

EUROPEAN COUNCIL IN BRUSSELS 12/13 JULY:
 SECOND SESSION, MORNING OF 13 JULY [Reconstruction from
 Secretary of State's own notes: not a full record]

Economic and Social Situation in the Community

17. In a discursive exchange of views, there was a strong emphasis on the need for Governments to co-operate with the social partners (there was perhaps a recognition that this was something of a British achievement). Speakers also emphasised the need for monetary and economic convergence. Herr Schmidt said he wished to give his colleagues a private warning of the serious danger of renewed inflation in 1977. Mr Den Uyl summing up said:

- (1) economic recovery was clearly under way and would continue;
- (2) looking ahead, there was a danger of renewed inflation and therefore a need for strict monetary and financial policies;
- (3) there should be a meeting of Finance Ministers in July, (though Mr Callaghan said Mr Healey would not be able to attend this);
- (4) there was a need for greater convergence. This was so far only a matter of pious words. What was needed now was action. Finance Ministers should make proposals for the European Council to consider;
- (5) the Tripartite approach should continue. Mr Callaghan asked that there should also be a reference to unemployment. This was agreed.

Puerto Rico

18. Mr Den Uyl said there had been enough discussion already about Puerto Rico. He wished simply to state that in future there should be prior consultation. This was agreed with no discussion.

The Presidency

19. President Giscard said he could agree to the text which had been discussed the previous evening but did not want it mentioned at the press conference. Mr Den Uyl said that would be very difficult. The text had already been agreed with very great care and ought to be published. Mr Joergensen agreed. Mr Den Uyl said he was prepared not to volunteer to read out the text, but if asked about the matter, he could not deny it. President Giscard said that did not seem a good procedure. Mr Den Uyl said that in that case he should say that a statement would be made in the near future. Mr Tindemans said he had assumed the text would be published. Mr Den Uyl said in conclusion that he would be as reticent as possible.

20. Other subjects discussed at this session included the proposed statement by the European Council on the 200 mile declaration of intent and terrorism.

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