARY OF REVOLUTION OF
1688-89 AND OF THE BILL OF RIGHTS AND THE CLAIM OF RIGHT

As announced by the Speaker on 17th March, you kindly agreed to be a Patron of the project for Parliament's celebration in 1988 of the above Tercentenary (which now includes appropriate references to Scotland).

The Advisory Committee have made progress and its principal recommendation, that the main event in the celebration should be the presentation of Addresses to Her Majesty The Queen in Westminster Hall, has been approved by the Lord Chancellor and the Speaker. Her Majesty has indicated her willingness to receive these Addresses on Wednesday 20th July 1988, but dates of Royal engagements are not announced publicly this far in advance and therefore no public statement to that effect is being made at this stage.

The attached press notice, which has been approved by all concerned, has been issued today.

I am also informing the other party leaders.

Francis Pym
Chairman
Francis Pym
Chairman

Rt. Hon. Margaret Thatcher, MP
Prime Minister
House of Commons

Press Notice

TERCENTENARY OF THE REVOLUTION OF 1688-89 AND OF THE
ENGLISH BILL OF RIGHTS AND THE SCOTTISH CLAIM OF RIGHT

Her Majesty the Queen has graciously consented to receive Humble Addresses from both Houses of Parliament in Westminster Hall in the Summer of 1988 to mark the Tercentenary of the Revolution of 1688-89 and of the English Bill of Rights and the Scottish Claim of Right.

This formal ceremony will be the main event in the parliamentary celebration of this Tercentenary that was announced by the Lord Chancellor and the Speaker on 17th March 1986. Further information regarding this ceremony and other proposed events will be announced later.

DAVID BEAMISH

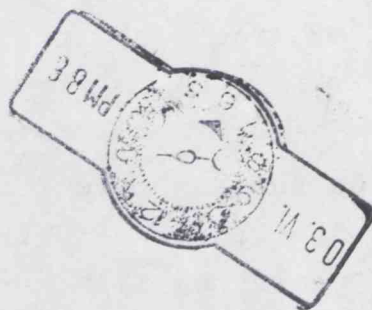
MICHAEL RYLE

Joint Secretaries

Lord Chancellor and Speaker's Advisory Committee

For further information, please contact Mr. Ryle at Journal Office, House of Commons, London SW1 (tel. 219-3315)

3 June 1986



SUBJECT
as master
ops

Prime Minister



MINISTER-PRESIDENT

STRICTLY PERSONAL/CONFIDENTIAL

PRIME MINISTER'S
PERSONAL MESSAGE

SERIAL No. T103E/86

The Hague, 30th May, 1986.

Mr. Lubbers. Private letter
Delivered me in advance
about this e it arrived
in an envelope addressed
personally to me.

Nr:U 1486053031.

He has not shown

it to anyone in the Dutch Govt. I doubt that
you will want to show it to anyone here.

Dear Prime-Minister,

Thank you very much for your prompt and gracious con-
gratulation on the election results in this country.

I should also like to express in this letter my grati-
tude for the pleasant and effective cooperation of the
past few years, which I hope, we can continue in the
years to come.

Since I write this letter to thank you, I venture to
make some remarks on the European Monetary System.
I do not have the European interest in mind in the
first place, but I gave some thought to the performance
of the British economy. It would seem to me that the
economy in your country has made enormous progress, not
withstanding the fact of life that negative develop-
ments are always there too.

In my opinion consolidation of the return of confidence
is required. Decisive steps should be taken both to
mark the achievements so far and to offer a stepping
stone for the next phase of economic recovery. Sterling
joining the EMS, to my mind, could and should fulfil
precisely that role.

As you know I am 100% an economist and consider myself
a grateful pupil of both Witteveen and Zijlstra, and
therefore I would say we cannot judge this issue on its
monetary technicalities. These are not the heart of the
matter.

-I should like to.....-

The Right Honorable
Mrs Margaret Thatcher
Prime Minister of
the United Kingdom
10, Downing Street
London.

STRICTLY PERSONAL/CONFIDENTIAL

I should like to use the opportunity of this strictly personal and confidential letter to take the liberty to point out there is a political aspect apart from the aspect of economic confidence. Although I hesitate to offer any view in this respect, because it is not for me to judge politics in your country.

Still joining EMS before elections would seem a contribution to a favourable political climate and to a better result on election day.

? Joining EMS after successful elections might even turn out to put joining EMS in jeopardy.

In other words, devaluations tend to occur after a change of government when the elections are over.

Whereas a demonstration of economic strength and resolve and joining EMS would certainly be understood to be such a demonstration, that it would be the hallmark of a successful period.

Thank you very much, once again, for your most kind congratulations and please accept my apology for my confidential cri de coeur, to which, of course, I do not expect a reply.

Yours sincerely
Rune Lubbers



's-Gravenhage
Binnenhof nr. 20

KABINET VAN DE
MINISTER-PRESIDENT

CDP
3/6

The Hague, 30th May, 1986.

Dear Charles,

./.

I would be grateful to you if you would pass on this
enveloppe to your Prime Minister.

Yours sincerely,

(Joop P.M.H. Merckelbach).

Charles Powell
Private Secretary to the
Prime Minister
10, Downing Street
London.

Serial, Confidential Registry



With the compliments of

THE PRIVATE SECRETARY

As Requested

Susc.

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T96A186

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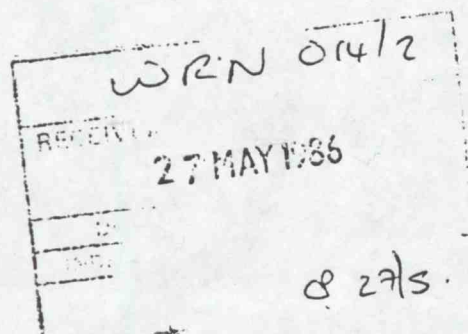
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TO FLASH THE HAGUE
TELNO 184
OF 221115Z MAY 86



MESSAGE FROM THE PRIME MINISTER TO MR LUBBERS
1. PLEASE CONVEY TEXT URGENTLY:

'I SEND YOU MY WARMEST CONGRATULATIONS ON A REMARKABLE VICTORY BOTH FOR YOUR PARTY AND FOR YOU PERSONALLY. I WAS DELIGHTED THAT THE STRONG LEAD WHICH YOU HAVE GIVEN ON SOUND FINANCE AND ON DEFENCE WAS RECOGNISED AND SO HANDSOMELY SUPPORTED BY THE DUTCH PEOPLE. A TRULY WELL-DESERVED TRIUMPH.'

HOWE

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PS
PS/LADY YOUNG
PS/MR RENTON
PS/PUS



10 DOWNING STREET

From the Private Secretary

22 May 1986

NETHERLANDS ELECTION RESULT

Thank you for your letter of 22 May proposing a message of congratulation to Mr Lubbers.

The Prime Minister has approved a slightly amended version (copy enclosed) which I have already sent you for despatch.

Charles Powell

Colin Budd Esq
Foreign and Commonwealth Office.

MESSAGE FROM THE PRIME MINISTER TO MR LUBBERS

"I send you my warmest congratulations on a remarkable victory both for your party and for you personally. I was delighted that the strong lead which you have given on sound finance and on defence was recognised and so handsomely supported by the Dutch people. A truly well-deserved triumph."

97.



Foreign and Commonwealth Office

London SW1A 2AH

22 May 1986

Dear Charles,

Netherlands Election Result

The full details are not yet entirely clear, but it is already established that the Christian Democrats under Lubbers have performed beyond all expectations, increasing the number of seats they hold in the Second Chamber from 47 to 55 out of 150. This is a better result than any they have had for close on a generation. It also means that Lubbers will almost certainly be able to reform very quickly the existing Dutch coalition: the Liberals suffered somewhat in the election but the two parties together have emerged with a clear majority, having 81 seats between them.

Lubbers has (naturally) attributed his victory to the 'nuchterheid' (sobriety and good sense) of the Dutch people, and to his Government's good economic management. We suggest a message on the following lines:

"Many congratulations on what is clearly a most remarkable victory both for your party and for you personally. I am delighted to see that the Dutch remain as clear-sighted as ever about the true economic virtues!"

Yours ever,

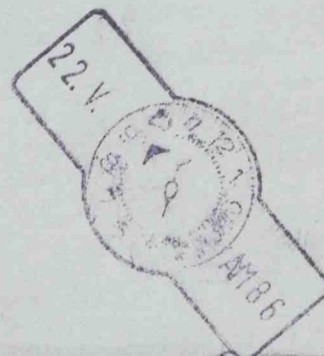
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT



NOTE FOR THE RECORD

Mr Pym
to see

F

N.L.W.
21.4

THE TERCENTENARY OF THE GLORIOUS REVOLUTION OF 1688

Mr Pym, in his capacity as Chairman of the Parliamentary Committee in charge of the arrangements for the tercentenary, recently spoke to me in his office about the statement in the Prime Minister's letter of 6 August to the Speaker that:-

".... the Palace would wish to be consulted at the appropriate stage on whether The Queen should give any function as part of the commemoration [of this tercentenary]."

TEMPORARILY RETAINED

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT.

I subsequently spoke to Mr Pym and said that there clearly had been a misunderstanding. He said that this did not matter since he would not raise in his committee the suggestion in the Prime Minister's letter. I also spoke to Bill Beaumont, the Speaker's Secretary, to explain the position.

N.L.W.

N.L. Wicks

21 April 1986



10 DOWNING STREET

31 January 1986

From the Private Secretary

Dear Colin.

PRIME MINISTER'S TELEPHONE CALL WITH THE NETHERLANDS
PRIME MINISTER

Mr Lubbers telephoned the Prime Minister this morning.

Intergovernmental Conference

Mr Lubbers said that he had not been in touch with the Prime Minister since the Luxembourg European Council. He was reasonably encouraged with the progress made by the Netherlands Presidency hitherto. He was practically certain that all Member States except Denmark would be in a position to sign the documents emerging from the Luxembourg European Council on 17 February. He had little doubt that the Danes too would agree following their referendum. The Prime Minister complimented Mr Lubbers on the handling of the outcome of the Intergovernmental Conference. She hoped that it would close this particular chapter in the Community. The main task now was to tackle the Common Agricultural Policy.

CAP

The Prime Minister said that farmers in Britain like those in the Netherlands were very efficient but had the feeling that they were discriminated against by proposals emerging from the Commission in Brussels. We could not continue with a system which geared prices to the most inefficient producers. It must be possible to give hope to those who were efficient and who had invested in modern equipment. Mr Lubbers agreed that the CAP was the big issue for the future. He had the impression that the United Kingdom and the Netherlands worked together closely in this area. The main problem lay with the Germans. He was thinking of suggesting to Chancellor Kohl that he should work out some sort of nationally financed scheme to take inefficient German producers out of production.

Internal Market

Mr Lubbers said that he hoped it would be possible to achieve concrete results rapidly. Certainly the Netherlands Presidency would do its utmost. The Prime Minister said the

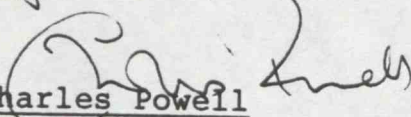
Community had been dilatory in this area but she had the feeling that there was now movement.

Oil Prices

Mr Lubbers said that his Government were concerned by the decline in the oil price. No action appeared to be required for the time being but if the decline continued it would be necessary to see what might be done. He had heard rumours of revived interest in the United States in an oil import tax principally as a revenue-raising measure to cope with pressures arising from the Gramm-Radman Act. The Prime Minister said that a rapid fall in oil prices inevitably caused difficulties. But prices were determined by the market and market pressures could not be overruled by Governments. She had not heard that an oil import tax was once again an issue in the United States. It would be necessary to oppose such a proposal firmly if it were made. It would be discriminatory, contrary to GATT and protectionist.

Mr Lubbers urged the Prime Minister to visit the Hague if she were coming to the Continent. The Prime Minister said that she had no immediate plans for this but would certainly bear his invitation in mind.

I am copying this letter to Rachel Lomax (HM Treasury), Geoff Dart (Department of Energy), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Michael Gilbertson (Department of Trade and Industry), and David Williamson (Cabinet Office).

yours sincerely,

Charles Powell

Colin Budd Esq
Foreign and Commonwealth Office

RESTRICTED
SAVING TELEGRAM

BY BAG

RESTRICTED

FRAME GENERAL/ECONOMIC

TO: FOREIGN AND COMMONWEALTH OFFICE

AND TO: UKREP BRUSSELS AND EC POSTS

FROM: THE HAGUE

TELEGRAM NO: V/NSAVING OF 24 DECEMBER 1985

SPEECH BY THE NETHERLANDS PRIME MINISTER ON NATIONAL AND EC
ECONOMIC STRATEGY

Summary

1. The Netherlands Prime Minister, Mr Lubbers, has set out his ideas on how the economies of Western Europe could reduce unemployment, achieve faster growth and regain international competitiveness, at both the national and Community level.

Detail

2. In a speech in Rotterdam on 12 December entitled "Towards a Stronger Europe" the Netherlands Prime Minister, Mr Lubbers, set out his ideas on how the economies of Europe should get out of their current predicament of high unemployment, low growth and declining international competitiveness.

3. Lubbers began by criticising the economic mistakes of the '70s, when "we were busier distributing income instead of creating new prosperity for society as a whole ... and discussed too much macro-economics while neglecting micro-economics". He then identified 4 areas for action:

- (a) incentives for growth: Lubbers highlighted in particular:
 - (i) a business climate that "fosters innovation, risk-taking and the application of new technologies";

RESTRICTED

(ii) wage differentials and social security systems which "maintain sufficient incentives to perform, and sufficient solidarity with the people who cannot perform";

(iii) on the level of public finance, "more expenditure of a kind that generates sustainable growth and less growth hampering taxation, expenditure and regulation".

(b) labour demand: Lubbers observed that high labour costs destroyed employment either by reducing investment or by shifting investment towards labour saving production and drew a comparison between Europe and the US to illustrate this. His proposed remedy was:

(i) wage moderation, combined with moderation in public expenditure and moderation in taxation to preserve purchasing power and maintain consumer demand;

(ii) the absorption of more workers in those parts of the economy where labour costs have an important share in production costs.

(c) job distribution: Lubbers argued that unemployment could not be reduced to below 5% by 1990 by economic growth alone. He advocated:

(i) selective work-sharing "not across the board" but "flexibly and carefully and only when it fits";

(ii) more efficient use of capital installations (so that economic growth is not jeopardised). He favoured a reduction in the number of hours worked in a year, rather than a shorter working week.

(d) upgrading human capital: Lubbers highlighted:

(i) more job-orientated education and training;

(ii) esteem and reward for skilled workers.

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4. Turning to the European Community, Lubbers stressed that each of the measures, if applied to a Community framework, would achieve a significant multiplier. He identified the following priorities:

- (a) completion of the internal market ("politicians must listen more to business and less to their own bureaucrats");
- (b) streamlining of decision-making ("the national administrations have to realise that they have to broaden² their narrow national scope");
- (c) expansion of EMS, liberalisation of capital movements; private use of the ecu.
- (d) less expenditure on over-production in agriculture,
more on research and development.

Comment

5. None of these ideas is particularly new, but taken together they provide a useful guide to Lubbers' approach to economic questions, both in the run-up to the national elections in May and on the eve of the Netherlands Presidency of the EC. The speech is a further illustration of Lubbers' style of leadership: that of giving the nation a clear lead while seeking to carry a broad consensus behind him.

CHAPMAN

FRAME GENERAL
FRAME ECONOMIC
ECD(1)

3.
RESTRICTED.



Foreign and Commonwealth Office

London SW1A 2AH

29 August 1985

GRS. c/c

~~Speaker~~

Pc

(F)

NBPM

Dear Beaumont,

No 10 have told us of the correspondence between the Prime Minister and the Speaker, about arrangements for marking the tercentenary in 1988 of the Glorious Revolution and of the Bill of Rights.

You will probably already be aware (from Baroness Young's and Mr Renton's replies respectively to Questions in the Lords by Lord Henderson of Brompton, and in the Commons by Mr Viggers, both on 12 June this year) that a British Tercentenary Committee has been set up to organise appropriate celebrations of the Anglo-Dutch cultural heritage stemming from the accession of William and Mary in 1688. This committee and its Dutch counterpart have their origins in a suggestion made by the Dutch themselves, in the course of a regular Anglo-Dutch Mixed Commission meeting in 1982. Although they will thus be approaching 1988 from a different viewpoint, we propose to suggest to the Chairman of the Anglo-Dutch Committee, Mr Charles Tidbury, that his committee should make, and maintain, contact with the chairman of the Parliamentary steering committee, once he has been appointed. Lord Henderson of Brompton is himself already a member of Mr Tidbury's Tercentenary Committee.

I enclose a copy of the minutes of a Committee meeting held on 18 June, to give you some idea of projects which have been proposed so far.

Yours Sincerely,
Colin Budd

bcc: Private
Secretary,
10 Downing Street

(C R Budd)
Private Secretary

W A Beaumont Esq OBE AE
Private Secretary to the Speaker
House of Commons
London SW1

CONFIDENTIAL

cc Political Office



Foreign and Commonwealth Office

London SW1A 2AH

27 August 1985

Dear Tim,

Thank you for your letter of 6 August about the 1688 Tercentenary. We were interested to see the exchange of correspondence between the Prime Minister and the Speaker.

The Foreign Secretary has been instrumental in finding a Chairman (Mr Charles Tidbury) for, and encouraging the establishment of, a British Committee for the Tercentenary of William and Mary, which is planning for 1988 a programme of commemorative cultural events in the UK. Its remit is specifically Anglo-Dutch and cultural, in order so far as possible to avoid rousing Irish, and to a lesser extent Scottish, sensitivities. A counterpart Dutch national committee will do the same in The Netherlands, and there is already close liaison between the two.

His Royal Highness The Prince of Wales has graciously consented to be Patron of the British Committee (though this will not be announced for some weeks yet, until the season of Northern Ireland anniversaries is safely over) and there is likely to be Royal involvement on both sides. The Northern Ireland Office and the Embassies in Dublin and The Hague have been consulted at each stage. The Committee itself is shortly to become a charitable trust company.

/ You may be interested in seeing the enclosed minutes of the second Committee meeting held on 18 June: they show the wide scope of projects which have been suggested so far. I am sending a copy to the Speaker's Secretary, to keep him in the picture as well.

*Yours Sincerely,
Colin Budd*

(C R Budd)
Private Secretary

Tim Flesher Esq
10 Downing Street

CONFIDENTIAL

WILLIAM AND MARY TERCENTENARY COMMITTEE

Second meeting, held at 2.45 pm on Tuesday 18 June 1985,
at the British Council, 11 Portland Place, London W1

Present: Mr Timothy Renton MP (Parliamentary Under-Secretary of
State, Foreign and Commonwealth Office)
(Chairman)
Mr Charles Tidbury
The Countess of Albemarle (representing Lord Gibson)
Miss Susan Alcock
Mr Michael Angus (representing Dr Neil Cossons)
Mr Philip Annis
Sir Bernard Audley
Sir John Barnes
Mr A Bienfait
Sir Clive Bosson
Professor C R Boxer (representing Mr Timothy Gee)
Mr Leonard Boyes
Mr Eddie Brouwer
The Very Rev J P Burbridge
Sir Arnold Burgen
Sir Hugh Casson
Dr Alcon Copisarow
Mr Colin Cowdrey
Miss Valerie Cromwell
Viscount De L'Isle
The Duke of Devonshire
Professor Ken Haley
Mr Robin Herbert
Mr Peter Hippisley-Cox
Mr Anthony Howard
Sir Ian Hunter
His Excellency Jonkheer Huydecoper
Mr Henry Lambert
Jonkheer John H Loudon
Sir Philip Mansfield
Sir Oliver Millar
The Duke of Portland
Mr Peter Powell
Sir Francis Sandilands
Mr Patrick Shovelton
Mr A D H Simonsz
Mr Eric Thompson
Mr James Took
Mr Richard Tookey (representing Sir Peter Baxendell)
Sir Peter Vanneck (representing Dame Margaret Weston)
Dr Vaughan
The Very Rev Alan Webster
Professor Charles Wilson

Apologies for absence: Lord Brabourne
Mr Roger de Grey
Mr John Drummond
Mrs Denise Fiennes
Professor Sir Ernst Gombrich
Mr Bernard Haitink

- 3 The Chairman said that the financial contribution announced by Mr Renton was an enormous encouragement, and would be invaluable when approaching potential sponsors as evidence of Government backing for the Celebrations. It was important to reach young people in both countries, particularly now in the wider context of Europe, and to help develop their appreciation of the long-standing friendship and our debt of gratitude to the Netherlands. He expressed thanks to the British Council for their assistance, and to Mr Iliffe (who would continue as Secretary after his retirement in July). He was also very grateful to Sir Bernard Audley for offering the secretariat an office (whose address would appear on the letterhead in due course) and to Whitbreads for providing him with his own working base.

4 MINUTES OF THE LAST MEETING (Agenda Item 1)

The Minutes of the meeting of 15 January 1985 had been circulated and were agreed, subject to the following amendments:

- 4.1 Delete Mr J W Semeijns de Vries van Doesburgh (representing HE The Netherlands Ambassador) and substitute Mr J P Kleiweg de Zwaan (representing HE The Netherlands Ambassador)

- 4.2 In paragraph 2.5, insert the following sub-paragraph between sub-paragraphs 2 and 3:

"Lord Henderson suggested that the House of Commons might be approached for finance in respect of the Parliamentary and Constitutional celebrations."

- 4.3 In paragraph 4, sub-paragraph 2, delete the first sentence ("Lord Henderson commented . . . Whitehall Banqueting Hall instead.") and substitute

"Lord Henderson commented that an exhibition in the Upper Waiting Hall at the Palace of Westminster would not be possible since it was not open to the public, and exhibitions there required the assent of the authorities of the House of Commons. He suggested that an exhibition might be organised in the Whitehall Banqueting Hall, which was the place where the Convention Parliament met."

- 4.4 In paragraph 5, add Science to the list of Sub-Committees. (The Sport Sub-Committee had been added after the meeting.)

5 MATTERS ARISING (Agenda Item 2)

No matters arose which were not covered by the Agenda of the present meeting.

6 DATE OF NEXT MEETING (Agenda Item 3)

It was provisionally agreed that the next meeting be held at 3 pm on Tuesday 10 December 1985. The venue would be announced later.

7 FINANCIAL POSITION (Agenda Item 4)

The Chairman observed that this was already better than it had been when the meeting began. In the absence through indisposition of Sir Charles Troughton (Chairman of the Sponsorship and Finance

Sub-Committee) the Secretary reported that so far £2,000 had been contributed by the Foreign and Commonwealth Office and £1,500 by a corporate donor who wished to remain anonymous. Some £150 had been spent on miscellaneous expenses: further expenditure would be incurred in the establishment of the charitable trust and in the designing of the logotype and printing of stationery.

8 OFFICE ACCOMMODATION AND SECRETARIAT (Agenda Item 5)

The Chairman said that Mr Iliffe would retire from the British Council on 12 July and would be on retirement leave from then until 16 September. Thereafter he would work as Secretary at an office generously made available by Sir Bernard Audley. Details would be circulated: meanwhile, members could communicate with the Chairman via the FCO accommodation address as hitherto.

9 WILLIAM AND MARY TERCENTENARY TRUST: PROGRESS REPORT (Agenda Item 6)

The draft Memorandum of Association of the proposed Charitable Company Limited by Guarantee had already been circulated as an Annex to the Brief for Sub-Committees. The solicitors acting for the Committee (Field, Fisher & Martineau) had reported that the Inland Revenue had informed the Charity Commissioners that there was no objection to the registration of the proposed Charitable Company: subject to certain minor amendments to the Draft Memorandum and to the provision of certain additional information, the Company could then be registered and receive money. It was proposed that the Chairman of the Committee become Chairman of the Company, that the Chairmen of the Sub-Committees be appointed as members of the Company's Committee of Management, and that members of the main Committee become members of the Company's Advisory Committee. It was hoped that the formalities would be completed by the early autumn.

10 DESIGN OF LOGOTYPE: PROGRESS REPORT (Agenda Item 7)

Members' attention was drawn to the reproduction of the rough art-work for the proposed logotype on the Note on Sub-Committee Reports tabled at the meeting. The logotype would appear, with the Committee's new office address, on the letterhead shortly to be produced. The Netherlands Ambassador said that an adaptation of the logotype was to be used by the Dutch Committee.

11 ROYAL PATRONAGE (Agenda Item 8)

Mr Renton said that Buckingham Palace had been approached and that a reply was expected soon.

12 REPORTS BY SUB-COMMITTEES (Agenda Item 9)

A Paper, giving extracts from written reports by some Sub-Committee Chairmen, had been tabled.

- 12.1 Commerce, Banking and Industry. Sir Bernard Audley said that membership would be between 5 and 8: Dr Alcon Copisarow and Mr Henry Lambert had joined so far, and others would be co-opted. A number of ideas had been floated already, but he would like an early meeting with the Chairman to avoid duplication. Proposals would be put forward once the fully-constituted Sub-Committee had met.

- 12.2 Ecclesiastical (see also the copy, attached to these Minutes, of an extract from Canon Webster's letter of 13 May). Canon Webster said he thought the theme should be Toleration. It was hoped to arrange an exhibition in Lambeth Palace Library: other possibilities were special services at Exeter and Salisbury Cathedrals (both on William's route from Torbay) and an Anglo-Dutch theological publication. The Chairman hoped for a London service at St Paul's: Sir Oliver Millar thought Westminster Abbey would be more appropriate, since William and Mary's coronation there was unique in history.

For a Norwich service, Lady Albemarle thought St Peter Mancroft would be more appropriate than the Cathedral: Sir Peter Vanneck agreed. The Chairman observed that the Cathedral had volunteered a service.

Mr Bienfait said he would welcome a service and other events (such as lectures) at the Dutch Church in Austin Friars, where the stained glass windows recorded the joint monarchy.

- 12.3 Education, Literature and Publications. Mr Howard said that his Sub-Committee numbered 7 so far. He raised two points arising from the Brief for Sub-Committees (already circulated):

12.3.1 Annex 6, 3.1, Scholarships and Bursaries (with business sponsorship). He thought these would be expensive and not the best way of using limited funds. He would prefer involvement through school curricula, and perhaps television quizzes with Anglo-Dutch teams, and other events under Annex 6, 3.3.

12.3.2 Annex 6, 3.4, Publication of a paperback on William and Mary. He understood from Professor Bachrach that plans for a Dutch book were in hand: in English translation and with a different introduction and conclusion, it would be very valuable for the Sub-Committee's work, especially if it could be introduced into schools.

The Sub-Committee would meet again in September, and would establish liaison with the History Sub-Committee.

Mr Simonsz said that Professor Bachrach would like a joint Anglo-Dutch editorial committee to be in charge of the paperback. It was agreed that the publication should be as Anglo-Dutch as possible.

The Chairman observed that education of the young was one of the Committee's main objectives, and that television was a valuable means of reaching them.

- 12.4 Entertainment (see the copy, attached to these Minutes, of Sir Clive Bossom's Report of 6 June). Sir Clive Bossom said that to the list of possible venues could be added the Kensington Palace State Rooms (although they were not often open) and the Royal Hospital (to coincide with the Chelsea Flower Show). Dinners were likely to cost in the region of £20 per head; lunches and receptions would be less costly. The capacity of venues varied and he awaited guidance from the Committee. He suggested approaching the Lord Mayor (and perhaps Lloyds and the Bank of England) over an event at the Guildhall, which would have the advantage of not costing the Committee anything.

Sir Peter Vanneck agreed that an approach should be made as soon as possible to the present Lord Mayor and the Chief Commoner (who held the pursestrings). This would be a major function, and there was a City fund for occasions of the kind. If Royal patronage were granted it would obviously help the application.

Sir Ian Hunter thought Son et Lumière at Hampton Court would be expensive: he wondered whether, if there were a Horse Guards Son et Lumière in 1988, it could have a William and Mary theme. (The Chairman pointed out that the Life Guards' kettledrums had been presented by William.) A suitable interlude at the Edinburgh Tattoo and the Royal Tournament would reach a huge television audience.

- 12.5 Exhibitions (see the copy, attached to these Minutes, of Sir Hugh Casson's letter of 7 June). Sir Hugh Casson said that his Sub-Committee would consist of about 5 members. He was at present awaiting news from the Victoria and Albert Museum about the progress of their negotiations with the Rijksmuseum in Amsterdam.

Sir Oliver Millar thought an exhibition on the minor and decorative arts, at either the V & A or the Royal Academy, was essential. He recommended Peter Thornton at the Soane Museum (formerly Keeper of Woodwork at the V & A) as an expert on the period. Referring to paragraph 2(d) of Sir Hugh Casson's letter, he observed that John Greenhill died 16 years before William and Mary's reign and that an exhibition of his work might not be appropriate. The National Gallery should be asked as soon as possible about an exhibition of portraits of contemporary celebrities; he was sure they would be willing to mount one. The National Army Museum should also be consulted and should supervise any historical elements in the Edinburgh Tattoo or the Royal Tournament so as to ensure that the uniforms were correct.

Sir Peter Vanneck suggested an exhibition of armour, and recommended the Master of Armouries at the Tower of London, Nick Norman, as a helpful contact.

Miss Alcock said that the National Trust's country houses of the period, such as Dyrham Park, did not have space for special exhibitions, although they and their gardens were, in effect, exhibitions in themselves. Special trails could perhaps be organised. Sir Oliver Millar and the Duke of Devonshire agreed that exhibitions in country houses presented difficulties: loans from private houses to exhibitions elsewhere were preferable.

- 12.6 History. Professor Wilson raised a point of principle. He had formed the nucleus of his Sub-Committee but wished to consult the Committee on its functions. There was a historical aspect to the work of most of the other Sub-Committees: would they welcome recommendations of suitable historians for particular subjects? It was agreed that the History Sub-Committee's guidance would be very valuable, and that Professor Wilson be asked to prepare a memorandum for circulation to the other Sub-Committees.

Professor Wilson thought it right to concentrate on the economic, social and cultural aspects of the period: political, constitutional and constitutional-legal aspects would be less interesting to many people other than professional historians. Miss Cromwell pointed out that "constitutional" was mentioned in the draft Memorandum of Association of the proposed Trust; but Professor Wilson thought these aspects could best be dealt with under the aegis of the British Academy. It was agreed that he would pursue the matter with the Academy.

Professor Wilson believed that a regional approach was needed. East Anglia, London, the South-West and Kent all had links with the Netherlands: a co-ordinator in each area could pursue possibilities and stimulate local interest. It was agreed that this proposal be followed up.

Miss Cromwell mentioned that contact had been made with the House of Lords Record Office (which housed documents for Parliament in general) about relevant loan material. The Whitehall Banqueting Hall would be an appropriate venue for exhibiting such material.

- 12.7 Horticultural. Mr Herbert reported that he had established contact with the Dean of Exeter, who would be happy to see a flower festival and a service in the Cathedral - although they would not be possible simultaneously. The Cathedral would hope to receive most of the proceeds of a flower festival, and were prepared to put back one planned for 1987 to May or June 1988: the National Association of Flower Arrangement Societies would run it and find any necessary funds. The creator of the Pied Piper tableau at the 1985 Chelsea Flower Show had agreed to take William's arrival at Torbay as the subject of a tableau at the 1988 Show.

The Committee welcomed these proposals, all of which should generate publicity and television coverage.

Mr Herbert added that he also hoped a specialist joint Anglo-Dutch nurserymen's show could be arranged. Mr Simonsz confirmed that there was a Dutch project for a special William and Mary tulip.

- 12.8 Maritime and Naval. Mr Shovelton said his Sub-Committee had not yet been formed but would need to include yachting and naval contacts: he hoped the Netherlands Naval Attaché would join and that the National Maritime Museum would be represented. The proposals at Annex 6.8 to the Brief for Sub-Committees would be pursued, and also a possible regatta on the Thames and perhaps a procession of barges. He would also try to interest shipping firms engaged in ferry work between England and the Netherlands, thus bringing in the East Coast ports.

Sir Bernard Audley mentioned plans for the Brixham International Trawlers' Race. The Chairman recommended Commander Mann of the Royal Yacht Squadron as a useful yachting contact. Mr Annis mentioned that the Tall Ships would be fully occupied in 1988 with the Australian Bicentennial celebrations.

Dr Copisarow offered the assistance of Lloyds, which would be celebrating its own Tercentenary in 1988. The Lloyds Tercentenary Committee could collaborate over entertainment and exhibitions: it also had links with St Katharine's Dock

and the Royal Naval College at Greenwich.

Mr Herbert suggested that the annual Armada Dinner at Plymouth and the Tercentenary Service at Exeter might be held on consecutive days: this could help to attract a Royal presence.

- 12.9 Performing Arts (see the copy, attached to these Minutes, of Mr Thompson's Note of 1 June to Professor Bachrach). Mr Thompson said that his Sub-Committee, not yet formed, would be small. He was awaiting views from Professor Bachrach on possible librettists and composers for the commissioned choral work, but would welcome additional ideas. The Great Hall at Hampton Court was among possible venues: though small, its acoustics were good. He was in touch with the Chairman of the Norfolk and Norwich Triennial Festival, which fortunately fell in October 1988, and was hopeful of some William and Mary elements in the programme.

Sir Ian Hunter said that the Concertgebouw Orchestra under Bernard Haitink was already due to visit Britain in 1988, and he suggested that the Netherlands Dance Company be invited too. Sir Francis Sandilands offered to discuss possibilities with the Royal Opera House.

Miss Alcock undertook to discuss with Mr Thompson possible country house venues: the National Trust usually presented quite a large programme of performances at their houses.

- 12.10 Press and Public Relations, Tourism and Transport. In the unavoidable absence of Mr Hussey, the Secretary reported that Mr Hussey had already initiated action with the Post Office on the issue of a special postage stamp. The Chairman added that approaches were being made to several television companies about popular programmes and series: the exchange of programmes between Britain and the Netherlands was another possibility.

Mr Shovelton said that Transport was a very wide area: he would try to enlist the interest of the British Airports Authority.

- 12.11 Science. Sir Arnold Burgen reported that plans for the joint Royal Society/British Academy/Royal Netherlands Academy symposia in Amsterdam and London were well advanced. One would be on the History of Science, the other on more contemporary subjects. Exhibitions at the Science and Natural History Museums were being considered, as well as possibilities in the medical, agricultural and specialised applied science fields. He noted a suggestion by Mr Herbert that the science of Statistics (begun in William's reign) be included in the programme; and he confirmed to Miss Cromwell that account would be taken of Anglo-Dutch collaboration on the La Palma telescope and other high technology projects.

- 12.12 Sponsorship and Finance. In Sir Charles Troughton's absence the Secretary reported that the Sub-Committee had met once so far. Further progress could probably not be made until formulated and costed projects had been drawn up in a form suitable for presentation to potential sponsors. He asked that Sub-Committee Chairmen put such projects to Sir Charles Troughton as soon as they were ready.

- 12.13 Sport. Mr Cowdrey said that he would have more to report at the next meeting when his Sub-Committee had been fully set up. Responses to approaches so far had been encouraging and he was confident that a number of sports could be involved.

Lady Albemarle hoped that Skating could be included, in view of its prominence in Dutch landscape painting. Sir Bernard Audley hoped that Football would be possible by 1988. Mr Simonsz thought that Golf was important, and would suggest to the Chairman of the Dutch Sub-Committee that he get in touch with Mr Cowdrey.

Mr Shovelton recalled that William and Mary's favourite pets were pug dogs, which became immensely popular in England after the Accession: he thought that the interest of the relevant organisations, such as Crufts, might be engaged.

13 OTHER BUSINESS (Agenda Item 10)

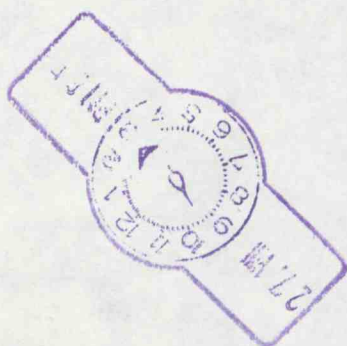
- 13.1 Dutch Tercentenary Committee: Progress Report. Mr Simonsz said that the Dutch Committee envisaged the Celebrations opening in June 1988 with a re-enactment of the original voyage to the Netherlands by the Peers who invited William to England. The Holland Festival at the end of June would be devoted to music and drama of the period. The Committee had already been told about the scientific symposia (12.11 above) and of the V & A/Rijksmuseum collaboration (12.5 above). It was hoped to arrange contemporary art exhibitions in each country: the Dutch Theatre Institute also wanted to set up a series of events in both countries, although there was some urgency about securing major venues. A Dutch organisation was arranging and paying for repairs to the statue of William at Brixham. It was hoped that the issue of a commemorative coin or medallion could be arranged.

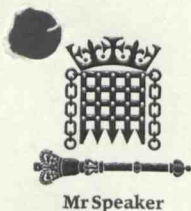
The Dutch Committee wanted as broad a public involvement as possible, and the initiatives of Mr Howard's Sub-Committee were particularly welcome.

- 13.2 Tercentenary Committee: Terms of Reference. Mr Gee, as Head of Cultural Relations Department of the Foreign and Commonwealth Office, had offered draft Terms of Reference to formalise the Committee's remit hitherto consisting only of letters from Ministers to the Chairman. The Secretary observed that terms of reference, in a more detailed form, were already embodied in the draft Memorandum of Association of the proposed Trust, and he wondered whether Mr Gee's draft need be formally adopted at the present stage. However, it was agreed that the draft would meanwhile be useful for reference, particularly when approaching potential sponsors, and that a copy be attached to the present Minutes.

- 13.3 College of William and Mary, Williamsburg, Virginia, USA. At the suggestion of Professor Bachrach, the Chairman had written to the President of the College, to enlist his interest and to enquire about any plans to celebrate the Tercentenary. The letter had been briefly acknowledged, and a more substantial reply was promised.

The meeting ended at 4.40 pm.





Mr Speaker

Speaker's House Westminster London SW1A 0AA

22nd August 1985

pp0 R23

Dear Prime Minister,

I was delighted to receive your confirmation that you would accept Patronage of the project to mark the Tercentenary of the Glorious Revolution of 1688. It is also very good news to learn of the approval of the Palace. I will bring this to the attention of the organisers, with the most gracious suggestion of the Palace that Her Majesty The Queen might give a function during the celebration period. I am sure they will keep the Palace informed of developments.

I am sending a copy of this to Quintin.

Yours ever.

Jack

The Speaker

The Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON
SW1



10 DOWNING STREET

From the Private Secretary

6 August 1985

I enclose an exchange of correspondence between the Prime Minister and the Speaker on arrangements which are being made to mark the Tercentenary of the Glorious Revolution of 1688 and the Bill of Rights. I understand that you are separately working on a commemoration of the landing of William of Orange which would re-affirm our links with the Dutch. Those concerned with this latter function might like to be aware of the Parliamentary venture.

TIMOTHY FLESHER

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

LPO



ce FCO

10 DOWNING STREET

THE PRIME MINISTER

6 August 1985

Dear Mr. Speaker.

Thank you for your letter of 19 July in which you suggest that I might become a Patron of your project to mark the Tercentenary of the Glorious Revolution of 1688 and the Bill of Rights. I should be delighted to do so and I note the arrangements which you are making to take this idea forward. Perhaps I might also say that my Office have mentioned your proposals to the Palace who are confident that Her Majesty The Queen would regard this as a proper venture for Parliament to undertake. Indeed, the Palace would wish to be consulted at the appropriate stage on whether The Queen should give any function as part of the commemoration.

Yours

Raymond

The Rt. Hon. Bernard Weatherill, M.P.

SPW

MR FLESHER

TEMPORARILY RETAINED
THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT.

I suggest that the Prime Minister should reply to the Speaker saying that she would be glad to be a patron of this project. She might also mention that her office have mentioned this to the Palace who are confident that The Queen would regard this as a proper venture for Parliament to undertake and who would like to be consulted at the appropriate stage on whether The Queen should give any function as part of the celebrations.

I understand that the FCO are separately working on a celebration of the landing of William of Orange, which would reaffirm our links with the Dutch. When the Prime Minister has replied to the Speaker, I suggest that you might send a copy of her letter to Len Appleyard suggesting that those in the FCO concerned with the latter function should be aware of this Parliamentary venture.

F.E.B.

1 August 1985



Mr Speaker

Prime Minister.

I gather that the
hardy hardy Seal is enthusiastic

Speaker's House Westminster London SW1A 0AA

19th July 1985 about this

proposal, which would probably
involve a ceremony in
Westminster Hall. We should
probably need to mention
to the Palace before any
announcement. Agree to
become
a Patron?

Dear Prime Minister,

Some Members of the House and constitutional historians have suggested to me that it would be appropriate for Parliament to mark, in 1988, the tercentenary of the Glorious (or "Bloodless") Revolution of 1688 and of the Bill of Rights. These are the foundations from which have evolved, peacefully, both our constitutional monarchy and our system of Parliamentary democracy.

Informal consultations with the Leader of the House and other senior Members have confirmed that there would be widespread support for an initiative by the two Houses of Parliament to this end. I have accordingly put the idea to the Lord Chancellor who agrees entirely with the following proposals.

It is proposed that the Lord Chancellor and I should be joint Presidents of the project. It is hoped that the Leaders of the principal parties represented in the House of Commons (to all of whom I am writing in the first instance) would agree to indicate their support by becoming Patrons. The Lord Chancellor and I would initially appoint a small informal steering committee, comprising Members of both Houses chosen by us, and assisted by Officers of both Houses, to advise on the form of the celebrations and to oversee the arrangements to be made.

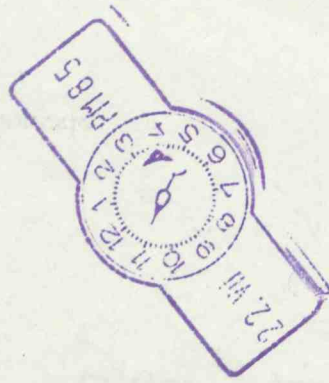
I would much welcome your reactions to this proposal. Assuming there is general support, the Lord Chancellor and I would announce the launching of the project, at a convenient opportunity when both Houses are in session.

Yours ever,

Jack Beattie

Speaker

The Rt Hon Margaret Thatcher MP
Prime Minister



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DD 1985/13

FOREIGN AND COMMONWEALTH OFFICE

DESPATCH

Western European Department

Selective/Commonwealth Q Distribution

WRN 014/1

The Netherlands

11 January 1985

NETHERLANDS: ANNUAL REVIEW FOR 1984

*Her Majesty's Ambassador at The Hague to the
Secretary of State for Foreign and Commonwealth Affairs*

SUMMARY

The Cruise missile debate dominated the first half of the year, with a moderately satisfactory outcome (paragraph 2).

2. The Government held firm to its austerity programme at the expense of its popularity. A rise in exports and productivity provided economic stimulus, but unemployment remains high. Farmers are adjusting to milk quotas (paragraphs 3 to 7).

3. The Dutch found membership of the Security Council frustrating. In both the UN and the EC they continued in general to be staunch collaborators. Relations with China restored. Concern over Central America and the Caribbean (paragraphs 8 to 12).

4. The defence budget faces serious problems. The balance in bilateral defence sales is set to improve (paragraphs 13 and 14).

5. Anglo-Dutch relations remain close (paragraphs 15 and 16).

6. The Coalition's aim is to secure a mandate at the 1986 General Election to continue its present partnership (paragraph 17).

*The Hague
11 January 1985*

Sir

I arrived at The Hague only a few weeks before the end of 1984. I have, therefore, leant heavily on the advice of my staff in writing this despatch.

Political

2. The first half of 1984 was dominated by the problem of the deployment of Cruise missiles. The Coalition parliamentary parties were divided on the issue; so were the Cabinet, where the pro-deployment faction was led by the Foreign Minister and the doubters by the Minister of Defence. The Prime Minister, Mr Lubbers, was determined that the Government should, without

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calling into question its commitments to NATO, survive to bring its economic policies to fruition before the 1986 elections. After prolonged debate, the Cabinet agreed on 1 June, with subsequent parliamentary endorsement, that it would on 1 November 1985 decide to deploy Cruise missiles in the Netherlands in one of two circumstances. If by 1 November 1985 the US and Soviet Governments had reached agreement on limiting the number of intermediate nuclear weapons, the Netherlands would take its proportional share of Cruise missiles; or, if the Soviet Union had in the interim increased the number of SS20 missiles deployed, the Netherlands would deploy its full NATO quota. At the same time the Cabinet agreed to maintain until the end of 1985 the existing six Dutch nuclear tasks. This outcome, although only moderately satisfactory from our and NATO's point of view, owed much to the political skill and determination of the Prime Minister. But, of course, we have not seen the end of the matter. When 1 November is reached, much will depend on the state of US-Soviet talks in Geneva and on the intelligence available on Soviet SS20 deployment. For the moment the issue is dormant, but it remains of great importance to the future of Mr Lubbers and his Government.

3. The second major achievement of the Government was to hold firm to its economic strategy of bringing down the level of public expenditure, thereby releasing funds for private investment. The Government's consistent pursuit of austerity measures against a background of continuing high unemployment and declining real incomes inevitably led to a decline in public support. In the second half of the year the Government showed some signs of losing their deftness of touch. They got themselves into unnecessary difficulties by a bitter public wrangle between the two Coalition floor leaders in the Second Chamber. In December, a parliamentary enquiry into the collapse of the RSV shipyards castigated Mr van Aardenne, the Deputy Prime Minister and Minister for Economic Affairs, for agreeing to underwrite the firm's losses without Cabinet authority and for misleading parliament. This tarnished the Government's image. In the light of all this it is not surprising that public opinion polls suggested that, if a general election had taken place at the end of the year, the Christian Democrats (CDA) and the Liberals (VVD) would have lost their majority, while the number of Labour Party (PvdA) seats would have risen to a record level — albeit well short of an overall majority. Much of this can be attributed to normal mid-term unpopularity. In any case, I do not believe this is likely to shake the Government's determination to keep steady on course in pursuing its economic strategy.

Economic

4. The economy strengthened in 1984, continuing its slow recovery in the wake of the upturn elsewhere, particularly in the Federal Republic of Germany and the United States. Exports rose by 70 per cent to the USA and 20 per cent to Community countries, and productivity by some 7 per cent. This led to increased utilisation of industrial capacity and to better company profits, particularly of Dutch firms with international interests. By contrast, domestic demand remained stagnant and the unemployment rate, whilst levelling off, was still an appalling 15 per cent of the work force (OECD definition). The level is now twice the OECD average.

5. Unemployment remained the dominant internal issue in the Netherlands. The high number of school leavers account for half the increase since 1982, and proposals to combat youth unemployment will probably help less than a quarter of them. The Government has been continually attacked on this subject even by its own Coalition parties including the right wing Liberals (VVD). But it has not been subjected to the pressures of major industrial action; and it is remarkable that workers settled for no increase in pay in exchange for shorter working hours. The budget for 1985 envisaged further cuts in social security and the public services. At the same time, lower personal taxes and insurance premia are expected to increase the real income of the average

earner for the first time since 1981. Looking to 1985, it seems likely that the contrast between the stagnant domestic economy and the more buoyant external sector is likely to become more pronounced. Any substantial stimulation to the domestic economy is unlikely before the budget in September 1985, the last before the next general election.

6. For agriculture, 1984 was a year of restrictions and disappointments. By introducing milk quotas, Community Ministers confounded cynical producers and dented the confidence of Dutch farmers. The psychological effect was almost as great as in Britain, but the fuss was overdone. Dutch dairy farmers can and will adjust, as must their suppliers. The Minister of Agriculture, Mr Braks, is not likely to be turned by the short-term consequences of reform. He remains a believer in the feasibility of a Common Agriculture Policy in harmony with the demands of the European market and which permits the Dutch to use their well developed facilities for importing cheaper inputs from the international market.

7. Although the general mood is gloomy, Dutch exports of agricultural products surged ahead to about £12 billion in 1984. Existing markets were exploited more comprehensively, and new ones explored. China is a major target, with an Agricultural Attaché due to be installed in Peking in 1985.

Foreign Affairs

8. Their two years (1983 and 1984) on the Security Council proved frustrating for the Dutch. In the prevailing bad international atmosphere, little could be achieved. The Foreign Minister reflected this in his speech to the General Assembly in which he criticised the United Nations for its lack of purpose and effectiveness. In general, the Dutch, as one would expect, proved stalwart collaborators in the Council. But in the closing weeks of their membership, and in response to domestic political pressure, they launched an ill-conceived initiative to extend the South African arms embargo. The Government were committed under the coalition agreement to seek means of increasing pressure on South Africa and wanted to achieve something before they vacated their seat. In the event the Council adopted by consensus a non-mandatory resolution after we and the USA had persuaded the Dutch to water down very significantly their original text.

9. Within the Community, the Dutch greeted with relief the apparent resolution of the argument over budgetary discipline and the British budget contribution. They share the general view that the opportunity must now be taken to move forward into a more constructive phase, and generally agree with the British approach of building European unity brick by brick in a practical and pragmatic way. But they remain concerned at the Council's apparent lack of will to resolve major issues, and they are more than ever convinced that only a return to, and perhaps an extension of, the majority voting principle can break the log-jam. In most areas of Community business which affect our own vital interests, and particularly in the field of budget discipline, the Netherlands proved once again to be a staunch ally. They fully share our desire to eliminate the remaining internal barriers to the free circulation of goods, services and people. The bilateral agreement on reduced air fares, which Mr Ridley signed in The Hague in June, launched the campaign to shame our partners into following our example, although the Dutch characteristically extracted from us a commercial price for their signature.

10. The 40th anniversary of the Benelux Union in 1984 prompted the Dutch Foreign Minister to call for its admission to the Economic Summit as the 8th member. Mr van den Broek is also exploring ideas for a stronger Benelux voice within the Community, both as a spur to decisive action and to reduce the dominant role of the larger member states as experienced at Fontainebleau. We may hear more of these ideas.

11. Apart from a continuing steady effort to improve relations with the Arab states, the main achievement of Dutch diplomacy was the resumption in February of full diplomatic relations with the People's Republic of China. This followed a Government decision to withhold export licences for additional submarine orders, which the Taiwan authorities wished to place with Dutch yards. In the ensuing honeymoon, junior ministerial visits and trade missions were exchanged, and the Chinese look set to place initial orders with Dutch firms worth nearly £400 million.

12. Central America and the Caribbean continue to loom large in Dutch thinking. Public sympathy for the Nicaraguan revolution and antipathy to right wing governments in Latin America remains strong. But the Government, although privately critical of US policy towards the area, preserved a balanced and moderate approach to Central American problems. Dutch aid funds to Suriname remain frozen and are likely to continue so until the Bouterse régime shows a more serious intention to return to democracy. Dutch efforts to guide Aruba towards a special status (leading to independence in 1996) were bedevilled by internal wrangling between the islands of the Netherlands Antilles, demands for greater financial support from The Hague and the worsening economic plight of Aruba and Curacao.

Defence

13. Like other NATO countries, the Netherlands is experiencing major problems over defence funding. Despite a commitment to a 2 per cent real growth in the defence budget until 1986, and a 3 per cent growth thereafter, 1984 saw serious arguments over cash shortages and alleged misuse of defence funds. The collapse of the major shipyard company (RSV) involved a serious loss of money paid in advance by the Navy and their desire to incorporate the latest developments in the Walrus submarines under construction caused costs to double. This led to official enquiries, exaggerated press statements about the removal of the Chief of the Naval Staff and other members of the Admiralty Board and to significant tightening of political control. The recent NATO decision to increase ammunition stocks and to raise infrastructure contributions can only be achieved at the expense of equipment projects which will have to be delayed or cancelled, or by further curtailment of military activity including training programmes. The financial problems have also contributed to serious shortages of stores and ammunition stocks, particularly in the Navy and the Army, and to a lesser extent in the Air Force.

14. Strenuous efforts have been made in 1984 to reverse a trend away from Dutch purchase of British defence equipment. The flow of defence equipment has become much more a two-way affair. British support for the aims of the Dutch chairmanship of the Independent European Programme Group (IEPG) has encouraged this process.

Anglo-Dutch Relations

15. Anglo-Dutch relations remained as close as ever in 1984. The normal process of consultation and collaboration continued undisturbed, assisted by many Ministerial visits in both directions including a visit by Mr Lubbers to London. The strong feelings of Anglo-Dutch friendship based on the experience of the Second World War were given moving and impressive expression at the commemoration of the 40th anniversary of the Battle of Arnhem. This was attended by the Prince of Wales and Queen Beatrix. There will be many more commemorations in similar vein in 1985.

16. The Netherlands remains our fourth largest trading partner in the world. Total bilateral trade probably exceeded £12 billion in 1984.

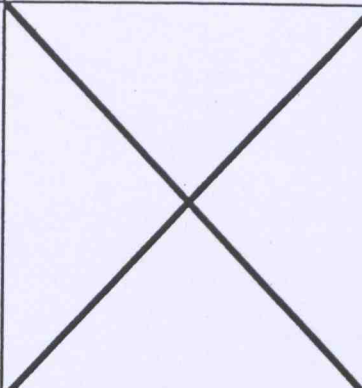
The Future

17. The Government enter 1985 with their eyes fixed firmly on the 1986 general election. Their hope is that continued world economic recovery, together with their efforts to shift resources from the public to the private sector, will make some impact on the level of unemployment. To realise these hopes and pave the way for a renewal of their right of centre coalition after the election, the present coalition partners will work hard to preserve their somewhat fragile unity. The major test will be over the deployment of Cruise missiles, but present indications are that this is likely to be approved, albeit in the face of strong opposition from the Labour Party and the anti-nuclear movement, and at the expense of a majority of the Dutch short-range nuclear tasks.

18. I am copying this despatch to Her Majesty's Representatives in the European Community Member States and at Washington, and to the UK Permanent Representatives on the North Atlantic Council and the European Community.

I am, Sir,
Yours faithfully

J W D MARGETSON

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>3467</i> (one piece/item number)	Date and sign
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10 DOWNING STREET

From the Private Secretary

11 November 1984

Thank you for your letter of 7 November enclosing a despatch from Sir Philip Mansfield on the Netherlands Government's economic policy. The Prime Minister has read this with interest.

TMB.

(C.D. Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office

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Foreign and Commonwealth Office

London SW1A 2AH

7 November 1984

Prime Minister

CDP

7/xi

Dear Charles,

The Foreign Secretary thinks that the Prime Minister might be interested to see the enclosed despatch on the Netherlands Government's economic policy, written by Sir Philip Mansfield, until recently our Ambassador at The Hague.

The Ambassador sets out the historical reasons for the Netherlands' present economic predicament - the generous welfare provisions based on the 1970s gas boom, which could not be sustained as recession bit at the end of the decade. Only since the Lubbers government took office in late 1982 has a serious attempt been made to encourage economic adjustment through cuts in public expenditure and a scaling down of the benefit system. This policy has begun to bear fruit, though the level of unemployment (around 15% of the working population) is disturbingly high.

The next elections in the Netherlands are due in late 1986.

*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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BRITISH EMBASSY
LANGE VOORHOUT 10
2514 ED
THE HAGUE

23 October 1984

The Right Honourable
Sir Geoffrey Howe QC MP
Foreign and Commonwealth Office

Sir,

THE ECONOMIC POLICY OF THE NETHERLANDS GOVERNMENT

Introduction

1. Two sides of the Dutch character are a desire to help one's neighbour, and a Calvinistic dislike of profligacy. It is not too imaginative to postulate that, so far as the Dutch economy is concerned, the first triumphed in the 1970s, but has been displaced since my arrival in 1981 by the second. This Despatch will show how and why this has happened and will suggest what the prospects are for the future.

The Post-War Decades

2. After the straitened circumstances of the immediate post-war years the Dutch economy revived in the 1950s and 1960s as businessmen resumed their former, successful roles as international traders. Benelux, followed by the European Community, confirmed the economic as well as the political importance to the Netherlands of its neighbours - especially the Germans, who have for many years taken about a third of Dutch exports and whose trade has made Rotterdam the biggest port in the world. The Common Agricultural Policy gave the

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Dutch the opportunity to develop their traditional farming and marketing skills until they were the second largest exporters of agricultural products in the world. At the same time the Dutch became major manufacturers of, inter alia, chemicals and electrical goods. Rotterdam established itself as an oil refining and storage centre for mainland Western Europe. By the late 1960s the country had recovered from the war.

The Boom of the 1970s

3. The discovery of large reserves of natural gas in the north of the country transformed the Dutch economic scene. The economic benefits of the gas accrued rapidly with export sales reaching 50bn m³ in 1976, and remaining around this level until 1979. The state benefitted by up to Fl.20bn annually, or 15% of total revenue. The Netherlands Government used this windfall to create an elaborate and generous system of social security. A Dutchman could do a full day's work and still claim some sickness benefit. If he was unemployed he would receive 80% of his previous salary for his first two years out of work. His two-week holiday in the Costa Brava would be funded by a holiday bonus, whatever his age and whether or not he was working. An employer received compensation for a sick employee in addition to the sickness benefit paid to the worker himself. Moreover wages and benefits were index-linked and adjusted twice a year.

Recession

4. The cost of this complex structure was unsustainable. The 1979 oil price rise, and the difficulties it created for

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SUMMARY

THE ECONOMIC POLICY OF THE NETHERLANDS GOVERNMENT

1. In the post-war years the Dutch economy experienced recovery, followed by a boom in the 1970s and a recession from 1979 (Paras. 1-5)
2. The economic policy of the present Coalition has been coherent. The 1985 Budget has continued the programme of austerity (Paras. 6-9)
3. Assessment of the results of the Government's policies and of external factors (Paras. 10-15)
4. The Government is sticking to its economic programme. There will be difficult negotiations with the public sector later this year, but the Government is likely to hold firm. There will be some relaxation in economic policy as the next election approaches in 1986, but there will be no reversion to the hedonism of the 1970s (Para. 16)

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the Netherlands' major trading partners, quickly made this very evident. Gas exports fell and industrial profits were eroded by increasing welfare premia contributions, automatic wage indexation and over-protective labour laws. Unemployment tripled to 10% (600,000) between 1979-82, and direct and indirect tax receipts stagnated. Depressed domestic demand caused difficulties for firms dependent on the home market, and the circle of recession was joined. PSBR, a moderate 4% of GNP in 1978, threatened to rise to almost 11% in 1983. The large sums required to sustain the social security system were a major reason for the severity of the recession from 1980-83, for which the Netherlands inherited the title of The Sick Man of Europe.

5. The Centre-Left (mainly Christian Democrat and Socialist) Coalition which was in power at this time was ill-equipped to deal with a recession. The cuts in public expenditure and freezing of incomes that the Prime Minister, van Agt, felt were necessary proved unacceptable to the Socialists, who left the Government. Following an election in September 1982, a Centre Right Coalition (Christian Democrat (CDA) and Liberal (VVD)) took over van Agt's far-reaching proposals for cuts in public expenditure and a freeze on all benefits and public sector pay. Austerity had begun.

The economic policies of the Lubbers Government

6. The Coalition agreed on a programme of economic recovery that combined reducing PSBR by severe expenditure cuts and by scaling down the benefit system and encouraging industry by

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reducing the tax burden and by deregulation. The 1984 Budget was a courageous first step to implement these policies, in sharp contrast to the Dutch tendency to delay or fudge hard political decisions. In addition to reductions in government spending programmes of Fl.11bn, the Government proposed to cut welfare benefits and public sector pay by 3.5%, and to reduce further the amounts paid in the principal benefits (unemployment and disability). In addition both categories would lose all or most of their automatic indexation. The budget's proposal for revitalising industry included a reduction in corporation tax from 48 to 43% and reduced employers' social insurance premia.

7. The proposed reductions in pay and benefits were strongly contested by the Labour opposition and by the unions involved. A campaign of industrial action followed including strikes, particularly in the transport and postal sectors. But the Government stood firm and its only concession was to shave 0.5% off the pay and benefit cut. The strikes collapsed after successful legal action in the courts by private sector interest groups. Business morale was given an important psychological boost by the Government's sympathetic approach to the private sector.

8. The first signs of recovery became evident in the first half of 1984. Exports to major EC trading partners increased by around 20% in value, and to the USA by 70%. Major Dutch firms with international interests recorded increased profits, but those companies dependent on a revival of the domestic economy saw little or no improvement in their position.

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Investment revived by about 10% in volume, but was mainly directed at the rebuilding of stock levels. Rises in production have been achieved by higher productivity and increased capacity utilisation. Industrial workers have not sought, and have not been given, wage increases. The result has been relative price and wage stability. Inflation at 2% is now the second lowest in the Community.

The 1985 Budget

9. The Cabinet, prompted by Lubbers' steadfast support for Ruding, his Minister of Finance, agreed a Budget for 1985 which continued the pattern set for 1984, namely reduction of Government expenditure and encouragement of industry. An important omission, however, was the promised further reduction in corporation tax in favour of more reductions in employers' social insurance premia, to the dismay of small and capital-intensive business which gains little from such measures. Another surprise was the first increase in real income in four years for the average private sector worker, achieved by lower personal taxes and welfare premia. This Budget was approved by the Second Chamber virtually intact, though den Uyl, the Leader of the Opposition, succeeded in outshining in debate the Prime Minister who gave an uncharacteristically lack-lustre performance and even revealed a most unusual ignorance of some of the facts involved. In particular, he had to concede that there would be a fall in purchasing power for benefit recipients and those on low pay of up to 3%. Some of his party then joined the Opposition to pass a motion to protect this group against next year's expected 1.5% inflation. This defeat has

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been aggravated by an unfortunate interview given by Ruding to a Dutch newspaper in which he said that many unemployed did not seek jobs vigorously. He has had to apologise and Lubbers has publicly distanced himself from the statement.

Assessment of the Government's Progress

10. The Coalition has made some progress towards its economic objectives, but it is not yet clear to what extent the general public will be content to accept the Government's continuing programme of austerity in the expectation that its economic strategy will lead the country decisively out of economic decline. The forthcoming negotiations over the latest proposals to cut benefits and public sector pay will be a first test of public feeling. They will be difficult and the unions will fight hard, but observers do not anticipate the scale of labour unrest of a year ago. On the other hand, as Rietkerk, the Minister responsible for these negotiations, told me recently it will not be possible to continue this tough policy for a third year.

11. Moreover Ministers would be the first to admit privately that the upturn in major industrial economies has been an important factor in the recovery here. With over 60% of GNP derived from international trade, the Dutch economy is in large measure at the mercy of others and a cold in Germany will sooner or later produce a sneeze in the Netherlands. The concentration of exports on EC countries (72% of the total in 1983) is a factor which fortuitously has worked in the Netherlands' favour as Western European economies moved out of recession.

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The US revival has been another lucky break in that American subsidiaries of Dutch firms have made crucial contributions to their parents' balance sheets during the last three years. The Dutch are also fortunate to be strong in two areas (chemicals and food) which respond quickly to upturns. Luck apart, sheer hard work (productivity should rise by 7% this year alone) and wage restraint have been crucial in keeping Dutch manufactures competitive. There is a good prospect that this situation will continue for the next two years to help the recovery of the Dutch economy.

12. But the failure of external success to revive the domestic economy has compounded the difficulties of the latter. The lack of measures to stimulate domestic activity in the budget is drawing increasing criticism from small and medium sized business and from bankers anxious about the fragile balance sheets of many of their customers. These were two groups which particularly welcomed the present Coalition, especially the VVD's participation in it, and their informed sniping at the inefficacy of the latest budget proposals must give Ministers cause for concern. Consumer spending is expected to increase by less than 1% next year so that little stimulation can be expected from this quarter. Prominent bankers are calling for stimuli to investment, such as tax concessions or a greater availability of venture capital, on the grounds that official moves on both these fronts have been inadequate. There are no signs so far that the Minister of Finance feels able to respond to these urgings.

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13. Since 1979 unemployment has quadrupled to over 800,000 (15% of the labour force). About half of this increase is due to a demographic accident: the Netherlands will have a relatively high proportion of young entrants to the labour market for the rest of the decade, because of a baby boom in the 1960s. Although the revival in exports has halted the rise in overall unemployment, it has not reversed the increase in the number of jobless youth. A third of people below the age of 22 are unemployed, 31% of the total jobless. The Government has developed several schemes, some modelled on those in the UK, to give at least temporary experience of work, training in relevant skills, and subsidies to employers taking on unemployed youth. The unions have been constructive, for example by agreeing shorter hours in several sectors so as to create vacancies for the young and by accepting low wage rates for young workers. The scale and apparent intractability of youth unemployment has moved it to the centre of politico-economic interest this year, and the degree to which the Government can make a dent in the figures will be a central issue at the hustings in 1986.

14. Linked to the problem of unemployment is the widening of income differentials between those who work and those who do not. There are many in this country who speak for the unemployed and the low wage-earners and the Government will have difficulty in resisting calls for maintaining real incomes at the lower end of the spectrum. So far they have been able to plead for time to let their ideas work, but improvement in the position of the unemployed and those on minimum incomes will be

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required before the 1986 election, if the present Coalition are to secure a further mandate.

15. Lubbers has been determined in holding his Cabinet to the Coalition agreement through an unprecedented period in Dutch politics, most notably during the formulation of the two budgets and the ensuing debates. His choice of Ruding, a career banker with few if any political ambitions, as Finance Minister was astute and has enabled the Government to develop a coherent and so far fairly successful economic strategy. There are some sceptics in the Cabinet, but there is no sign of a break in its unity on economic issues.

Conclusion

16. The Cabinet has so far stuck doggedly to its task of cutting back public expenditure and scaling down the welfare state to an affordable level. It may not achieve its objective of reducing PSBR to 7.5% during the life of the present parliament, but it will not be far from its target. There is also evidence that the Government's policies are beginning to bear fruit in other directions. Ministers can point to a surplus on the current account, declining inflation, a strong currency, improving investment and an increase in manufacturing output. But there is still a good way to go before a convincing case can be laid before the public that the sacrifices of the last few years have been worthwhile. One of the main issues at the election in 1986 is likely to be the social costs of reducing the financial deficit. The latest polls suggest that the present Coalition would not today obtain a majority to govern. But the Government is still two years away from that decisive

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date with another budget to come. Modification of present policies seems inevitable if the Government wishes to achieve a more broadly based recovery of the economy and reduce the present high level of unemployment. But in doing so it is unlikely to forsake its newly polished Calvinist principles and revert to the hedonism of the 1970s when budgets were more concerned with distributing than with creating wealth.

17. I am sending copies of this despatch to the Chancellor of the Exchequer, to the Secretaries of State for Trade and Industry and Employment, to the Governor of the Bank of England and to Her Majesty's Permanent Representatives to the OECD and the European Community and to Her Majesty's Ambassadors at EC Posts and Washington.

I am, Sir,
Yours faithfully,

Philip Mansfield

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With the compliments of the
Private Secretary to the Leader of the House
and the Chief Whip
House of Lords

Ken Appleyard's letter didn't say to whom at
no. 10 he was sending a copy - please pass
it on if it's not for you!



FROM THE PRIVATE SECRETARY TO THE LEADER OF THE HOUSE
AND THE CHIEF WHIP

24 July 1984

OK 28/7

Dear Len

THE TERCENTENARY OF WILLIAM AND MARY (1688-1988)

You wrote on 16 July to Janet Lewis-Jones proposing the use of inspired Parliamentary questions to announce the setting up of a British Executive Committee for the Tercentenary of William and Mary. I have taken on the handling of this matter, as I was responsible for arranging the briefing on Lord Henderson of Brompton's question in March.

Lord Whitelaw has seen Lord Henderson of Brompton to discuss this matter, and Lord Henderson has agreed to ask a question in the form proposed. Please let me know as soon as you would like the question to be tabled.

Copies of this letter go to No 10 and to Graham Sandiford (NIO).

Yours sincerely

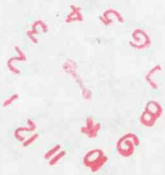
Daint Beamish.

D R BEAMISH

L V Appleyard Esq
Private Secretary to the
Foreign Secretary

RESTRICTED

25 JUL 1964



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Foreign and Commonwealth Office

London SW1A 2AH

16 July, 1984

Dear Miss Lewis-Jones,

The Tercentenary of William and Mary (1688-1988)

You may recall the exchange in the House of Lords on 27 March following a Question from Lord Henderson of Brompton concerning Parliamentary celebration of the tercentenary of the "Glorious Revolution". I enclose a copy of the relevant extract from Hansard.

Lord Henderson's Question being concerned with Parliamentary business, the FCO understandably were not involved in the briefing for the Lord President of the Council. It so happens that there are plans to mark the Tercentenary on a cultural level and we have been working on plans to set up a British Executive Committee to match the one which has already been established by the Dutch (with participants from museums, university faculties and cultural organisations in The Netherlands). The object will be to mount various exhibitions and other principally cultural events. Some preliminary work has already been done on the British side in alerting museums and galleries.

We have now identified a Chairman for this British Committee and should now like to announce his appointment in both Houses by means of inspiring Parliamentary Questions. In doing so, we feel that some reference should be made to the 27 March exchanges in the House of Lords, particularly as these were commented upon at the time by the Chairman of the Dutch Committee for the Tercentenary.

I therefore enclose a suggested draft Question and Reply for use in the House of Lords (the Reply in the Commons would simply omit the final sentence) and should be grateful to learn if this would be acceptable to Lord Whitelaw. We should like the Questions to be asked before the end of this Parliamentary Session and I should therefore be grateful for an early reply.

Given the significance of the Tercentenary Celebrations for Northern Ireland protestants I am copying this letter and enclosures to No 10 and to Graham Sandiford (NIO).

Miss Janet Lewis-Jones
Lord President's Office

RESTRICTED

G. Amey,
L. V. Appleyard
(L V Appleyard)
Private Secretary

PARLIAMENTARY QUESTION

[HOUSE OF LORDS]

To ask Her Majesty's Government what arrangements the United Kingdom will be making to mark the Tercentenary of William and Mary in 1988.

The accession of William and Mary was an important event in the history both of our country and of The Netherlands. We will wish to see it marked accordingly. A British Executive Committee for the Tercentenary is being set up under the Chairmanship of Sir Charles Troughton to consider appropriate arrangements, particularly in the cultural field, to mark the anniversary. This Committee will naturally keep in close touch with its Netherlands counterpart. The activities of the British Executive Committee would not impinge upon any Parliamentary consultation or decision concerning the anniversary, as discussed by Noble Lords on 27 March.

PARLIAMENTARY QUESTION

[HOUSE OF COMMONS]

To ask the Secretary of State for Foreign and Commonwealth Affairs, what arrangements the United Kingdom will be making to mark the Tercentenary of William and Mary in 1988.

The accession of William and Mary was an important event in the history both of our own country and of The Netherlands. We will wish to see it marked accordingly. A British Executive Committee for the Tercentenary is being set up under the Chairmanship of Sir Charles Troughton to consider appropriate arrangements, particularly in the cultural field, to mark the anniversary. This Committee will naturally keep in close touch with its Netherlands counterpart.

P/W

House of Lords

Tuesday, 27th March, 1984.

The House met at half-past two of the clock: The LORD CHANCELLOR on the Woolsack.

Prayers—Read by the Lord Bishop of Exeter.

Glorious Revolution: Tercenary

Lord Henderson of Brompton: My Lords, I beg leave to ask the Question standing in my name on the Order Paper.

The Question was as follows:

To ask Her Majesty's Government whether they will initiate consultations in both Houses of Parliament with a view to the celebration in 1988 of the tercentenary of the Glorious Revolution.

The Lord President of the Council (Viscount Whitelaw): My Lords, I am not aware of any general wish for such a celebration, but the Government would be prepared to consider this matter if there were evidence of widespread interest in both Houses.

Lord Henderson of Brompton: My Lords, I thank the noble Viscount for that non-committal reply. I hope he is not put off by the fact that the Tories were virtually excluded from office for nearly a hundred years after the Glorious Revolution. May I ask the noble Viscount whether he does not agree that the significance of the year 1688 is that the modern parliamentary system dates from the Glorious Revolution, whereby the Government depend upon a majority in the House of Commons for their existence, and is this not worthy of celebration? Further, is it not worthy of celebration that we have had peaceful changes in administration for nearly 300 years? Would it not be particularly suitable to celebrate that fact in what might well be an election year?

Viscount Whitelaw: My Lords, I was not quite sure what the noble Lord, with his unrivalled knowledge of this House, and indeed of Parliament, was going to produce for me. On his first point, no, I do not think I would be deterred by that fact, particularly since it happened such a long time ago. On the second point, I think it is really a matter for Parliament. I agree with the noble Lord that this is a parliamentary anniversary, and that is why my Answer—that it is for both Houses of Parliament to decide to put it forward, and not the Government—is, I think, in the circumstances, a proper one. On whether it would coincide with a general election, and whether we made sure that there was a peaceful transition from one Government to another, I would agree with the noble Lord that our system of government, and in fact the system of both Houses of Parliament—and I say that quite advisedly—is something of which this country has every reason to be proud.

Lord Blake: My Lords, would the noble Viscount not agree that in fact there is no danger of this

celebration coinciding with a general election? A general election cannot take place later than June 1988, and the Glorious Revolution occurred in the November or December of 1688.

Viscount Whitelaw: My Lords, the moment my noble friend Lord Blake rose I knew he was going to teach me something, and there is a great deal of opportunity for him to do so. Had I looked at the excellent brief I have been given I would have known that fact for myself, but I am extremely grateful to my noble friend for having pointed it out to me.

Lord Ross of Marnock: My Lords, would the noble Viscount not agree that in 1688 there were two Parliaments, and there was probably a little more enthusiasm for one than for the other?

Viscount Whitelaw: My Lords, I think I shall leave the noble Lord to speak for himself on that matter.

Lord Underhill: My Lords, would the noble Viscount not agree that any celebration should take place only if it can be used to advance towards reconciliation and understanding? Unless that is done it can be counter-productive.

Viscount Whitelaw: My Lords, perhaps I should say in answer to the noble Lord that if any such celebration did come from the views of both Houses of Parliament, then I do not doubt that that spirit of reconciliation and understanding would certainly be there.

Viscount St. Davids: My Lords, may I strongly support my noble friend for a very simple reason, in that I exist? May I give this personal explanation of my interest in this matter: that my five great grandfather was busy being hanged as an Orange supporter when William was declared to be landing, and that this saved his life and my existence.

Viscount Whitelaw: My Lords, if we were to celebrate the existence of the noble Viscount, I am sure that is something that this House would surely wish to do.

Lord Beloff: My Lords, would my noble friend the Leader of the House not agree that if we are to take seriously the proposition of the noble Lord, Lord Henderson, that it is a matter for celebrating the coming of parliamentary government, the correct year for celebration would be in 1689 and not 1688, when Parliament itself was in abeyance?

Viscount Whitelaw: My Lords, I was going to come to the moment when I had to admit that I did get a degree in history at one stage, but when I begin to hear the noble Lord, Lord Blake, and the noble Lord, Lord Beloff, I recognise that my degree in history is not of the standing of theirs. Curiously enough, I concentrated at that time on the French Revolution, of which I remember absolutely nothing at all today.

Lord Elwyn-Jones: My Lords, if 1688 is to be celebrated, will it be borne in mind that a matter worthy of celebration was the recovery of the Great

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[LORD LLYWYN-JONES.]

Seal from the River Thames by the fishermen of Lambeth? It had been cast there by James II through, I regret to say, the last Welsh-speaking Lord Chancellor, Judge Jeffreys.

Viscount Whitelaw: My Lords, I can only say that I am very grateful for the fact that the noble and learned Lord was speaking in English. Had he been speaking as the last Welsh-speaking Lord Chancellor, I certainly would not have understood what he was saying. As regards the celebration of the recovery of the Great Seal, again I think that would be a matter for Parliament, and it might very well be worthwhile.

Lord Glenamara: My Lords, would the noble Viscount set his face and harden his heart against celebrating the driving out of the lawful monarch by religious bigotry?

Viscount Whitelaw: My Lords, this shows the wisdom of my suggestion, that if we are to proceed in this matter it should be by the decision of both Houses of Parliament.

Lord Leatherland: My Lords, if we are to celebrate any date, ought it not to be 5th November?

Viscount Whitelaw: My Lords, perhaps it would be correct for me to say, as I am always encouraging my colleagues to do, that that is another question.

London Docklands: Stolport Project

2.43 p.m.

The Earl of Kinnoull: My Lords, I beg leave to ask the Question standing in my name on the Order Paper. In doing so, may I point out to the House a small spelling mistake. "Stolport" should read "Stolport". This error is, I am sure, due to my indecipherable writing.

The Question was as follows:

To ask Her Majesty's Government how soon a decision is expected on the stolport project in the London Docklands.

Lord Skelmersdale: My Lords, my right honourable friend the Secretary of State for the Environment has not yet received the inspector's report following a public local inquiry into the application for this project. When it is received the matter will be dealt with as speedily as possible.

The Earl of Kinnoull: My Lords, I thank my noble friend for that short progress report. Could he indicate how long the inspector is likely to take on a report of this nature? Secondly, would he agree that the stolport project is a bold and imaginative concept in the heart of the vital regeneration of London Docklands, and that it is being very ably led by the London Docklands Development Corporation?

Lord Skelmersdale: My Lords, the normal time scale for receiving such a report is of the order of seven to eight months. I can confirm that the stolport is in

the Royal Group of Docks in the London Borough of Newham and that it is within the area of the London Docklands Development Corporation. This corporation has been doing a magnificent job with other projects, and this is an appropriate moment to pay tribute to its chairman, Mr. Nigel Briggs.

Lord Underhill: My Lords, does the Minister agree that there is a widespread desire to see the regeneration of London Docklands? However, in view of the aircraft noise regulations which this House carried a few days ago—I understand that only one type of aircraft could use this airport, if it is established—is the Minister satisfied that such aircraft would come within the aircraft noise regulations?

Lord Skelmersdale: My Lords, that is exactly one of the points that such an inquiry is there to discover.

Education: Children with Special Needs

2.45 p.m.

Baroness Darcy (de Knayth): My Lords, I beg leave to ask the Question standing in my name on the Order Paper.

The Question was as follows:

To ask Her Majesty's Government how many, and what percentage of, children with special educational needs have transferred from special schools to ordinary schools since the coming into effect of the Education Act 1981.

The Earl of Swinton: My Lords, the Government do not collect information centrally about the movement of individual children. It is, however, possible to gain some impression of what is happening. There would appear to have been no large-scale transfer of children from special to ordinary schools in the 10 months since implementation of the Act. Nevertheless, there is an increasing demand from parents of children with special educational needs, particularly young children, for admission to ordinary schools, and a growing trend for local education authorities to make the first placements for such children in ordinary nursery schools or classes or ordinary primary schools. It seems likely that the integrated system will develop from the early years of childhood rather than by the large-scale transfer of older children from special schools. It is important to recognise that full integration needs considerable preparation and is not simply a matter of placing children in ordinary schools.

Baroness Darcy (de Knayth): My Lords, I thank the Minister for his Answer. May I ask him whether he can predict the annual rate of transfer of children with special educational needs from special schools to ordinary schools and, if he can, what the predicted rate is?

The Earl of Swinton: My Lords, I do not believe that anybody can predict the rate of transfer. At the moment the local authorities are preparing figures which will be available later in the year. However, I do not believe that they will necessarily show the rate of transfer.



bc Pc

10 DOWNING STREET

From the Private Secretary

22 June 1984

Dear Roger,

Telephone Conversation between the Prime Minister and the
Prime Minister of the Netherlands

Mr. Lubbers, the Prime Minister of the Netherlands, telephoned the Prime Minister this morning to give her his impressions following his meeting with President Mitterrand on 20 June.

Mr. Lubbers said that his general impression was that President Mitterrand was taking a very tough stance. He had said that he would make the following proposal on the British budget problem:

1984:	1000m ecu
1985:	1080m ecu
1986:	1080m ecu + X
and subsequent years	

X would be 60% of the increase in the British VAT share/expenditure share gap between 1985 and 1986. President Mitterrand claimed that this proposal was likely to be acceptable to other Member States.

Mr. Lubbers said that he had told President Mitterrand that he had the strong impression that the Prime Minister would prefer to stick to the system agreed in Brussels and that this was the Netherlands preference also though he did not rule out looking at other solutions. Mr. Lubbers had suggested that an alternative would be to propose a refund of 60% of the whole gap. /Although this is what he said it was clear subsequently that he meant in fact the VAT share/expenditure share gap./

Mr. Lubbers said that he had subsequently spoken on the telephone to Chancellor Kohl before the latter left for Hungary and had sought his opinion. Kohl did not seem to be aware of the French proposal though had reacted quite positively when it was described to him. Mr. Lubbers interposed that President Mitterrand had speculated that Chancellor Kohl would wish the FRG to continue to make a non-proportional contribution under the system which he

/ envisaged

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envisaged. But Chancellor Kohl himself had said that if there was a system he would want a limit and that Germany would pay its share up to the limit. When asked where the limit would lie, he had replied that the fact of the limit was more important politically than the amount.

Mr. Lubbers said that he had spoken to M. Thorn this morning. The latter had been full of stories of different opinions and it was not at all clear what he wanted or how he saw the situation.

Summing up his impressions, Mr. Lubbers said that sticking to the original system negotiated in Brussels was the Dutch preference but it would not be easy. He was very worried about the hard line taken by President Mitterrand. At Brussels he had seemed ready for compromise: now he was very tough.

The Prime Minister said that this was very bad news and meant that the prospects for Fontainebleau were poor. Even on the system agreed in Brussels and with a reasonable base figure and threshold the UK would be paying a very substantial contribution to the Community. Under the sort of proposal envisaged by President Mitterrand the burden would be intolerable. At Dublin it had been agreed that the UK should receive two-thirds of the real gap. Now the most that seemed to be envisaged was 60% of a smaller gap. Moreover if the French were intending to move away from the system agreed in Brussels a whole new negotiation would be needed. It was hard to see how this could be done at Fontainebleau. There seemed to be a determination to make the UK pay a penalty for having joined the Community late despite what it brought to the Community and to the defence of Europe.

Mr. Lubbers asked what could be done. He had the impression that positions had not been very far apart in Brussels. The Prime Minister agreed that they had been close. She recalled that she had been prepared to accept 1,000m ecu for 1984 and a refund based on a gap smaller than the real one because she was fed up with endless rows on this subject. The only sensible course was to go on trying for the system. She could move a bit but not much from the figure she had proposed in Brussels. Mr. Lubbers said again how concerned he was by the uncompromising line taken by President Mitterrand. He had given the impression that the proposal he had described was the last offer he could make. If it was not accepted discussion would have to go on to other matters. The Prime Minister said this might just be normal French tactics of hardening their position just before an important meeting. Mr. Lubbers said he had the impression that it was more than bluff.

Mr. Lubbers then said that he would like to make an entirely personal proposal to the Prime Minister which he would not on any account wish to be quoted as his. This would be to start the system immediately, with no ad hoc years, and have a UK refund of two-thirds of the VAT share/expenditure share gap. The Prime Minister said that two-thirds would be too low since it was two-thirds of less than the real gap. Mr. Lubbers said that there would be advantage in going straight into the system without any ad hoc years.

/ He

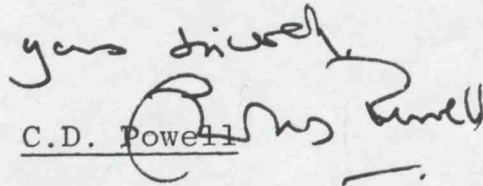
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He asked the Prime Minister to think it over. The Prime Minister thanked Mr. Lubbers for taking the trouble to give her his impressions.

I sending a copy of this letter to David Williamson (Cabinet Office) and David Peretz (HM Treasury).

Yours sincerely,

C.D. Powell

Roger Bone, Esq.,
Foreign and Commonwealth Office.

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MRS. FASKEN,
Central Office of Information
Hercules Road, London SE1 7DU

Telephone 01-928 2345 Ext 276

Yes, he spoke
to me on the
telephone. ~~REB~~

Mr. Robin Butler

This is just to let you know
that Mr. van de Graaf has
mentioned your name to us
in the organising of his programme.

We are approaching Prof. Sir
Alan Watts at No. 10, and
Sir T. Burns, and others at
Healey.

Sir Philip Harwood at The Hague
is anxious he is given a good
programme here,

With the compliments of

We will keep you informed.

Susan Fasken 23/3.



Background Note

OV1/45

Mr T Van de GRAAF
Chief Economic Adviser to the Prime Minister

The Hague

NETHERLANDS

2 - 7 April 1984

Accompanied by a representative of the Central Office of Information

Mr Van de Graaf has been invited to Britain as guest of the Foreign and Commonwealth Office and the Central Office of Information is arranging a programme for him.

Mr Van de Graaf is an extremely important figure in Dutch politics. As a long-standing civil servant, latterly in the Ministry of Finance, he has considerable influence on economic trends.

Although well travelled he has not visited Britain recently and wishes to familiarise himself with current thinking and to meet politicians, senior government officials, and representatives of industry, city and the unions.

He will be having discussions at the Treasury, Cabinet Office, Bank of England, CBI, and TUC. He also wishes to visit the National Union of Farmers.

Programme Organiser:

Elizabeth Boston or Susan Foster,
Overseas Visitors and Information Studies
Central Office of Information
Hercules Road, London SE1 7DU

Tel: 01-928 2345, Ext 8143

20 March 1984



BRITISH EMBASSY,
THE HAGUE.

26 January 1984

A J Coles Esq
Private Secretary to the Prime Minister
10 Downing Street
London SW1

A.J.C. 2/1
h.a.

Dear John

MR LUBBERS/MRS THATCHER

/

In case you missed it, I enclose a copy of a piece in Time Magazine of 23 January which dates back to the time of the Prime Minister's visit to The Hague last September. A slightly hotted up version appeared locally in De Telegraaf, a popular newspaper with wide circulation here.

Yours Gw

Philip

Philip Mansfield

WEST GERMANY

General Unease

An old soldier won't fade away

When the West German defense ministry last month abruptly announced the early retirement of a four-star general who was one of NATO's two deputy commanders, Bonn buzzed with rumors about why the alliance's high command harbored a security risk. West German Defense Minister Manfred Wörner last week ended the speculation, but added to the uproar. He asserted in a terse televised announcement that General Günter Kiessling, 58, was an active homosexual. In a letter to Kiessling's lawyer, which was not made public but was excerpted in some German newspapers, Wörner said that the general had been mixing with "criminal elements" at seedy gay bars in Cologne for at least a dozen years, a practice that left him open to blackmail. Evidence gathered in an investigation, said Wörner, gave the defense ministry no choice but to dismiss the general.

The allegation came as a surprise to colleagues who had followed Kiessling's career. He became the youngest general in the Bundeswehr in 1971, took command of an armored tank division in 1976, then moved to a high-level staff job at the defense ministry in Bonn. In 1982, after Kiessling became a deputy to U.S. Army General Bernard Rogers, the NATO Commander, his progress was halted. A personality clash with Rogers apparently encouraged Kiessling to take early



Kiessling

retirement effective next April. In September, Kiessling cleaned out his office at NATO headquarters in Casteau, Belgium, and shortly before Christmas he was relieved of his command.

Kiessling, a bachelor, had stirred mild comment when, shortly after arriving at NATO, he indicated his intention to share a house with

his male chauffeur. Nevertheless, the general has stoutly maintained that he is innocent of impropriety. "Never in my life have I had homosexual contacts of any kind," he said. In the wake of last week's charges, suspicion began to arise that the West German defense ministry may indeed have the wrong man. Both a Cologne newspaper and a radio station reported that patrons of two gay bars Kiessling was supposed to have frequented had never seen him before. In one bar, a man said that investigators had shown him a picture of a frequent customer who looked like Kiessling, but was in fact a civilian employee of the army. Some of the civilian investigating officials who cooperated with military-security officers in the probe now refuse to testify against the general again. Kiessling last week asked that official disciplinary procedures be brought against him by the military in order to clear his name. The defense ministry says that it is looking into the case further. ■



Lubbers: trying to hold the NATO line

THE NETHERLANDS

Ruud Shock

The crunch and the cruise

Britain's no-nonsense Prime Minister Margaret Thatcher stopped by The Hague not long ago to call on her Dutch counterpart, Ruud Lubbers. As conversation turned to their mutual attempts to impose economic austerity, the Dutch Christian Democratic leader outlined his bold program of budgetary cutbacks. Thatcher reacted with feigned dismay. "Mr. Lubbers, are you really intending to cut the salaries of your public employees by more than 3%?" she demanded. "That's a disaster. I am supposed to be the toughest in Europe. You are going to ruin my reputation as the Iron Lady."

After little more than a year as Prime Minister, Rudolphus Franciscus Maria Lubbers, 44, has not just dented the Iron Lady's reputation. He has transformed The Netherlands from one of Western Europe's freest-spending welfare states into its leading belt tightener. During Lubbers' visit to Washington this week for talks with President Reagan, however, Holland's pivotal role in another issue will top the agenda. Alone among the NATO allies destined to receive new medium-range missiles, Holland has not yet made a final decision to accept them. Amid rising fears that the powerful Dutch peace movement could persuade Parliament to reject the deployment, possibly producing a domino effect of repudiation by other NATO countries, the Reagan Administration is counting on Lubbers to hold the line.

The tousle-haired politician from Rotterdam has not always commanded such high expectations. A former Minister of Economics and millionaire businessman, Lubbers earned a reputation in his early years in politics as a colorless, woolly-mouthed party functionary. But when Prime Minister Andreas van Agt

resigned in the fall of 1982 for health reasons, he surprised many by naming Lubbers his successor. The new leader inherited a collapsing economy. Recession-pinched tax revenues were being drained by the most bountiful social welfare system south of Sweden, dispensing such goodies as 80%-of-salary unemployment benefits and \$250 monthly stipends for school graduates and dropouts. The budget deficit stood at \$10.5 billion, or 12% of gross national product. Unemployment had risen from 7% in 1980 to 15% in 1982.

Lubbers responded quickly. Unemployment compensation was cut by 5%. The first of several planned reductions lowered the minimum wage by 2.5%. The biggest sting, however, was the 3% public-sector wage cut. Outraged transport workers responded by interrupting rail, bus and tram service for five weeks. Then the sanitation workers struck, turning Holland into a landscape of trash—and taking pains to block Lubbers' own street with refuse. A postal strike halted mail deliveries for three weeks. Still, Lubbers stood firm. After Parliament approved the wage cuts, the unions conceded. But Lubbers' victory came at a cost. His center-right Christian Democrats and their Liberal Party coalition partners have dropped from a 52% public approval rating last summer to 42%. Meanwhile, unemployment has climbed to 18%.

The missile issue could be similarly risky. Holland approved NATO's strategy in 1979, but made deployment of the 48 cruise missiles intended for its soil contingent on a parliamentary vote, which is expected to take place this June. Lubbers could count on a majority in favor were it not for divisions within his own party. Influenced by a tide of European pacifism and the urgings of Holland's muscular Inter-Church Peace Council, the Christian Democrats' left wing stands poised to defect from the right and center. Says a senior NATO diplomat: "If it were held today, I fear Lubbers might not get the vote."

Lubbers' NATO allies have privately urged him to avoid a parliamentary showdown. So delicate is the issue, however, that U.S. officials claim they will not even press the Prime Minister on the deployment question while he is in Washington, for fear of fueling antimissile activists' charges that the U.S. is meddling in Dutch affairs. As it happens, some fellow politicians believe that Lubbers has already decided either to fragment the decision, converting it into a series of politically more palatable votes on separate stages of deployment, or to postpone a vote to a time closer to the planned installation of the missiles in 1986.

However he handles the tactics, Lubbers is convinced that deployment is necessary. "Western Europe's rejection of the neutron bomb during the Carter Administration was interpreted as a success for Communist propaganda," he says. "Today the European democracies can prove that they are strong enough to deploy." ■

RECORD OF A MEETING BETWEEN THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS, MALCOLM RIFKIND MP, AND THE DUTCH STATE SECRETARY FOR FOREIGN AFFAIRS, DR WILLEM VAN EEKELEN, HELD AT FCO ON THURSDAY 1 DECEMBER 1983

Present:

Dr van Eekelen

Mr Rifkind

Dr Posthumus Meyjes, Director General
for European Cooperation

Mr Hannay

J Huydecoper, Netherlands
Ambassador

Mr Lanport

Mr Shaw

Mr van Doesburgh, Minister,
Netherlands Embassy

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h-a.

Future Financing

1. Mr Rifkind, in welcoming Dr van Eekelen, said that he had appreciated the co-operation between Dutch and UK officials in discussions that had taken place on the problems that faced the Community, especially on the agricultural side. He said that consensus between the two countries had almost been reached on the majority of the problems but that there had been less harmony on the question of reform of the budget. There was growing consensus on the need for a permanent solution to the budget problem which would have relevance to an enlarged Community. He regretted that the Netherlands had not felt able to agree to the British proposals on the safety net. He could not understand the Dutch Prime Minister's remarks to the effect that the British proposals smacked of juste retour. The UK wanted to achieve some redistribution, but if this did take place it should be on the basis of a movement of resources from the prosperous to the less prosperous Member States. He accepted that the UK would continue to be a net contributor but said that existing arrangements were indefensible. Under them, for example, Portugal after accession would be a net contributor. He would appreciate the Dutch Minister's comments on the extent to which he felt unable to follow the UK approach on the safety net.

2. Dr van Eekelen said that the Dutch were unable to accept the British proposals as basic Dutch interests had to be protected. There were many advantages to Community membership which could not be measured simply by the budget. He felt that on entry into the Community the UK had thought they would have the same advantages as the FRG. He said that the safety net proposals were against the spirit of the Community - adding that the whole problem was not yet ripe for a compromise as so many different formulas were under discussion. Mr Rifkind agreed that it was going to be difficult to find a solution but maintained that the safety net approach was the most sensible formula that had been presented. The UK would, however, be prepared to look at some other formula but so far the other proposals presented were not as good as the safety net. He stressed the simplicity of the safety net idea. Dr van Eekelen said that the Dutch felt that the whole question of measuring the contribution side was difficult.
3. Mr Rifkind said that, whatever formula was applied, at the end of the day there was a substantial problem under which the UK suffered.
4. Dr van Eekelen said that the German problem was secondary in the discussions. Mr Rifkind said that the Germans were not willing to continue with an open-ended commitment. Dr van Eekelen said that he did not think the system was such that it was open-ended, merely that the limits were difficult to calculate.
5. Dr van Eekelen remarked that the problem would exist for the next five years. Mr Rifkind said that the consequences of enlargement would accentuate existing difficulties. He still did not understand why the Dutch considered the safety net to be uncommunautaire. Dr van Eekelen said that he recognised that the present situation was unacceptable for the UK. Mr Hannay interjected that the definition of an unacceptable situation had come to be accepted by the Commission and the Community as a whole. The Commission had used the net contribution as the basis

of its calculations of UK refunds since 1978 and this was agreed practice within the Community.

6. Dr van Eekelen said that it was an intangible idea. Mr Hannay said that the UK had calculated the industrial side of the balance of advantage for the customs union for Member States but the figures for the UK came out negative. Dr van Eekelen questioned why this was so. He said that the percentage of Dutch exports to Community States prior to Dutch membership of the Community was 57 per cent and the figure was now in the region of 72 per cent. Mr Rifkind observed that while our exports to other Member States had increased since Britain joined the Community our imports had risen even more. He said that the UK was willing for the non-budgetary benefits of Community membership to be taken into account but was not insisting on that.

7. Mr Rifkind questioned whether the UK and the Dutch were in fact so very far apart and observed that there was a substantial amount of de facto agreement. There was general agreement on this by the Dutch delegation.

8. Dr van Eekelen asked why the UK could not accept the Danish budget proposal. Mr Rifkind replied that this proposal was confined to the expenditure gap. Dr van Eekelen said that this was not necessarily so. Mr Hannay said that one of the problems with the Danish proposal was the amount it could actually produce. They were talking of relief for two thirds of our expenditure gap, ie two thirds of 1200 mecus out of a net contribution of 2,036 mecus in a year. This left us with a net contribution of more than 1200 mecus which could not be defended. Dr van Eekelen said that the argument had come round to what the UK expected to get out of the Community next year. Mr Rifkind replied that the UK were seeking an automatic adjustment which would reflect changes in prosperity in Member States. Dr van Eekelen claimed that VAT by itself was a reflection of prosperity. He said that he realised the present situation was unacceptable but he could not accept some of the UK's underlying arguments. Mr Rifkind replied

that if the problem was acknowledged it was best to concentrate on a solution which could be agreed. Dr van Eekelen said that a solution was needed that was communautaire. Dr Posthumus Meyjes said discussion of the system to be applied was sterile. The UK scheme found no support and it was time to go on to determine the real size of the problem.

9. Mr Hannay said that there were two lesser but perhaps less contentious points about the system which were important for the UK. The first was that the country that received relief should not have to contribute to that relief. Dr van Eekelen interjected that he did not think that this would be possible. The fact of dividing compensation amongst other Member States on an ad hoc basis would become insoluble; it was also politically unacceptable. He said that the Dutch were prepared to pay one, and maybe twice in respect of British compensation. To pay three times was too much. Mr Hannay said that, secondly, it was necessary for the solution to be applied in respect of 1984 and subsequent years. Dr van Eekelen said that if a position of principle was reached there would be no problem about including provision for it in the 1985 budget but then there was the problem of own resources. The two went hand in hand.

Own Resources

10. Mr Rifkind asked whether he was correct in thinking that the Dutch policy on own resources was similar to that of the UK. Dr van Eekelen said that CAP reform was vital. Mr Rifkind asked for the Dutch views on the recently tabled French paper. Dr van Eekelen said that it was interesting, in that the French were prepared to discuss a 'discipline'. He thought however that the Dutch would have difficulty with the parliamentary implications and that such proposals were bound to be rejected by the Dutch parliament in their present stark form. Mr Rifkind said that the proposals were psychologically important in that they would transform the debate. Dr van Eekelen said that it was important to avoid changing Article 203. Dr Posthumus Meyjes queried to

what extent the French were prepared to include a separate financial guideline for agriculture in their proposals. Mr Hannay said that the French proposals were interesting but would only make sense if they were formally incorporated in the Community's budgetary procedures. The UK was determined that if we were to go down this road the proposals would have to be in a form which could be properly embodied in Community law. There was general Dutch agreement to this. Mr Hannay went on to say that he hoped that the Dutch would continue to agree that any proposals should be legally binding. Dr Posthumus Meyjes said that any agreement should be embodied in a legal text and this should be spelt out in the text of the Athens communique.

New Policies

11. Mr Rifkind asked what were the main concerns in this area for the Dutch. Dr van Eekelen listed these as transport, the internal market, insurance and Esprit. Mr Hannay said that the Presidency had now run away from this chapter and had produced a weak document; this was very disappointing. Our two delegations would have a hard time getting some substance back into it. Dr van Eekelen said that the Commission had behaved in a very peculiar fashion. Mr Hannay commented that the Germans had proposed negative amendments in many fields such as transport and the environment. Dr Posthumus Meyjes in echoing the general disappointment, said that initially it had been his impression that this chapter had been the most promising for Athens. Mr Hannay said that something might still be salvaged if the British and Dutch worked together. There was general Dutch agreement to this remark. Dr van Eekelen, in referring to the forthcoming European Council, said that the whole problem was with the documents that had been prepared. We now had to sort out the question of how decisions could be reached.

Future Financing

12. Dr van Eekelen asked what would be the minimum acceptable outcome of Athens for the UK. Mr Rifkind listed our requirements for a durable solution to our budget problem. Mr Hannay said there should be acceptance that a decision should be based on a relative prosperity and ability to pay. The safety net proposal, expressing the limits on a member state's net contribution as a percentage of GDP related to its relative prosperity was a sound basis. We should not get too far away from this linear curve formula as the determinant of the threshold above which relief would be paid. Dr Meyjes said that Mr Hannay was right on this point but there was no agreement on the size of the problem. There was also the question of how compensation was to be financed. Mr Hannay said that one of the points of the linear solution was this it would provide the Germans with a high net contribution, but one which was acceptable to them because a limit would have been set to it. Dr van Eekelen asked how much VAT it would take to pay for compensation. Mr Hannay said that the illustrative example in our safety net would cost 0.11 or 0.12. He said that the scheme could be financed within the budget but it could equally well be financed outside the VAT ceiling and the UK had put round a paper explaining this. He asked whether the Dutch had a figure in mind for the increase in own resources Dr van Eekelen said the Dutch had no firm position. He wondered whether, given the need for a unanimous decision on any increase in own resources it should be necessary to go to parliaments for every increase. Mr Rifkind said that to change the requirement would create difficulties with the UK Parliament. Dr van Eekelen said that he understood that the Germans would take the same stand.

13. The meeting was adjourned for further discussion over lunch.

Distribution

PS

PS/Rifkind

PS/No 10,

PS/Sir Robert Armstrong

PS/PUS

Sir Julian Bullard

Sir Crispin Tickell

Mr Hannay

Planning Staff

Head, News Department

Head, ECD(E)

Head, ECD(I)

Head, ESID

Head, WED

HM Ambassador Paris and all other EC Posts

Sir Michael Butler, UKRep

Mr D Williamson (Cabinet Office)

Mr B Unwin (HM Treasury)

Mr D Andrews (MAFF)

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RESTRICTED
FM THE HAGUE 311115Z OCT 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 312 OF 31 OCTOBER
INFO ROUTINE UKDEL NATO, WASHINGTON, BONN, ROME AND BRUSSELS

INF : DEMONSTRATION IN THE HAGUE

1. ON 29 OCTOBER A LARGE ANTI-NUCLEAR DEMONSTRATION WAS HELD IN THE HAGUE, REPRESENTING THE CLIMAX OF THE CAMPAIGN BY THE DUTCH "PEACE MOVEMENT" AGAINST INF DEPLOYMENT. ATTENDANCE (ESTIMATED BY THE POLICE AT 550,000) WAS EVEN HIGHER THAN GENERALLY ANTICIPATED, BUT THE MARCH TOOK PLACE WITHOUT ANY REPORTED VIOLENCE. THE WHOLE OCCASION HAD SOMETHING OF THE ATMOSPHERE OF A FAMILY DAY OUT.
2. PRINCESS IRENE (A YOUNGER SISTER OF QUEEN BEATRIX, WHO IS WELL KNOWN FOR HER LEFT-WING VIEWS AND HAS RENOUNCED HER CLAIM TO THE THRONE) MADE A SPEECH APPEALING FOR PEACE AND DISARMAMENT: THIS INEVITABLY RECEIVED MUCH ATTENTION IN THE MEDIA (CF MY TELEGRAM NO 255 ABOUT QUEEN BEATRIX'S VIEWS).
3. COMMENTING ON THE DEMONSTRATIONS, LUBBERS POINTED OUT THAT NATO EXISTED, INTER ALIA, PRECISELY TO DEFEND THE RIGHT OF PEOPLE TO EXPRESS THEIR VIEWS FREELY. HE ADDED THAT HE WAS DEPRESSED BY THE FACT THAT PEOPLE NO LONGER VIEWED THE ALLIANCE AS A "PEACE ORGANISATION" BUT RATHER AS A "THREAT".

ORGANISATION BUT RATHER AS A THREAT

4. ASKED ABOUT THE IMPACT OF THE DEMONSTRATION FRINKING (DEFENCE SPOKESMAN FOR THE CHRISTIAN DEMOCRATS (CDA) IN THE SECOND CHAMBER) SAID THAT THE POLITICAL ROOM FOR MANOEUVRE WITH REGARD TO INF DEPLOYMENT IN THE NETHERLANDS WAS GRADUALLY BECOMING MORE LIMITED. IN CONTRAST, LIBERAL SPOKESMEN HAVE STRESSED THAT 13.5 MILLION DUTCHMEN DID NOT DEMONSTRATE IN THE HAGUE AND THAT THE ONLY LIKELY EFFECT OF SATURDAY'S EVENTS WOULD BE TO REDUCE THE CHANCES OF A NEGOTIATED AGREEMENT IN GENEVA.

COMMENT

5. THE DEMONSTRATION WAS STRIKINGLY WELL ORGANISED AND PEACEFUL, AND PERFECT WEATHER ENSURED A LARGE TURNOUT. ALTHOUGH ITS POLITICAL EFFECT HAD TO SOME EXTENT BEEN DISCOUNTED IN ADVANCE, THE DEMONSTRATION CAN ONLY HAVE MADE THE CDA'S DELICATE BALANCING ACT MORE DIFFICULT AND HAVE INCREASED THE PRESSURE ON WAVERING PARLIAMENTARIANS TO OPPOSE DEPLOYMENT IN THE NETHERLANDS. THE GENERAL VIEW OF THE LOCAL MEDIA IS THAT IT WAS AN IMPRESSIVE DISPLAY OF WIDESPREAD AND GENUINE CONCERN.

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FM THE HAGUE 281730Z OCT 83

TO PRIORITY FCO

TELEGRAM NUMBER 310 OF 28 OCTOBER

INFO PRIORITY HM TREASURY (FOR GRAHAM), DOT, ECGD, BANK OF ENGLAND
(FOR PORTER) AND BRUSSELS

INFO SAVING UKREP BRUSSELS AND WASHINGTON

MY TELS NOS 1 AND 2 TO BONN: DUTCH 1984 BUDGET: CIVIL SERVICE PAY

SUMMARY

1. THE PROPOSAL IN THE 1984 BUDGET TO CUT CIVIL SERVICE PAY BY 3.5% HAS PROVOKED INDUSTRIAL ACTION AND ACRIMONIOUS EXCHANGES BETWEEN MINISTERS AND THE TRADE UNIONS. THE GOVERNMENT MAY BE PREPARED TO OFFER SOME MARGINAL CONCESSIONS, BUT IS HOLDING TO ITS INTENTION TO CUT PUBLIC SECTOR PAY SUBSTANTIALLY.

DETAIL

2. THE UNIONS REACTED ANGRILY TO THE PROPOSALS TO CUT PUBLIC SERVICE PAY BY 3.5% FROM JANUARY AND TO EXCHANGE AT LEAST 2% OF THE EXPECTED 2.8% INDEX-LINKED INCREASES FOR EXTRA LEAVE. AT TALKS WITH THE UNIONS, RIETKERK (MINISTER OF HOME AFFAIRS) WAS IMMOVEABLE ON THE 3.5% CUT, BUT UNDERTOOK TO PLACE BEFORE THE CABINET THE UNIONS' ALTERNATIVE BUDGET WHICH INCLUDES A GENERAL PAY CUT OF 1.5% AND INCREASED SPENDING ON PUBLIC WORKS TO CREATE JOBS. FURTHER TALKS ARE SCHEDULED FOR 2 NOVEMBER.

INDUSTRIAL ACTION

3. PROTESTS SO FAR INCLUDE A WORK TO RULE AFFECTING MAIL, TELEPHONE, AND GIRO SERVICES AND DISRUPTION OF PUBLIC TRANSPORT, MAINLY IN THE POPULOUS WESTERN PART OF THE COUNTRY.

4. A PROPOSAL TO MAKE BROADCASTING AND HEALTH CARE WORKERS SUBJECT TO THE PAY CUT HAS MET WITH STRONG OPPOSITION. BROADCASTING STAFF HAVE THREATENED TO DISRUPT PROGRAMMES, AND HEALTH INSURANCE WORKERS MAY REFUSE TO IMPLEMENT THE PROPOSED REDUCTION OF 3.5% IN BENEFITS. TEACHERS HAVE WALKED OUT OF TALKS ON CUTS IN THE EDUCATION BUDGET, AND HAVE WITHDRAWN THEIR OFFER TO FOREGO UP TO THREE YEARS OF INDEXATION IN EXCHANGE FOR RETAINING THEIR EXISTING COMPLEMENT.

9

5. THE UNIONS ARE PLANNING CONCERTED ACTION IF THE MATTER IS NOT RESOLVED ON 2 NOVEMBER. FOR THE FIRST TIME, HIGHER CIVIL SERVANTS HAVE VOTED IN FAVOUR OF ACTION. THE POLICE UNIONS HAVE DECIDED IN PRINCIPLE TO TAKE ACTION WHICH WOULD DISRUPT "ORDINARY" POLICY WORK, BUT WHICH WOULD NOT INCUR ANY RISK TO LIFE.

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6. IN GENERAL THE CABINET IS STICKING TO ITS GUNS. IN THE PARLIAM-
MENTARY DEBATE AFTER THE QUEEN'S SPEECH MOST OF THE PROPOSALS
WERE APPROVED. ALTHOUGH THERE WAS SOME TENDENCY FOR THE VVD
PARLIAMENTARY LEADER TO ARGUE THAT CIVIL SERVANTS SHOULD NOT
BE TREATED SO SEVERELY, HE HAS NOT BEEN SUPPORTED BY THE
VVD MINISTERS IN THE CABINET.

CONCLUSION.

7. FURTHER INDUSTRIAL ACTION IS LIKELY, BUT THE WEAK FINANCIAL
POSITION OF MANY UNIONS RULES OUT PROTRACTED STRIKES. OPINION POLLS
INDICATE THAT LESS THAN ONE-THIRD OF PUBLIC SECTOR WORKERS
FAVOUR STRIKES. THE PRIVATE SECTOR UNIONS, MANY OF WHOM
HAVE CONCLUDED BINDING AGREEMENTS TO FOREGO INDEXATION UNTIL THE END
OF 1984, ARE SHOWING NO DESIRE TO BECOME INVOLVED.

8. THE GOVERNMENT WILL THEREFORE WANT TO KEEP INTACT THE MAIN
ELEMENTS OF THEIR BUDGET STRATEGY, IN PARTICULAR TO MAKE A REDUCTION,
ALBEIT SMALL, IN THE GOVERNMENT DEFICIT. THEY WILL PROBABLY
OFFER SOME MARGINAL CONCESSIONS AT THE MEETING ON 2 NOVEMBER. IF
THESE PROVE ACCEPTABLE TO THE UNIONS, THE GOVERNMENT WILL MAKE
THEM UP BY CUTS ELSEWHERE OR BY HIGHER TAXES.

FCO PSE PASS SAVING TO UKREP BRUSSELS AND WASHINGTON.

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MR PORTER, B/ENGLAND

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10 DOWNING STREET

THE PRIME MINISTER

16 June 1983

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 88 B/83

Dear Prime Minister,

Thank you so much for your kind message of congratulations. It will be a pleasure to continue to work with you in the interests of our two countries.

I agree that we face difficult problems in the European Communities. Following a General Election, in which the opponents of British membership were massively defeated, it is certainly my wish and intention that Britain should play its full part in Europe. But this will only be possible when the financial problems which have handicapped discussion in the past are satisfactorily settled. I have sent you a separate message about my approach to these matters at Stuttgart, where I much look forward to seeing you.

Thank you so much for your suggestion that I should visit the Hague. I should enjoy that very much. May I bear your invitation in mind until I am able to consider my future travel plans.

Yours sincerely

Raymond Walker

His Excellency Dr. R.F.M. Lubbers.



No. 9470.

The Royal Netherlands Embassy presents its compliments to the Principal Private Secretary to the Prime Minister and upon instructions received has the honour to forward a letter from the Netherlands Prime Minister, Mr. R.F.M. Lubbers, to The Right Honourable Margaret Thatcher, M.P., dated 13th June, 1983.

London, 15th June, 1983.



cc MASTER
ops.



MINISTER-PRESIDENT

The Hague, June 13, 1983

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 84^{AAA}/83**

Nr. 332753

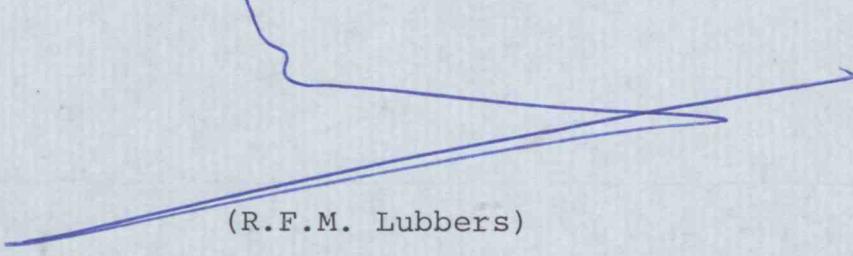
Dear Mrs. Prime Minister,

Please accept my congratulations on the results of June 9. I look forward to our continued cooperation in the interest of both our countries.

In the European Communities we face a set of difficult problems. I trust that Britain under your leadership will go on to do her full part in Europe in the interest of the well-being and further development of European integration.

I would be very glad indeed when you could visit us soon in The Hague for thorough and informal talks.

Yours sincerely,



(R.F.M. Lubbers)

To the Prime Minister

MINISTER

15 JUN 1983

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GRS 560

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PS TO PM 10 DOWNING ST.

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FM THE HAGUE 101500Z MAY 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 114 OF 10 MAY

INFO PRIORITY UKDEL NATO, WASHINGTON AND BONN

INFO SAVING BRUSSELS AND COPENHAGEN

MY TELNO 109: NETHERLANDS DEFENCE POLICY

1. MR HURD MET DE RUITER, MINISTER OF DEFENCE, OVER LUNCH AT MY HOUSE ON 9 MAY SEMI COLON DE VRIES, LEADER OF THE CHRISTIAN DEMOCRAT PARLIAMENTARY PARTY, GENERAL HUIJSER, CHIEF OF DEFENCE STAFF DESIGNATE AND VAN EEKELN WERE ALSO PRESENT. HE TOOK THE OPPORTUNITY TO UNDERLINE FORCEFULLY THE DANGERS OF BRINGING THE BRITISH DETERRENT INTO THE CURRENT GENEVA NEGOTIATIONS AND TO URGE THAT THE NETHERLANDS SHOULD DO NOTHING TO PREEMPT A JOINT NATO DECISION ON SHORT RANGE NUCLEAR WEAPONS IN THE LIGHT OF THE OUTCOME OF THE HLG STUDY.

2. DE RUITER MADE THE FOLLOWING POINTS:

(A) HE EXPECTED TO INFORM PARLIAMENT IN SEPTEMBER OF THE CHOICE OF BASE FOR INF DEPLOYMENT.

(B) THE DEFENCE WHITE PAPER DUE TO ISSUE IN SEPTEMBER WOULD SUSPEND JUDGEMENT ON INF, LEAVING THE DECISION TO BE TAKEN LATER, PERHAPS IN MARCH 1984.

(C) HE COULD NOT IGNORE THE STRONG CRITICISM FROM WITHIN HIS OWN PARTY OVER NUCLEAR TASKS: IT WAS IMPERATIVE THAT THE WHITE PAPER SHOULD TAKE A POSITION ON THESE TASKS, AND THAT HE SHOULD BE ABLE AT THE VERY LEAST TO SHOW THAT IN CONSULTATIONS WITH NATO HE HAD PRESSED THE DUTCH CASE FOR A REDUCTION IN THE PRESENT NUMBER OF TASKS.

(D) HE THOUGHT IT WOULD BE DESIRABLE "AT SOME STAGE" TO BRING THE BRITISH AND FRENCH NUCLEAR FORCES INTO THE ARMS CONTROL NEGOTIATIONS.

(E) HE EXPLAINED THAT THE NETHERLANDS GOVERNMENT FELT UNABLE, EVEN THOUGH THIS MEANT LEAVING THE ENTIRE FIELD OF PUBLIC DEBATE TO THE PEACE MOVEMENT, TO ARGUE THE CASE IN PUBLIC FOR INF DEPLOYMENT, SINCE THEIR POSITION ON THE ISSUE WAS UNDECIDED (THE UNDERLYING REASON FOR THIS BEING OF COURSE, THAT THE CHRISTIAN DEMOCRATS - DE RUITER'S OWN PARTY - ARE SPLIT OVER NUCLEAR WEAPONS).

3. NOT SURPRISINGLY, MR HURD WAS I BELIEVE DEPRESSED BY THIS ENCOUNTER, AND INCLINED TO CONCLUDE THAT THERE IS LITTLE PROSPECT OF DE RUITER BEING PERSUADED TO ADOPT ANY MORE FORCEFUL LINE. IT IS HOWEVER IMPORTANT TO BEAR IN MIND THAT DE RUITER IS IN A MINORITY IN THE CABINET HERE IN HIS SCEPTICISM OVER INF, AND OPPOSED MUCH OF THE WAY ON THESE ISSUES BY VAN DEN BROEK (WITH WHOM WE BELIEVE LUBBERS HAS A CONSIDERABLE SYMPATHY).

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4. ACCORDING TO RELIABLE MFA SOURCES (PLEASE PROTECT) THE DUTCH ARE AIMING TO SET OUT IN A LETTER FROM THEIR NATO PERMANENT REPRESENTATIVE TO LUNS, TO BE SENT AS SOON AS POSSIBLE AFTER 18 MAY, THE MAIN THRUST OF THE PROPOSALS ON NUCLEAR TASKS TO BE CONTAINED IN THE PLANNED WHITE PAPER. DE RUITER IS PRESSING FOR THE RELINQUISHMENT OF NIKE, THE ADM, ORION AND THE NUCLEAR ARTILLERY - ALONG WITH A STATEMENT OF INTENT TO PRESS FOR ABANDONMENT OF THE F-16 TASK IN THE EVENT OF INF DEPLOYMENT IN THE NETHERLANDS. VAN DEN BROEK IS FIGHTING TO PRESERVE THE NUCLEAR ARTILLERY AND THE ORION, ARGUING ON THE FORMER THAT THE NETHERLANDS CORPS IN THE FRG CANNOT BE LEFT INADEQUATELY PROTECTED AND ON THE LATTER THAT THE DUTCH CANNOT LIGHTLY TAKE ACTION WHICH WOULD SIMPLY INCREASE THE BURDEN ON OTHER MEMBERS OF THE ALLIANCE.

5. AS SEEN FROM HERE IT WILL BE MOST IMPORTANT TO ENSURE THAT THE NATO RESPONSE TO ANY DUTCH DEMARCHE ON THE ABOVE LINES IS BOTH FIRM AND EFFECTIVE, AND COUCHED IN SUCH A WAY AS TO AID THE PRO-NATO LOBBY HERE. TO BE EFFECTIVE IT WILL NEED INTER ALIA:

(A) TO AVOID THE SORT OF BRUSQUE TONE WHICH WOULD GO DOWN BADLY IN THE HAGUE AND TO SHOW SOME UNDERSTANDING OF THE DUTCH INTERNAL POLITICAL SITUATION.

(B) TO PAY TRIBUTE AS FAR AS POSSIBLE TO THE DUTCH CONTRIBUTION TO THE ALLIANCE IN GENERAL AND THINKING ON ARMS CONTROL IN PARTICULAR.

(C) TO REMIND THE DUTCH THAT HAVING THEMSELVES ASKED FOR THE HLG STUDY IN THE FIRST PLACE THEY CANNOT DEFENSIBLY NOW PREEMPT ITS CONCLUSIONS BUT, IF POSSIBLE, TO INCLUDE SOME REFERENCE TO COMPLETING THE STUDY AS SOON AS POSSIBLE.

(D) TO CONVEY THE MESSAGE THAT IF THE NETHERLANDS WANTS TO INFLUENCE DECISION-MAKING IN NATO IT MUST CONTINUE TO CARRY ITS AGREED SHARE OF THE BURDENS.

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10 DOWNING STREET

From the Private Secretary

2 March, 1983

Dear Roger,

Visit of the Netherlands Prime Minister

The Prime Minister began her talks with Mr. Lubbers with a brief tete-a-tete discussion at which no one else was present. I enclose a record of the talks which followed the tete-a-tete discussion.

I am copying this letter and enclosure to John Kerr (Treasury), Richard Mottram (Ministry of Defence), Julian West (Department of Energy), Robert Lowson (Ministry of Agriculture) and Richard Hatfield (Cabinet Office).

Yours ever

John Lowson.

R. B. Bone, Esq.,
Foreign and Commonwealth Office

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RECORD OF DISCUSSION BETWEEN THE PRIME MINISTER AND THE PRIME
MINISTER OF THE NETHERLANDS AT 1150 HOURS ON WEDNESDAY,
2 MARCH, 1983 AT NO. 10 DOWNING STREET

Present:

Prime Minister
Mr. Hurd
Mr. Mansfield
Mr. Goodison
Mr. Coles

Mr. Lubbers
Mr. van den Broek
Mr. Huydecoper
Mr. Holtslag
Mr. de Hoop Scheffer
Mr. van de Voet

The Prime Minister said that she would be interested to hear of the economic problems of the Netherlands. For our part we found that redundancies flowing from some of our older industries were still adding to the total of unemployed. On the other hand, a number of small businesses, using new technology, were doing well. But so far the new jobs were insufficient to compensate for the redundancies. We were watching the United States' economy carefully. There had been a number of encouraging reports but we hoped that the American recovery was genuine. Unemployment was always the last problem to be solved when an economy came out of recession; until that point was reached, we had to live with the problem.

Mr. Lubbers said that unemployment in the Netherlands was higher than in the United Kingdom and was still rising rapidly. He faced a similar problem with the older industries. There was no growth at present in the services sector. More young people were seeking jobs than in the 1970s both because of demographic factors and because, as real income went down, more members of a family tried to find work.

He was attempting to cut public expenditure and control the budget deficit, though the latter was still relatively high. Inflation had been brought down to 2½ per cent. The Central Bank was now following more relaxed policies and was making an aggressive attempt to lower interest rates. For the moment, the

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Dutch approach was based on a combination of flexible monetary policy and strict budgetary policies. New technology was increasing productivity by 2-3 per cent a year but, in a situation of stagnation, that lead to further unemployment.

A new factor was the drop in energy prices. This posed a special problem for the budget deficit because income from industrial gas amounted to 6 per cent of national income.

The Prime Minister asked whether the bulk of Dutch gas sales was not based on long term contracts. Mr. Lubbers replied that existing export contracts extended, on average, for about seven years. But there were indications that European countries were willing to go on buying gas from the Netherlands after that period. The Dutch Government was considering the possibility of selling not gas itself but gas security - i.e. an option on Dutch gas reserves if other supplies failed. For the present, he was not too worried about the fall in the price of energy. The Netherlands imported as much oil as it exported gas. Consumption was likely to fall, on present estimates, by about 2 per cent. That was acceptable. But he could foresee problems if the price of energy fell much further.

The Prime Minister said that it was the speed of the fall in prices that mattered. A price fall of the size now under discussion would tend to prevent further exploration. Mr. Lubbers asked whether we were giving any thought to the possibility of setting a minimum price. The European Community had an interest in avoiding over dependence on Arab oil and Soviet gas. The Community possessed substantial internal supplies, especially in the North Sea. The question arose of whether Europe should try to set a minimum price. Mr. Hurd pointed out that unless the United States and Japan were included in such an arrangement, our industrial costs could rise disproportionately. The Prime Minister observed that international agreements of this kind never endured - one participant or another was always attempting to break ranks.

/Mr. van den Broek

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Mr. van den Broek said that we could expect the current difficulties over energy prices to be repeated in three or four years time. There was now an opportunity to consider future policy. All the Gulf States had said to him during a recent visit that they were looking for ways of making contacts with Western consumers, by which they meant the oil companies, about long term agreements. The West was not interested at present because energy supplies were abundant. But in the longer term this could be attractive.

The Prime Minister commented that she did not believe that the oil price would continue to go down. The extravagant use of oil in the past would not be repeated. But if there was a world economic recovery, demand for oil would rise quite sharply. We should remember that some multi-nationals had had agreements in the past with producing countries but those agreements had not endured. Mr. Hurd pointed out that the 1973 and 1979 price rises were largely due to political factors. Commercial agreements could not hold in those circumstances.

The Prime Minister said that our aim should be to arrive at a stable price and to maintain it for a considerable period. To the extent that we depended on export markets in oil producing countries, we should suffer twice over because they would no longer have the same freedom to buy our goods. Mr. Lubbers agreed but pointed out that other countries, which had endured the burden of high cost energy, might now be able to expand.

Reverting to the Dutch economy, Mr. Lubbers said that the general situation was very difficult. He expected a gradual improvement but it would be a long time before there was any improvement in the employment situation. Mr. van den Broek said that things were much the same as in the UK. The older industries were still shedding jobs but new businesses were not expanding fast enough to absorb them. The Prime Minister commented that she was not entirely pessimistic. History had seen a number of technological revolutions. Each had initially reduced jobs but had later produced new job opportunities.

/Mr. Lubbers

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Mr. Lubbers said that he agreed, though with one qualification. The market system had to survive. As soon as protectionist measures commenced, the process of building up new markets was impeded.

The Prime Minister agreed with Mr. Hurd that an agricultural war between the Community and the United States would be dangerous. If the Community started a subsidy war, it would lose. Mr. Lubbers asked whether this meant that there should be a new agricultural pricing policy for the CAP. The Prime Minister said that such a change was necessary. The trouble was that the Community was subsidising agricultural exports. Mr. Lubbers said that he entirely agreed. The fault lay not so much in the basic system as in the policy for subsidising the sale of surpluses to markets in third countries. Brussels always argued that this element was essential to the whole system. He doubted it. The Prime Minister said that she had always thought it best that there should be a system of guaranteed prices but that farmers then sold at prices which the market would take. It was not the inherent system of the CAP that was wrong but the pricing policies that were followed. It was essential to change these, since the Mediterranean countries would argue that Mediterranean products should be managed in the same way as Northern products.

Mr. van den Broek commented that the basic question was whether we had a common agricultural policy or not. He thought there was a tendency to "renationalise" European agriculture. It looked as though prices at this year's round of price fixing would be too high. Mr. Lubbers said that the Dutch view was the lower the better. The Commission had to be asked to recalculate their price proposals because these had been put forward before the recent fall in energy prices. The Prime Minister agreed that the energy component of prices was important and observed that the income of British farmers had risen by 40 per cent last year.

/The Prime Minister

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CONFIDENTIAL

- 5 -

The Prime Minister said that it was the funding of the Common Agricultural Policy which was the main cause of the United Kingdom budget problem. For the first time since her Government had taken office, we had gone into a year with no cover for our budget refunds. If an election was fought before a solution was found, the consequences for the European cause in this country would be extremely damaging. It was clear that the Greek Presidency could not produce a solution. It followed that there must be a solution by the end of June. It was unlikely that there could be a fundamental restructuring of the budget in that time, but there must be an acceptable interim solution linked to a longer-term budget structure. This year our contribution would be 2 billion ecus. If there was no arrangement by the middle of this year, she could not exclude some drastic action. She did not know when the election would be, but it would be very dangerous to give the Labour Party another weapon with which to beat the European idea. If we could sort out the budget issue, it would be possible to adopt a really progressive attitude towards the European Community. She therefore wished to warn Mr. Lubbers that she might have to become very difficult at the March and June European Councils.

Mr. van den Broek said that we were running out of time. The Greeks would not help. Mr. Lubbers observed that Dutch popular opinion found it hard to understand that the United Kingdom was in great difficulty. If we could find ways to reduce the costs of the Community, in particular the costs of its agricultural policy, then there would be a more favourable Dutch attitude. But the Netherlands found it hard to envisage a deal designed simply for the United Kingdom.

The Prime Minister said that no-one was paying anything to the United Kingdom. Even after we received our refunds, our contribution was the second highest. But she had to stress that if there was no arrangement by the time we entered into an election, she would have to decline to pay the United Kingdom contribution. Mere reform of the CAP would probably not be enough. But if that policy were reformed, we should not need to increase the own resources of the Community, even on enlargement.

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/ Behind

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- 6 -

Behind all this lay the EC/US difficulties on agriculture. We must bear in mind the broad point that it was essential to keep the United States locked into Europe, above all for reasons of defence.

Mr. van den Broek said that the United States Congress failed to take into account the fact that Europe was a major importer of American agricultural products. The existing arrangements were of long standing and had been hallowed by successive trade negotiations. Thus the new problem with the United States had less to do with increasing exports from Europe than with the state of the American economy. The Prime Minister said that she did not wholly agree. The Community's export policies had certainly disturbed the New Zealand and Australian markets.

The Prime Minister then recalled the background to the NATO decision on the stationing of INF. This stemmed from the European wish that the United States should base these missiles in Europe. The reactions in some parts of Europe had re-awakened the danger of the United States Congress deciding on a measure of military withdrawal from Europe. She knew that the Netherlands faced special difficulties. It was essential that there should not be a negative vote in the Dutch Parliament on stationing - that would bring comfort only to the Soviet Union. She therefore hoped that all possible means would be found of delaying such a vote.

Mr. Lubbers asked whether missiles would be deployed in the United Kingdom at the end of this year. The Prime Minister said that this was the case; the missiles would also be deployed in Germany and Italy at around the same time. If they were not deployed, the Soviet Union would have won a great battle.

Mr. Lubbers said that his Government was preparing a White Paper on defence and that had to deal with the question of INF. He had considerable flexibility on timing and did not want to take a decision too early. But he could not wait forever - the Opposition would press for a vote in due course and a certain time was needed for technical preparation. For the moment the

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/ only

CONFIDENTIAL

- 7 -

only preparations for INF stationing were administrative, not physical. Deployment in the Netherlands was not due until 1986. In reply to a question from Mr. Hurd, Mr. van den Broek said that physical preparations would have to begin at about the end of this year. Mr. Lubbers commented that if the Netherlands delayed beyond that point, the impression would be given that deployment itself was being delayed. His objective was to avoid taking a decision on stationing while there were risks of that decision being adverse. The psychological position would change when missiles had been deployed in Germany and the United Kingdom. What were our expectations of progress in Geneva before the end of the year?

The Prime Minister said that she had urged the United States to consider putting forward a new proposal after the German elections and she believed that they would do so. The Russians would then doubtless table a bogus alternative. Mr. Lubbers asked whether we were thinking in terms of simply reducing the numbers of missiles on either side. It was much more difficult to devise a useful proposal based on reduced numbers than it had been to propose the zero option.

The Prime Minister said that the Soviet claim that French and British strategic deterrents should be included in the negotiations was unacceptable. These were strategic submarine based missiles and were weapons of last resort and minimum size. There could be no question of including them. We should need to improve the presentation of NATO's policy. It was curious that we had got ourselves into a position where the Russians criticised us for advocating the zero option. But she believed that the visit of Vice-President Bush to Europe had had a favourable impact on public opinion. Mr. Lubbers agreed. A few weeks before the visit there had been disarray in Europe. Now there was an atmosphere of agreement. President Reagan's statement had been quite helpful. The Prime Minister said that the essential point was that missile deployment would have to go ahead in the United Kingdom, Germany and Italy before the end of the year in the absence of agreement on the zero option.

The conversation ended at 1300 hours.

2 March 1983

CONFIDENTIAL

A. J. C.



10 DOWNING STREET

From the Private Secretary

24 February 1983

Visit of the Netherlands Prime Minister - 2 March

6x We spoke about the arrangements for this visit. You told me that, owing to the Constitutional position in the Netherlands, it would suit the Dutch best if their Foreign Minister was present throughout the talks. This is perfectly acceptable to the Prime Minister and she would of course be glad if Mr. Pym were present too. The only remaining point for decision is whether the talks should be à quatre or whether officials should be present. We shall meet the Dutch wish on this. Could you establish whether they would like officials to attend? (I hope that if they opt for official attendance we could restrict numbers to some two or three officials per side).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

Visit of the Netherlands Prime Minister - 2 March

You are due to have talks with Mr. Lubbers at 1130
following^{ed} by lunch.

The Dutch have told us that their Constitutional position is such that it would suit them best if their Foreign Minister was present throughout the talks.

If you are prepared to meet them on this, would you prefer to have:

(a) talks with just Foreign Ministers and Private Secretaries present?

or

(b) talks with a limited number of officials present as well in the Cabinet Room?

*As they wish.
I will talk to Lubbers
over lunch.
me*

A.S.C.

23 February 1983

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For
Netherlands

10 DOWNING STREET

From the Private Secretary

21 February 1983

INF: DUTCH VIEWS ON THIRD PARTY SYSTEMS

Thank you for your letter of 15 February about the Dutch attitude to the inclusion of French and British systems in the INF talks. The Prime Minister has noted that the Netherlands Prime Minister has been misreported on this point. She will certainly wish to go over the ground with him during his visit early in March.

A. J. COLES

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

To note.

A-7C. ^{16.}/₂

15 February, 1983

INF: Dutch Views on Third Party Systems

Following reports on the Netherlands Prime Minister's visit to Bonn at the end of January, the Prime Minister expressed concern about the attitude Mr Lubbers was taking over the inclusion of French and British systems in the INF talks.

We have now taken this up with the Dutch at senior official level. They told us that Mr Lubbers had been misreported. What he had said, according to our Dutch contacts, was that, while no system should be automatically excluded from arms control arrangements for all time, and while the Alliance should eventually in the longer term look for a comprehensive arms control framework embracing all nuclear systems, the circumstances and the time were not now right for the inclusion of French and British forces. The INF negotiations in Geneva were certainly not the right forum.

The Dutch representative at the NATO Special Consultative Group meeting yesterday put these points formally on the record. We have no reason to doubt the accuracy of this version of Lubbers' remarks. Nevertheless, Lubbers is not altogether firm on the point and probably is not thoroughly briefed on all aspects of the INF negotiations. We think therefore that it would be useful if the Prime Minister were able to go over the ground thoroughly with him during his visit at the beginning of next month. We will be submitting briefing accordingly on this and other INF points.

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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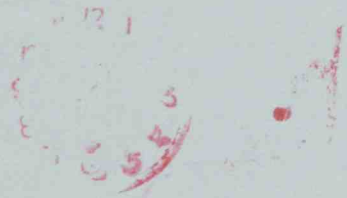
UNITED STATES DEPARTMENT OF JUSTICE

OFFICE OF THE ATTORNEY GENERAL

15 JAN 1903



15 JAN 1903





BRITISH EMBASSY
LANGE VOORHOUT 10
2514 ED
THE HAGUE

31 January 1983

A J Coles Esq
10 Downing Street
London

Prime Minister

A.S.C. 4/2.

Dear John

Dries van Agt, the last Dutch Prime Minister, who resigned in September, gave a long interview to Vrij Nederland, a leading Dutch newspaper, on 29 January. What he said on deployment of Cruise missiles in the Netherlands was consistent with the robust line he took in the election campaign.

2. But he was also asked if he missed the international contacts he enjoyed when Prime Minister. He commented in passing that on his resignation he had an extremely pleasant letter (this emphasised three times) from Margaret Thatcher. The letter clearly gave him a great deal of pleasure.

3. Asked later what he would do if someone now asked him to return as Prime Minister, he said that he would accept feeling that he was now sufficiently rested! But at the moment there is no sign that the invitation will be forthcoming.

Yours ever
Philip Mansfield

Philip Mansfield

cc: A M Wood Esq
WED FCO

RECEIVED
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.



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NETHERLANDS.

FM THE HAGUE 081430Z NOV 82

TO PRIORITY FCO

TELEGRAM NUMBER 277 OF 8 NOVEMBER

INFO SAVING EC AND NATO POSTS

mt

MY TELS 272-4: THE NEW NETHERLANDS GOVERNMENT

SUMMARY

1. THE NEW CENTRE/RIGHT GOVERNMENT WILL BE MORE COHERENT THAN ITS PREDECESSOR. BUT IT IS FACED BY SEVERE ECONOMIC PROBLEMS, THE SOLUTION OF WHICH WILL REQUIRE GREAT SKILL AND DETERMINATION IF THE LIFE OF THE COALITION IS NOT TO BE ENDANGERED. THE CHANGE OF GOVERNMENT SHOULD BE SEEN AS WELCOME FOR NATO, THOUGH LARGE QUESTION MARKS REMAIN OVER INF DEPLOYMENT IN THE NETHERLANDS. THE GOVERNMENT WILL PRESENT ITS PROPOSED POLICIES TO PARLIAMENT ON 22 NOVEMBER AFTER DISCUSSIONS WITH EMPLOYERS AND TRADES UNIONS.

DETAIL

2. FOR THE FIRST TIME SINCE SEPTEMBER 1981 THE DUTCH HAVE A REASONABLY SOLID AND COHESIVE GOVERNMENT. THE NEW MINISTERS SHOULD MAKE A GOOD TEAM. HOWEVER THE DIFFICULTIES OF RECESSION WILL MAKE FOR FRICTION BETWEEN THE COALITION PARTNERS, AND THE VVD, ENCOURAGED BY THEIR ELECTION SUCCESS, HAVE NO INTENTION OF IMITATING THEIR COMPARATIVE SUBMISSIVENESS IN THE FIRST VAN AGT CABINET. (THE LATEST OPINION POLLS SHOW THEIR SUPPORT HOLDING UP WELL). THERE WILL BE GROWING RIVALRY BETWEEN THE CDA AND THE VVD, WHICH INCREASINGLY FIND THEMSELVES OVERLAPPING AND THUS COMPETING FOR THE SAME SECTIONS OF THE ELECTORATE. BUT BY THE SAME TOKEN THEY SHARE A CONSIDERABLE UNDERLYING UNITY OF PURPOSE, WHICH SHOULD BE A SOURCE OF STRENGTH IN THE STORMS AHEAD. ON THE ECONOMY, FOR INSTANCE, THE CDA RIGHT WING AND THE LIBERALS THINK ALMOST AS ONE.

3. THIS SIGNIFICANT COMMUNITY OF INTERESTS WAS REFLECTED IN THE RELATIVELY SHORT PERIOD (BY DUTCH STANDARDS) OF LESS THAN TWO MONTHS REQUIRED FOR THE FORMATION OF THE NEW GOVERNMENT. OTHER RELEVANT FACTORS HERE WERE QUEEN BEATRIX'S DETERMINATION, CLEAR FROM THE START, TO GET A NEW TEAM TO WORK AS QUICKLY AS POSSIBLE, THE ALREADY FAMED INDUSTRY AND INGENUITY OF LUBBERS, THE NEW PRIME MINISTER, AND THE FLEXIBILITY SHOWN BY THE TWO PARTIES IN THEIR WILLINGNESS TO OVERTURN SOME FAMILIAR DUTCH POLITICAL CONVENTIONS. THUS THE DEFENCE AND FOREIGN MINISTRIES, ON THE ONE HAND, AND HOME AFFAIRS AND JUSTICE ON THE OTHER, HAVE EACH GONE TOGETHER TO THE CDA AND VVD RESPECTIVELY, INSTEAD OF - AS HAS USUALLY HAPPENED IN THE PAST - BEING SPLIT BETWEEN THE TWO COALITION PARTNERS. (THE EFFECT, IN BOTH AREAS, SHOULD BE TO PROMOTE CLARITY OF POLICY).

4. THE SPEED WITH WHICH AGREEMENT WAS REACHED ALSO OWED NOT A LITTLE, AS MANY COMMENTATORS HAVE POINTED OUT, TO THE READINESS OF BOTH SCHOLTEN (THE INFORMATEUR) AND LUBBERS TO PAPER OVER CRACKS RATHER THAN INSIST ON A COMPLETELY SOLID STRUCTURE.

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/THIS

THIS IS ESPECIALLY TRUE OF THE ECONOMIC PART OF THE COALITION AGREEMENT, WHERE THE PAPER IS THIN FOR THE YEARS AFTER 1983. SOME PROJECTIONS PUT THE PSBR AT OVER 12% FOR 1983, (COMPARED TO THE OFFICIAL PROJECTION OF 11.9%) WHICH IF TRUE WILL NECESSITATE EXTRA CUTS IN EXPENDITURE OVER AND ABOVE THOSE ALREADY AGREED IN GENERAL TERMS. THE CRUCIAL RELATIONSHIP IN THE CABINET IS LIKELY TO BE THAT BETWEEN LUBBERS AND HIS FINANCE MINISTER, RUDING, AN OLD FRIEND FROM UNIVERSITY DAYS. THE LATTER HAS SO FAR INSISTED THAT THE PROPOSED 1% ANNUAL REDUCTION IN THE PSBR IS THE MINIMUM REQUIRED RATHER THAN SIMPLY A DESIRABLE TARGET. THE KEY TEST FOR LUBBERS WILL BE HIS ABILITY TO WITHSTAND THE PRESSURE FROM THE LEFT AND CENTRE OF THE CDA WHICH IS BOUND TO GROW AS THE EXPENDITURE CUTS BEGIN TO BITE AND UNEMPLOYMENT, ALREADY 13% OF THE LABOUR FORCE, CONTINUES TO RISE. HE HAS NOT YET SHOWN THAT HE HAS THE TOUGHNESS WHICH WILL BE REQUIRED. IF HE FAILS, THE VVD WILL NOT HESITATE TO BRING THE COALITION TO AN EARLY END, IN THE BELIEF THAT PUBLIC OPINION IS NOW IN FAVOUR OF STERN MEASURES.

5. OVER DEFENCE THE NEW GOVERNMENT HAS MADE A CAUTIOUS START, BUT HAS AT LEAST NOT FORECLOSED ANY OPTIONS. AS REPORTED IN MY TELNO 259, NO NUCLEAR TASKS WILL BE DROPPED BEFORE THE AUTUMN 1983 WHITE PAPER, AND THE NECESSARY PREPARATIONS FOR INF DEPLOYMENT IN THE NETHERLANDS WILL PROCEED ON SCHEDULE. LUBBERS TOLD MY US COLLEAGUE ON 27 OCTOBER (PLEASE PROTECT) THAT HE INTENDED TO PRESS TOWARDS DEPLOYMENT, BUT IN LOW KEY AND WITH GREAT CAUTION. YOUR TALKS WITH THE NEW FOREIGN MINISTER DURING THE STATE VISIT WILL PROVIDE A USEFUL OPPORTUNITY TO EXPLORE DUTCH THINKING, ON THIS AS ON OTHER ISSUES. VAN DEN BROEK HIMSELF IS A STRONG SUPPORTER BOTH OF NATO IN GENERAL AND OF INF DEPLOYMENT, BUT KNOWS WELL ENOUGH THAT THE OLD PROBLEMS REMAIN: THE ANTI-NUCLEAR TIDE HERE MAY HAVE EBBED SLIGHTLY IN THE LAST YEAR, BUT IT REMAINS STRONG. IT IS BY NO MEANS CERTAIN THAT WHEN IT COMES TO THE CRUNCH A MAJORITY OF THE SECOND CHAMBER WILL STEEL THEMSELVES SUFFICIENTLY TO VOTE FOR INF DEPLOYMENT IN THE NETHERLANDS.

6. IN PUBLIC, THE EMPLOYERS' FEDERATIONS AND THE TRADES UNIONS HAVE REACTED CAUTIOUSLY TO THE GOVERNMENT'S PROVISIONAL PROPOSAL FOR A BREATHING SPACE OF A FEW MONTHS WHEN WAGES, PRICES AND SOCIAL SECURITY BENEFITS WILL BE FROZEN. THE TRADES UNIONS FEEL THAT, ALTHOUGH THEY WILL NOT LIKE MUCH THAT THE GOVERNMENT WILL WANT TO DO, LUBBERS, WHO ONCE LED AN EMPLOYERS' FEDERATION HIMSELF, WILL BE READIER TO TALK DIRECT TO THEM THAN WAS VAN AGT. HOWEVER THERE IS ALREADY A PROSPECT OF A ONE WEEK STRIKE BY TEACHERS AGAINST SALARY CUTS. THE AIM IS NO DOUBT TO PUT PRESSURE ON THE GOVERNMENT DURING THE INTERIM PERIOD BEFORE LUBBERS PRESENTS HIS DETAILED POLICIES ON 22 NOVEMBER TO THE SECOND CHAMBER.

FCO PLEASE PASS TO SAVING ADDRESSEES.

REPEATED AS REQUESTED

MANFIELD
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WED

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SUBJECT.

Netteland
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 19648/82

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GRS 140
CONFIDENTIAL
FM FCO 191645Z OCT 82
TO ROUTINE THE HAGUE
TELEGRAM NUMBER 130 OF 19 OCTOBER

THE RESIGNATION OF THE NETHERLANDS PRIME MINISTER
1. WHEN MR VAN AGT STEPS DOWN PLEASE PASS THE FOLLOWING
MESSAGE FROM THE PRIME MINISTER:

BEGINS

DEAR DRIES

I WAS VERY SORRY TO HEAR OF YOUR RESIGNATION. WE SHALL MISS YOU
VERY MUCH IN OUR EUROPEAN MEETINGS. I WOULD NOT WISH YOUR
DEPARTURE FROM OFFICE AFTER ELEVEN YEARS AS A MINISTER TO PASS
WITHOUT SAYING HOW MUCH I HAVE VALUED YOUR FRIENDSHIP,
COOPERATION AND WISE COUNSEL. WARM GOOD WISHES TO YOU AND YOUR
FAMILY.

ENDS

MESSAGE FOR THE NEW PRIME MINISTER:

BEGINS

DEAR PRIME MINISTER

ISEND YOU MY WARMEST CONGRATULATIONS ON ASSUMING THE
PREMIERSHIP OF THE NETHERLANDS. I VERY MUCH LOOK FORWARD TO
MEETING YOU AT THE EUROPEAN COUNCIL, AS WELL AS TO WORKING WITH
YOU IN FUTURE. WARM REGARDS,
MARGARET THATCHER.

ENDS

PTM
LIMITED
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NEWS
PS
PS/MR HURD
PS/LORD BELSTEAD
PS/PUS
SIR J. BULLARD

MR EVANS
MR GOODISON

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File

Netherlands

285

~~WTF~~ for Tel (to be Tel)

19 October 1982

THE RESIGNATION OF THE NETHERLANDS PRIME MINISTER

Thank you for your letter of 15 October.

The Prime Minister agrees that, when the time comes, she should send messages to Mr. van Agt and to his successor. Mrs. Thatcher has approved the texts in the draft telegram enclosed with your letter except that, in the message to Mr. van Agt, she would wish a sentence to be inserted after the first sentence, reading:

"We shall miss you very much in our European meetings."

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

GT



Prime Minister

Agree that the 2
messages should be
sent when the right time comes?

Foreign and Commonwealth Office

London SW1A 2AH

15 October, 1982

A.J.C. 15/10

Dear John,

Yes

The Resignation of the Netherlands Prime Minister

On 13 October Mr van Agt announced that he would not be prepared to hold ministerial office in the next Netherlands Government but would continue as Prime Minister (and Foreign Minister) until the swearing in of the new Cabinet. In the circumstances the Prime Minister may wish to send a message of regret and tribute to Mr van Agt as well as a message of welcome and congratulation to his successor. We suggest that the messages should be delivered when a new Cabinet is formed, probably within the next two weeks. I enclose a draft telegram to The Hague with suggested texts, and telegram numbers 253 and 254 from The Hague, which explain the implications of the change in greater detail.

Dr Ruud Lubbers has succeeded Mr van Agt as leader of the CDA. He belongs to the more radical wing of the party and has until now been CDA Floor Leader. Dr Lubbers now becomes the most likely candidate for the premiership in the next Government. His position to the left of the party might complicate the process of Government formation with the right-wing Liberals, VVD. But it is doubtful whether Mr van Agt would have resigned now if his departure would endanger the coalition formation.

The change in leadership will not not affect the process of INF stationing, which remains difficult. When he met Mr Hurd on 13 October, Mr van den Broek, State Secretary for Foreign Affairs, was pessimistic about the chances of getting a majority in the Second Chamber when the time came to consider the stationing of INF warheads on Dutch soil. But both Mr van Agt and Dr Lubbers support it and immediate tactics have been agreed by the CDA and VVD: preparations for deployment to the put in hand, the final decision to depend on progress in the Geneva talks.

Yours ever,
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

OUT TELEGRAM

Classification and Caveats		Precedence/Deskby
CONFIDENTIAL		PRIORITY

ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	CONFIDENTIAL
CAVEATS	4	
DESKBY	5	
FM FCO	6	FM FCO OCTOBER 1982
PRE/ADD	7	TO PRIORITY THE HAGUE
TEL NO	8	TELEGRAM NUMBER
	9	THE RESIGNATION OF THE NETHERLANDS PRIME MINISTER
	10	1. When Mr van Agt steps down please pass the following message
	11	from the Prime Minister:
	12	BEGINS
	13	Dear Dries
	14	I was very sorry to hear of your resignation. <i>We shall miss you very much in our European meetings</i> I would not wish
	15	your departure from office after eleven years as a Minister to
	16	pass without saying how much I have valued your friendship,
	17	cooperation and wise counsel. Warm good wishes to you and your
	18	family.
	19	Margaret Thatcher
	20	ENDS
	21	Message for the new Prime Minsiter
///	22	BEGINS
//	23	Dear Prime Minister
/	24	I send you my warmest congratulations on assuming the
	25	premiership of the Netherlands. I very much look forward to

NNNN ends telegram	BLANK	Catchword meeting
File number	Dept Private Office	Distribution
Drafted by (Block capitals) ROGER BONE		
Telephone number 233 4831		
Authorised for despatch		
Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

Classification and Caveats		PRIORITY	Page
CONFIDENTIAL			2
1	<<<<		
2	meeting you at the European Council, as well as to working with		
3	you in future. Warm regards,		
4	Margaret Thatcher.		
5	ENDS		
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GRS 300

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CONFIDENTIAL

FM THE HAGUE 141730Z OCT 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 253 14 OCTOBER

INFO SAVING EC POSTS WASHINGTON UKDEL NATO

MY TELNO 250: RESIGNATION OF VAN AGT.

1. EXACTLY WHEN THE NEXT CABINET WILL BE SWORN IN IS UNCLEAR. IN HIS STATEMENT TO THE PRESS ON 13 OCTOBER VAN AGT SAID THAT GOOD PROGRESS WAS BEING MADE IN THE CURRENT TALKS BETWEEN THE CHRISTIAN DEMOCRATS AND THE LIBERALS : QUOTE THE CONTOURS OF THIS COALITION HAVE BECOME CLEARLY VISIBLE UNQUOTE.
2. CONSIDERABLE PROGRESS HAS INDEED BEEN MADE. CDA AND VVD WORKING PARTIES REACHED AGREEMENT ON 12 OCTOBER ON A FOUR YEAR PROGRAMME OF PUBLIC EXPENDITURE CUTS DESIGNED TO BRING DOWN THE PSBR FROM ITS CURRENT 13 PER CENT TO 7 . (THE VVD, HAVING PRESSED ORIGINALLY FOR CUTS OVER THIS PERIOD TOTALLING 40 BILLION GUILDERS, HAS NOW ACCEPTED THAT THE AIM SHOULD BE 13 BILLION IN 1982/83, AND 7 BILLION IN EACH OF THE THREE YEARS THEREAFTER). A LARGE MEASURE OF AGREEMENT HAS BEEN ACHIEVED ON DEFENCE POLICY (PREPARATIONS FOR INF DEPLOYMENT TO BE PUT IN HAND, THE FINAL DECISION TO DEPEND ON PROGRESS IN THE GENEVA TALKS). THE ONLY UNSOLVED DISPUTE OF ANY IMPORTANCE CONCERNS BROADCASTING POLICY (THE EXTENT TO WHICH CABLE TELEVISION SHOULD BE COMMERCIALISED).
3. THE NEXT LWORD UNDERLINED INFORMATEUR (SCHOLTEN) MAY THUS BE ABLE TO SUBMIT A COMPLETE SET OF POLICY PROPOSALS TO THE CDA AND VVD PARLIAMENTARY PARTIES WITHIN THE NEXT FEW DAYS. SECURING THEIR AGREEMENT MAY NOT HOWEVER BE ENTIRELY STRAIGHTFORWARD. AS EXPLAINED IN MIFT, VAN AGT'S SUCCESSOR STANDS FURTHER TO THE LEFT. ALTHOUGH VAN AGT REMAINS AT THE HELM FOR THE MOMENT, IT WILL BE LUBBERS WHO HAS THE FINAL SAY FOR THE CDA ABOUT THE NEXT COALITION'S POLICY PROGRAMME. HE WILL BE LESS READY THAN VAN AGT TO GIVE GROUND TO THE VVD, AND THE LEFT WING OF THE CDA PARLIAMENTARY PARTY WILL CORRESPONDINGLY EMBOLDENED.

4. SPECULATION IS RIFE ABOUT THE REASONS FOR VAN AGT'S DECISION TO LEAVE THE CABINET AT THIS JUNCTURE. THERE IS GENERAL AGREEMENT THAT THOSE GIVEN BY VAN AGT HIMSELF ARE GENUINE, BUT MAY WELL NOT BE THE WHOLE STORY. TWO OTHER THEORIES HAVE BEEN ADVANCED:

(A) A FEATURE OF DUTCH POLITICS IN THE PAST DECADE HAS BEEN THE PERSONAL RIVALRY BETWEEN DEN UYL, THE PVDA LEADER, AND VAN AGT. THE LATTER MAY WELL HAVE STAYED ON UNTIL THIS POINT IN THE PROCESS OF CABINET FORMATION PARTLY IN ORDER TO ENSURE THAT THE PVDA WAS FIRST RULED OUT AS A POSSIBLE COALITION PARTNER FOR THE CDA:

CONFIDENTIAL

/CA)

CONFIDENTIAL

(B) VIGOROUS INTERNAL DEBATE HAS SWELLED IN THE CDA ABOUT THE PARTY'S IDENTITY. THE STARTING POINT HAS BEEN THE RECOGNITION THAT AFTER YEARS OF LOSING SUPPORT TO THE LEFT THE PARTY IS NOW CEDING GROUND TO THE RIGHT (IE THE VVD). VAN AGT IS WELL KNOWN TO FEEL CONSIDERABLE PERSONAL SYMPATHY WITH THE VVD. HE MAY HAVE FELT LESS WELL FITTED THAN LUBBERS FOR THE TASK OF RESHAPING THE CDA'S PHILOSOPHY TO MEET THIS NEW CHALLENGE.

FCO PASS SAVING ALL

HERVEY

STANDARD
WED
ECDS

(REPEATED AS REQUESTED)

-2-
CONFIDENTIAL

GRS 200

DESKBY 150900Z

CONFIDENTIAL

CONFIDENTIAL

FM THE HAGUE 141745Z OCT 82

TELEGRAM NUMBER 254 14 OCTOBER

INFO SAVING EC POSTS WASHINGTON UKDEL NATO

MIPT: RESIGNATION OF VAN AGT.

1. DESPITE NEARLY A DECADE IN THE PUBLIC EYE LUBBERS REMAINS SOMETHING OF A RIDDLE. UNDOUBTEDLY OF HIGH INTELLIGENCE, A HARD WORKER AND AN EXPERT MANAGER HE IS WIDELY RESPECTED AS A CREATIVE POLITICAL FIGURE NEVER SHORT OF IDEAS. BUT HE OPERATES VERY MUCH AS A LONER, WITH NO CLOSE POLITICAL FRIENDS, AND HAS NOTHING LIKE THE POPULARITY WITH THE CDA GRASSROOTS ENJOYED BY VAN AGT. HE HAS LONG OPERATED FROM THE LEFT OF CENTRE, FIRST IN THE OLD CATHOLIC PARTY (KVP) AND THEN IN THE CDA. HE HAS THEREFORE ALWAYS BEEN VIEWED WITH SOME FAVOUR BY THE PVDA. THERE IS NO REASON, HOWEVER, TO DOUBT HIS WILLINGNESS TO FORM A COALITION WITH THE LIBERALS (VVD). HE IS WELL AWARE THAT A SUBSTANTIAL ELEMENT IN THE CDA PARLIAMENTARY PARTY HAS THE STRONGEST OBJECTIONS TO CURRENT PVDA DEFENCE AND ECONOMIC POLICIES.

2. THERE IS IN PARTICULAR NO EVIDENCE THAT LUBBERS HOLDS SIGNIFICANTLY DIFFERENT VIEWS FROM VAN AGT ON TNF STATIONING, ALTHOUGH HIS PERSONAL COMMITMENT TO DEPLOYMENT MUST BE CONSIDERED LESS STRONG.

HIS RADICAL INCLINATIONS HAVE NEVER EXTENDED TO DEFENCE POLICY, AND ONE OF THE FEATURES OF THE RUN-UP TO THE LAST ELECTION WAS HIS SHARP ATTACK ON THE (ANTI-NUCLEAR) 'LOYALISTS' IN THE CDA PARLIAMENTARY PARTY. HE CAN BE EXPECTED TO KEEP THEM ON A TIGHT LEASH.

3. IT SHOULD BE NOTED THAT LUBBERS HAS NOT YET FORMALLY ACCEPTED THE MANTLE OFFERED TO HIM BY HIS PARTY : HE WISHES FIRST TO EXAMINE THE NEXT WORD UNDERLINED INFOTMATEUR'S FINAL REPORT. BUT THIS IS NOT GENERALLY EXPECTED TO FACE HIM WITH PARTICULAR DIFFICULTIES AS REGARDS HIS SUCCESSION.

FCO PASS SAVING ALL

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(REPEATED AS REQUESTED)

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Netherlands
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FM THE HAGUE 131730Z OCT 82

TO IMMEDIATE FCO.

TELEGRAM NUMBER 250 OF 13 OCTOBER

INFO IMMEDIATE UKDEL NATO UKREP BRUSSELS BONN WASHINGTON

INFO SAVING OTHER EC POSTS

RESIGNATION OF THE NETHERLANDS PRIME MINISTER.

1. VAN AGT HELD A PRESS CONFERENCE THIS AFTERNOON TO ANNOUNCE THAT WHILE HE WOULD CONTINUE AS PRIME MINISTER (AND FOREIGN MINISTER) UNTIL THE SWEARING IN OF THE NEXT CABINET, HE WOULD NOT THEREAFTER BE PREPARED TO HOLD MINISTERIAL OFFICE. HE INTENDED TO REMAIN A MEMBER OF THE SECOND CHAMBER.

2. VAN AGT TOLD THE PRESS THAT:

(A) AFTER 11 YEARS WITHOUT A BREAK AS A MINISTER, AND AFTER HAVING BEEN PRIME MINISTER SINCE 1977, HE FELT HE NO LONGER HAD THE STAMINA NECESSARY TO CONTINUE AS A MINISTER FOR A FUTHER TERM. ONE OF THE MAJOR REASONS FOR THIS DECISION WAS HIS WISH TO SPEND MORE TIME WITH HIS FAMILY.

(B) THE CDA HAD ELECTED LUBBER (SEE LPR) AS HIS SUCCESSOR AS PARTY LEADER.

3. WE HAVE KNOWN FOR SOME TIME THAT VAN AGT WAS UNDER PRESSURE FROM HIS FAMILY TO PLAY A LESS ACTIVE ROLE IN DUTCH POLITICS, BUT HIS DECISION TO ANNOUNCE HIS RESIGNATION AT THIS POINT HAS CAUSED GENERAL SUPRISE. THE TIMING MAY OF COURSE IN PART REFLECT CONFIDENCE ON VAN AGT'S PART THAT THE SUCCESSFUL ESTABLISHMENT OF A NEW CENTRE-RIGHT GOVERNMENT IS NOW VIRTUALLY IN THE BAG.

4. FUTHER COMMENT WILL FOLLOW.

5. A MESSAGE OF REGRET AND TRIBUTE FROM THE PRIME MINISTER WOULD BE GREATLY APPRECIATED: I HOPE IT WILL BE POSSIBLE TO SEND ONE.

This is being prepared. MR 14/10

FCO PLEASE PASS TO SAVING ADDRESSES.

HERVEY

[REPEATED AS REQUESTED]

STANDARD

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CONFIDENTIAL

netherlands

CONFIDENTIAL

FM THE HAGUE 091530Z SEP 82

TO PRIORITY FCO

TELEGRAM NUMBER 223 OF 09 SEPTEMBER

INFO SAVING OTHER EC POSTS, NATO POSTS

NETHERLANDS GENERAL ELECTION

1. FOLLOWING A LAST-MINUTE SURGE THE SOCIALISTS (PVDA) HAVE EMERGED FROM THE GENERAL ELECTIONS HELD ON 8 SEPTEMBER AS THE LARGEST PARTY IN PARLIAMENT. THE CHRISTIAN DEMOCRATS (CDA) AND THE LIBERALS (VVD) HOWEVER NOW HOLD BETWEEN THEM 81 OF THE 150 SEATS IN THE SECOND CHAMBER.

2. THE STRENGTHS OF THE PARTIES IN THE NEW SECOND CHAMBER (PREVIOUS TOTALS IN BRACKETS) WILL BE AS FOLLOWS:

LABOUR PARTY (PVDA)	47	(44)
CHRISTIAN DEMOCRATS (CDA)	45	(48)
LIBERALS (VVD)	<u>36</u>	(26)
DEMOCRATS'66 (D'66)	6	(17)
PACIFIST SOCIALIST PARTY	3	(3)
POLITICAL SOCIALIST PARTY	3	(3)
COMMUNISTS	3	(3)
RADICALS	2	(3)
REFORMED POLITICAL FEDERATION	2	(2)
CALVINIST POLITICAL UNION	1	(1)
CENTRE PARTY (CP)	1	(0)
EVANGICAL PEOPLES PARTY	1	(0)

3. IN ACCORDANCE WITH THE CONSTITUTIONAL CONVENTIONS QUEEN BEATRIX IS ALMOST CERTAIN TO INVITE THE SOCIALISTS TO TRY FIRST TO FORM A NEW COALITION. THE GENERAL ASSUMPTION IS THAT THE PVDA WILL FAIL. THEIR HOSTILITY TOWARDS TNF STATIONING (PARA 2 OF MY TELNO 215) REMAINS UNCOMPROMISING. THERE IS THUS VIRTUALLY NO CHANCE OF THE PVDA AND THE CDA REACHING AGREEMENT ON THIS POINT. SINCE THE DIFFERENCES BETWEEN THE PVDA AND THE VVD ON ECONOMIC AND DEFENCE POLICY ARE ALSO FUNDAMENTAL, THE PVDA WILL BE UNLIKELY TO FIND SUFFICIENT COALITION PARTNERS ON ANY TERMS IT COULD ACCEPT. DEN UYL WILL WISH TO SPIN OUT THE PROCESS AS LONG AS POSSIBLE IN THE HOPE THAT SOMETHING WILL TURN UP. BUT IN DUE COURSE THE WAY SHOULD BECOME CLEAR FOR THE CDA AND THE VVD TO FORM A NEW COALITION, LED ONCE AGAIN BY VAN AGT.

4. DEMOCRATS'66, THE FOURTH LARGEST PARTY, WHOSE POLICIES CAN IN GENERAL BE COMPARED WITH THOSE OF THE SDP HAS LOST TWO-THIRDS OF ITS PREVIOUS STRENGTH IN THE SECOND CHAMBER AND IS NOW REDUCED TO RELATIVE INSIGNIFICANCE. ITS BARGAINING POWER HAS BEEN CORRESPONDINGLY REDUCED. THE CDA AND VVD WILL BE UNDER NO PRESSURE TO MAKE CONCESSIONS TO SECURE ITS PARTICIPATION IN ANY NEW COALITION. SINCE NATURAL ORIENTATION OF D'66 IS CENTRE/LEFT IT MAY WELL NOW DECIDE TO GO INTO OPPOSITION.

CONFIDENTIAL

/5.

CONFIDENTIAL

5. A CDA/VVD COALITION COULD IN MATHEMATICAL TERMS PROBABLY MUSTER THE VOTES TO SECURE APPROVAL IN THE SECOND CHAMBER ON TNF STATIONING. SUPPORT FROM THE SMALL RIGHT WING PARTIES WOULD MORE OR LESS CANCEL OUT DEFECTIONS BY CDA 'LOYALISTS' IE NUCLEAR UNILATERALISTS. BUT IT REMAINS FAR FROM CERTAIN THAT ANY DUTCH GOVERNMENT WILL SHOW THE RESOLUTION REQUIRED TO MAKE DEPLOYMENT IN THE NETHERLANDS A REALITY. THE BEST HOPE REMAINS AN AGREED POLICY ON DEFENCE BEFORE ANY NEW GOVERNMENT IS PUT TOGETHER LEAVING OPEN THE POSSIBILITY OF STATIONING BUT WITHOUT COMMITMENT TO A SPECIFIC TIMETABLE (PARA 6 OF MY TUR).

6. IN THE LIGHT OF THE CDA'S RESULTS AT THE ELECTIONS I DO NOT RECOMMEND A MESSAGE AT THIS STAGE TO VAN AGT.

FCO PSE PASS SAVING ADDRESSEES.

MANSFIELD

FCO/WHITEHALL
WED

(REPEATED AS REQUESTED)



Netherlands
Pl. copy to : Sir D. Wass
Sir K. Cuzens
Mr Kitter
Mrs Healey. Miller
Mr Kemp
Mr Edwards
Mr Fitchew
Mr Monaghan
and to : Mr Hancock : cabinet
office.
Mr Cotes : No 10.

L.D.
27/5.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

27 May 1982

Francis Richards Esq
Foreign and Commonwealth Office

M 17/5

New France.

k.a.

We spoke about the speech which the Chancellor of the Exchequer is giving this afternoon to the Netherland-British Chamber of Commerce.

I attach the full text. The passage which we are releasing to the press, and which has been cleared with ECD(I), runs from Page 6 to Page 10. It occurred to us that News Department might find it of interest to their clients.

[x-y]

A full text is being sent by telex to the Embassy at the Hague.

Yours ever,

JOK

J O KERR

1.

Britain and the Netherlands are now among each other's most important trading partners. Each is the other's fourth largest customer. And that custom had grown dramatically in the last few years. I am impressed to note that this Chamber, our hosts today, has now been furthering two-way trade for over 90 years. But, of course, our links go back much further than that. They show that trade and competition need not mean division and conflict, but can mean friendship and co-operation.

In a speech which I gave just on a year ago in the Hague, I discussed the longstanding friendship between our two countries. Of course there have been some differences. We both depended on maritime trade. We both needed to go out and find markets and materials. This very similarity from time to time divided us. So we have not always been on the same side. The story of the Dutch Admiral de Ruyter sweeping up the Medway is as familiar to British School children as the story of your great jurist Grotius being smuggled out of imprisonment in a box is to Dutch school children.

/But history

2.

But history shows that our differences were far less important than our similarity, our co-operation and our friendship.

History has shown too some interesting similarities on the economic front, some of which we are seeing repeated today. Both our countries founded and developed, economically and politically, great maritime empires. We both adapted to living with these and, in due course, to the inevitable move of the constituent parts to independence. In more recent years, both our economies have faced very similar problems from the discovery of oil and gas. This natural endowment has brought problems as well as benefits. For both of us the white man's burden has been replaced by the damnosa hereditas of mineral wealth. In both countries, Governments have benefited from North Sea revenues. Neither country has escaped the effect of this wealth upon exchange rates, or the way in which it has forced structural change upon our economies.

/Perhaps the

Perhaps the most serious disbenefit of North Sea wealth was the way in both our countries it stoked up expectations for more and better things. In particular, it led to a burgeoning of the public sector and of public expenditure. It fuelled expectation, particularly in the field of social security, of continuing improvements which it may be beyond the capacity of either economy to sustain.

We can see how the growth went. In the Netherlands general Government expenditure accounted for 33 per cent of GDP in 1960, and a massive 60 per cent in 1981. In Britain it was also 33 per cent in 1960 and 45 per cent in 1981. [The growth in Britain has not been on quite the same scale as in Holland. But it was still] Too large for the good of either economy.

It might perhaps be said, without disrespect, that North Sea wealth had led the Netherlands economy, and was leading us, to be over-weight, in the sense that social and other programmes had

/run ahead

run ahead of the capacity to sustain them. Both of us have faced the need for the same cures: curbing of inflation, restraint of public borrowing and spending, reduction in the size of the public sector; and exposure of the citizen to the realities of the 1980s, to the need to encourage change, and above all to vitalise and promote enterprise.

External factors, such as the effects of oil price shocks and the downturn in world trade, as well as our own ingrained attitudes, stand in the way of necessary change. The process is painful. It arouses powerful emotions. And it carries major political risks. This company need no reminder from me that taking the necessary steps has broken up some coalition Governments and strained others near to breaking point. It has caused dissension within political parties as well. Yet I detect a growing recognition among both our peoples that realities must be faced. History shows that the British and the Dutch are always ready to follow those who lead a rational and resolute attack on fundamental /problems.

problems. I believe that the leaders of our democracies - for their part - are finding the will and the way to fulfil their responsibilities.

The need for change, the need to adapt practices and institutions accustomed to the 1950s and the 1960s to the harsher realities of the 1980s is recognised, I believe, not just by the United Kingdom and the Netherlands, but by most Western economies. And as with individual countries, it has to apply to groups of countries too. I refer, of course, to the European Community.

A minute ago I mentioned the lawyer in the box, Grotius. I hesitate to distil his beliefs into a few words, especially in the presence of so many people who probably know them better than I do. But as I see it, what he did was to recognise that the emergence of the nation states of Europe did not mean that the Continent would be plunged into anarchy in the absence of some superior power. He recognised that if international co-operation through law was to work, the individual

/laws and

laws and customs of nations had to be preserved. He had a strong belief in man's reason and sense of community. He strove for harmony but recognised the need for individuality.

Holding these views he would, I think, have been troubled at the state of affairs in the Community today. And I too am troubled. ~~In~~ preparing for my remarks this afternoon I had occasion to re-read the speech I gave at the Hague nearly a year ago. I said then, quoting Grotius, that we must "plant trees for the benefit of those who come after us". We had to find solutions which would preserve the Community's existing achievements, not destroy them; which would bring harmony in place of discord; and which would strengthen the Community in the esteem of all our peoples. We had to find solutions that would open the way to progress.

What has in fact happened since last year? The Community's most impressive recent achievement, I believe, has been its rapid agreement on the

/Argentine trade

Argentine trade embargo. It has demonstrated the determination of the member-states of the community, even at the cost of some damage to short-term national trading interests, to support the fundamental principles of freedom and democracy. I pay particular tribute to the important role played in these discussions by the Government of the Netherlands. We greatly value your support.

In its domestic affairs, the Community has, I fear, made less progress. We have had too many quarrels over the budget and agriculture. We have not really begun to lay the foundations of a more harmonious Community.

On the budget, I suggested last year that the Community should take conscious decisions about the way in which the budget should affect each individual Member State. We should start from the principle that resources should flow from more to less prosperous Member States, - just as we do between regions in individual countries,

/and not

and not the other way round. Sadly, our partners have shown no inclination to pursue these ideas. The discussions in Brussels have focussed instead on unsatisfactory ad hoc solutions to the British budget problem. We have patched up a temporary agreement for 1982. The problems of the later years remain as pressing, and as difficult, as ever.

On agriculture, the Community has just decided on one of the largest price increases in its history. In the absence of a budget settlement, these decisions would have added £120 million to the UK's net budget contribution in a full year at existing world prices - more, if world prices should fall from last year's high levels. Such decisions do nothing to deal with the problems of unwanted surpluses and financial control, which I discussed a year ago.

As that figure demonstrates, very important national interests were at stake for the United Kingdom in the price fixing. We made this

/abundantly clear

abundantly clear during the discussions in Brussels. Yet, for the first time since the establishment of the Luxembourg compromise 16 years ago, that compromise was overruled; decisions were taken against our vital national interest by majority vote.

I know that views differ about the merits of the Luxembourg compromise: it was from the outset found less attractive in the Netherlands than in some other Community countries. But I have to say that we in this country studied the rules of the club which, with Dutch encouragement and support, we applied to join more than a decade ago, and that we attached importance to this rule. Indeed, it was high-lighted in the White Paper which explained the terms of our accession to the British people. And we find it profoundly disturbing that such a key rule should have been set aside - without any prior notice or any discussion between heads of State, as would have been appropriate. It is for that reason that we have insisted that there must be clarity within the Community about how important

/decisions are

decisions are to be taken in the future.

I am sorry to have had to introduce a note of such gravity into an occasion of friendship and celebration. But I think it important that there should be no misunderstanding as to just how grave the situation over the Community Budget, the Common Agricultural Policy and the Community itself has become. /y

Let me now return to the business of the day. In all our economies we need an atmosphere which promotes, encourages and rewards the creation of wealth. Accordingly, I welcome the Chamber's own initiative in instituting today's award.

There is a role for Governments too. They must seek to establish a stable economic environment in which individuals and companies are encouraged to respond to market signals, to take the initiative and to make their own decisions. But beyond that Government measures need to be carefully weighed, to ensure that they help rather than hinder.

/We have

We have done a lot since we came to office both to remove obstacles and to give positive help. We have abolished a whole raft of obstructive controls. And we have taken a number of steps to encourage and reward initiative.

Many of these were specifically aimed at the encouragement of small businesses. So I was particularly interested to see that your Award distinguished between large and small companies. For they are two very different beasts. The large companies may have their resources, of money and men and know-how. But this is not to say that they may not still require encouragement towards enterprise. So I hope this Award will spur on any large organisation which may need this.

The smaller businesses have different problems. They too need fiscal and other encouragement. This is important because the small business sector has a significant contribution to make in terms of output and employment. And it

/is the real home

is the real home of initiative and enterprise.

Flexibility and innovation are key features of the small business. More important still is the attitude of mind which small firms represent. The spirit that we need to foster is best epitomised by people who are prepared to go out and run their businesses. People who are not prepared to take the soft option. People who have the courage to take risks. These are qualities which we need throughout business - both big and small - in both our countries and indeed throughout the Community.

It is this spirit of enterprise and initiative that we have gathered together today to celebrate and reward. And I am grateful for having been given the opportunity to associate myself with the Awards. And to be able to say to this gathering that Her Majesty's Government will continue to do all we can to help enterprise to flourish. For it is upon enterprise that the

/long-term prosperity

long-term prosperity of both our countries depends. We both need our trading partners and our mutual trade. And for 91 years the Netherlands British Chamber of Commerce has fostered just that. With this Award, the Chamber of Commerce will be continuing this vital tradition. I wish this scheme well, and also of course ik wens de Brits-Nederlandse kamer van koophandel veel succes.

ADVANCE COPY

IMMEDIATE

00 MOD (DS 17)

RR UKREP BRUSSELS

GRS 170

RESTRICTED

FM THE HAGUE 161515Z OCT 81

TO IMMEDIATE FCO (DESKBY 161800Z)

TELEGRAM NUMBER 267 OF 16 OCTOBER

INFO IMMEDIATE MOD (DS 17)

INFO ROUTINE UKREP BRUSSELS

INFO SAVING EC POSTS

NETHERLANDS GOVERNMENT CRISIS

Hd WED

Hd News

Hd ECX(2)

Hd ECD(1) (2)

Hd Pres Sec

Ps (6)

Ps/LPS (3)

Ps/Pus

Mr Bullard

Mr Fergusson

Mr Haman

RC

Ps/NO 10

DIO.CAB.OFF

DIST
FCO/WH
WED

1. DESPITE A WEEK OF INTENSE NEGOTIATIONS, CULMINATING IN A CABINET MEETING LASTING UNTIL 4 AM TODAY, THE GOVERNMENT HAS FAILED TO REACH AGREEMENT ON MAJOR FINANCIAL AND SOCIO-ECONOMIC ELEMENTS IN THEIR DETAILED POLICY PROGRAMME, PARTICULARLY ON MEASURES TO COMBAT UNEMPLOYMENT. THE PROGRAMME WAS TO HAVE BEEN PRESENTED TO PARLIAMENT ON 19 OCTOBER.
2. VAN AGT CALLED ON QUEEN BEATRIX AT 10 AM TODAY TO TENDER HIS OWN RESIGNATION AND THAT OF HIS MINISTERS SEMI COLON HE HAD EARLIER TOLD JOURNALISTS THAT THE GOVERNMENT COULD BE DESCRIBED AS 'OUTGOING'. QUEEN BEATRIX HAS NOT YET FORMALLY ACCEPTED MINISTERS RELINQUISHMENT OF THEIR PORTFOLIOS AND HAS ASKED THEM TO "CONTINUE DOING WHAT THEY CONSIDER TO BE NECESSARY IN THE INTERESTS OF THE KINGDOM".
3. THE GOVERNMENT IS CLEARLY NOW ACTING IN A CARETAKER CAPACITY, ALTHOUGH FURTHER ATTEMPTS TO RESURRECT THE COALITION SEEM LIKELY. IF THESE FAIL THE NEXT STEP WOULD BE THE APPOINTMENT OF A NEW INFORMATEUR.
4. THE MAJOR PARLIAMENTARY PARTIES ARE MEETING THIS AFTERNOON. WE SHALL REPORT FURTHER ONCE THE SITUATION IS CLEARER.

FCO PLEASE PASS TO SAVING ADDRESSEES.

HERVEY

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T127A/81

Netherlands

McMaster
+ cps

RESTRICTED

GR75

RESTRICTED

DESKBY 121100Z

FM FCO 111900Z SEP 81

TO IMMEDIATE THE HAGUE

TELEGRAM NUMBER 148 OF 11 SEPTEMBER

YOUR TELNO 253: MESSAGE TO THE PRIME MINISTER

TELECON ASST RESIDENT CLERK/MISS ADAMS. 111845Z. REFERS.

FOLLOWING MESSAGE FROM MRS THATCHER TO MR VAN AGT SHOULD NOW
BE DELIVERED

QUOTE

I AM ABSOLUTELY DELIGHTED TO LEARN OF YOUR RE APPOINTMENT AS PRIME
MINISTER AND SEND MY WARMEST CONGRATULATIONS AND MY BEST WISHES TO
YOUR NEW GOVERNMENT.

UNQUOTE

CARRINGTON

[COPIES SENT TO NO 10 DOWNING STREET]

LIMITED

WED

PS

PS/LPS

PS/PUS

MR BULLARD

MR FERGUSSON

COPIES TO

D/O CABINET OFFICE

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SUBJECT.

Netel Audio (9)
TOP COPY

GRS 60

RESTRICTED

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 124A/81

RESTRICTED

FM FCO 031822Z SEPTEMBER 81
TO IMMEDIATE THE HAGUE
TELEGRAM NUMBER 146 OF 3 SEPTEMBER 1981.

✓. Master set
ops.

1. PLEASE PASS FOLLOWING MESSAGE FROM THE PRIME MINISTER TO
MR VAN AGT.
BEGINS. I AM MOST GRATEFUL FOR THE SECURITY PROTECTION
PROVIDED FOR MY SON MARK AT SHORT NOTICE OVER THE WEEKEND.
I SHOULD BE GRATEFUL IF YOU WOULD PASS ON MY THANKS TO THE
POLICE FORCES CONCERNED. ENDS

CARRINGTON

MINIMAL
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RESTRICTED

WRN 353/1	
RECEIVED IN REGISTRY NO. 13	
- 4 SEP 1981	
OFFICER	REGISTRY
PA	Action Taken
MSA 4/3 8	

ds

Netter

BP fw b4

3 September 1981

The Prime Minister has seen and approved the message to Mr. Van Agt enclosed with your letter to me of 2 September about the precautions taken by the Dutch authorities on Mr. Mark Thatcher's behalf last weekend.

MODBA

Francis Richards, Esq.,
Foreign and Commonwealth Office.

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CONFIDENTIAL



(1)

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

After lunch?

Yes - an most grateful

2 September 1981

Dear Michael,

Paul

mb

I understand your office was in direct touch with the Embassy at The Hague late last week about Mr Mark Thatcher's visit to the Netherlands over the weekend. There was evidence of a particular threat to Mr Thatcher and special precautions were taken by the Dutch authorities. The State Police provided two patrol cars with 4 personnel for the whole weekend and a 24 hour guard was mounted on the Ambassador's residence (which is not normal when the Ambassador is away). The suggestion that Mr Thatcher should stay at the residence was made by the PUS of the Dutch Ministry of Foreign Affairs who summoned HM Charge d'Affaires on Friday evening and asked that he should not stay at a hotel in view of the information about a particular threat and since the visit was partly for promotional purposes.

In the circumstances, it would undoubtedly be appreciated by the Dutch authorities if the Prime Minister were to send a short message of thanks to the Dutch Prime Minister. A draft is attached in the form of a telegram to HM Embassy at The Hague.

Yours ever,

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON
SW1

File No.

Department WED

OUTWARD

Drafted by P W M VEREKER

TELEGRAM

(Block Capitals)

Tel. Extn.

Security Classification

RESTRICTED

Precedence

IMMEDIATE

DESKBYZ

FOR
COMMS. DEPT.
USE

Despatched

(Date)

(Time)Z

POSTBYZ

PREAMBLE

(Time of Origin) Z (G.M.T.)

(Restrictive Prefix)

(Security Class.) RESTRICTED

(Caveat/

Privacy marking)

(Codeword)

(Deskby) Z

TO IMMEDIATE
(precedence)THE HAGUE
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AND TO (precedence/post)

AND SAVING TO

REPEATED TO (for info)

SAVING TO (for info)

Distribution:—

Minimal:

WED

PCD

Security Dept

[TEXT]

1. Please pass following message from the Prime Minister to Mr van Agt.

BEGINS I am most grateful for the security protection provided for my son Mark at short notice over the weekend. *It would be most kind* I should be grateful if you would pass on my thanks to the police forces concerned. ENDS

Copies to:—

GRS 430

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FM THE HAGUE 251325Z AUG 81

TO PRIORITY FCO

TELEGRAM NUMBER 239 OF 25 AUGUST

INFO SAVING EC POSTS

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MA

THE HAGUE TELEGRAM NO 232 : THE NETHERLANDS : CABINET FORMATION

1. QUEEN BEATRIX'S APPOINTMENT ON 20 AUGUST OF THE ELDER STATESMAN DE GAAY FORTMAN (LEFT-WING CDA: MINISTER OF INTERNAL AFFAIRS UNDER DEN UYL 1973/1977) AS THE NEW INFORMATEUR (LAST WORD UNDERLINED) IS CONSISTENT WITH WIDESPREAD REPORTS OF HER CONVICTION OF THE NEED FOR A CENTRE-LEFT COALITION (PARAGRAPH 5 OF TUR AND MR MANSFIELD'S LETTER OF 21 AUGUST TO GLADSTONE). THE APPOINTMENT ALSO MARKS A REBUFF TO VAN AGT. DE GAAY FORTMAN HAD PUBLICLY CRITICISED VAN AGT'S HANDLING OF THE FORMATION NEGOTIATIONS AND HAD DECLARED HIMSELF A STRONG SUPPORTER OF A CDA/PVDA/D'66 COALITION ON THE LINES SUGGESTED BY THE TWO EARLIER FORMATEURS, (LAST WORD UNDERLINED) KREMERS AND VAN THIJN. VAN AGT HAD ALREADY BEEN DISCOMFITED BY THE SUPPORT OF AN IMPORTANT ELEMENT IN THE CDA GROUP IN THE SECOND CHAMBER (THE "FRACTIE"), INCLUDING LUBBERS, THE DEPUTY FRACTIE LEADER, FOR A COALITION WITH PVDA AND D'66 ON THE TERMS PROPOSED.

2. ON 24 AUGUST VAN AGT REACTED BY RESIGNING AS LEADER OF THE CDA FRACTIE ON THE GROUNDS THAT HIS AUTHORITY AS FRACTIE LEADER HAD BEEN SIGNIFICANTLY WEAKENED AND HE COULD THUS NO LONGER REPRESENT THE CDA IN THE FORMATION NEGOTIATIONS. HE MADE IT CLEAR THAT HE WAS STILL PREPARED TO BECOME PRIME MINISTER OF ANY CENTRE-LEFT COALITION. BUT THIS WOULD HAVE TO BE BASED ON ON GENERAL (AND CLEARLY DEFINED) AGREEMENT (WHICH VAN AGT NOTED HAD NOT YET BEEN ACHIEVED) TO GIVE PRIORITY TO ECONOMIC RECOVERY AND THROUGH IT INCREASED EMPLOYMENT AS DISTINCT FROM THE PVDA WISH TO MAKE THE LATTER THE PRIME OBJECTIVE.

3. THE CDA FRACTIE IS MEETING TODAY TO CONSIDER THE POSITION. AS FRACTIE LEADER IN PLACE OF VAN AGT THEY SEEM LIKELY TO APPOINT LUBBERS. HE IS KNOWN TO BE CONTENT WITH THE DEGREE OF AGREEMENT ON POLICY SO FAR ARRIVED AT WITH THE PVDA AND D'66. LUBBERS WOULD THUS REPRESENT THE CDA IN THE NEGOTIATIONS DE GAAY FORTMAN IS NOW UNDERTAKING.

4. IN THEORY THE APPOINTMENT OF LUBBERS INCREASES THE CHANCES OF A CDA/PVDA/D'66 COALITION GETTING OFF THE GROUND. IN PRACTICE VAN AGT WILL EXERCISE A POWERFUL INFLUENCE BEHIND THE SCENES. NEVERTHELESS HIS POLITICAL AUTHORITY HAS BEEN UNDERMINED. HE

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CANNOT NOW PARTICIPATE DIRECTLY IN THE FORMATION NEGOTIATIONS.
THE CDA FRACTIE NOW FACES A CHOICE BETWEEN GIVING LUBBERS A
MANDATE TO PROCEED ON THE BASIS OF THE PACKAGE WORKED OUT
BY KREMERS AND VAN THIJN, TO WHICH VAN AGT AND HIS SUPPORTERS
STILL OBJECT (SEMI COLON) OR DECIDING THAT THE LOSS OF VAN AGT
WOULD BE TOO HIGH A PRICE TO PAY AND GIVING THEIR NEW NEGOTIATOR
A MORE RESTRICTIVE REMIT.

FCO PLEASE PASS TO SAVING ADDRESSEES.

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FM THE HAGUE 200905Z AUG 81

TO PRIORITY FCO

TELEGRAM NUMBER 232 OF 20 AUGUST

INFO SAVING MODUK (DS 17), EC POSTS, UKDEL NATO, WASHINGTON
AND MOSCOW.

MY TEL NO 224

THE NETHERLANDS : CABINET FORMATION

1. THE TWO FORMATEURS APPOINTED BY QUEEN BEATRIX ON 4 AUGUST WITH THE AIM OF PUTTING THE FINISHING TOUCHES TO THE PROPOSED CHRISTIAN DEMOCRAT (CDA)/SOCIALIST (PVDA)/DEMOCRATS '66 COALITION REPORTED BACK TO HER ON 19 AUGUST ADMITTING FAILURE.
2. THEIR DECISION TO DO THIS, AFTER TWO WEEKS OF INTENSE NEGOTIATION, FLOWED DIRECTLY FROM THAT TAKEN BY THE CDA PARLIAMENTARY PARTY WHEN IT MET ON 19 AUGUST TO CONSIDER THE UNRESOLVED POINTS STILL ON THE TABLE (THE PVDA AND D'66 HAVING ALREADY ACCEPTED THE PROPOSALS PUT FORWARD BY THE INFORMATEURS ON 3 AUGUST, THE CDA HAD BEEN THE DEMANDEURS IN THIS LATEST PHASE OF THE TALKS).
3. THE CDA'S DECISION WAS MADE AGAINST THE BACKGROUND OF A DETAILED LETTER WHICH VAN AGT SENT TO THE FORMATEURS ON 18 AUGUST, SETTING OUT HIS REMAINING DEMANDS. FORTY SEVEN OUT OF THE FORTY EIGHT MEMBERS OF THE PARLIAMENTARY PARTY WERE PRESENT. TWELVE VOTED IN FAVOUR OF ACCEPTING THE PACKAGE ON THE TABLE (I.E. WITHOUT PRESSING FOR THE FURTHER CHANGES DESIRED BY VAN AGT). THE OTHER THIRTY FIVE SUPPORTED VAN AGT (THOUGH SIXTEEN OF THEM DID SO ONLY BECAUSE OF HIS THREAT TO RESIGN IF NOT SUPPORTED BY THE PARTY). FACED WITH THIS OUTCOME THE FORMATEURS CONCLUDED THAT THEY COULD NOT FORM A CDA/PVDA/D'66 CABINET.
4. VAN AGT'S LETTER OF 18 AUGUST (COPY BY BAG) DEALT MAINLY WITH SOCIO-ECONOMIC MATTERS, EMPHASISING IN PARTICULAR THE CDA VIEW THAT CUTS IN GOVERNMENT EXPENDITURE TOTALLING FOUR AND A HALF BILLION GUILDERS NEEDED TO BE MADE IN THE NEXT FINANCIAL YEAR (A POINT NOT ACCEPTED BY THE PVDA OR D'66). IT ALSO, HOWEVER, INCLUDED A FIRMLY WORDED PASSAGE ON DEFENCE, EMPHASISING THAT THE CDA INSISTED THAT THE FINAL TEXT PROPOSED BY THE INFORMATEURS (MY TEL NO 225), RATHER THAN THE GLOSS SUBSEQUENTLY PUT ON IT BY THE PVDA (BUDD'S MINUTE OF 6 AUGUST, NOT TO ALL), SHOULD DETERMINE THE DEFENCE POLICY OF THE NEW CABINET.

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5. THE WAY FORWARD IS NOT YET CLEAR, BUT IT SEEMS LIKELY THAT THE QUEEN WILL CONSIDER APPOINTING ONE OR MORE NEW FORMATEURS IN A FURTHER EFFORT TO SALVAGE THIS COALITION. SHE IS KNOWN TO BE WORRIED ABOUT THE DANGER THAT THE PVDA WOULD MOVE TO THE LEFT IF ITS FOUR YEAR SPELL IN OPPOSITION WERE NOW TO BE RENEWED.

FCO PLEASE PASS SAVING ADDRESSEES.

MANSFIELD

REPEATED AS REQUESTED

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FM THE HAGUE 050725Z AUG 81.

TO PRIORITY FCO

TELEGRAM NUMBER 224 OF 05 AUGUST

INFO MOD (DS 12 AND 17) AND UKDEL NATO

INFO SAVING TO EC POSTS WASHINGTON AND MOSCOW

MY TEL NO 223

THE NETHERLANDS: CABINET FORMATION

1. THE THREE INFORMATEURS, HAVING DECIDED THAT THEY HAD DONE ALL THAT THEY COULD, HANDED IN THEIR FINAL REPORT TO QUEEN BEATRIX ON 3 AUGUST. THEY ARGUED THAT ENOUGH PROGRESS HAD BEEN MADE IN PREPARING THE WAY FOR A CHRISTIAN DEMOCRAT (CDA)/SOCIALIST (PVDA)/DEMOCRATS '66 COALITION TO JUSTIFY THE APPOINTMENT BY THE QUEEN OF ONE OR MORE FORMATEURS TO COMPLETE THE PROCESS. THEY ALSO COMMENTED ON THE THREE CDA OBJECTIONS REPORTED IN PARAGRAPH 3 OF MY TUR:

(A) THE CDA AND PVDA HAD NOW REACHED AGREEMENT ON EDUCATION POLICY.

(B) THE INFORMATEURS HAD NOW PRODUCED A NEW TEXT (SEE MIFT) ON DEFENCE POLICY, WHICH OUGHT TO BE ACCEPTABLE TO ALL CONCERNED.

(C) THEY WERE CONTENT TO LEAVE TO THE FORMATEURS THE CDA REQUEST FOR VARIOUS ASPECTS OF SOCIO-ECONOMIC POLICY TO BE DISCUSSED FURTHER BEFORE THE ESTABLISHMENT OF THE NEW GOVERNMENT.

2. THE INFORMATEURS PRESENTED THIS REPORT TO THE QUEEN WITHOUT WAITING FOR THE PARTIES CONCERNED TO APPROVE IT FIRST. IN THE COURSE OF 4 AUGUST ALL THREE PARTIES EXPRESSED THEIR APPROVAL OF THE RECOMMENDATION THAT A MOVE SHOULD NOW BE MADE TO THE NEXT STAGE OF THE FORMATION PROCESS, BUT THE PVDA AND D'66 DID SO ONLY WITH CONSIDERABLE RELUCTANCE, IRRITATED BY THE FACT THAT THE CDA HAD IN EFFECT BEEN ALLOWED BY THE INFORMATEURS TO GET AWAY WITH MODIFYING A PACKAGE WHICH THE INFORMATEURS HAD PUT TO THE PARTIES ON A TAKE IT OR LEAVE IT BASIS.

3. LATER ON 4 AUGUST IT BECAME CLEAR THAT QUEEN BEATRIX HAD ACCEPTED THE ADVICE OF THE INFORMATEURS, SINCE SHE APPOINTED TWO FORMATEURS TO SUCCEED THEM - VAN THIJN (AGAIN) TO REPRESENT THE PVDA, AND KREMERS (COMMISSIONER OF THE QUEEN FOR LIMBURG) TO REPRESENT THE CDA.

4. DESPITE THE PROGRESS MADE SO FAR THE TWO FORMATEURS STILL HAVE A DIFFICULT, AND QUITE POSSIBLY LENGTHY, TASK AHEAD OF THEM. THE CDA HAVE GAINED SOME GROUND ON DEFENCE (SEE PARAGRAPH 5 BELOW) AND SHOW EVERY SIGN OF BEING DETERMINED TO FOLLOW THE SAME TACTICAL PATH OF PLAYING ON THE PVDA'S FEAR OF BEING LEFT OUT OF THE NEW COALITION IN PURSUIT OF SATISFACTION ON ECONOMIC POLICY

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ALSO (THEY REMAIN INTENT ON GIVING THE NEED TO INVEST MORE IN INDUSTRY PRIORITY OVER MEASURES TO PROTECT THE SPENDING POWER OF THOSE ON THE LOWEST INCOMES). THE AIR IS THICK WITH MISTRUST, AND THE FOUNDATIONS OFFERED BY THE INFORMATEURS WIDELY SEEN AS AN INSECURE BASIS FOR FURTHER CONSTRUCTION.

5. THE NEW TEXT ON DEFENCE IS FROM OUR POINT OF VIEW IN SOME RESPECTS LESS OBJECTIONABLE THAN THAT IN MY TEL NO 220: (A) ON TNF, INSTEAD OF EXPLAINING IN TERMS THAT POSTPONEMENT IS INEVITABLE AND MAKING THE TIMING OF THE DECISION DEPENDENT ON PROGRESS OVER RMA CONTROL, IT SAYS SIMPLY THAT "THE CABINET WILL DECIDE ON THE BASIS OF ITS OWN JUDGEMENT THE TIMING AND CONTENT" OF THE DECISION. THE PVDA FOOTNOTE (PARAGRAPH 2 OF MY TEL NO 220) IS OMITTED, AND REPLACED BY A MORE BALANCED REFERENCE TO THE ELECTION MANIFESTOES OF ALL THREE PARTIES.

(B) THERE IS NOW A DEFINITE COMMITMENT TO MAINTAIN THE DUTCH SHARE IN NATO'S LONG TERM DEFENCE PROGRAMME.

(C) THERE IS NO LONGER A DEADLINE (PREVIOUSLY 1985) BY WHEN PROGRESS MUST BE MADE IN REDUCING THE NUMBER DUTCH NUCLEAR TASKS. THE ONLY COMMITMENT ON THAT SUBJECT IS TO "CONSULT THE ALLIES" (THOUGHT THE DECISION HERE TOO IS TO BE JUDGED BY THE PARLIAMENTARY PARTIES IN THE LIGHT OF THEIR ELECTION MANIFESTOES, WHICH ALL CALL FOR THE PRESENT NUMBER OF TASKS TO BE REDUCED).

6. ON THE OTHER HAND IT REMAINS CLEAR ON TNF THAT ALL CONCERNED REGARD POSTPONEMENT OF THE DECISION DUE IN DECEMBER AS INEVITABLE, AND THAT IT IS ONLY THE QUESTION OF THE TERMS IN WHICH THE DECISION TO POSTPONE IS TAKEN (IE SINE DIE OR FOR A SPECIFIC PERIOD) ON WHICH THE PARTIES HAVE AGREED TO DISAGREE. MORE GENERALLY, IT IS ALREADY PLAIN THAT THE PVDA AND CDA INTERPRETATIONS OF THE NEW DEFENCE TEXT VARY SUBSTANTIALLY. VAN AGT IS BROADLY CONTENT, AND HAS DESCRIBED THE REDRAFT AS "SHORN OF ALL INIQUITIES". DEN UYL FOR HIS PART HAS COMPLAINED THAT THE TNF PASSAGE IS "VAGUE AND UNCLEAR", BUT IS CLAIMING NONETHELESS THAT THE PVDA HAVE GIVEN NOTHING AWAY, AND REMAIN UNCONDITIONALLY AND FIRMLY OPPOSED TO TNF MODERNISATION. IN SHORT, ON DEFENCE IN PARTICULAR THE PARTIES ARE AS FAR APART AS EVER, AND THE WAY FORWARD FOR THE PROJECTED COALITION STREWN WITH PITFALLS.

FCO PLEASE PASS TO SAVING ADDRESSEES.

MANSFIELD

[REPEATED AS REQUESTED]

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See comment overleaf.

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FM THE HAGUE 220840Z JUL 81

TO ROUTINE FCO

TELEGRAM NUMBER 219 OF 22 JULY

INFO SAVING EC POSTS, UKDEL NATO, WASHINGTON AND MOSCOW.

THE NETHERLANDS : CABINET FORMATION

1. IN THE LAST FEW DAYS SUBSTANTIAL PROGRESS HAS BEEN MADE TOWARDS THE FORMATION OF A NEW NETHERLANDS CABINET, INVOLVING A COALITION OF CHRISTIAN DEMOCRATS (CDA), SOCIALISTS (PVDA), AND DEMOCRATS '66, WITH VAN AGT AS PRIME MINISTER. IT IS PROBABLE, THOUGH NOT CERTAIN, THAT THE PROCESS COULD BE COMPLETED BY THE END OF THE WEEK.

2. AFTER INTENSIVE DISCUSSION THE THREE INFORMATEURS MADE PUBLIC ON 21 JULY THEIR LATEST AGREED PROPOSALS FOR THE DIVISION OF PORTFOLIOS IN AND FOR THE POLICY TO BE FOLLOWED BY THE NEW CABINET. THE PARLIAMENTARY PARTIES CONCERNED HAD A FIRST LOOK AT THE PACKAGE ON 21 JULY AND ARE CONTINUING THEIR EXAMINATION OF IT TODAY. FIRST INDICATIONS ARE THAT THE PVDA ARE CONTENT, BUT THE CDA AND D'66 ARE BOTH (FOR DIFFERENT REASONS) UNEASY.

3. THE INFORMATEURS PROPOSE THE FOLLOWING DIVISION OF PORTFOLIOS:

- A) CDA - PRIME MINISTER, FINANCE, JUSTICE, DEVELOPMENT COOPERATION, HEALTH AND AGRICULTURE.
- B) PVDA - SOCIAL AFFAIRS (TO BE TAKEN BY DEN UYL, WITH DEPUTY PREMIERSHIP AND ADDITIONAL RESPONSIBILITY FOR EMPLOYMENT), EDUCATION, INTERNAL AFFAIRS, FOREIGN AFFAIRS (VAN DER STOEL), CULTURE AND HOUSING.
- C) D'66 - ECONOMIC AFFAIRS (TO BE TAKEN BY TERLOUW, WITH SECOND DEPUTY PREMIERSHIP), DEFENCE AND TRANSPORT.

4. THAT DIVISION LEAVES THE SOCIALISTS WITH EDUCATION, ONE OF THEIR MAIN TARGETS, AND MAKES DEN UYL - THOUGH THE DETAILS STILL HAVE TO BE WORKED OUT - A SORT OF SUPER MINISTER FOR ECONOMIC AFFAIRS, WITH (THE PVDA ARE CLAIMING) SOME SORT OF SUZERAINTY OVER THE MINISTERS OF FINANCE AND ECONOMIC AFFAIRS. TERLOUW IS UNDERSTANDABLY FURIOUS BECAUSE OF THE REMOVAL OF EMPLOYMENT FROM HIS PORTFOLIO. SIMILARLY VAN DER STEE DISLIKES THE PROSPECT OF SPECIFIC SUPERVISION OF ECONOMIC POLICY BY DEN UYL.

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5. THE PROPOSALS ON POLICY OF MOST IMMEDIATE INTEREST TO US CONCERN DEFENCE AND ENERGY MATTERS. FOR THE FORMER SEE MIFT (NOT TO ALL). REPORT ON OTHER SUBJECTS FOLLOWS BY BAG.

COMMENT

6. THIS HARDLY SEEMS LIKE A RECIPE FOR A STRONG OR UNITED CABINET. RATHER, TO QUOTE THE SOCIALIST "VOLKSKRANT" OF 22 JULY, IT IS ONE CONTAINING BIG GUNS WHICH WILL TO A LARGE EXTENT BE AIMED AT EACH OTHER. THE SOCIO-ECONOMIC SECTOR IN PARTICULAR WILL BE A PERMANENT BATTLEFIELD WHICH COULD CAUSE A NEW EARLY ELECTION.

7. THE PROPOSED POLICY ON DEFENCE, WHICH WILL STILL BE FIERCELY CONTESTED BY THE RIGHT WING OF THE CDA, IS MOST UNSATISFACTORY. THE FOOTNOTE ATTACHED BY THE PVDA, IN PARTICULAR, CONSTITUTES A TIME BOMB UNDER THE WHOLE COALITION. IF THE LATTER DOES NOT FIRST COLLAPSE BECAUSE OF DISAGREEMENTS ON OTHER FRONTS IT SEEMS UNLIKELY TO STAND THE TEST OF REACHING A SATISFACTORY DECISION ON TNF MODERNISATION.

FCO PLEASE PASS TO SAVING ADDRESSEES.

MANSFIELD

(REPEATED AS REQUESTED)

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Netherlands

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FM THE HAGUE 031125Z DEC 80

TO PRIORITY FCO

TELEGRAM NUMBER 327 OF 03 DECEMBER

INFO SAVING EC POSTS, UKDEL NATO

*Useful summary. Read
in full.*

SECRETARY OF STATE'S VISIT TO THE NETHERLANDS

1. YOU MAY FIND IT USEFUL TO HAVE ON THE EVE OF YOUR VISIT A SUMMARY OF THE CURRENT MOOD HERE AS THE DUTCH GIRD THEIR LOINS FOR THE ASSUMPTION OF THE PRESIDENCY.
2. THE INTERNAL POLITICAL SCENE WAS DESCRIBED IN DETAIL IN HERVEY'S LETTER TO FERGUSSON OF 26 NOVEMBER. FIRM LEADERSHIP IS NOTICEABLE BY ITS ABSENCE. THE PRESENT GOVERNMENT WILL ALMOST CERTAINLY CARRY ON UNTIL THE GENERAL ELECTION NEXT MAY. BUT THE COALITION'S RECORD HAS BEEN MARRED BY INTERNAL DIVISIONS: BY UNEASY RELATIONS WITH PARLIAMENT (WHERE IT HAS SURVIVED BY VERY NARROW MAJORITIES); BY PEDESTRIAN PERFORMERS IN KEY POSITIONS; AND BY VAN AGT'S TENDENCY TO PLACE GREATER WEIGHT ON SHORT-TERM SURVIVAL AND CDA PARTY UNITY THAN ON THE NATION'S LONG-TERM INTERESTS
3. THE ABSENCE OF A STRONG LEAD FROM THE GOVERNMENT HAS MEANT THAT THE MORALISTIC APPROACH TO AFFAIRS OF STATE SO TYPICAL OF THE NETHERLANDS HAS BEEN ALLOWED TO GET THE UPPER HAND OVER MORE REALISTIC APPRAISALS OF THE NATIONAL INTEREST; THIS PROCESS INVOLVES NOT ONLY OUTSIDE PRESSURE GROUPS BUT ALSO THE PARLIAMENT WHICH IS INDEPENDENT OF THE EXECUTIVE AND THIS BEHAVES A BIT MORE LIKE THE U.S. CONGRESS THAN LIKE THE BRITISH OR GERMAN PARLIAMENTS, SOMETIMES PASSING RESOLUTIONS THAT ARE CONTRARY TO THE GOVERNMENT'S POLICY AIMS. OPPOSITION TO THE COUNTRY'S NUCLEAR ENERGY PROGRAMME AND, MORE IMPORTANT, TO ITS NUCLEAR RESPONSIBILITIES IN NATO (TNF STATIONING AND NUCLEAR TASKS) HAS BEEN COUNTERED ONLY SPASMODICALLY AND INEFFECTIVELY. IN THESE CIRCUMSTANCES I HAVE FELT IT NECESSARY TO RECOMMEND THAT YOU SHOULD TAKE UP WITH VAN DER KLAUW ON A PERSONAL AND INFORMAL BASIS THE SLOW DRIFT TO THE LEFT ON NUCLEAR ISSUES, AND THE NEED TO STEM THE CURRENT EFFECTIVELY. PERHAPS FORTUNATELY FOR US, THE OUTSIDE PRESSURES MENTIONED ABOVE DO NOT EXTEND TO EC QUESTIONS.
4. VAN DER KLAUW IS ADMITTEDLY A LESS THAN IDEAL INTERLOCUTOR FOR THE PURPOSE OF STRENGTHENING GOVERNMENT RESOLVE. YET HE RETAINS THE SUPPORT OF HIS OWN PARTY (VVD - THE SECOND PARTNER IN THE COALITION) AND THERE IS EVERY REASON TO THINK THE THAT HE WILL SURVIVE UNTIL THE END OF THE NETHERLANDS PRESIDENCY. (THE PRESENT GOVERNMENT WILL CONTINUE AS A CARETAKER UNTIL THE LENGTHY PROCESS OF CABINET FORMATION AFTER THE ELECTIONS IS COMPLETE). HE REMAINS A KEY FIGURE WHERE GENERAL ISSUES

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AFFECTING THE PRESIDENCY ARE CONCERNED, DESPITE THE FACT THAT ON SOME QUESTIONS OF SUBSTANCE (INCLUDING EC MATTERS) HIS VOICE CARRIES LESS WEIGHT THAN THAT OF MOST OF HIS PREDECESSORS.

5. THE DUTCH CONTINUE TO LOOK TO THEIR PRESIDENCY AS A CHANCE TO PLAY A MORE SIGNIFICANT ROLE IN THE COMMUNITY THAN THEY HAVE DONE FOR SOME TIME (PLEASE SEE MY DESPATCH OF 16 OCTOBER). WHATEVER MAY BE SAID ABOUT VAN DER KLAUW HIMSELF, THEIR TEAM INCLUDES SOME FORMIDABLE FIGURES AND CAN IN GENERAL BE EXPECTED TO PERFORM WELL. AND THE INFLUENCE OF THE NETHERLANDS WITHIN THE COMMUNITY AS A FOUNDER MEMBER AND AS THE LEADING PARTNER IN THE BENELUX SHOULD NOT BE UNDERESTIMATED.

6. FROM OUR POINT OF VIEW, IT IS UNDOUBTEDLY AN ADVANTAGE THAT THE PRESIDENCY SHOULD NOW PASS TO A COUNTRY WHICH REMAINS (DESPITE DISAPPOINTMENT OVER SOME ASPECTS OF OUR PERFORMANCE AND A SOME-TIMES LEGALISTIC OR DOCTRINAIRE APPROACH TO COMMUNITY ISSUES) A STRONG SUPPORTER OF UK MEMBERSHIP OF THE COMMUNITY. THE STRESS YOU AND OTHER BRITISH MINISTERS HAVE LAID IN RECENT SPEECHES ON THE STRENGTH OF OUR COMMITMENT TO THE EC HAS BEEN NOTED HERE WITH APPRECIATION AND SATISFACTION. YOUR VISIT WILL PROVIDE A FURTHER OPPORTUNITY TO REINFORCE AND BUILD ON THESE FEELINGS (AND OF COURSE ON TRADITIONAL SYMPATHY FOR THE UK IN GENERAL) AND THUS GET CO-OPERATION BETWEEN THE TWO COUNTRIES IN 1981 OFF TO THE BEST POSSIBLE START.

FCO PLEASE PASS TO SAVING ADDRESSEES.

TAYLOR

[REPEATED AS REQUESTED]
[THIS TELEGRAM WAS NOT ADVANCED]
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UNCLASSIFIED
SAVING TELEGRAM

BY BAG

UNCLASSIFIED

FROM: THE HAGUE

TO: FCO

TELEGRAM NO 40 SAVING OF 16 SEPTEMBER 1980

Repeated for information Saving to Washington, UKDel NATO,
UKDel OECD, EC posts

Prime Minister

Toglanu

MA

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NETHERLANDS GOVERNMENT POLICY: QUEEN'S SPEECH

1. Queen Beatrix today opened the new session of Parliament and delivered the traditional speech from the throne (copy of English translation sent to WED).
2. The speech is dominated by the heavy emphasis placed upon currently adverse trends in the world economy, and the fact that the Netherlands "can expect little if any economic growth in the coming year". Against that background, and taking as the point of departure the Government's determination to reduce the Public Sector Borrowing Requirement, the prime focus is on the problems arising from the need to divide between the public and private sectors those funds which are available.

Economic Policy

3. The main points made are as follows:
 - (a) the social security system can only be maintained if it is efficiently managed. It must not be allowed to discourage able-bodied people from working;
 - (b) with employment in mind, the Government has looked to salaries rather than public expenditure for budget savings;
 - (c) industries which are no longer viable must be abandoned, and new ones developed;
 - (d) all those involved in wage settlements in the private sector must exercise extreme moderation, "each according to his means". If this is done, then the need for social security contributions and taxes will be reduced.

Foreign Affairs

4. The speech contains only a short passage on this subject, emphasising the need:
 - (a) for the Brandt Commission's report not to be ignored, and for the Netherlands "to keep up development co-operation even when we ourselves are going through more difficult times";
 - (b) for a conference to be convened as quickly as possible on co-operation with the Netherlands Antilles;

/(c)

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- (c) for the period of adversity now being experienced by the European Community to "spur us on to even greater communal efforts";
- (d) to pay a price, in the shape of membership of NATO, for the privilege of being a free country. The Netherlands will continue "to make an appropriate contribution to the preservation of peace and security in the world", and to seek "balanced arms control and disarmament".

Other Internal Matters

5. Two major legislative projects are announced:

- (a) a general revision of the Constitution;
- (b) the creation of a new Civil Code.

6. The speech also emphasises:

- (a) Regional Policy, on which the Government will shortly be putting forward proposals;
- (b) the need for minorities to be treated tolerantly, and to be provided with housing, work, suitable education and special welfare services;
- (c) the need for all to respect the outcome of democratic decision-making and the views of the courts;
- (d) information policy, on which new proposals are promised;
- (e) equal rights for women, on which a draft anti-discrimination Bill will shortly be published;
- (f) the need for effective action to counter pollution of the environment.

TAYLOR

[REPEATED SAVING AS REQUESTED]

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