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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND  
M. DUMAS AT No. 10 DOWNING STREET ON 17 JULY 1984 AT 0930

PRESENT

The Prime Minister  
Mr. C. D. Powell

M. Dumas  
M. de Brichambaut

M. Dumas said that he brought the Prime Minister regards from President Mitterrand. The Prime Minister asked M. Dumas to convey hers in return. She continued that she wished to thank M. Dumas particularly for all he had done to bring about an agreement at Fontainebleau. It could not have been done without M. Dumas' efforts.

Community Budget

The Prime Minister said that she was relieved to have got settled the problem of Britain's budget contribution. But that still left the very important question of budget discipline. M. Delors had been the architect of measures for improving this. Britain, France, Germany and The Netherlands recognised the need for strict budget discipline. But others seemed ready to spend as though there were no tomorrow. If this were allowed, the result would be that the 1.4 per cent VAT ceiling would be reached quickly. Discipline must be strict and must be incorporated into the Community's budgetary procedures. M. Dumas said he was optimistic that the problem could be worked out. France was ready to do it.

CONFIDENTIAL

- 2 -

M. Dumas continued that there were problems for the Community budget in 1984. The Prime Minister said that the problems could not be solved by loans or advances, it could only be by national financing or by pushing expenditure forward into the next year. Article 199 of the Treaty required the Community budget to be in balance. M. Dumas said that a solution had to be found. Would it be possible to bring forward the date of entry into force of the new own resources decision? The Prime Minister said that the essential steps were to find savings in the 1984 budget, to consider the scope for national financing with reimbursement in later years and to introduce tough budgetary discipline. Parliament would not ratify the new own resources decision unless there were adequate arrangements for budgetary discipline. If these measures were implemented she might, in the last resort, accept that new own resources should be introduced from 1 October 1985. It would have to be clear that this was not retrospective: the effective rate for 1985 would be 1.1 per cent, not 1.4 per cent. M. Dumas commented that new guidelines on budgetary discipline would apply from 1985. But that still left the need for a special solution for 1984.

Ad Hoc Committees

The Prime Minister said that she had discussed representation on these committees with Dr. Fitzgerald. They had agreed that it would be for Ministers to attend the Committee of Institutional Questions and our representative would be Mr. Rifkind. The Committee of a People's Europe would be concerned with more detailed matters and so therefore for officials. Our representative would be Mr. Williamson. M. Dumas indicated that the French Government were thinking along the same lines. They were

CONFIDENTIAL

- 3 -

looking for a major political figure such as M. Faure.

Presidency of the Commission

M. Dumas asked the Prime Minister's views on the right size of the next Commission. The Prime Minister said that a Commission of 17 was ludicrous and would get the Commission a bad name. A twelve-member Commission for an enlarged Community was more than enough. Even then she doubted whether there would be enough work to go round. M. Dumas said that France could agree to a smaller Commission but there were different views in other Member States.

The Prime Minister said that, in regard to the Presidency, she was astonished to learn that the Germans were unable to find a candidate. Chancellor Kohl had not actually confirmed this to her yet. M. Dumas said that he understood that a decision would be reached in Germany tomorrow. The Prime Minister continued that she was a great believer in ability. It would be wrong to overlook the claims of Viscount Davignon: he was outstanding. He was also very pro-French but that did not inhibit her from supporting him. It was also important to stick to the principle of rotation. To save M. Dumas the embarrassment of having to ask her direct she would tell him that M. Cheysson would not make a good President. She had the highest regard for M. Delors. But one had to have strong reasons to go against rotation and overlook ability. M. Dumas said that he thought the Prime Minister was right in her comments on possible French candidates. He expected President Mitterrand to advance the name of M. Delors.

The Prime Minister said that she had been very candid. She must ask M. Dumas to put to President Mitterrand that to overlook an extremely able candidate from a country which had not had the Presidency of the Commission for a long time and which had made a major contribution to the Community would be a very difficult step. She believed that Viscount Davignon was the man who should have the job and would argue strongly for this. But if this could not be agreed, she recognised that M. Delors would be the next best candidate. M. Dumas observed that M. Delors was very strict on budget matters. He would inform President Mitterrand of the Prime Minister's views.

Majority Voting

The Prime Minister said that the UK thought that the number of votes to secure a qualified majority in the enlarged Community should be 57. M. Dumas said that France had proposed 52. The Prime Minister said that the obvious compromise was 54. This would allow two large Member States and one other (other than Luxembourg) to block. M. Dumas said that he was confident that France could rally to this position.

17 July 1984

CONFIDENTIAL



10 DOWNING STREET

*From the Private Secretary*

17 July 1984

PRIME MINISTER'S MEETING WITH M. DUMAS

I enclose a record of the Prime Minister's meeting this morning with M. Roland Dumas.

I am sending a copy of this letter and enclosure to David Peretz (HM Treasury) and to Richard Hatfield (Cabinet Office).

CHARLES POWELL

Colin Budd, Esq.,  
Foreign and Commonwealth Office.

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*Subject  
a Master Set.*

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