

CONFIDENTIAL

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FILE TITLE:

EUROPEAN SOCIALISTS.

SERIES

EUROPEAN POLICY.

PART:

3

PART BEGINS:

9 February
~~26 JANUARY 2000~~

PART ENDS:

24 May
~~7 JUNE 2001~~

CAB ONE:

LABOUR ADMINISTRATION

Part closed

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PART

CLOSED

DATE CLOSED	7 JUNE 2001
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Series : EUROPEAN POLICY

File Title : European Socialists

Part : 3

Date	From	To	Subject	Class	Secret
09/02/2000	PM		From Parliamentary Group of the Party of European Socialists: PES	U	0
21/02/2000	PU	PM	Your meeting with the EPLP: Impressions from my Strasbourg Trip	U	0
23/03/2000	FCO	FA/PS	Austria/PES	R	0
08/06/2000	France/HME	H/PU	Berlin Conference on Progressive Governance: 2-3 June	R	0
16/06/2000	POL	PM	PES meeting	C	0
16/06/2000	Ch.Staff	PM	Amsterdam: third way and domestic policy	C	0
22/09/2000	Spain/HME	FCO	Jose Luis Zapatero	R	0
13/10/2000	MS/FCO	PM	PES Dinner, Biarritz 12 October	U	0
06/11/2000			Funding of the Party of European Socialists, Parliamentary Group of	U	0
20/12/2000	POL	PM	European Party Work in the Political Office	U	0
05/01/2001	Spain/HME	NIO	UK/Spain: Cooperation with PSOE	R	0
15/01/2001	POL	PM	Party of European Socialists	U	0
23/01/2001	POL	FA/PS	General Overview of European Party Work	U	0
26/01/2001		PM	From Rudolf Scharping~: Fifth congress of the party of European So	C	0
05/03/2001		Ch.Staff	From Clive Soley MP : Financing of International Activities of Political	U	0
06/03/2001		FA/PS	PES congress in Berlin	C	0
16/03/2001	PU	PM	meeting with Simon Murphy - 19 March	U	0
20/03/2001	POL	PM	Pre-Stockholm PES dinner brief	C	0
27/03/2001	Germany/HME	FCO	PES Conference in Berlin, 7-8 May	U	0
01/04/2001		FCS	From Denis MacShane: Presidency of PES	U	0
24/04/2001	FA/APS	PS/HMQ	Queen's permission - PMs visit to Berlin PES conference	C	0
26/04/2001	PS/HMQ	FA/APS	Queen's permission - PMs visit to Berlin PES conference	C	0
26/04/2001	Cab Off	FCO	PM/Schroeder: Berlin, May	U	0
02/05/2001			Letter from Denis MacShane - in German	U	0
03/05/2001	FA/APS	PM	Phone call with Schroder	C	0
03/05/2001	FA/APS	FCO	Telephone conversation with German Chancellor	C	0
04/05/2001	FA/APS	PS/HMQ	PM no longer attending PES FCS attending in his stead	C	0
04/05/2001	FA/APS	PS/HMQ	PM will not now be attending the PES meetiing in Berlin	C	0
07/05/2001		FA/PS	From Denis MacShane: Berlin PES Congress 7 may 2001	U	0
07/05/2001	FA/APS	PM	Possible lines for Joint Press Conference with Chancellor Scroeder a	U	0
08/05/2001	PU	Cab Off	PES congress Sustainable development and the Lisbon process	C	0
23/05/2001		FA/PS	From Denis MacShane: MP for Rotherham: note on opposing views	C	0
24/05/2001		PM	From Luis Ayala, Socialist international: Council meeting of the social	C	0



Para 7

FAXED

*Top - JS
AW
MT*

24 May 2001

Tony Blair
Vice-President of the SI

*I assume Robin Cook
would be the right person for
this, given his PPS' status.
for*

MINISTER'S
RESPONSE SECTION
RECEIVED
30 MAY 2001

Ref: Council meeting of the Socialist International
Lisbon, 29-30 June 2001

Dear Vice-President,

Further to our previous communications regarding the Council meeting in Lisbon, I am pleased to forward to you the provisional agenda agreed by the SI Executive, a note on the agenda and the declarations or resolutions for the Council, as well as relevant technical details, including those relating to the working dinner of the Presidium members on 28 June.

Looking forward to seeing you on this occasion which will mark the fiftieth anniversary of the re-establishment of our organisation,

I send my fraternal regards,

Luis Ayala
Secretary General

Fax transmission: 8 pages

50 years of the International – 50 years of Solidarity

MEETING OF THE COUNCIL OF THE SOCIALIST INTERNATIONAL
Lisbon, Portugal, 29-30 June 2001

PROVISIONAL AGENDA

1. OPENING
- 1.1 Opening speech by António Guterres, General Secretary of the Socialist Party of Portugal and President of the Socialist International
2. • Building on our achievements • Furthering our ideals • Carrying our vision forward - Social Democracy in the World Today
3. Ratify Kyoto immediately: sustainable development and the urgent task of saving our environment
4. Initiatives for peace: the Middle East and Africa
5. Humanising globalisation: reform of the World Trade Organisation, WTO
6. OTHER BUSINESS
- 6.1 Committee reports
- 6.2 Report of the Chair of the SI Finance and Administration Committee
- 6.3 Report of the Secretary General
7. ANY OTHER MATTER
8. CLOSURE

MEETING OF THE COUNCIL OF THE SOCIALIST INTERNATIONAL
Lisbon, Portugal, 29-30 June 2001

Note on the agenda and the declarations or resolutions for the Council

- a) Agenda item 2: "Social Democracy in the World Today"
The first session of the Council on the morning of 29 June will be dedicated to marking the 50th anniversary of the re-establishment of the Socialist International. A short statement on this theme will be prepared by the SI Executive and circulated in advance of the Council.
- b) Agenda item 3: "Ratify Kyoto immediately"
For the discussion on sustainable development and the urgent task of saving our environment, a draft paper is being prepared by the Working Group on the Kyoto Agreement. Following the Working Group's meeting on 6 June, the draft for the Council will be circulated to all members.
- c) Agenda item 4: "Initiatives for peace: Middle East and Africa"
Draft statements on these subjects will be prepared by members of the SI Executive and the relevant Committee, and will be available in advance of the Council.
- d) Agenda item 5: "Humanising globalisation: reform of the WTO"
A draft by the Working Group on the WTO will be circulated in advance of the Council.
- e) Agenda item 6: Reports and Committee documents
The documents and statements agreed by the last meetings of the SI Committees, which have been circulated to all members, will also be available at the Council meeting.
- f) Any other document
Any proposed draft on a subject not related to the agenda should be received by the SI Secretariat before **Friday 15 June**, as agreed by the SI Executive, in order to be processed through the relevant SI bodies and be properly considered.

50 years of the International – 50 years of Solidarity

MEETING OF THE COUNCIL OF THE SOCIALIST INTERNATIONAL

Lisbon, Portugal, 29-30 June 2001

PROVISIONAL PROGRAMME

Thursday, 28 June

19.30 - 22.30 hrs Working dinner of the members of the Presidium

Friday, 29 June

10.00 - 13.00 hrs Opening and first session

Lunch

15.00 - 18.30 hrs Second session

20.00 hrs Reception

Saturday, 30 June

10.00 - 13.00 hrs Third and final session

14.00 hrs Press conference

50 years of the International – 50 years of Solidarity

MEETING OF THE COUNCIL OF THE SOCIALIST INTERNATIONAL

Lisbon, Portugal, 29-30 June 2001

TECHNICAL INFORMATION

Presidium venue:

Carlton Palace Hotel

Rua Jau, Nº 54
1300 – 312 Lisbon

Tel: (351 21) 361 56 07
Fax: (351 21) 361 56 25

Council venue:

Pavilhão Atlântico

Parque Das Nações
Rossio dos Olivais, Lote 2.13.01A
1990 – 231 Lisbon

Tel: (351 21) 691 84 09
Fax: (351 21) 891 84 13

Accommodation:

1)

Carlton Palace Hotel

Rua Jau, Nº 54
1300 – 312 Lisbon

Tel: (351 21) 361 56 07
Fax: (351 21) 361 56 25

Room rates: Single occupancy: Pte.33,000
Double occupancy: Pte.37,000
including tax and service

2)

Hotel Altis

Rua Castilho, 11
1269-072 Lisboa

Tel: (351 21) 310 60 00
Fax: (351 21) 310 62 62

Room rates: Single occupancy: Pte.21,000
Double occupancy: Pte.24,000
including breakfast

(These are specially reduced rates only available for SI delegates.
Please note that to qualify for these rates, reservations must be
made through the SI Secretariat).

All payments to be made directly to the hotel.

Please note that the hotels have requested details of a credit card to guarantee the reservation(s) for your delegate(s). We suggest that the credit card details of one delegate are used to guarantee the accommodation of your whole delegation. Please be advised that if your delegate(s) does (do) not make use of the reservations(s), the cost of the first night of each room unoccupied will be charged by the hotel to the credit card(s) supplied.

Please return the enclosed Hotel Registration Form **no later than 15 June** to:

Socialist International Secretariat
Maritime House, Old Town
London SW4 0JW
U.K.

Telefax: (44 20) 77 20 44 48 / 74 98 12 93
E-mail: secretariat@socialistinternational.org

Transportation:

Kindly note that delegates who advise of their arrival details will be met at the airport and assisted with transport to the hotel.

Interpretation:

Simultaneous interpretation will be available in English, French and Spanish.

Enquiries:

Please address all enquiries to the Secretariat of the Socialist International. Telefax or e-mail as above.

MEETING OF THE COUNCIL OF THE SOCIALIST INTERNATIONAL
Lisbon, Portugal, 29-30 June 2001.

REGISTRATION AND HOTEL RESERVATION FORM

Name of party/organisation:

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.....

Telephone Telefax

E-mail address

<u>Names of delegates:</u>	<u>Date of Arrival</u>	<u>Date of Departure</u>	<u>Single or Double Room</u>
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Names of alternate delegates or accompanying staff (if any):

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Please indicate hotel preferred:

Carlton Palace Hotel

Hotel Altis

Name of cardholder

Credit card no.

Expiry Date

.....

This completed Registration and Hotel Reservation Form is authorised by:

Name:

Position:

.....
(signature)

.....
(date)

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**Denis MacShane
Rotherham**

**Labour Campaign Office
10 Percy St
Rotherham
S65 1ED**

**Tel (01709) 367793
Fax (01709) 367812**

www.denismacshane.labour.co.uk

*JS
cc: MT*

**John Sawyer
10 Downing Street**

23 May 2001

Dear John,

I enclose for interest a note I have circulated on the very opposing views of the SPD and the PS on Europe – as expressed in the two important policy documents the parties have produced recently.

Ignore the election political hyperbole but if you look at the two columns setting out the differences they are quite remarkable.

On television tonight Francis Maude has repeated the view that the election is a sort of referendum on Europe.

Assuming TB wins – and from my canvassing there is not much doubt – then the UK can go forward I believe with a strong European policy aiming to give leadership in partnership with France and Germany and other nations.

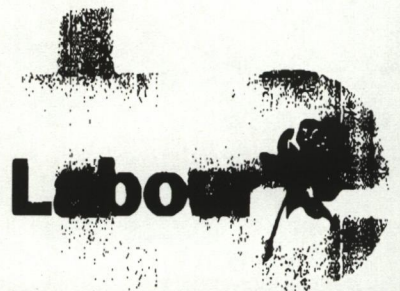
This is a private note of course. So far in all my canvassing etc I have to say Europe simply doesn't feature. Some hostility but most days no one mentions Europe.

No need to reply.

Denis

Denis MacShane

PS Friends tell me the Jospin speech is on for 28 May?



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Opposing French and German Views on Europe

British policy-makers on Europe have a unique chance to examine the political views on the future of Europe advanced by France and Germany. In the space of two weeks, two major policy documents have emerged from the SPD in Berlin and the PS in Paris.

Naturally they have been reported in our EU-hostile press as "blue-prints for a European super-state." This is undiluted rubbish. Francis Maude, the increasingly absurd Shadow Foreign Secretary, issues an automatic recording describing any proposal from either Paris or Berlin as leading to a "super-state." Yet if anyone in our Europhobe press or anyone in the Tory Party bothered to read the publicly available documents from Paris and Berlin they would see that **on almost every major issue, the French and German, are completely and utterly opposed to each other.**

Other than a general appeal for a stronger, more effective Europe and oxymoronic use of the word "federal" or "federation" the two parties have strongly differing priorities and often 180 degree opposing views on key issues including:

- CAP – Germans want its abolition, French to keep it;
- EU Budget – Germans want no new powers or money for EU, French say EU budget should go up;
- Running Europe – Germans want Commission to be in driving seat, French say National Governments should control
- EU institutions - French want national parliaments to be involved, Germans say Council of Ministers should become second chamber.

Interestingly neither the SPD nor the PS use the term "European government" – not that that prevents our beloved media from inserting the term into every headline and story!

The German Foreign Minister, Joschka Fischer, has rowed back from the SPD position. He told the Financial Times that a federal Europe won't happen and that he now understands why Westminster is not prepared to transfer parliamentary control over taxation to Brussels. I wrote in an article in *Die Welt* in January that the Commons was created hundreds of years ago precisely to stop a monarch levying taxes without authority and that it was unlikely that British MPs – even pro-European ones – would easily surrender taxation power to a Brussels technocracy.

From a British point of view the contradictory positions of the SPD and PS allows the next British government to offer leadership on the EU debate. We can craft a new synthesis. Britain-engaged-in-Europe can act as a bridge-builder on behalf of other countries in the Europe – including the applicant countries – who feel rather excluded from the view that Europe is a principally a Franco-German discussion.

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The two documents are the 20-page SPD draft policy document for its autumn congress – *Verantwortung für Europa*, published 30 April 2001. The 32-page PS document, *Le projet européen des socialistes*, is undated but is available on the net since mid-May.

For ease of comparison I have produced the table below. My comments are in italics.

Germany SPD	France PS
Calls for "strengthening of the Commission into a strong European Executive"	"The European Council should decide the overall policy of the EU" "Europe should be a Federation of Nation States based on a 'Constitutive Pact' setting out competences"
"The transformation of the Council of Ministers into a Chamber of European States" as a second chamber of the EP	"Europe Ministers should create a Council of Community Affairs with the 3-fold mission of coordinating Council work, preparing EU summits, and being a co-legislator for directives" Associate national parliaments with the major EU debates There should be an <i>avante-garde</i> so that states "which want to push forward political integration can do so without having to accept those with a less ambitious vision."
"The EU Charter of Fundamental Rights be incorporated in the Treaty and should open the way to a European Constitution"	"The Charter of Fundamental Rights may be cited in legal cases" <i>NB – no reference to a Constitution</i>
"The European Parliament should have control over the EU budget"	"Reform and strengthen the EP with an electoral system that combines proportionality and geographical proximity" <i>NB – just like UK system!</i> "President of Commission should be from same majority as in EP"
"Only member states have the right to give the EU new competences. The distribution of competences between national, regional and local level is and remains the decision of the domestic political process"	"More QMV" "Current EU budget cap of 1.27 per cent of GNP should be raised" <i>NB: German thrust is no new cash for EU, smaller German payments, power down to regions, localities</i>

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Germany – SPD	France – PS
"The Common Agricultural Policy should be reformed based on co-financing at national level"	"We oppose any dismantling of CAP" "We reject the idea that the EU should return to member states responsibility for agricultural policy"
"Policies currently decided at EU level may be transferred back to national governments – provided the internal market is not threatened – especially in the areas of agricultural and structural funds where the regional and structural policies of member states can take over"	"The opening to Central and Eastern Europe should not take place at the expense of long-standing solidarity with the countries of the South" "Cohesion funds are necessary for isolated and overseas regions of EU member states" "The EU budget of 1.27% of EU GNP should be increased to handle enlargement"
"We support the Lisbon proposals which require courageous reform at national level" "By 2010, 70 per cent of women and older workers should be in employment"	"There should be an 'economic government' of Europe under the authority of national governments"
"A stable Euro requires national governments to support stable tax and economic policies"	"The European Parliament should be able to levy a common EU tax – for example, an eco-tax, deductible on exports outside the EU"
"The Single Market should be opened to competition in electricity, gas and postal services."	"We have to convince our partners of the lessons to be drawn from the failure of electricity privatisation in California and the failed privatisation of railways in Britain"
"Greater harmonisation of corporation tax" <i>NB. Although corporation tax rates are higher in Germany few companies pay tax. The percentage of total tax take from companies is higher in the UK than in Germany!</i>	"Harmonisation of corporation tax"
"Social and environmental minimum standards should be included in world trade agreements." <i>NB. Labour's manifesto proposes a joint WTO-ILO committee to deal with this issue.</i>	Creation of an EU Environmental Authority and an EU statute for associations that defend the environment. <i>NB. Not clear what line such outfits would take on nuclear power and waste which is a major issue dividing France and Germany.</i>

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The above summary shows the major - and irreconcilable - differences between the German-SPD and French-PS positions on key EU issues.

The two documents are products of left parties so there are calls for greater worker and trade union rights. Both parties are committed to making a success of the Euro. **But in essence the key divide in Europe remains the opposing visions of France and Germany.**

As Chancellor Schröder said recently: "Society should do more and the state should do less." This is broadly speaking in line with New Labour thinking. It is contrast to the position of Lionel Jospin on the centrality of the state as the guarantor of the good society and fairness and justice for all citizens.

On the other hand France is clear that it will not support the dissolution of the nation-state into a Brussels-run EU. The German vision of a *Bundeseuropa* has no takers in Paris. On this, Tony Blair speaks for France (and Nordic EU countries) as well as Britain in rejecting a Europe based on other than consenting governments democratically accountable to national populations.

The French like the phrase a "Federation of Nations". Perhaps if it was called a "European Commonwealth of Nations" there would be less shock and horror in London at the use of the "F" word.

Tony Blair in Warsaw called for a "Charter of Competences" which the French PS calls a "Constitutive Pact". The two concepts overlap.

Germany wants the Charter of Fundamental Rights built into the Treaty. Article 51 declares the right to strike. Yet under the German constitution, no *Beamter* (about 3.7 million state employees) has the right to strike. I have asked German politicians and top officials if the Charter of Fundamental Rights now over-rides the German constitution and provides a new strike right for millions of Germans. They treated my question as naïve and say that Article 51 has a let out clause which says the right to strike can only happen in accordance with national laws etc. Hang on a second! Either the EU Charter, in the Treaty or not, applies to all citizens or it cannot over-rule national laws and rules. If the latter, it is a form of words, that's all. I do not see the French Constitutional Court or National Assembly accepting that France's constitution is now out-of-date because of the EU Charter.

On political-institutional issues, the UK may be closer to France than Germany. On economic/EU financing issues the SPD's call for the abolition of the CAP and an end to expensive transfers from Germany and UK via cohesion and agriculture funds should be welcome. In addition, the call by Germany for no new powers to be granted to Brussels without the consent of all EU member states should surely gladden the heart of even Conrad Black and the Daily Mail. But as we know, the real agenda for the Conservatives and Conrad is a semi-detachment or even withdrawal from the EU. Their opposition to the Treaty of Nice - the pre-requisite for enlargement - shows how cynical and isolationist the Tories have become. William Hague has said he regards this election as a referendum on Europe. So be it. I hope he abides by the result.

After our election, the main differences over Europe's future will be between France and Germany, whose leaders will have to worry about their 2002 elections. (Jospin has a difficult speech to make!) They will find some compromise. Both countries have to make a success of the EU. The alternative as the previous century showed is *impensable, undenkbar*. However, there are 13 other EU member states. Britain which shares some political vision with France and much economic ambition with Germany is in a good position to offer a new lead after June 7th.

(Denis MacShane. 22 May 2001 Pager 07699 757 803)

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From: Roger Liddle

Date: 8 May 2001

STEPHEN WALL

cc: Jonathan Powell

Jeremy Heywood

John Sawers

Martin Donnelly

Brian Hackland

Ivan Rogers HMT

**PES CONGRESS: SUSTAINABLE DEVELOPMENT AND THE LISBON
PROCESS**

You will be interested to see the paper on sustainable development that the Swedish Social Democrats presented in Berlin at the PES Congress. I wouldn't be at all surprised if a lot of this re-appears in the Göteborg Conclusions.

Persson spoke at a roundtable on sustainability. He spoke well and I couldn't disagree with much. But it didn't make me very much wiser about how this agenda will in practice be carried forward in the EU, except for **the call for the Lisbon process (including Commission Synthesis Report and indicators) to be widened to include sustainable development.**

Personally I am not at all been on this proposal. It would dilute the emphasis on economic reform. But a lot of the PES are happy with what they describe as a "triangle" of full employment, social cohesion and sustainability. Some see it as an alternative to what Goosenberg, the Austrian Socialist leader described "watered down neo-liberalism", by which I thought he meant the Blair- Schröder and Lisbon agenda. Predictably the French also took up this theme throwing in the need to preserve "universal services" as an additional element of sustainability.

I made a strong intervention on the lines that the search for sustainable growth in as much about growth and full employment as it is about sustainability. And that we mustn't use sustainability arguments to duck tough choices on the structural reforms that are still necessary to promote growth and full employment, including more open markets and welfare state reform. This got a better hearing than I anticipated. Persson went out of his way in his summing-up to say how much he agreed.

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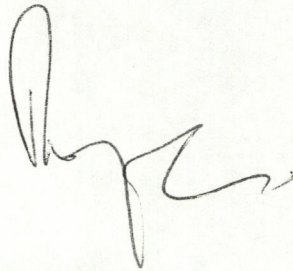
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If we have to live with incorporating sustainability into Lisbon, then we should press for accompanying language about not diluting the need for structural reform.

However, do we have to accept this dilution of Lisbon? Is the Commission signed up for broadening Lisbon to including sustainability? What do our key economic reform allies - the Spaniards, Portuguese and Dutch think of the Swedish proposal? Have we an alternative?

Can we speak about this?

A handwritten signature in black ink, appearing to read 'Roger Liddle', written in a cursive style.

ROGER LIDDLE

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**Modern Welfare –
the vision on sustainable development**

Contribution from SAP Sweden to Round Table “Modern
Social Economy – Modern Social Democracy” discussion,
PES Congress Berlin 7th May 2001.

Modern Welfare – the vision on sustainable development

European social democracy is the holder and provider of a modern vision of sustainable development in society. We want to see a change of society so that it is based on economic, social and ecological sustainability. This is one of the most fundamental goals we have set for ourselves. This is why we shall now make necessary political strategies concrete, develop and implement them.

European social democracy has a proud tradition. With our vision of the welfare society and clear objectives to aim at, we have pursued an active policy for improvement and change. No reality has made us content and no challenge has been seen as impossible to conquer. Our view on politics as a force for change is the basis for our ability to face long-term challenges.

The vision of sustainable development is a natural succession to the social democratic model based on aims of achieving full employment, public welfare, international solidarity and a healthy environment to live in. In the new vision for the future the perspective of environment, together with the economical and social perspectives are the grounds for a society of solidarity and justice – a society where the citizens are confident about the future and actively participate in a large-scale development.

The perspective of sustainability is essential to permit coming generations to bring alive the social democratic vision of justice and equality in solidarity. The future base of resources must be large enough to enable a society of equality and justice. Therefore the long-term perspective demands us to act now to break non-sustainable trends.

The challenge and fundamental change in the structure of society which is implied by sustainable development demands a broad public anchorage. The work has to take consideration of, and reflect the situation of the citizens. Political parties, the science society, active consumers, civil society as well as trade and industry must all cooperate.

Public investments, a dialogue with trade and industry and local involvement are the driving forces in this changeover of society. When investments in new infrastructure, technology and social welfare no longer mean increased environmental pressure, the quality of life for European citizens can increase in the long term. In all a development that strengthens the terms of competition for trade and industry, stimulates employment and brings economical and social stability.

European social democracy wants to conduct a policy of growth that combines economy and ecology. The role of environmental technologies for sustainable economical growth and increased employment is a possibility we have to consider and develop.

The conditions for small-scale enterprises are an important ground for the dynamic development we aim for. The smaller enterprises often are the creators of new technologies. The possibility of establishing and sustaining small enterprises and developing ideas into success is important for the promotion of a ecological

sustainable growth. This is why an action plan focusing on smaller enterprises has to be developed.

Our overall goal is to attain a society based on economic, social and ecological sustainability within the space of one generation. Europe shall be the most competitive and dynamic knowledge-based economy in the world, with possibility for sustainable economic growth with more and better jobs and a higher level of social cohesion.

The European Union has to draw up a concrete and progressive strategy for sustainable development. A strategy with roots in the right to employment, good health, social safety and a good quality of life for all citizens. For us European social democrats a strategy like that is an important means for bringing our vision of society through.

The question of sustainable development is a question of solidarity. Fundamental civil rights shall be accountable world wide, and the possibility of satisfying instant and future needs means solidarity across national borders and across time with coming generations.

A European strategy for sustainable development should be seen as a tool to spread the positive aspects of the ongoing globalisation. Fundamental for the strategy is the fight for poverty reduction within Europe as well as globally. Poverty is in it self unsustainable, but also leads to an overuse of the scare resources of the developing countries. The industrialised countries have a special responsibility in developing technologies and infrastructure to guarantee a possibility to support the world population without impoverishing the resources of the earth or increasing the green house effect. A European strategy for sustainable development must state a clear message to the follow-up meeting of the Rio conference 1992 in South Africa 2002.

European social-democrats welcome the adoption of a strategy for sustainable development at the Göteborg summit in June 2001. This meeting must, according to our point of view, become the starting point for long-term economic, social and ecological sustainable development in Europe, with advantages to be gained by all European citizens.

The strategy of the European Union for sustainable development shall be based on overall goals that are defined within the economic, social and ecological dimension.

- Solid economic development and growth, full employment, low inflation and strong public sector finances with decreasing burden of debt. The public sector finances shall prove balance or a surplus over medium term.
- The rate of employment in the European Union shall increase to at least 70 %, for women 60 %, until year 2010.
- High level of public health shall be secured through the creating and carrying out of all common political policies.

- High level of ambition in preventing social exclusion and alienation.
- The carrying out of the 6th environmental action plan makes a economic growth without negative environmental influence possible.

We, as European social democrats, believe that a strategy for sustainable development should:

- be based on a overall goal of achieving sustainable development in Europe within one generation (20-25 years)
- function as a framework that enables the politics in the three dimensions to be simultaneously supporting each other.
- initiate a work progress with coherent follow-up and evaluation.
- become the contribution from the European Union to the Rio 1992 follow-up meeting in 2002.

The fundamental change and challenge European social democracy faces is to develop a strategy that co-ordinates the three dimensions of sustainable development.

All political decisions have to be based on a whole-picture analysis where the effects of the three areas of policies are reflected. Only in that way the full potential can be reached and resources used effectively. An example of the connection is investments in environmental technologies where you at the same time increase the public health situation and thereby achieve decreasing costs of medical health treatment *and* create new job opportunities. From the perspective of health and the environment, offensive policies on chemicals are crucial.

Or more fundamentally, economic growth enables more opportunities to participate in the labour market and thereby decreases social exclusion. Less social exclusion on the other hand leads to an active involvement in society and caring about common values with a perspective on the future. Sustainable economic growth which is based on investments in technology thus leading to a decrease in use of natural resources, and at the same time establishes social and environmental acceptable protection makes the driving force in the positive spiral that this creates.

It is of greatest importance that the follow-up and evaluation co-ordinates the three dimensions. With this happening we can consider suitable necessary measurements to be taken. We feel that:

- the follow-up of the implementation of the strategy shall be made by developing the Lisbon process to include all three dimensions of sustainable development.
- the synthesis report of the Commission should thereby develop in the same direction.
- indicators should be developed to enable a effective follow-up.
- a briefing should be stated at the spring summits to extend their role to monitor the integration on sustainable development in sector areas.

Through this process of continuing efforts with the implementation of the strategy a common platform for policy making and measurements in the community will be created. Through a common and co-ordinated process of carrying out the strategy the single member countries will be strengthened in their efforts. Not the least is this important in non-harmonised areas where the dependence of the outer world has been a major obstacle for national measures aiming at sustainable development.

To support the active participation of citizens in the changes of society, educational support is crucial. Changes have to be made to ensure sustainable development is reflected in ordinary education. A high level of education for all citizens is of major importance in the change to a more knowledge-based economy. This is necessary to enable handling a more flexible labour market and structural and regional changes.

Furthermore extensive support for research technology development has to be taken. The research policy of the EU has to be aimed at developing new technology to support sustainable development, but also to produce proper basic data for decisions and methods for evaluation and follow-up.

The carrying out of a strategy for sustainable development demands efforts on the local, regional, national and global level. All measurements demand a public anchoring and active involvement.

Furthermore a systematic approach has to be established where public sector and private interests co-operate. Investments in new solutions and infrastructure demands overcoming of old areas of responsibility and the setting up of common action plans.

European social democrats want to work for development and carrying out of two action plans for sustainable development.

1. European social democrats want to adopt an action plan to build the new, modern welfare society with the citizens in focus. We will develop time-targeted goals for the especially important sectors in sustainable development as well as description of necessary measures and investments. Necessary policy changes when it comes to subsidies, investment support, economical steering mechanisms and price-fixing shall also be included in a social democratic programme for sustainable development.
2. European social democrats want to adopt an action plan guaranteeing everybody a share in the positive possibilities of globalisation and that also implies a just global distribution and possibility of reaching sustainable development. This implies a changed trade and foreign aid policy that has to be judged from the effects on sustainable development. The fight for poverty reduction and increased access to the world market for the poorer countries are also important parts of a social democratic programme for a sustainable development.

The Bureau of the European Social democratic Party decided at their meeting the 30th of March to appoint a working group with the aim of developing a

programme for the implementation of the strategy for sustainable development. The working group shall present their proposal in 2002. It could be based on the direction of the two action plans presented here. The program shall also be the message from the European social democrats to the summit in South Africa in the autumn of 2002.

**POSSIBLE LINES FOR JOINT PRESS CONFERENCE WITH
CHANCELLOR SCHRÖDER AND PM JOSPIN:
PES CONFERENCE, BERLIN, MONDAY 7 MAY**

The document we have published today is a document of European Socialists: a document for all the citizens of our continent.

- Our three countries between them embody all that matters most about the European Union. From our separate, and often conflicting pasts, we and others have nurtured a unique European Union. It is a highly successful and powerful economic and political community; it is a community of shared European law and solidarity between citizens. It is a community of democratic and independent states, but states who have created a network of interests and institutions which make it unthinkable to resolve our differences by other than peaceful means.
- All that has to be safeguarded. But it cannot be safeguarded by standing still. We are developing an economic and monetary union. We are initially doubling in size to include the countries of eastern and central Europe within the next few years.
- None of us has a blueprint for the future shape of the EU. We are consulting the people of Europe before we meet again in an intergovernmental conference in 2004. The EU has respected, and will respect, the great traditions of our national democracies. There will be lots of ideas from all quarters before we, as governments of the European Union, decide in 2004 the next Treaty change which we will make and ask our parliaments to endorse.
- But our document already sets out some clear principles agreed among the socialist members of the European Union and applicant countries.
 - a strong EU, able to take action, organised in a way people can understand and with more democratic legitimacy.
 - More transparency.

- a new definition of the role of national parliaments in the building of Europe, while strengthening the European Parliament.
- a better division of tasks between the Union, member states and their local and regional bodies – respecting subsidiarity.
- simplified structure of governance, with a clear and transparent division of responsibilities between the Union's institutions.
- a European administration which is geared to the needs of people, has high public standards, is transparent and accountable.

The ideas which we as heads of government and party leaders are putting forward are about ways, within the political structure we have (governments, parliaments, the EU institutions), of advancing the interests of the Union and the member states within it. Today we have set out, as European Social Democrats and Socialists, an agreed framework for that debate.



John Lawyers

g.m.s

FX *Stephen Wall*

FROM: DR. DENIS MACSHANE
LABOUR MP FOR ROTHERHAM
HOUSE OF COMMONS
LONDON SW1A 0AA

NB para 8.

2 1277

Berlin PES Congress 7 May 2001

- 1) I had good talks, inter alia, with Franz Munterfering of the SPD and Francois Hollande of the Parti Socialiste.
- 2) Together with other PES colleagues they were very interested in the outcome of the UK election and wished TB well. Cook is a popular choice as Chair.
- 3) Munterfering said that the SPD document on Europe was published well ahead of the Party congress in order to allow a very full debate. I did not get the impression that it was a settled, definite statement of government policy. The SPD are playing on three registers. Schröder wants to show leadership of and in Europe. He wants to prove to his party activists who are very pro-EU and federalist that he is with them. But he knows that if Germany want to stop being Europe's paymaster it will no longer be able to call the tune so the document is the first marker in what will be difficult negotiations.
- 4) But a number of speakers from different countries insisted on the need for the EU "vision" thing – principally by making the Charter of Fundamental Rights part of the Treaty. Although withdrawn from the final PES resolution I would expect a renewed rhetoric and symbolism on this issue.
- 5) Hollande made a strong speech calling for a Federation of Nation States, for a constitution, for an avante-garde of nations to lead Europe with other tagging along, and for strong European defence. While his emphasis on the federal and the constitution might make him appear close to the SPD language what he means by Federal is quite different from the Germans. I asked him if his remarks foreshadowed the long-awaited Jospin speech and he shrugged his shoulders. But both he and Munterfering insisted on the close SPD-PS or Schröder/Jospin meetings and collaboration. I think it is very hard for Jospin to come up with a line on Europe that will enthuse his party, not be out-flanked by Chirac, and defend French national (CAP etc) interests.
- 6) There were powerful for and against interventions on cohesion funds. This part of the enlargement debate will become very hot.
- 7) There weren't many takers for a second chamber of national parliaments. UK MEPs are very dismissive of this – see R Corbett in current CER bulletin. Albert Bore, leader of Birmingham City Council also attacked the idea from the platform.
- 8) **Main recommendation:** After June 7th we need to send out ministers/MPs to different European capitals to explain to media, political groups that Labour and TB are in power for a full five years with a big majority. Therefore, while waiting for outcome of French and German elections, the UK with a strong pro-European government is a major player and must be listened to. I attach a paper setting out politically the European importance of a TB victory. We need after 7 June to revisit Step Change and make it more vigorous and much better in promoting the UK and TB to a wider European political public.

2

DM

11/5

A victory for Blair Opens the Way to a New Social Democracy

The elections in Britain are of major significance for the European left. It is the first test for the pink wave of the leaders of the modernised left in Europe – Blair and Jospin in 1997, Schroeder in 1998. After the failure of the Democrats to keep power in the United States, the test at the ballot box in Britain for post-socialist left reformist politics assumes a wider importance beyond British shores.

The opinion polls all announce a Blair triumph. But one should never forget the Israeli politician who noted that voters tell the truth to the opinion polls but then go and lie in the voting booth.

But even if the final result is not as glorious as 1997, it will still represent a decisive victory for the ideas, policies and values associated with New Labour. If Mr Blair is largely validated by the British electors what lessons are there for the European left and for the parties who face major electoral tests in 2002?

But first we must ask why is Blair moving toward a major electoral victory? Three reasons stand out. New Labour has a material project, a political strategy and a social ambition. Taken together they represent an outline of a **new social democracy** which rejects both the constraints of welfare socialism and the cruelties of uncontrolled neo-liberalism – the two main politics on offer in the later decades of the 20th century..

For the three decades after 1968, the European left lost itself in cultural politics. The new post-national capitalism controlled the material vision of society and imposed its neo-liberal rules. Chief amongst these was the creation of mass unemployment which removed from the working class its most powerful weapon – its work. Take away work from the workers and their political parties of the left have nothing. Hence Blair's obsession with bringing people back into work. The creation of jobs requires new thinking about how to support the new, small companies in the new and old economy. Blair has fashioned an historic compromise with capital - supporting market-led economic policy which delivers jobs. Barriers to job creation have been pushed aside.

British trade unions have had their share of the benefits with more than 20 laws or decrees increasing the rights of workers and their unions. So pay, employment and trade union membership have all increased since 1997. Professor Richard Freeman, director of the Trade Union Programme at Harvard University, and author of "What Workers Want" says that the "new rights for workers introduced by Labour

since 1997 are unthinkable in the United States. The new labour law offers a real possibility for unions to prosper.”

The new materialism has given up the search for the philosopher's stone of a single remedy like nationalisation or protectionism which will solve economic problems. There is no guarantee that every job can be saved. If British workers stop buying clothes at Marks and Spencers then Marks and Spencers will lose money and go out of business. If British children prefer Nokia mobile phones, it is tough on Motorola and Eriksson. New jobs must replace old ones which cannot be preserved in the face of the choice of the citizen-as-consumer.

This new **material project** is allied to a new **political strategy** which is based on a politics of manoeuvre, of alliance, and of occupying territory rather than staying in trenches singing the songs of the old male, white armies of socialism. Blair has sought to represent those who aspire to a better life but who do not want to be passive recipients of the generosity of the state. Labour represents those who want to have increased material chances for themselves and their families. The new political-social geography has been recognised with reward and recognition for new economic and social forces represented by women, gays, Asian and black communities. With gay members of his cabinet and more places in his government and in Parliament for black and Asian Ministers and Parliamentarians than in the whole of the rest of Europe, Blair has aligned Labour with the new identities and categories that British citizens use to define themselves.

Finally, there has been a massive investment in **social policy**. Blair reversed the traditional calendar of the left in power. When Labour won power in previous generations it was rather like the 1981 socialist government in France. First, generosity. Then austerity. Each time the voters, like the voters in the French National Assembly elections in 1986, rejected the left for having been unable to maintain its early generosity. For Labour in 1997, it was economic rigour first, and then having shown that the left can deliver a coherent material project it was possible to start the major investment in public services that is now the leitmotif for the election campaign. Every school in Britain is seeing new building. 11,000 new teachers are in schools. For the first time in 20 years, dozens of new hospitals are being built. New doctors and nurses are being trained. Teachers' pay has increased by 10 per cent in real terms. Pensions and the allocation given to the mothers of

children has seen a major increase. The tax system is being changed to help the excluded and poor.

None of this removes overnight the problems of a British railway system that has had no investment since 1975. Britain has industrialised its agriculture to maximise subsidies from the Common Agricultural Policy and today suffers from the hideous diseases of industrialised food production.

Blair was treated almost as a God when he was elected in 1997. Now we see he is mortal and no more able to satisfy all the demands and desires of the left, let alone all the people, than any other political leader in Europe. The style of Blair's government is based on post-heroic politics. Labour Ministers are ordinary people not starred intellectuals from All Souls and Oxbridge. Last week Blair disappeared early from the Commons after his weekly Question Time. He had gone to a parents-teacher meeting at his daughter's school.

So there is no great theory of Blairism. After the hard ideological years of the neo-liberal right, Britain has opted for new social democratic management based on a politics of inclusion and understanding of the aspirations of the citizen. Economic coherence and social justice, are not as the right has endlessly preached since the 1970s, mutually exclusive concepts. A clear commitment to European engagement does not mean the end of the nation state, nor the end of sovereign control of national identity and needs. The new social democracy is pro-European in order to strengthen national cohesion in a globalised political economy.

If Mr Blair wins handsomely next month that approach will have been vindicated. And the left in Europe should stop sneering at New Labour and accept that a new century and a new citizenry requires a new social democracy.

Denis MacShane is a Labour MP

File



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 May 2001

Dear Sir Robin

We wrote earlier this week to advise of the Prime Minister's intention to attend the PES meeting in Berlin on Monday, 7 May.

Events have subsequently moved on and we would now like to advise The Queen that the Prime Minister will no longer be attending this event. The Foreign Secretary will now be representing the Prime Minister in Berlin.

Yours ever

Michael Tatham

MICHAEL TATHAM

The Rt Hon Sir Robin Janvrin KCVO CB

CONFIDENTIAL - PERSONAL

file

bcc

JPO

JS



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 May 2001

FAXED

Dear Shevard

TELEPHONE CONVERSATION WITH GERMAN CHANCELLOR

The Prime Minister had a short, but good-natured, conversation with Chancellor Schroeder this afternoon. The Prime Minister explained the background to his decision not to attend the PES event in Berlin. Schroeder said he entirely understood. He had things he wanted to discuss with the Prime Minister, including on industrial policy, but this could wait until Gothenburg.

Schroeder touched briefly on the European debate within the SPD. The reality was that the document which had caused such controversy would have been accepted in its current form whether he agreed to it or not (comment: in other words, he had had no political choice). The Prime Minister said the document raised difficult questions which they could discuss in due course. But that was emphatically not the reason why he was not attending the PES event (Jonathan Powell subsequently reinforced this point with Steiner).

The Prime Minister said we would announce this decision tomorrow morning. Schroeder requested that, when announcing the decision, we should also brief that he had been informed of it in advance and understood the reasons.

I am copying this letter (on a personal basis) to Sir Stephen Wall. For obvious reasons, no further copies should be made of it.

Your ever

Michael

MICHAEL TATHAM

Sherard Cowper-Coles
FCO

CONFIDENTIAL - PERSONAL

RESTRICTED

Ric
(paper copy gone in
box / in DCO inbox
matrix)

From: Michael Tatham

Date: 3 May 2001

PRIME MINISTER

cc: Jonathan Powell
Jeremy Heywood
John Sawers
Tim Livesey

PHONE CALL WITH SCHRODER

You are talking to Schroder at 1515 about the PES Conference.

Robin has asked that you mention two things to Schroder: firstly, that Robin will represent you in the opening ceremony; secondly, that he is also happy to stand in for you at Schroder's dinner for Heads of Gov't - but that he understands fully if Schroder wants to confine this just to Prime Ministers.

Stephen Wall is concerned that Schroder will use this call as an opportunity to lobby you about the Takeovers Directive. The German Gov't have been got at by their industrial lobby and are trying at the last minute to alter a conciliation deal with the EP. Their proposal would have the effect of undermining shareholders' ability to determine the outcome of a takeover bid. Charlie Falconer met with the Takeovers Panel yesterday. His view is clear: the German proposal would be seen by the Takeovers Panel (and the CBI and Association of British Insurers) as the worst option.

Schroder may try and pitch for a deal over droit de suite or Information and Consultation. But a deal would not be worth anything given where we are on those two dossiers. Schroder may try moral blackmail over Germany's helpful stance on Information and Consultation. But Germany has already had its quid pro quo for that (in the form of the European Companies Statute).

If Schroder raises this, you should sound sympathetic but unyielding:

- **Understand this directive is difficult for Germany. For us too.**
- **But the principle that boards must have shareholder consent to undermine a hostile bid is fundamental to us and to our industry.**
- **Taken years to get to this point. Don't see scope now for reopening package.**

MICHAEL TATHAM

RESTRICTED



Lord Falconer of Thoroton QC
Minister of State

Top NT

PRIME MINISTER

cc/ Jonathan Powell
John Sawers
Stephen Wall
Roger Liddle x. JJH
Derek Scott SV

TAKEOVERS DIRECTIVE: VIEWS OF TAKEOVER PANEL & THE CITY

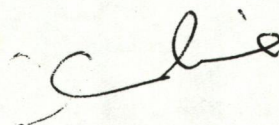
Peter Scott and Philip Remnant from the Takeover Panel came to see me last night to discuss Schroeder's proposals to alter the Takeovers Directive to enable boards of German companies to frustrate hostile takeovers, even if shareholders want a bid to succeed.

Getting the right Takeovers Directive has always been sensitive and important for us.

The Panel were very clear that agreeing to the German request would be the worst case scenario for them. It would undermine the key benefit for the UK over the status quo i.e. that other member states must adopt our approach that shareholders should decide the outcome of a bid. But it would leave in place the less ideal aspects of the Directive whereby the Panel faces a slightly higher risk of vexatious litigation when going about its work.

Given we might have reasons for wanting to help Germany I explored with the Panel the benefit in having the Directive at all – couldn't we join the Germans and try to get it struck down? The Panel was not in favour of this. Whilst they have been ambivalent at various stages during the twelve years of negotiation, they argue that EU capital markets need to evolve and harmonise, particularly if we are to compete effectively with the US. The German move just highlights that markets will not do this on their own. The Directive is therefore needed. It is a start in the right direction and the current provisions on shareholder consent give us enough of what we want. UKRep have also confirmed that the Presidency remain firm in their intention to finalise the text now and as far as we know Germany has no new support for its last minute change of position.

The Panel is not alone in the views expressed. They reported to me that they have rechecked on the position of key City organisations this week. The CBI and ABI were reported to be solidly behind their position. I also notice that the news coverage has been uniformly against the German suggestions. Peter Hain has also considered the issues and thinks we should hold firm.

A handwritten signature in black ink, appearing to read 'C Falconer', is centered on the page.

CHARLES FALCONER
3 May 2001



DS.

With Compliments

DR. DENIS MACSHANE
MP FOR ROTHERHAM

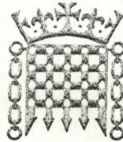
Tel: 020 7219 4060

Fax: 020 7219 6888

Email: macshaned@parliament.uk

HOUSE OF COMMONS
LONDON, SW1A 0AA





HOUSE OF COMMONS
LONDON SW1A 0AA

DR DENIS MACSHANE MP

Gernot Erler MdB
Deutscher Bundestag
Platz der Republik
11011 Berlin
Germany

2nd May 2001

Lieber Kollege Erler,

Ich war sehr erfreut über die Zusendung des Berichts "Die Zukunft der GASP", der ein bedeutendes Dokument ist.

Es ist sehr wichtig Analysen von Denkansätze der europäischen Schwesterparteien durchzuführen.

Ich gratuliere der SPD zu diesem Dokument.

Ich werde sicherstellen, dass der Bericht die Aufmerksamkeit unseres Aussenministers Robin Cook, der die Nachfolge von Rudolf Scharpings als Vorsitzender der Sozialdemokratischen Partei Europas antreten soll, erlangt.

Wie Sie wissen ist die enge Zusammenarbeit mit unseren Kollegen in der SPD für Tony Blair und für die Abgeordneten der Fraktion der Labour Party im House of Commons von grosser Wichtigkeit.

Anbei sende ich Dir das Manuskript einer Rede, die sich mit den britischen Ideen für die politische Entwicklung Europas beschäftigt. Diese Rede habe ich vor kurzem im Rahmen der Königswinter Konferenz in Potsdam gehalten.

Viele Grüsse aus London sendet

Dr. Denis MacShane MP



25 April 2001

English of a letter in German to SPD Bundestag member, Gernot Erner, author of the 3-language report on "Social Democratic Views on The Future of the CFSP"

Dear Colleague Erner

I was very pleased to receive the report "Die Zukunft der GASP" which is an extremely important document.

It is very useful to have this kind of examination across the European sister parties of their thinking.

I congratulate the SPD in undertaking this work.

I will make sure it is drawn to the attention of Robin Cook, our Foreign Secretary, who is expected to succeed Rudolf Scharping as President of the PES in May.

As you know Tony Blair and the Labour Party as well as the MPs in the Labour Party fraction in the House of Commons attach great importance to importance of close collaboration with colleagues in the SPD.

I attach for your interest a note on the main issues facing the Labour Party ahead of the general election this summer and a speech I made in Potsdam recently to the Königswinter conference setting out some British ideas of European political development.

Mfg,

Dr Denis MacShane MP



CABINET OFFICE

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e-mail jswall@cabinet-office.x.gsl.gov.uk

Sir Stephen Wall KCMG LVO
European Secretariat

Kim Darroch Esq CMG
Director EU
FCO

JS *2*
ce. Mo
MT
OM
pu
Pres

26 April 2001

Dear Kim,

PM/SCHRÖDER: BERLIN, 7 MAY

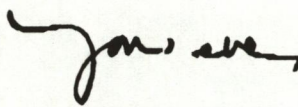
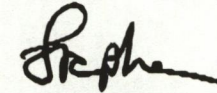
As you know, the Prime Minister will be meeting Chancellor Schröder in the margins of the PES Congress in Berlin the week after next. We need to think about what we want to get out of the meeting, to show that we and the Germans are working closely together on the Future of Europe. The meeting may in practice not get into specifics, and the Prime Minister will be most interested in ensuring that Schröder and he are in the same conceptual ballpark. But, if we could agree some specifics, that would help ensure that our paths do not diverge too much.

We could aim to:

- agree on the kind of approach we should take at Laeken (rather than Gothenburg). See the record of yesterday's talks with Verhofstadt;
- have another go at persuading Schröder of the value of a **second chamber** to police competences and subsidiarity (which the Germans think the Council already does adequately) as well as to provide democratic oversight of ESDP;

- agree to work up ideas on a possible senior-level ministerial Council in more frequent sessions than any existing Council (I am writing separately about this);
- agree with Schröder that **CAP and structural funds reform** have to be dealt with sooner rather than later. Float the idea of a joint working group on CAP reform (to bring together the various MAFF/No 10/us-Chancellery/German Agriculture Ministry contacts);
- set up joint work at official level to share ideas on taking forward **reform of EU state aid rules**;
- initiate joint work on improving the **application of subsidiarity**. The signs (including the useful intelligence which Richard Wood picked up during his recent visit to Germany) are that the Laender problems can be solved if we can crack the subsidiarity nut. We could suggest a joint working group;
- a joint commitment to ensuring that the coming **review of Council working methods** is thorough and far-reaching, unlike its 1999 predecessor. We could emphasise the need to cut down the number of Council formations (without going into exact numbers). An Anglo-German thrust here now would help ensure that the forthcoming Council Secretariat report is taken seriously.

I should be grateful for any comments, additions etc by next Tuesday, 1 May.



J S WALL

cc: Members of ESG
Sir Paul Lever KCMG, Berlin

1. cc. } KG
CS
RR



BUCKINGHAM PALACE

2. file .

26th April, 2001.

John Thomas

Thank you for your letter of 24th April about the Prime Minister's absence from this country on Monday 7th May in order to attend a PES Conference in Berlin. I have shown your letter to The Queen who is content for the Prime Minister to be absent from this country at this time.

Yours sincerely

R. Janvrin

Sir Robin Janvrin
Private Secretary to The Queen

Michael Tatham, Esq.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 April 2001

Dear Sir Robin

PRIME MINISTER'S VISIT TO BERLIN

The Prime Minister will visit Berlin to attend a PES Conference on Monday, 7 May 2001.

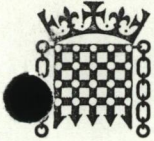
I should be grateful if you would seek The Queen's permission for the Prime Minister to be absent from the country on this date.

Yours ever

Michael Tatham

MICHAEL TATHAM

Sir Robin Janvrin KCVO, CB
Buckingham Palace



FROM: DR. DENIS MACSHANE
LABOUR MP FOR ROTHERHAM
HOUSE OF COMMONS
LONDON SW1A 0AA

Rt Hon R Cook MP
Foreign Secretary

1 April 2001

new Robin,

As spoken I enclose the note in the *Frankfurter Rundschau* in which it was stated as a given that you would succeed Scharping as President of the PES.

You may also be interested to know that one of your critics in *Le Monde*, Marie-Noëlle Lienemann, has been named as a junior housing minister by Jospin following the poorish showing by the PS in the recent elections. The paper describes her as an "anti-Blairiste" as if that was a sufficiently clear description of a political position in France.

She started life on the Rocardian right and drifted over to the "gauche socialiste".

She isn't important as such but she reflects a view that seeks to define itself as anti-Blair or perhaps non-Blair. This is a tribute to the impact that (new) Labour has made on left politics in Europe since 1997. But it also reflects the sheer ignorance of the positive social and other progressive policies – *vide* your Foreign Policy and Human Rights speech of last week – that Labour has brought about.

It reinforces my view that we need much better political projection of what the government is doing in terms of explaining in language they understand to our European partners in government what a Labour government is doing and believes. This is a political/ministerial task which goes beyond the normal role of diplomats.

Even if Berlusconi joins Aznar as a non-left leader, the unique chance of having sister parties leading government in London, Paris and Berlin remains an extraordinary historical moment and I wonder if we are exploiting it adequately.

By the way, Vedrine in Washington praised Blair for having explained European defence ideas to Bush. Schröder also insisted on good personal chemistry with Bush despite the Kyoto problem.

I enclose a brief note analysing where we are after the French, German and Austrian elections and on a good talk I had with Sigrid Krampitz – who is Schröder's Anji Hunter.

your ear
Denis.

DENIS MACSHANE MP

Fürter R'shan

25.03.01

Cook to John Scharping as P&S chief.

D/R/S · Samstag, 24. März 2001, Nr. 71

ZUR PERSON

Rudolf Scharping

Der Bundesverteidigungsminister gibt nach sechseinhalb Jahren den Vorsitz der Sozialdemokratischen Partei Europas (SPE) an den britischen Außenminister Robin Cook ab. Scharping hatte dieses Amt auf europäischer Ebene – durch das er unter anderem bei den Vorgesprächen der sozialdemokratischen Staats- und Regierungschefs vor EU-Gipfeln dabei war – 1994 in seiner Zeit als SPD-Chef erhalten. Zuletzt hatte es aus anderen sozialdemokratischen Parteien hin und wieder auch Kritik an ihm wegen zu geringer persönlicher Präsenz und inhaltlicher Profilierung der SPE gegeben. Scharping erklärte jetzt, er habe schon nach der Europawahl 1999 intern gesagt, die britische Labour-Party müsse in die SPE stärker einbezogen werden. Er habe eine „lange, aber auch schöne und erfolgreiche Amtszeit“ gehabt, wolle sich weiter auf Europaebene engagieren, sich aber noch stärker auf Bundesregierung und SPD konzentrieren. (me)

Regine Hildebrandt

John Jones
J
copy

Tonnie Powell
Sally Morgan
Andy Hunter } 6 nos

Nick Sigler MBT

David Clark
Special Adviser
FCO



British Embassy
Berlin

Wilhelmstr. 70
10117 Berlin

Telephone: (030) 201 570
FAX: (030) 201 57 574

27 March 2001

Dear David

PES CONFERENCE IN BERLIN, 7-8 MAY

1. I've copied to you my separate report on Paul Lever's meeting with SPD General Secretary Müntefering today. Müntefering also emphasised that the SPD were expecting the Prime Minister to attend the up-coming PES conference in Berlin. He seemed pretty disengaged from - and frankly unimpressed with - the PES network. His interest was far more in extracting domestic political advantage from the reflected glory of Labour's presumed election victory.
2. In the margins I passed on to Achim Post (International Secretary) what Nick Sigler told me, viz: if the UK elections are on 3 May then it is more likely than not that the Prime Minister will attend, but only for a few hours; if they are postponed to June then he almost certainly would not be able to come; and that the position would be clear(er) by the end of next week. Post made clear that the SPD are ready to re-jig the PES programme to fit around the Prime Minister's availability; hoped he would be able to do a lunch, plus a couple of hours of conferencing; but that the centrepiece for them would be a joint press conference with Schröder and Jospin.
3. Post also made clear that the SPD thought the Secretary of State's election as next PES President was "100%" certain. They thought the pre-Stockholm PES meeting had confirmed that he would be unopposed.

your ever
Hugh Powell

cc: Roger Liddle, No 10
Rachel Cowburn, No 10

ps. grateful if you would copy this to Nick Sigler.

From: Rachel Cowburn
Date: 20 March 2001

PRIME MINISTER

cc: Jonathan Powell
Roger Liddle
Sally Morgan
John Sawers

PRE-COUNCIL PES LEADERS DINNER (22/03/01)

Nick Sigler will be preparing a more comprehensive note. Attendance at the dinner looks currently good - the only question mark is over Schröder and Sharping now isn't going. The following issues were discussed at last Friday's Sherpas (preparation) meeting.

- The Congress and whether to go ahead with the 'ceremony' i.e. all Leaders being on stage together, speaking for 3-4 mins. on the 'achievements and challenges of European Socialists and Social Democrats' (Mon 7th May - you will undoubtedly be asked if you are going)
- PES Presidency
- Amendment to the Party statute (previous note from Nick attached, he should update you)
- PES declaration (attached) - we will express reservations about references to 'unification' (paras 3/8) the Charter (paras 11/30) and possibly CFSP (para 24). Roger/Nick Sigler are dealing with this.
- Veltroni may discuss the PES reaction (i.e. proposed language) following a possible Berlusconi victory.
- Persson may raise a Swedish idea for a PES initiative on sustainable development. If approved, this will be launched at Göteborg and a working group set up to produce a document the following year. This is seen as a follow-up to the Lisbon philosophy that good social conditions are a

prerequisite for economic success - good environmental conditions should be a second prerequisite. Idea was well received at Sherpas.

- Finally, this Sherpas meeting was not well attended in general (only the Swedes, French, Greeks, Portuguese and Danes were present). However, I understand that the UK is only very rarely represented. It's true that such meetings are not crucial but the UK's continued absence adds to the general perception of our disengagement.

RACHEL COWBURN

- (1) **Security in change**
- (2) For decades Berlin was a symbol of a divided Europe. Today this city represents a unified continent.
- (3) Europe is in a new situation:
Never before has the unification of Europe been so near. And never before has it been so essential for Europeans to stand together and answer the challenges of integration and globalisation.
- (4) At the same time we have new opportunities before us:
Social Democracy is the biggest political family in Europe, in government in most EU countries and with special responsibility for Europe's future. We are ready to face up to these challenges now and in the future.
- (5) The EU has made considerable steps forward over the past few years:
- Success in fighting unemployment –thanks also to joint measures taken in the EU;
 - The introduction of the EURO is a completion of Economic and Monetary Union;
 - With the development of a Common Foreign and Security Policy and the creation of a European Security and Defence Identity, Member States have taken on greater responsibility for peace and human rights;
 - The new Charter of Fundamental Rights is a milestone on the way to a Citizen's Europe.
- (6) Now we are faced with three interwoven tasks:
1. To develop the EU in such a way that an enlarged EU will be stronger and able to deliver for the whole of Europe;
 2. To modernise the European social model for the new global age;
 3. To win the hearts and minds of Europe's citizens for Europe.
- (7) **1. Enlarging and reforming the EU**
- (8) The job of reconciliation and good neighbourliness begun here in Berlin by Willy Brandt, can now be completed. Enlargement is economically important, politically necessary and a moral imperative. We can, for the first time, achieve a politically, economically and culturally unified continent.
- (9) Now we have to reform the EU so that it can properly perform its tasks on behalf of Europe as a whole. Even after the Nice Summit, the development of the EU institutions' ability to act in an open and transparent way remains an important task.
- (10) In this regard, the discussion process established by Nice – to be concluded by a further intergovernmental conference in 2004 - is of particular importance. Our aim remains a strong EU – able to take action, organised in a way people can easily understand and with more democratic legitimacy. We need this Europe not simply because of enlargement but rather in general to master the new tasks we face in a changing world. This is not only the job of the current Member States. The accession countries have to deal with these tasks too.
- (11) Above all we want
- The Charter of Fundamental Rights to be part of the European Treaties and in that way to underline the obligatory nature of making citizen's rights really count
 - Fundamental reform of treaties and institutions with the goal of getting more transparent decision making, a more precise division of responsibilities and a clearer allocation of tasks between the Union, Member States and their local and regional bodies.

- (12) This debate must take place in the open and must require the involvement of citizens, governments, state and society, the European Parliament, national parliaments, the EU Commission and Council of Ministers, parties and organisations, towns and districts. The Party of European Socialists, which has links to all of these levels, will play an active role in this discussion process.
- (13) The accession countries must simultaneously put every effort into preparing for enlargement and into fulfilling the criteria set in 1993 by the European Council in Copenhagen. Our goal is a rapid and solid enlargement of the European Union.
- (14) Enlargement is in everyone's interests. Everything must be done in EU Member States and in the accession countries to combat people's fears: the path we have started upon is already securing more jobs than it threatens. And above all the old dream of peace, democracy and social justice for everyone in Europe can now be realised.
- (15) All European citizens benefit from a policy of active co-operation. Putting in place trans-European transport and communication links and aligning environmental protection standards improve the quality of life of all Europeans. Wider prosperity and common action to fight crime in an enlarged EU ensure more effectively a more secure life for all than could any policy of trying to put up shields and barriers.
- (16) States that are not accession countries must not be shut out of the enlargement process. We do not want to see a new iron curtain separating an enlarged EU from its neighbours. The EU's Balkan Policy in the shape of the Stability Pact for South Eastern Europe is an example which demonstrates that the EU's responsibilities do not end at its borders.
- (17) **2. Modernising Europe's social model**
- (18) Europe is more than an internal market. Europe is an idea, a unique civilisation based on the ideals of European enlightenment and humanism. Human rights, democracy, social responsibility, the link between freedom and responsibility, achievement and solidarity, individual and state – that is what makes up the shared European values of social democracy.
- (19) We have responsibilities to this shared community of values. We do not surrender them to the world markets. We accept the challenge of globalisation – we use its opportunities and we tackle its risks. A common approach to trade is a precondition for this.
- (20) We are equipping Europe for international competition:
- with a common currency;
 - with co-ordinated economic and fiscal policies.
- (21) We are modernising Europe's economy to make it fit for the global knowledge society:
- with a research and development offensive;
 - by strengthening education and lifelong learning to best meet the demands of our knowledge based society;
 - by opening up accessibility to new information technology to all European citizens;
 - by promoting business initiatives and innovation;
 - by creating jobs in private and public services and in the third sector;
 - by further developing and adapting social protection and social integration.
- (22) We want the EU to play a leading role in environmental protection, in climate change policy and in consumer protection. We need a new approach to agriculture to ensure safer food for our citizens.

(23) We want to make use of the weight the EU carries in the world to make sure that international organisations put into place better social and environmental minimum standards and to contribute to peace and human rights. And we want to lead a dialogue between different faiths and between the different social and cultural traditions that there are in the world.

A (24) A Common Foreign and Security Policy addresses the needs of the new Europe and the conditions of globalisation under which Europe can only punch its weight if it is a politically unified force. It is also a prerequisite for a long-term, sustainable and just partnership with our American allies and for Europe's close foreign and security co-operation with Russia and for the coherent representation of Europe in international organisations. Through the CFSP, the EU must develop an all-embracing concept of security which includes political, military and economic, social and environmental elements and which takes into account the whole range of requirements for successful crisis prevention and civil and military crisis management.

(25) The most important prerequisite for ensuring the continued existence of the European social model in the age of globalisation is an empowered EU, capable of taking action.

(26) **3. Winning citizens to Europe**

(27) The EU's existence depends upon the participation and consent of its citizens. Many people have the feeling that there is a lack of information, participation and democracy. If the EU is going to be able to master the tasks it will face in the future, then it has to win over the people to Europe. The on-going debate about the future of Europe must take this on board.

(28) We want a widespread, open debate about the goals and tasks of the EU, about its structures and decision-making processes.

(29) We do not want this discussion to take place behind closed doors. Citizens, civil society, local and regional bodies and representatives of cultural life should be involved in it. We ask everyone to help to shape the future of Europe.

A (30) We want this debate to:

- tie-in the Charter of Fundamental Rights to the Treaties and thereby to make it more binding;
- simplify the Treaties and decision-making processes and democratic structures;
- clearly demarcate Member State and EU competences.

(31) At the same time, we want, together with citizens, to set goals which, when achieved, can contribute to building a new support for the European project.

(32) We call upon artists to join us in cultivating European culture.

We call upon scientists to join us in putting Europe at the forefront of progress.

We call upon women and men to make Europe a model of equality.

We call upon workers to show the world that economic performance and social responsibility are not contradictory but rather complimentary.

We call upon all citizens to join us in making a reality of a Europe in which different cultures live peacefully together – where racism and xenophobia have no place.

(33) Social Democratic parties from all EU Member States and from the accession countries have come together in the Party of European Socialists. The principles of the social democratic movement have greatly influenced the European community of

values, the European social model and the road to the reconciliation and unification of our continent. Social Democracy is the force which can lead Europe successfully into the future. We will stand up to the challenges and give Europe's people security in a changing world. Only in this way will Europe master the tasks the future presents.

NOTES ON PES CONGRESS/STATUTES/AWARENESS

The PES is in the process of updating both its image and profile and the way it works. These discussions are taking place in the context of the likely changes in the financing and structure of all political parties at the European level with the forthcoming introduction of the EU Statute on Political Parties. To that end a number of proposals have been put forward over recent months:

The 'Ruairi Quinn' proposals are designed to raise the profile of the PES among individual party members across Europe. He has made the following suggestions which have been broadly approved by the PES Bureau:

- Incorporate the PES into the statutes of the party
- Put PES logo on party membership cards
- Strengthening the mandate of the party delegation to the PES Congress
- More extensive use of the PES name and logo
- Reciprocal membership for party members living overseas
- Raising the profile of the PES in Euro-elections

The 'Heinz Fisher' proposals are designed to streamline the PES organisation in the context of enlargement and the experiences over the last nine years. These have had an initial discussion at the PES bureau and will be further discussed at its next meeting:

- Annual Council meeting (except when Congress) to consider key political themes
- Bureau to be replaced by Presidency with one representative per full member party, meeting five times a year with associate parties being invited to at least two meetings. Small executive committee (elected by Congress) to manage business between Presidency meetings
- Co-ordination team of international secretaries to work with PES staff

The forthcoming PES Congress will attempt to break with previous practice by avoiding too many set piece speeches and conducting most of its activities through round tables/workshops. There will be a number of political 'events'. For the first time it will also attract sponsors.



PRIME MINISTER (Box)

From: Rachel Cowburn
Date: 16 March 2001

cc: Jonathan Powell
Roger Liddle
Sally Morgan

MEETING WITH SIMON MURPHY, MONDAY 19TH MARCH

This was to be a follow-up to your meeting in London with the EPLP last July but diary pressures, understandably, made this difficult. Simon may raise the following:

- Election – will want to assure you of MEPs full support (EPLP/PES staff in Millbank and EPLP contributing to ‘Opposition Watch’).
- PES Presidency – continued PES support for Robin despite recent bid by Gonzalez (now withdrawn) and persistent rumours about Sharping. Could also mention PES Congress in May.
- Spinelli group and their ‘new federalist’ manifesto (Simon sees this as all part of the debate although their views hold no official PES position).
- New group of MEPs (inc. Catherine Stihler, Labour) calling to speed up EP reform (see attached article).
- Second Chamber – will be looking to gauge your enthusiasm. You could stress importance of consultation with the EPLP (Keith has spoken to Westminster but not the EPLP)
- Convention as means to take forward the Europe debate – Simon believes that we could use this method to widen the consultation (but in a different way to that used for the Charter).
- He may also ask for more freedom to talk about issues post Election e.g. the Euro/the inevitability of incorporation of the Charter into a Treaty.
- Terry Wynn as candidate for the Court of Auditors.
- EPLP ideas on how to take forward the Step Change process.
- Finally, he could ask for a brief meeting between yourself and the EPLP during the May Congress or failing that in Brussels (Brussels may be a good opportunity for you to talk to the EP as whole or at least key players within the Group).

RACHEL COWBURN

Further attacks on Mr Hague for jumping on a bandwagon of prejudice at his own party's spring conference this weekend in Tory plans to make defence of social justice and civil rights a key theme of election campaigning.

While the Liberal Democrats will be critical of Tony Blair, particularly if Labour fails to include a promise of a referendum on proportional representation, their message will be "Labour a disappointment, Tories a disaster", according to the aide.

By portraying Mr Hague as an extremist willing to pander to the most hardline members of his party, they hope to win

over more moderate Tories to their own side.

The CRE last night declined to comment on the latest row, arguing that its new compact was intended to encourage the public to respond if it felt parties were playing to race prejudices.

Elsewhere in his speech, Mr Kennedy insisted his party could win "more votes and more seats" in the forthcoming general election than it had in 1997. He attacked the government's record on public services, saying his party was prepared to tax more and spend more on health, education and crime to secure improvements.

MEPS TO reform

Ian Black in Brussels

Reform of the European parliament must be speeded up if it is to win legitimacy and the respect of its electors across the continent, a group of Euro-MPs warned yesterday.

Launching a campaign to clean up the 626 seat parliament — two years after it helped bring down Jacques Santer's European commission — they called for efforts to drive through change and kill off the impression of sleaze over pay and perks.

Simon Murphy, Labour leader in the parliament, said: "Two years after the fall of the Santer commission, Euro-MPs have failed to put their own house in order. Nothing has changed and the reform process has ground to a halt."

MEPs were "dragged into disrepute" by a salaries and expenses system which was "out of date, untransparent, and in urgent need of an overhaul".

He accused "powerful vested interests" of burying attempts at reform — a priority for the Blair government, which is worried about the low turnout in the last European elections, Labour's poor performance, and general apathy towards EU institutions.

The European parliament acquired significant new powers in 1997, allowing it to amend and veto laws, but its profile and reputation are as low as ever.

Last year it was recommended that MEPs should be paid a uniform salary in return for agreeing to justify their notoriously inflated expenses. In addition to being paid a flat rate of around £57,000, all were to adhere to a system permitting the reimbursement only of costs actually incurred.

Under current practice some MEPs have claimed huge amounts without having to prove they incurred the expenses.

Other have employed their spouses and pocketed generous secretarial allowances.

MEPs can claim the equivalent of a first class air fare while on official business, no matter how they travel.

Last year the president of the parliament, Nicole Fontaine of France, announced that Friday sessions in Strasbourg were being abolished. But it transpired that MEPs could nevertheless claim the full daily rate for Fridays, even though all they now have to do is travel home.

Talks on new arrangements broke down late last year, and the reform campaigners say they must be resumed to agree a new statute by 2004, when the next parliamentary elections are due.



Extensions to the New Deal Photograph: Toby Melville

on 'jobs crusade'

em getting up and going to work."

Ministers have been impressed by the results achieved by some of the existing 38 action teams for jobs, including one in Hartlepool where more than 50% of the people seen to have been helped into employment. The teams give counselling to a wide range of benefits recipients, not just those on jobseekers' allowance. A spokesman for the Department for Education and Employment said seven teams were being created in Islington, north London, Hull, Newcastle upon Tyne, Salford, Dundee, North Lanarkshire and Halton. Mr Brown said these would bolster his plans, announced in the Budget, to offer new tax incentives to business to invest in the poorer areas.

The government also announced £40m of new fund-

ing to help the disabled to find work, another £35m to target those who are not yet equipped to enter the labour market, such as people with behavioural difficulties, and it took the first steps towards a merger of the employment service and benefits agency by saying it would set up 50 experimental one-stop shops for benefit claimants.

Theresa May, shadow education and employment secretary, dismissed the New Deal as "the most expensive job creation scheme in history". She said the Conservatives would replace it and offer private sector companies a "bounty" of around £1,500 for placing a jobless person in work, to be doubled to £3,000 if they remained in the post long-term. This compared favourably with the £20,000 cost of each job found by the New Deal for Young People.

Guardian 15/03/01

6. MÄR. 2001 11:37

BUNDESKANZLERAMT.
BUNDESKANZLER

NR. 9343 S. 1/1



BUNDESKANZLERAMT



Michael Steiner
Foreign Policy and Security Advisor
to the Federal Chancellor

Berlin, 6th of March 2001
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Mr John Sawers
Diplomatic Advisor
to the Prime Minister of
the United Kingdom

London

FAX: 0044 207 839 90 44

Dear Colleague,

please let me inform you about the following.

The Federal Chancellor would like to invite his colleagues from EU member states who are participating in the 5th congress of the party of European Socialists (Berlin 7th/8th May 2001) for a lunch on Monday 7th of May.

I would appreciate if you could forward this information to your Prime Minister.

Details will be communicated later.

With my best regards

Address:
Schloßplatz 1, D-10178 Berlin, Germany

Mail:
P.O. Box 61 02 61, D-10924 Berlin, Germany

*6. u. 10 April
to Michael
Tulthan.*

*JS
C: JB
MT
KS.*

*Am I right in thinking
JB will definitely not go
to this (? even on the
back of a stunning victory?)
Holiday in the UK.*

*JB
really unlikely
but no stand
must it say?
Ceryx.*

After the election
See counts
Other content



Work now
being taken
forward by FCO.

10 DOWNING STREET

(file)

1. JONATHAN 2. JOHN 3. CLARE

Assuming we're all content with the principle, the key questions are:

- i) finance: where the money comes from - FCO or Parliamentary budget? And whether this should be new money or found from within existing settlements?
- ii) Administration: do we need to set up a separate foundation? Or should this be administered within parliamentary structures?

If this is to be a cross-party initiative, at some point we would need to consult with opposition parties.

I think we should send the proposal in its current crude form (~~before~~ election) to FCO, HMT and Leader of House for comments/advice. The lessons from setting up the Westminster Foundation for Democracy would be important. Assuming GB and RC are as supportive as Clive Soley claims, we would need them to give some positive direction to their officials (otherwise Treasury at least will be instinctively snifty).

Once we've had these reactions (after election), the next step might be to approach opposition parties and form a small working group involving FCO, Treasury and Parliamentary officials plus reps from the political parties to draw up a detailed proposal.

Michael Tatham

MICHAEL TATHAM

After
Chief
Whip
should be
involved
too.

As Westminster
Foundation



10 DOWNING STREET

Michael Tatham

~~JS~~

SM

DM

Rachel Cowburn

We would like to launch this vlt

from here as a no co
in the early days for

FCO, HM etc

For you consider how best
to do this?



CLIVE SOLEY MP
House of Commons
London
SW1A 0AA
020 7219 5118

From the Chairman,
Parliamentary Labour Party

5 March, 2001

Dear Jonathan

RE: FINANCING OF INTERNATIONAL ACTIVITIES OF POLITICAL PARTIES

I am enclosing an updated briefing from Nick Sigler, of the party's International Unit.

This has been discussed with Robin Cook, who is content with the party's approach, and Gordon Brown sees no difficulties. Could we therefore proceed with implementing Nick's proposals through the usual channels?

Yours sincerely

CLIVE SOLEY MP

Jonathan Powell
Chief of Staff
No 10 Downing St
LONDON
SW1A 2AA

FUNDING OF POLITICAL PARTIES' INTERNATIONAL RELATIONS - A PROPOSAL

The international relations of all the political parties in Britain, and their links with their sister parties, are an important component of Britain's overall international relations. This is particularly true of our relations within the European Union, a point recognised by the government when it started on the 'Step Change' initiative. By developing and strengthening those relations Britain will be better able to become a more effective player in the European and international arena. While they are clearly no substitute for government to government relations, they are a necessary and significant adjunct to those relations. Furthermore those relations allow for an important input into our daily political debate and can be a useful source of renewal for both our political parties and our political system in general. And as globalisation continues apace it will become increasingly essential that our politics take on a global dimension so that we develop a better understanding of the positions of other countries and parties and so that we become more adept at defending Britain and Europe's interests.

To date British governments have had a very poor record on either encouraging or supporting the development of party to party relations, in Europe or on a wider scale. The one, expenses paid, trip a year that MPs are allowed to pay to the EU institutions (a right recently extended to include other EU national parliaments) hardly constitutes a major contribution. Other governments are far more forward thinking in their approach in this area and make considerable contributions either directly or through various foundations towards this type of activity. At the same time the political parties are finding it increasingly difficult to finance what is becoming an ever more expensive area of work. Whereas some years ago this sort of activity was limited, by and large, to a few countries in Europe the scope has recently increased considerably. This lack of resources means that Britain is losing out to other countries as they are able to foster their relations and achieve important advances in the international arena.

IT IS PROPOSED THEREFORE THAT THE BRITISH GOVERNMENT ESTABLISH A FOUNDATION TO ASSIST ALL POLITICAL PARTIES IN DEVELOPING THEIR INTERNATIONAL RELATIONS, WITH THE PRIMARY OBJECTIVE OF IMPROVING LINKS IN EUROPE.

THE NATURE OF THE FOUNDATION

The Foundation should be set up in a similar way to the Westminster Foundation for Democracy, funded directly by government grant and with a board of governors made up of representatives

of all political parties and with a number of independent members. The FCO should be represented on the board. The board would be responsible for setting the overall strategy for the foundation and for approving all project proposals.

RESOURCES

The funds allocated to the foundation by the government should be disbursed in a way which is, again, not dissimilar to the way in which the WFD disburses its funds, although probably with a somewhat different allocation between the various types of activity.

A relatively small sum could be set aside for what could be considered as 'cross party' activity - such as delegations from all the British political parties to their counterparts in Europe and other parts of the world. To a certain extent such 'cross party' activity might cut across work currently being undertaken by the CPA, the IPU or indeed the WFD itself. But it may be that certain types of useful activity and certain countries may fall through this net and the foundation could therefore pick up on these.

The bulk of the money available should, however, be allocated to the political parties on the basis of parity between the Government and main opposition parties, with other parties shares being determined by the percentage of the vote they won at the last general election. In order to draw down this money the parties would have to apply to the board on the basis of project proposals. Assuming that the resources were available and the project met the criteria laid down by the board, approval would be automatic.

It is hoped that administration of the foundation could be kept to an absolute minimum, but there would no doubt be some necessary administration work to be carried out. This could be done either by the foundation itself, by setting up a small office, or possibly contracting an existing, and related, organisation to carry out the work on behalf of the foundation.

TYPE OF PROJECTS THAT COULD BE FINANCED

The following is a list of possible areas of activity that might be financed under this proposal. (The list is not intended to be exhaustive):

- i) Visits by MPs to other Parliaments either on an individual basis or in subject, interest or regional groupings;
- ii) Seminars and meetings between a range of party representatives (MPs, spokespersons, expert advisors, party officials) to discuss specific policy matters, either on a bilateral or multilateral basis;
- iii) Representation at sister party conferences or attendance at key meetings of sister parties;
- iv) Support for 'party twinning' arrangements;

- v) Exchanges between party officials on matters relating to party organisation and development;
- vi) Secondments, at various levels, between sister parties;
- vii) Translation of relevant documentation;

TYPE OF ACTIVITY THAT WOULD BE FINANCED

While it would be up to the board to take final decisions about what exactly could, and could not, be financed through this scheme it is assumed that the foundation would normally cover the costs of travel, accommodation and interpretation. A small contribution might be made towards hospitality but people taking part in the projects would not normally receive expenses.

REPORTING

Given the possibility that such a proposal may receive adverse publicity it is imperative that a proper system of submitting project proposals and reporting is established. This would not only ensure that the monies made available are properly accounted for but also that 'spurious' projects are weeded out at an early stage.

No project would be approved without a proposal including a statement detailing the justification for the project, a clear set of objectives and a budget.

Funds would only be released when a report, outlining whether or not the objectives of the project were met, had been submitted to the board.

FURTHER NOTE ON THE FINANCING OF THE INTERNATIONAL ACTIVITIES OF POLITICAL PARTIES IN BRITAIN

Further to my note on setting up a parallel body to the Westminster Foundation in order to finance the international activities of British political parties, I have been asked to provide additional clarification.

Sources of Finance There would seem to be essentially two options. Either the funds can come from an increase in the Parliamentary budget or they could come from the FCO budget. Although operating this through the Parliamentary budget might have some logic and some attractions this might be seen as a limiting factor as it could be argued that the funds should only be used for financing the activities of MPs when our view is that this project should be more wide ranging. On balance, therefore it might make more sense to obtain the funding through the FCO, as is the case with the WFD.

Level of Funding In order to provide all the political parties with a reasonable and appropriate level of funding we are probably looking at an overall sum of about £800 000 per annum. This would include the cost of administering the whole scheme.

Division of Funds Again there are probably two options. Firstly we could follow the formula which is currently used for the WFD. After making a deduction for admin and cross party/non party projects the remaining funds are divided according to a formula based on the Short money allocation, with the government party getting exactly the same amount as the main opposition party. This results in the following proportional breakdown:

Labour	39.5%
Conservative	39.5%
Liberal	15.0%
Minor Parties	6.0%

Following the 1997 general election an attempt was made to alter the formula somewhat. I attach a note to this effect. This would have resulted in the following breakdown (again after the deduction for admin and cross party projects):

Labour	44.0%
Conservative	36.0%
Liberal	15.0%
Minor Parties	5.0%

Given that the WFD formula is a formula that is accepted (albeit reluctantly) by all parties there would be a certain logic in sticking with this way of dividing up the funds. On the other hand it could also be argued that there is a case for the government party to get more, as the demands on

them are likely to be greater and the opposition parties already receive some funds for this sort of activity through the Short money.

Political Control and Administration As was suggested in the original paper, the parties would draw down money from the funds allocated to them by submitting project proposals to a 'Governing Board'. It is suggested that this Board should be made up of both political and independent representatives. There could be two or three representatives from each of the two main political parties, one from the Liberal Democrats and one representing all the minor parties. In addition there could be two or three independents, selected through the normal process. The FCO - if they are providing the money - should have a non-voting representative. All project proposals, including cross party proposals, would have to be approved by the board within an agreed set of criteria which would be laid down in the articles of association. The parties would be expected to lay out the money for any projects 'up front' and be able to claim, say, 75% after the project is completed, with the final 25 % being reclaimable when final accounts and a report are presented.

The parties would be expected to provide for their own administration but between 5 and 10 per cent of the total funds allocated should be set aside for the overall administration of the scheme. Give the initial size of the project it may be sensible to 'contract out' the administration to an appropriate body such as the WFD or the IPU. This administration fee would have to be sufficient to cover the organisation of any cross party projects.

Extending the Scope of the WFD It could be argued that the easiest way to achieve our objective is by extending the remit of the WFD and increasing its funding accordingly. There are a number of arguments against this approach.

- i) The WFD is specifically set up to work on democracy building in emerging democracies. The nature of the activities being suggested come nowhere near this sort of work;
- ii) The WFD Board is selected to reflect the work that the WFD is doing and apart from political appointees is made up of experts on Africa, Russia, central and Eastern Europe, human rights, etc. In addition it is an 'active board' sometimes actually participating in some of the projects. The Board for the proposed scheme would simply have an 'overseeing' function;
- iii) One has to question whether, given the recent considerable expansion in the activities of the WFD, it is in a position to take on further work.

A compromise may be for the new scheme to be housed with the WFD for its first two or three years, but with a separate board while using WFD personnel to carry out the administrative functions. In the longer term the scheme could function separately.

Geographical Scope While it would be expected that the bulk of the funds would be used for projects in the EU and applicant countries, the parties should not be prevented from using them for projects in other parts of the world.

SCHARPING (ka)

2/2

11/4 2014

REQUEST FOR VIEWS ON ATTACHED CORRESPONDENCE

PLEASE CIRCULATE QUICKLY

1. GARDEN ROOMS TO ~~ACK~~ LOG LETTER AND COPY RECIPIENTS

2. SM/RC

Does he go to his?

KG 9/2.

~~trute~~

Replied?

Wizzie

1/3

Rachel Carbow

Is his definitely off now?!

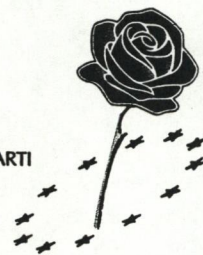
KG 9/4

Replied?

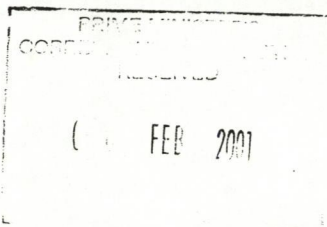
He is going, Rachel
is sorting, so N/A.

KG 23/4.

DE EUROPÆISKE SOCIALDEMOKRATERS PARTI • SOZIALDEMOKRATISCHE PARTEI EUROPAS
ΕΥΡΩΠΑΪΚΟ ΣΟΣΙΑΛΙΣΤΙΚΟ ΚΟΜΜΑ • PARTY OF EUROPEAN SOCIALISTS • PARTIDO DE LOS SOCIALISTAS EUROPEOS
PARTI DES SOCIALISTES EUROPÉENS • PARTITO DEL SOCIALISMO EUROPEO
PARTIJ VAN DE EUROPESE SOCIAALDEMOCRATEN • DE EUROPEISKE SOCIALDEMOKRATERS PARTI
PARTIDO SOCIALISTA EUROPEU • EUROOPAN SOSIALIDEMOKRAATTINEN PUOLUE • EUROPEISKA SOCIALDEMOKRATERS PARTI



The Rt. Hon. Tony Blair
Prime Minister



**INVITATION TO THE
FIFTH CONGRESS OF THE PARTY OF EUROPEAN SOCIALISTS
BERLIN 7/8 MAY 2001**

Brussels, January 26th 2001

Dear Tony,

I have the pleasure and honour to invite you to take part in the fifth PES Congress, which will be held in Berlin on May 7th, and 8th, 2001.

At this two yearly summit, European Socialists and Social Democrats will set out their priorities for the years to come. We expect the leadership of our parties and governments to come to Berlin, alongside party delegates, Members of Parliament, Commissioners, experts and guests.

As Europe's first political family we are in the process of changing the political agenda of the Union and giving a firm basis to the unique European social model. The Berlin Congress will be the appropriate occasion to take stock of the remarkable achievements throughout Europe over the last years in terms of sustainable growth, employment generation, the introduction of new technologies and the promotion of social cohesion, schooling and fundamental rights.

Our achievements will be directly linked to the challenges lying ahead of us. From March onwards all Congress delegates will be invited to join a discussion process which, will end in a PES Berlin declaration on the future of an enlarged European Union.

The Congress programme constitutes a change in past practice by inviting Prime Ministers and Party Leaders to participate in a joint opening ceremony followed by a direct engagement in a number of round table debates with the congress delegates. With this alternative to the traditional series of plenary speeches we hope to raise the interest of both delegates and the media.

Membership of the European Union is the goal of all European Socialists and Social Democrats and as such the Congress will have an inclusive approach by discussing our priorities and challenges with a full participation of our parties from the enlargement countries.

The PES, and the SPD, as host party are looking forward to welcoming you in Berlin.

Yours fraternally,

Rudolf SCHARPING
PES President

annexed: draft Congress programme



26/01/01

DRAFT PROGRAMME OF THE 5th PES CONGRESS

Dates and venue: 7th and 8th May 2001 Estrel Hotel Berlin

Slogan: **"Security in Change"**

The Congress will be preceded by a Presidency meeting at Willy Brandt House (SPD headquarters) on Sunday 6th May in the evening from 19.30 – 21.30 hrs, a Bureau meeting at the Estrel Hotel on Monday morning 7th May from 9.00 – 12.00 hrs, and "fringe meetings" on 7th May from 11.00 – 13.00 hrs.

Monday 7th May

13.30 Opening of the Congress by PES President

14.00 **"Leaders on stage": Achievements and challenges of European Socialists and Social Democrats.**

A presentation on the basis of country by country statements of maximum 5 minutes accompanied by a video presentation. Prime Ministers, Party Leaders, Parliamentary Group Leader, Vice-Presidents, Commissioners and Leaders from Central and Eastern Europe will all enter on stage.

The Party Leaders will then sign a declaration on **"Tolerance and Social Democratic Values"**.

The declaration will be read out by Berlin schoolchildren from different backgrounds.

Group photo

16.30 Three parallel round table debates on:

European Society and Social Democratic Values

Modern Social Economy – Modern Social Democracy

Global Responsibilities for Europe

Round table debates will have a panel of maximum 6 members and a moderator. After two 10-minute introductions and reactions from other panel members of 5 minutes the debate will be opened to congress delegates.

20.00 Reception and dinner party for Congress delegates

1, a Stephen will be
FAXED

2, ~~MT~~ - to be aware of Rachel's work
on Europe from the Political Office

3, ~~debtors~~

From: Rachel Cowburn
Date: 23 January 2001

JOHN SAWERS



MEETING 23/01/00

General overview of work:

MEP Work

Employed by Labour members of the European Parliament as their contact person in Downing Street. Aim to raise their profile/increase their involvement in No 10/Westminster and Whitehall and also ensure that their knowledge/expertise is fully utilised. Maintain a regular flow of information between London and Brussels/Strasbourg and act as an early warning system for potentially difficult policy areas for the UK. Also try and identify issues likely to be used against the Government at PMQ's etc. Also provide Members with the latest policy information and monitor the effectiveness of the MEP/Government department link system. Working most closely with Simon Murphy MEP (Leader) and Peter Coleman (General Secretary), I represent MEPs at various meetings and ensure that they have an important role to play in all of the areas set out below.

Sister Party Work

Responsible in the Political Office for building up links with Sister Parties in EU and accession countries through the organisation of events, visits, providing of information etc. Also responsible for liaison with the PES.

Recent Examples of Work

1. Note to the PM on my work (attached) and joint note with Nick Sigler to Keith Vaz on improvements to the party aspects of Step Change (attached)
2. Representing MEPs/the Political Office, I attend Step Change, MINECOR, MINECOR officials, SUPERCOR and Tim Livesey's strategy meeting on a Monday.
3. I go to Brussels once a month where I catch up with individual MEPs and also UKREP (usually Peter Wilson) and members of the PES Secretariat.
4. Inward visits by sister parties - recently Italian MEPs, PSOE members and DS strategists (with Roger Casale). Nb A briefing from the DS visit will follow either today or tomorrow in preparation for Rutelli's visit.
5. 3rd Anglo-German Parliamentarians Conference - I am working with the FES on this and have just found a suitable venue for the July conference. I aim to extend this bi-lateral Party work to France and possibly Poland.

6. Country liaison MP/MEP – I try to push this scheme along a bit, ensuring that relevant people are involved in country events and also that we regularly get useful information from their bi-lateral work.
7. Try and direct Step Change so it remains focussed with a clear purpose.
8. Working on the second edition of the Anglo-German newsletter and hope to extend this to other countries (starting with France)
9. Working with Nick Sigler, I arrange Party meetings for Ministers when they travel abroad.

Basically, I replicate a lot of the work the Government is doing, but on a Party basis.

It would be very useful for me to be kept in the loop as much as possible regarding European work, especially work with sister-parties to ensure that I do not duplicate work already being carried out and that I am aware of any background information e.g. non sensitive/routine information from embassies.

RACHEL COWBURN



PRIME MINISTER

From: Rachel Cowburn
Date: 15 January 2001

cc: Jonathan Powell
Sally Morgan
Roger Liddle

PARTY OF EUROPEAN SOCIALISTS

You have a bi-lateral with Robin Cook on Thursday (18th January). He may discuss his forthcoming PES Presidency with you.

It is seen as a fait accompli that Robin becomes President (unless he is no longer Foreign Secretary, in which case I understand he would refuse the position). He met Ton Beumer (PES General Secretary) before Christmas to discuss his Presidency bid, has had several other meetings with other Leaders and also recently addressed the PES Bureau in Brussels – which went down very well.

PES Congress – this is on the 7/8th May in Berlin (time-wise clearly very difficult). There is disagreement about the subject of the Congress between the Nordics who want it on selling the benefits of enlargement (Robin pushed strongly for this) and the Southerners who want a more general ‘direction of Europe’ theme. I understand that a compromise of ‘Enlargement and the future of Europe may be chosen’. Current thinking is to ask each leader to speak for 3-4 mins during Monday afternoon about how having the Socialists in power for the last 3.4 years has improved people’s lives. They may also ask you to be a speaker (possibly with Lipponen and Kok) in a session on ‘modern economy and modern social democracy’.

Robin’s Presidency should be seen as an important part of our Step Change work. We could consider setting up a steering group both in the run-up to and during the Presidency to ensure that we achieve real change and progress during the UK Presidency. The group could consist of Robin and his advisers, Roger Liddle, Nick Sigler, Nick Crook (PES, British) and possibly myself. Without wanting to either complicate matters or be seen as interfering in Robin’s domain, I think it is important that we use this as much as possible as another opportunity for Step Change, MINECOR members and our MPs to show Britain taking a lead in Europe.

RACHEL COWBURN

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BRITISH EMBASSY
MADRID

Calle de Fernando el Santo, 16
28010 MADRID

☎: 91 700 8200
Fax: 91 700 8309

To/A	Ms Kirsten MacFarlane
At/En	PS/Secretary of State for Northern Ireland
FAX	
From/De	Edward Oakden Deputy Head of Mission
Date/Fecha	5 January 2001
No of pages including leader/Nº de páginas	

cc: Ms Rachel Cowburn, No 10 Downing Street ~~(b)~~
 Ms Mara Goldstein, PS/Home Secretary
 David Mathieson Esq, Special Advisers, FCO
 Colin Budd Esq, DUSS, FCO
 Craig Fulton, EUD(B), FCO (Craig-please forward copy to Nick Sigler-thanks)
 Nick Sigler Esq

Michael

OK. (S)

For interest. Jack Straw has been asked to
 be consulted before anything is sent, including a
 letter from Margaret McGeorge
 Rachel.

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BRITISH EMBASSY
MADRIDCalle de Fernando el Santo, 16
28010 MADRID

05 January 2001

☎: 91 700 8270

Fax: 91 700 8309

Ms Kirsten MacFarlane
Private Secretary
Secretary of State for Northern Ireland

(by fax)

*Dear Kirsten,***UK/SPAIN: COOPERATION WITH PSOE****SUMMARY**

1. This is to stand you and others down, providing no-one has difficulty with what follows. I have agreed with Nick Sigler that the best way forward is to keep any message to PSOE on the Basque elections firmly on the party net. Given the complications, and added visibility, of a video message, a written one will probably be best. Depending on how hard PSOE press, we should aim for this to issue (if at all) late next week. Action with me and Millbank.

DETAIL

2. I owe you a note of where things stand, following my letter to you of 3 January, which I have since discussed further with Nick Sigler (Millbank) and Rachel Cowburn (No 10). Unless you disagree with the conclusion below, it essentially means that you and others do not need to worry further about this issue.
3. Nick and I agreed that, given the particular hazards of mixing Government with party business on this issue, it would be best if any message to PSOE were confined to the party channel. Provided you agree, Mr Mandelson should not get involved.
4. Nick thought that, since video messages are invariably more trouble to arrange than they are worth, we should rely on the idea of a written message, which should probably go from

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Margaret McDonagh as General Secretary. But there would be no need to volunteer this until nearer the time, ie later next week. Meanwhile, I will play PSOE long at this end.

5. If, as is not impossible, PSOE try to ring you direct to chase, I suggest you say that you are still working on the issue, wax lyrical about Mr Mandelson's commitments, and refer PSOE to Nick Sigler or me. Nick and I will, as necessary, steer PSOE towards a written message from Margaret McDonagh.

6. I am copying this letter to the recipients of my previous one, and to Nick Sigler (Millbank).

Yours ever,

Edward Oakden

Edward Oakden
Deputy Head of Mission

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2

From: Rachel Cowburn
Date: 20 December 2000

THE PRIME MINISTER

cc: Jonathan Powell
Roger Liddle
Sally Morgan

EUROPEAN PARTY WORK IN THE POLITICAL OFFICE

I wanted to give you an idea of the work I have been doing since I took up my position in April. I concentrate on two main areas – reinforcing our Party contacts in EU and applicant states and liaison with the EPLP.

Party Contacts – my work consists of:

- Arranging Party meetings for Ministers when they are abroad. Information from these meetings is recorded and used to build political profiles/identify specific issues for further discussion.
- Organising programmes for sister party visits to the UK – most recently for PSOE and next January for members of the DS (including representatives from Veltroni and Rutelli's office).
- Conferences/Seminars – the return Anglo-German Conference (Ditchley Park) was held in Berlin in October and the third one will be held in the UK in July. Work is also in progress on an Anglo-French Party event and I am planning to organise a conference in Summer/Autumn 2001 between the Labour Party and applicant countries – this would serve to reinforce our support for enlargement and would send out good signals to applicants.
- Solving the funding problem for Party to Party work - I'm working with Jonathan, Roger, Nick Sigler and relevant MPs to devise a way of funding such work, possibly by establishing an equivalent to the Westminster Foundation. A proposal will be ready to be put to No 10 by the end of January.
- PES matters (especially currently Robin's Presidency) - working to ensure that we use this opportunity to direct a long-term PES agenda and aim to make its events more concise and effective, working towards a real set of long-term priorities.
- Compiling the programme for key International Visitors at Labour Party Conference (i.e. primarily those working close to other European Prime Ministers). This is to be extended next year.

Liaison with the EPLP – my work consists of:

- Attending Step Change, MINECOR, MINECOR Officials and EU informal meetings on a monthly basis and remaining in close contact with Ministers and their special advisers, UKREP, the European Secretariat of the Cabinet Office and the Foreign Office. This raises the profile of our MEPs and allows me to act as an information broker between all parties. Better communication/more inclusion for the EPLP means (a) faster identification of potentially difficult issues for the UK (e.g. Article 13, Members Statute) and (b) the ability to use our MEPs as sources for regional European good news stories (particularly for Ministerial visits) and to publicise the good work the UK is doing within the EU.
- Ensuring that the EPLP provides a usable European ‘Opposition Watch’ and that relevant information is fed into Number 10, Millbank and Ministers through special advisers.

If there is anything that I am not doing that you would like me to or if you feel I am not concentrating enough in a specific area, please do let me know. I will keep you informed of the work I am doing throughout the year. In the meantime, may I wish your family and yourself a happy, healthy and successful 2001.

With very best wishes

RACHEL COWBURN

that the suggestions made by country liaison
MPs/MEPs i.e. who to invite over / events to
hold are followed up on.

From: Nick Sigler and Rachel
Cowburn

Date: January 2001

KEITH VAZ MP

STEP CHANGE

We have been discussing how we should be Step Change forward in 2001. We feel that need to look again at what we actually want to achieve from Party meetings and believe that we should be:

- More targeted about **what** Ministers are asked to discuss with their counterparts. We are still not briefing them about issues that we need them to raise e.g. supporting the Nice Treaty, Robin's PES Presidency, supporting the Rapid Reaction Force, CAP reform etc. MINECOR should be used more to identify the key issues that we want Ministers to raise at the Party level. This will also serve to encourage Ministers to take part in Party meetings since, currently, there appears to be some lack of clarity as to exactly why we are asking ministers to undertake these meetings.
- More targeted about **who** our Ministers see, using the FCO top 3 contacts but also key party figures from Parliamentary Committees and regional government. [We need a list to work from for each country to ensure that we are setting up Party meetings with all our key targets]
- More organised on inward visits. In essence these meetings need to be used by us in the same way as we use outward visits, while taking account of the interests and requests of our visitors. Some meetings are taking place but are we utilising – or even recording - the information gained? Do inward visits also go on the Party Contacts map? Someone needs to feed back the main points from these meetings into the system to enable them to go towards a constantly up-dated Party profile for each sister party.
- **In order to achieve this more focussed approach to the work of Step Change we need to rethink the way in which Minecor operates. As a starting point it would be helpful to have, at each meeting a list of key issues which we either want to push or on which we have problems. Alongside this list we would also need an indication of the member states with whom we need to work or persuade. We would obviously still need to deal with Presidency issues and ongoing contacts with sister parties and governments, but making progress on these key issues should become the main focus of Step Change.**

To help us set up the right sort of meetings we must increase the accuracy of information received from the FCO concerning inward/outward visits. Much of the information on the visits sheets is incorrect. Either the Minister is not going to the country indicated or visits are taking place without our knowledge. The Embassy in Sweden recently told me of 4 Ministerial visits in the near future, none of which we were aware of. Those compiling the lists are understandably heavily reliant on information given to them but could we look at ways that this can be improved as it does seem rather 'hit and miss' still.

Perhaps we could we discuss this as an agenda item at the next Step Change meeting?

Sally - the EPLP are very keen to stress that it's the Home Office that are unhappy with this - not the EPLP. I have requested a copy of the letter from Jack to Robin outlining his initial concerns and will pass this on as soon as it arrives

Funding of the Party of European Socialists, Parliamentary Group of the European Socialists, European Parliamentary Labour Party.

(F)

The original umbrella organisation was called the Confederation of Socialist Parties, and is now the Party of European Socialists. It covers not only Member States but also applicant Countries and Norway.

PES

In the rules of the **PES** there is reference to affiliation fees. A proportion of these have in the past been paid in the European Parliament from Socialist Group funds. The remainder comes from the member parties. The Court of Auditors have recently asked that a proper legal base be put in place to authorise this funding, hence proposals for a Statute on the financing of European Political Parties.

UK Liberals and Conservatives would have the same arrangements within their European parties.

PARLIAMENTARY GROUP OF THE PES

Political groups in the Parliament receive grants to run a secretariat and to promote the work of the Members of that Group. The **Parliamentary Group of the PES** is funded by the European Parliament for staff who work with in the Parliament on research and parliamentary procedures. A part of the grant is then allocated as per attached sheet to the national delegations. The **EPLP** is funded from this source and receives no money from the Labour Party. The Parliamentary Group also part-funds the PES as mentioned above.

Nigel Varney at the Home Office has confirmed that these arrangements for running the secretariat and as part of the promotion of the work of the MEP, will be covered by the new Act.

The concerns therefore focus on the Party of European Socialists.

- 1) The payment by the PES for the production and distribution of the PES Manifesto in the UK in the 1999 European Elections would appear to contravene the proposed new legislation as it would constitute a foreign donation to an election campaign. The recent 'Roundtable' held at Millbank, part funded by the PES, at which Robin Cook spoke has been seen by some as a problem. However, the Home Office officials state that it could be treated as an event organised by the PES, with a 50% contribution from the Labour Party and therefore does not go outside the legislation.
- 2) The European Statute will make transparent the funding arrangement for political parties which has, in fact existed for many years. Without such funding it is difficult to see where money for the PES would come from. If the Government opposes the Statute, this would go against the position which has been taken over recent years and alternative sources of funding would have to be found - presumably from national parties.

Another important aspect is the likely election of a new President of the PES in March, which would be adversely affected by any questioning by the British, at this late stage, of the Statute for European Political Parties.

FROM: Keith Vaz

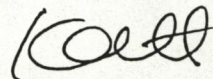
DATE: 13 October 2000

PRIME MINISTER

PES DINNER, 12 OCTOBER

1. You asked me to attend the PES dinner last night. The dinner and meeting lasted two and a half hours.
2. It was chaired by Rudolph Scharping and in the event the following Prime Minister's attended: Lipponen, Simitis, Jospin, Guterres, Rasmussen and Kok.
3. The agenda was IGC, Charter of Rights, MEPP and Serbia though there was no time to discuss the last 2 items.
4. Jospin began with a long explanation as to what he hoped the IGC would achieve with the usual statements that he wanted Nice to be a success. He then described what he hoped would be achieved in the Charter of Rights discussion though he did not go as far as others as saying he wanted it to be binding.
5. I said that after giving your apologies and mentioning Donald Dewar's death (Marion Dewar works for the PES) and that Robin Cook was in the Middle East, that we too wanted the IGC completed, and we wanted no Nice leftovers; that the completion of the IGC was vital for enlargement and on the Charter of Rights I repeated our acceptance that it was a political declaration but for the parties on the Centre Left there was no point in having the Charter, or anything else unless we communicated what we were doing to the people of our countries and to the people of Europe. Britain continued to be pro-Europe but also pro-reform. We needed to continue the modernisation agenda.
6. Lipponen supported your statement about the need to redefine the relationship between the European Council and the Commission. He too said he wished to join the debate on the finalité but not yet.
7. Guterres said we must not get too enthusiastic about the Charter, explained that it represented a compromise but then said that it should be binding.

8. Rasmussen said that the referendum was the decision of the people of Denmark. It did not mean that Denmark was going to be less European. But 87% of the population had voted and we must accept that. Denmark would continue to play a full part in which the EU operated.
9. Vitorino who sat on the Convention said that the Charter drafting had been an enormous success but he raised immigration as a problem for the future.
10. Wim Kok mentioned enlargement, said that Nice should be a success but that we should look at what to do with the Charter after Nice.
11. Jospin said it was important that we should have a debate on the Future of Europe. He then went into a long excitable speech ending with the words "I am not a megalomaniac and I don't chair the French delegation". He wanted to explain us as his friends that he disagreed profoundly with what Chirac had said but he did not feel that he could contradict him so I "made silence". He said the Future of Europe debate was essential. He too would be joining it but not now. First he wanted to make a success of Nice.
12. I prompted Papandreou who was sitting next to me to say something about Serbia congratulating him on his visit there. He said it was important that we should work with the new Socialist Party there to give them support.
13. Nothing new was discussed at this meeting. On the IGC a complete restatement of points. At the end Scharping said they would issue a statement on MEPP and Serbia.



Keith Vaz

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BRITISH EMBASSY
MADRID

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☎: 91 700 8270
Fax: 91 700 8309

22 September 2000

Colin Budd Esq
DUSS
FCO

Michael

*cc: MT
JTB
RL
Press*

*Col you let Edward know
that the cloud over 27-28
isn't in getting slacker*

Dear Colin,

JOSE LUIS ZAPATERO

1. Jose Luis Zapatero, who was elected to succeed Joaquin Almunia at the PSOE Congress in July, came to lunch with Peter Torry this week, accompanied by his Foreign Affairs Adviser, Trinidad Jiménez. This letter gives a pen picture, describes his plans to visit London, but also warns that, on the issues, PSOE may be a more difficult partner than Aznar.

The Man

2. Many in the press have dubbed Zapatero as Spain's answer to Tony Blair. Early 40s, tallish, lean, engaging, with a relaxed, easy style, charm and a ready sense of humour. In all those respects, a very different proposition from the hermetic Aznar. He has been in Parliament since 1986, when he arrived as the youngest MP. While he retains strong personal links to Felipe Gonzalez, neither he nor his team held office under Felipe, and he has made clear that he wants PSOE under his leadership to make a new start - which is certainly what the country wants too.

3. Zapatero is also pioneering a new style in Spanish opposition politics. He refuses to indulge in the sort of personal insult presently common here, or in opposition for opposition's sake. On several key issues, eg terrorism, social reform and immigration, he has emphasised the importance of a cross-party approach. Of course this is also sensible politics in a parliament where Aznar has an overall majority. But it is, and is seen to be, a genuine break with the past. It sounds common sense, but this was not the sort of approach followed either by the PP in opposition, or, to the same extent, by Borrell or Almunia. All of which adds to the image of a measured, responsible, mature leader.

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Links with the UK

4. Zapatero speaks virtually no English. But he could not have been more friendly, and made clear that he wants to work with us. But he was clear too that he would not expect this to be the sort of "exclusive" relationship that Aznar was trying to maintain with the Prime Minister. Zapatero repeated what he has said publicly, that he sees Spain's interests as lying fundamentally with those of France and Germany, as the real motors of European construction. He did not disagree when Trinidad Jiménez said there was no distinction between Spain's interests and Europe's. He has a profoundly federal vision of Europe (see below); and while he sees the UK as an important partner, we remain for him less so than France and Germany.

5. That said, he is keen to build up his links with the Prime Minister. He would like to visit No 10 but is conscious of the pressures and has heavy domestic commitments of his own. So he is relaxed about the precise date, within a time frame of the next six months or so. He should see the Prime Minister briefly at the PSE meeting in the margins of Biarritz in mid-October; and will (we strongly recommend) have a bilateral with the Prime Minister during the latter's visit here in late October. So he would be relaxed about not visiting the UK until either late this year, or January/February next, depending on diaries. He had a good meeting with Schroeder here in August; and has a long-standing commitment to visit Guterres (next week) on his first foreign trip. He is also likely to go to Paris, because of the huge present importance of French anti-terrorist co-operation against ETA.

6. He would also like to build up inter-party ties, though his thinking has not yet progressed far on the detail. He knew about, and was grateful for, New Labour's offers of support before the General Election last March; but said that, in the event, this had got under way too late to be effective. (We have heard separately that PSOE is planning to organise a series of thematic conferences, to which it would invite, inter alia, leading New Labour ministers/thinkers).

7. We agreed to maintain the practice of offering PSOE the opportunity of a bilateral, each time a British Minister visits Madrid (we have regularly done this over the last two years).

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Europe

8. Zapatero has not yet had the chance to think deeply about European policy, eg for the IGC. But his instincts seem closer to Schroeder and Jospin than ourselves; eg on QMV. His vision is fundamentally a continuation of Felipe Gonzalez'. He is a European by conviction, not interest (like Aznar). He sees an essentially federalist (in the European sense) end-point, and would lay less emphasis than us on subsidiarity. He has no difficulty with the Charter of Rights. But he strongly supports enlargement.

Economic and Social Reform

9. On the economic aspects, there seems little difference between Zapatero and Aznar, or with us. He is particularly interested in the potential of new technology, and strongly emphasises liberalisation and more rigorous competition as the best means to increase Spanish competitiveness. He argues that, while Aznar subscribes to this in principle, in practice the PP have seen a greater market concentration in 3 or 4 of the key sectors, eg electricity (there is something in this).

10. More distinctive is his approach to social protection. Here, his instinct is more traditional and Jospin-like - against, for instance, private pensions. He strongly agrees on the need to provide a decent level of social protection. But he is inclined to set the bar higher, and more traditionally, than we might, particularly on social on-costs.

Gibraltar

11. Zapatero said he had not had much chance to consider this (70% of his time was being spent on the Basque problem). But he said in terms that Gibraltar was not a priority issue for PSOE, and that the more constructive line which Rafael Estrella set out to Roger Liddle last year was likely to be continued). Peter Torry took the opportunity to thank Zapatero for staying silent on *HMS Tireless*. Zapatero said this was deliberate. It was a national security issue, on which he would not make politics. It was harder for PSOE's local politicians to maintain their distance, but at the national level, they would not get involved. It would, however, have helped if Aznar or Pique had bothered to take PSOE into their confidence from the start.

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Comment

12. We found Zapatero impressive and engaging, as well as very friendly. He has a huge task ahead of him to turn the party into a credible alternative government. He is still only Secretary General of the party, and will have to face another election next summer to determine who should become the PSOE candidate to fight Aznar's successor in 2004. But this looks a formality. Our own guess at this early stage is that Zapatero will be around as PSOE's leader for some time to come: he is not the sort of transitional figure from the Felipe Gonzalez era represented by Jose Borrell and, even more so, Joaquin Almunia.

13. Relations with him, and with PSOE in general, are also likely to be sensitive with Aznar. With Zapatero and his new PSOE a more credible alternative, Aznar will fear that close PSOE/New Labour contact will edge the PP out from the European centre ground. So the balancing act with Aznar will need to continue. Zapatero said he accepted that, despite the PP's different political complexion, New Labour needed to maintain close links with them as the government in power. This very much reflects Zapatero's pragmatic overall approach. Providing that regular contact with PSOE is maintained, the balancing act should be manageable.

14. It would be excellent if Peter Torry could now be authorised to tell Zapatero that:

- The Prime Minister is looking forward to a first, inevitably brief, contact with him in the PES meeting at Biarritz.

- The Prime Minister looks forward to meeting Zapatero properly during his visit here on 27-28 October (comment: given Aznar's sensitivities, we suggest he simply invite Zapatero to see the Prime Minister privately at Peter Torry's house. Zapatero indicated he would be happy with this, though the fact of the meeting would be publicly acknowledged.)

- No 10 will shortly offer possible dates to Zapatero for a first visit to London, either in November/December or, perhaps more likely, in January/February.

15. One warning note, however in terms of the policy implications. We should be clear that on some key issues, eg Europe and social protection, PSOE would on present form be a more difficult partner than the PP.

16. But policy in Zapatero's PSOE is also still evolving. He has a number of campaign commitments, eg on social protection, which he will want to maintain. But there is scope to

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influence policy and also substantial common ground, on which to build, eg on the need for real market liberalisation to maintain competitiveness. A first opportunity to explore such themes would be when Roger Liddle visits Madrid on 9 October.

Yours ever,

Edward Oakden

Edward Oakden
Deputy Head of Mission

cc: John Sawers Esq, Private Secretary, No 10
Roger Liddle Esq, No 10 Policy Unit
David Clark Esq, FCO Special Advisers
Martin Donnelly Esq, Cabinet Office
Jeremy Cresswell Esq, EUD(B), FCO

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From: Jonathan Powell
Date: 16 June 2000

PRIME MINISTER

cc: David Miliband
Roger Liddle
Alastair Campbell
Jeremy Heywood
✓ Sally Morgan
✓ John Sawers

AMSTERDAM: THIRD WAY AND DOMESTIC POLICY

1. I attended a meeting with my Dutch, German and Swedish opposite numbers in Amsterdam today. I recorded the discussion on Europe separately.

On the Third Way, I did not push the UK as the location for the next meeting of Heads of Government. The others were keen to avoid a meeting in France. We therefore agreed the next meeting should be in Stockholm in October 2001 followed by a meeting in Germany in 2002. We also agreed we would support the American idea of a dinner in New York in the margins of the UN. I offered to host a pre-meeting of the beer drinkers. A Sherpa meeting of the 15 Governments has apparently been agreed for 14 July in Lisbon.

The Germans reported that Norway and Egypt were keen to join. We agreed we would need to rethink the structure if Bush won in the US.

We agreed the following subjects:

- a) the Right Wing Agenda on Immigration/Asylum/Crime/Xenophobia and how to deal with it;

- b) Education/Internet/Third World. I offered a paper on this;
- c) IFI Reform;
- d) Corporate Governance;

The Germans will draw together an agenda on this basis for prior discussion by the beer drinkers and then circulation at Lisbon.

Nowak, who is preparing the election campaign for Schroeder, together with a two year programme leading up to the Election (disarmingly confessing that they had already run out of the things they wanted to do), has asked to come over and meet those preparing for our election to share ideas.

We had an interesting discussion of our domestic political situations. All said that they were doing well economically but getting little credit for it politically. There was a lack of enthusiasm for the governing party. They were doing okay in the opinion polls but were losing local elections with very low turnout. The Dutch said they had achieved remarkably low unemployment but got no credit for it.

Benschkop said that the Right Across Europe was bringing together an agenda that was national and social. It was nationalist on crime, asylum, immigration etc. And social in as much as it tried to outflank the left by offering eg pension increases and protection against globalisation. We all agreed we needed to prevent the right colonizing in particular crime and asylum. The Dutch said they had made some progress on this by recruiting more police, building more prisons

and changing their rhetoric on crime. They had also been tough on asylum. The Germans said they had dealt with asylum by setting up a high level group of experts under their Interior Minister. This had drawn some of the sting.

In all of our countries was the debate about how to spend our surpluses whether on repaying debt, on public spending or tax cuts. The Dutch, Swedes and Germans all said it was crucial to occupy territory in all three. We should not get stuck arguing for public spending and against tax cuts.

Benschkop said that there was now no structure to political debate with the passing of the two big arguments (Communism and Capitalism). There was nothing in politics that was urgent. The danger was that the Right could make asylum and crime the key urgent issues given that we had dealt with unemployment and economic stability. We needed to make the knowledge economy ours and make it come alive for people. We also needed to capture quality of life, which went wider than the traditional issues of health and education to include time, stress etc.

Nowak said that Schroeder was looking for his moment to move into coalition with the FDP. He planned to do it before the election. North Rhine Westphalia might happen even before that. The CDU was becoming increasingly populist from the Right on enlargement as well as asylum and immigration. Schroeder found the Third Way extremely helpful to demonstrate that others faced the same problem and were dealing with them in the same way.


JONATHAN POWELL



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From: Faz Hakim
Date: 16 June 2000

PRIME MINISTER

John Sawers

PES MEETING

As usual the PES meeting will largely mirror the agenda of the council which you are fully briefed on.

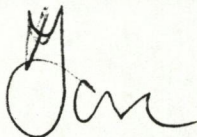
In addition we have been told that the PES would like to hold a discussion on Austria as there is a mood amongst some that there should be an eventual easing of the boycott.

There is also likely to be a discussion on the need for a Party Statute and the possibility of including this in the IGC. They have been talking to the other political groupings and also looking at the legal position so this should not be controversial.

I also attach some notes which are from a meeting held this week with political representatives from each leaders office and their view of how the council will unfold issue by issue.

In the margins you should mention the death of Pierre Guidoni (in last 2 days), to Jospin. He was a senior ex International secretary and chair of their International committee, ex Ambassador etc.

One other thing that you may want to raise in the margins is of the agreement we had for Robin to take over the Presidency of the PES next year once Scharping stands down. There has been quite a lot of speculation that either he does not want to do it or that we are not supporting him. If we did not take the position it would be a loss for us so you slipping it into the conversation at various points would be helpful as a reminder.



FAZ HAKIM

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REPORT OF PES SHERPA'S MEETING HELD IN BRUSSELS – 15 JUNE 2000

The meeting was attended by: Portugal (Chair), PES, Socialist Group, Finland, France, Belgium, Germany, Denmark, Netherlands and Britain.

AGENDA

Sunday

General Affairs Council – Mediterranean Strategy and other Foreign Affairs issues for which there will be no time on the Council agenda.

ECOFIN – Tax Package

19.30 PES Leaders

After Meeting of PM's – not certain but possible – will be decided at meeting.

Monday

10.00 Nicole Fontaine

10.30 President Herzog – Report on Charter of Rights

then Lisbon follow-up

Tax package

Greece – EMU (Decision in principle – ECOFIN meeting later to take final decision)

Working

Lunch IGC – Enlargement of agenda, with re-enforced co-operation as central theme

15.00 Enlargement

then CFSP

Balkans

Russia

Food Security

After President Mbeki to address Council

20.30 Social Dinner attended by President of Portugal and President Mbeki

Tuesday

AM Left overs of Council agenda if necessary

Conclusions

(No formal lunch)

GENERAL OBSERVATIONS

All participants saw this as a low profile Council but with a possibility that one or two issues (tax, Austria) may dominate, and possibly attract adverse media attention, because no other issue is prominent enough.

ISSUES

Charter of Rights

Portugal - original intention was for simple report, with no debate, as positions still very far apart and that discussion should take place in Biarritz and Nice. But following demands from a number of countries there will now be a **brief** debate and the report will be noted.

Lisbon Follow-up

- Adopt e-Europe Action Plan
- Approve Charter for Small Businesses
- Welcome Commission Action Plan on Social Exclusion
- Adopt resolution from Research Council on R&D
- Welcome work of Education Ministers in exchanging best practice
- Approve work of High Level Group on Social Protection
- Identify principles on combating social exclusion

Portuguese objective is to **consolidate Lisbon strategy**, take stock of working methods. There will be no discussion on indicators

There is a possible danger that an extended discussion on the Charter will curtail discussion on this item.

Tax Package

Still unclear if Council will be able to take decision on withholding tax – but other issues could be decided.

Netherlands – Very keen to finalise – not to do so would send out a bad signal from the Council and create a bad impression of the EU – very willing to contribute to a compromise.

Portugal – Taking a big risk when they know that some partners are not willing to move at all – could cause them severe media problems if there is failure – continuing contacts with ministers, taking special account of transitional periods and possible directives. If failure at ECOFIN they will possibly take up the issue at the Council.

France – very useful if there was a debate at the Council

IGC

Take note of report, which has been circulated. Only issue will be enlargement of agenda and re-enforced co-operation. French Presidency will be expected to take forward.

Finland – Want discussion on principle of flexibility

Portugal – No discussion of substance, only agenda

Enlargement

Information only, no discussion

Portugal – believes things are progressing well. Conclusions will recognise priority and importance attached to the matter.

Finland – Need for strong positive wording in the conclusions – supported by *Sweden, Netherlands, Denmark and Britain.*

CFSP

No long discussion – Adopt report on Committee on Civilian Crisis Management

Balkans

Discussion on better co-ordination of assistance, and between institutions. Negotiations with Croatia and FYROM on association to begin in November. Expect open discussion on Serbia, local election results in Montenegro, Kosovo etc.

Russia

Guterres will open with report back on his summit with Putin and will put to Council, Putin's request for Russia to be allowed to benefit from ILO clause in General System of Preferences. Schroeder will also report on his meeting with Putin on 15 June. Guterres recognises different approaches to Russia from member states but was impressed with Putin on three counts – appears to be flexible, articulate, able to deal with technicalities; does not act like an apparatchik; and although stating Chechnya was an internal matter, pointed out that officers had been prosecuted for human rights abuses, that he was pressing for respect of human rights and that he will allow the OSCE back in.

Food Security

On the agenda at the request of the Belgians. They want to make point without discussion of the need for 'implementation and harmonisation of measures and preventative monitoring at every link in the food chain'.

Drugs

There will be a report and a mention in the conclusions, but no discussion at the Council as no possibility of taking things further.

Middle East

Proposal for a Declaration from France, concerning Palestinian State, now withdrawn

Africa

Possible Declaration on follow-up to Cairo but probably on mention in conclusions

Colombia

Mention in conclusions for support for 'Plan Colombia'

Commission Reform

No discussion and no mention in conclusions.

AUSTRIA

Will not be discussed at Council. If Schussel raises issue, Presidency asks that Guterres alone speak on behalf of EU-14 as agreed in Lisbon. Portugal trying to open door to Austria but Schussel and Ferrero-Waldner being extremely unhelpful. Compromise may be possible after Feira. There will be no statement. Presidency would not say what there line would be, only that they had the firm support of the next three Presidencies.

Should take note that the EPP (and Liberals) will also be discussing this at their pre-Council meeting and while their position is not yet clear they are definitely trying to shift the blame for the Austrian situation on to the PES family.

PES DINNER

Good participation expected - all PM's and most Party Leaders

Two main items for discussion - summit and Party Statute.

On the Party Statute, a common strategy has been evolved with other main political groups. There will be a discussion in principle on the need for a Party Statute; the possibly of including this in the IGC; and, in the light of the Auditor's report, the need for some transitional arrangements until the legal position is clarified. The discussion will be presented in terms of the need for transparency and openness in financial matters and proper organisation for political parties at the European level and as part of the overall reform process. However we need to be aware of the possible political dangers that might arise from the eventual debate on the substance of the Statute. Scharping and Baron will circulate a letter outlining the issues on 16 June

Agreement will also be sought to hold the next PES Congress in Berlin on 7/8 May 2001.



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British Embassy
PARISTelephone (1) 44 51 31 00
Facsimile (1) 44 51 32 00"COG
FAIR
PULAW"

8 June 2000

David Milliband Esq
No 10

Dear David,

BERLIN CONFERENCE ON PROGRESSIVE GOVERNANCE: 2-3 JUNE:

1. I asked Aquilino Morelle today for his reaction to Berlin. Not surprisingly he was pleased (particularly by Roger Boyce's article in the Times on 1 June).
2. Aquilino claimed that the French thought that Schroeder really had changed his tune on the Third Way, and was not just being all things to all men. This had started some time before Berlin. Schroeder had understood that the Blair/Schroeder declaration had backfired for him.
3. Aquilino said that he had been pleasantly surprised by the support he had received during the drafting session at which you were present on Friday night. He was pleased about the amendments he had introduced, particularly the references to controlling globalisation and the emphasis throughout the text on regulation.
4. He said that he was a bit surprised by the tone of some of the leaders' interventions, notably Clinton and Guetercs. He had not expected to hear Clinton advocating regulation of market forces, and he liked Clinton's comments on the Third Way at the press conference. He suggested that all this reflected a reaction against liberalism and the market in the European (and wider) Left.
5. Aquilino asked again whether the Prime Minister's absence was really because of Leo. I said yes. He seems to have some difficulty in believing this, and said that, whatever the

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reason, 'it had created a strange impression'. He said that of course Jospin's team wanted to carry on working closely with the British in general and your team in particular. But he thought Berlin had struck a blow for pluralism within the European left.

6. This is much as I would have expected from Aquilino - particularly on the importance of his own role. Hardly a neutral source. But the Jospin camp are not making a big thing of Berlin, and it has not been running in the press here since the weekend. They are pleased with how it went, but avoiding triumphalism.

Jan
Simon

Simon Fraser
Counsellor (Political)

01 44 51 32 08

cc: Jonathan Powell Esq, NO 10
Roger Liddle Esq, No 10
John Sawers Esq CMG, No 10
Colin Budd Esq CMG, FCO
Nigel Sheinwald Esq CMG, FCO
Hugh Powell Esq, Berlin
Sir Michael Jay
Dr Val Caton

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PM
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John Sawers

Austria/PES

The Foreign Secretary has seen your letter to me of 22 March, giving the Prime Minister's reactions to our recommendations on handling Austria at this summit.

The Foreign Secretary has asked me to report that the PES meeting on 22 March agreed that the PES should make a statement next week, making clear that the EU 14 measures were targeted against the Austrian Government, not the Austrian people. The Foreign Secretary and Scharping agreed the terms of such a statement at the PES meeting early on 23 March.

(Sherard Cowper-Coles)

23 March 2000

cc: Keith Vaz
Alastair Campbell
Roger Liddle
Nigel Sheinwald

From: Roger Liddle
Date: 21 February 2000

PRIME MINISTER

cc: Sally Morgan
Faz Hakim
Jonathan Powell
Alastair Campbell
John Sawers
Jeremy Heywood
David Miliband

YOUR MEETING WITH THE EPLP: IMPRESSIONS FROM MY STRASBOURG TRIP

Faz and I visited Strasbourg last week. I thought it would be useful for you to have my impressions before your session with the EPLP on Wednesday.

In two packed days of meetings I spoke to the EPLP Group, we participated in a Socialist Group dinner discussing their response to the IGC and had lots of individual discussions with MEPs (non Brits as well as Brits) about the key issues.

The EPLP Group was surprisingly positive and friendly. They are all keen to participate in the Britain in Europe Campaign. They were very interested to hear about the bilateral links we have developed with other Prime Ministers' offices, as well as the progress of the step change initiative: they still have a tendency to believe that we are some sub-Thatcherite tendency on the fringe, rather than mainstream European players. They are pretty receptive to the Lisbon agenda.

Simon Murphy is able and very anxious to please, but our impression is that he lacks confidence in his own political judgement. Basically he wants to be given the line. In many respects of course this is fine, but if he is to be effective in the European Parliament in the long run, he has to learn on what issues he can afford to compromise with Socialist Group colleagues in order to forge common positions and on what issues he should stand out for the British Government line. If he fails to do this in a sophisticated way, the EPLP will lose credibility and leverage in the Parliament.

I argued that EPLP should position itself as strong advocates **of a new culture of responsibility within the European Parliament**. The EP has greatly gained in its powers. It needs to show it can exercise these responsibly.

While the EPLP will inevitably find itself in advance of Government opinion in some areas, it should be robust in asserting its independence of the Socialist Group where it believes the Parliament is behaving irresponsibly. I think this principle can be applied to a large number of areas where the Parliament now has real influence.

Working time: junior hospital doctors

As you know the Parliament has voted for a four year transition, when we had persuaded the Council to agree to 13. The issue is now in the conciliation procedure. If a compromise is not agreed in a matter of weeks, the new Working Time Directive will fall.

This of course might be no bad thing if the Parliament insists on sticking to its ludicrously ambitious position. We urged our members to recognise that this is a classic example of the politics of tough choices.

The EPLP leadership and Peter Skinner were very receptive. But I found **Stephen Hughes**, who is in pole position as the Socialist Group Co-ordinator on the Social Affairs Committee, somewhat slippery. At one point he said he thought we would get 11 years (which wouldn't be too bad) and then he ran away from that. **It would be helpful if you said something very direct** to him about our concerns on Wednesday.

Information and consultation

In their hearts the EPLP group would wish that we are not taking the stance that we are. I took the line that it wouldn't become a difficult issue for them as long as our blocking minority in the Council with the Germans holds firm. I was told however that there are lots of nods and winks on the European socialist network that the Germans may change their position in response to a direct appeal from the French. (Jeremy and I will warn against this in Berlin tomorrow and I think you should make a very strong pitch to Schroder on this subject when you see him.)

If the Germans do shift, despite our best endeavours, there is some sympathy in the Parliament for agreeing to amendments that would weaken the adverse impact of the Directive. Michel Rocard, now Chairman of the Social Affairs Committee (with whom we had 45 minutes of fascinating philosophical and historical

discourse) would I think be up for helping us – particularly if you made a personal appeal to him. I explained to him the political reasons why we do not want to make any move of any kind at all.

Lisbon

We will need to engage the EPLP fully in the implementation of Lisbon. We need to have regular meetings with the Labour members of the relevant EP Committees.

The British Lib Dems are also rather good on these subjects (Chris Huhne and Nick Clegg) and both very keen on playing a big role in Britain in Europe.

As for the non Brits, the ones I talked to were a mixed bag. I had an excellent chat with a Luxemburger Socialist, Robert Goebbels (a former Finance Minister I think) who buys totally into the economic reform agenda.

By contrast I had a spirited debate with a spiky socialist lady called Christina Randzio-Plath who is the German chair of the influential Economic and Monetary Affairs Committee. Not much of the Neue Mitte there. The following points give you the flavour:

- When we advocate financial service liberalisation, why don't we also recognise the need for regulation to protect consumers and tax harmonisation.
- When we talk about opening up energy and telecom markets, why don't we talk about the need to preserve public service obligations.

The Third Way battle in the European Parliament is still to be won. We have helped our cause a bit by putting forward a positive social agenda for Lisbon. But while the gospel of economic reform is increasingly the received wisdom among centre left Heads of Government, Finance Ministers and their political coterie, it still falls on fairly stony ground among the elected representatives of the peoples' parties.

The best argument is the old one that while our ends remain constant, the means must change. The commitment to get back to full employment as the foundation of social justice plays well. But the sting in the tail is the need for the centre left to recognise that the means to achieve full employment in the new economy involve measures the Left has traditionally opposed such as liberalisation and

welfare state reform. But it is a package from which the left cannot pick and choose.

The IGC

Richard Corbert has prepared a paper for the Socialist Group which is pretty restrained to his political credit, given his personal convictions. It will propose some ideas which are not our declared policy, but where I think some divergence doesn't matter too much. (For example they will favour a double majority voting system where legislation would pass if it obtains a simple majority of both Member States and the EU population). But I did not get the impression that they would be stupid on QMV – only very anxious we should press for it on the siting of the institutions!

They do however want to support the Prodi idea of “treaty splitting”. I urged them not to do this as it would be interpreted as support for a European constitution in some form, and could embarrass us. However the EPLP has a difficult judgement call as the majority of the PES is pretty committed to this.

Charter of Rights

This is looming larger on the European radar screen than perhaps we imagine. A lot of people in the Parliament think the Charter is something really big.


David Martin is one of the Parliament's representatives on the Convention drawing it up. He thinks it inevitable that the Charter will end up as a legally binding document in some form or other. He agrees with the latest view of our legal advisers that a political declaration that is not part of the Treaty, could still be used by the ECJ as an interpretative document that they would take into account in their decisions.

David's view is that the real issue about the Charter will not be whether it is justiciable, but the extent of the rights it contains.

In separate conversations with Andrew Duff of the Liberals and Inigo Mendez de Vigo (a very able Spanish Conservative who will be one of the three key people drawing up the Charter under Herzog's chairmanship) I made a strong pitch to exclude economic and social rights. There is sympathy for the argument that it is difficult to make social aspirations justiciable: unfortunately the Spanish

constitution contains a number of non-justiciable social objectives which I was told could serve as a model for Europe. Peter Goldsmith needs to get to work on Inigo Mendez.

Another key issue is whether the Charter is simply binding on the European Institutions and the Member States as they implement EU policy, but **not** on the Member States besides. David Martin forecasts this is where the Charter will end up.



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From: David Miliband
Date: 14 February 2000

JONATHAN POWELL

cc: Kate Garvey
Magi Cleaver
Alastair Campbell
Anji Hunter
Sally Morgan
John Sawers

THIRD WAY SUMMIT: BERLIN

As you know, Clinton refused the dates of 19/20 April. His alternative of 2/3 May would have been impossible for us because of PMQs. Sidney Blumenthal rang me on Friday night to say that the Americans now wanted to do Monday 1st May (dinner in evening) and Tuesday 2nd (morning and lunch meetings; closing press conference at 2pm).

This week is obviously not ideal, given local elections (Monday is a bank holiday), but I assume TB will want to go. I now have from Nowak a copy of the agenda (attached in German) and we can discuss content later in the week. It is similar to the format TB agreed last month: day of meeting of experts, dinner for Heads, presentation to Heads of Expert conclusions, private Heads discussion, private Heads lunch, then Schroder press conference, possibly with agreed statement. One unwelcome addition to the agenda is reference to D'Alema's institute - perhaps even the launch.

The Americans have not even seen the agenda yet - I predict once they get stuck in there will be change.

DM.

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4. Ablauf:

Zur Auswahl und Vorbereitung der Themen wird im Februar ein Workshop mit den deutschen Experten, die in Florenz teilgenommen haben, anberaumt.

1. Tag:

14.30 Uhr Beginn der wissenschaftlichen Vorbereitung: Begrüßung (n.n.)

15.00 Uhr bis Foren:

16.30 Uhr „Befähigender Staat und Zivilgesellschaft – eine neue Balance zwischen Rechten und Pflichten“

- Chancengerechtigkeit vs. Verteilungsgerechtigkeit
- Bildung: Im radikalen Wandel bestehen
- Leitbild „Unternehmer des eigenen Lebenslaufes“?

„Europa in der Globalisierung – modernes Regieren und internationale Kooperation“

- Herausforderungen für die internationalen Organisationen
- Schwerpunktaufgabe Kapitalmärkte
- Rolle der Regierungen in Europa (regionale Verantwortung und Stärkung der internationalen Organisationen – zu Lasten der Nationalstaaten?)

„Sozialstaat und Strukturreformen - Vorbereiten auf den radikalen Wandel“

- Internationaler Wettbewerb der Sozialsysteme?
- Reform der Rentensysteme und Stärkung der Eigenvorsorge
- aktivierende Arbeitsmarktpolitik - Bekämpfung der Arbeitslosigkeit
- Nach vorne denken statt nach hinten absichern - Wie gewinnt man die Bevölkerung für den radikalen Wandel?

17.00 Uhr Resümee durch Berichterstatter, **Teilnahme MP Clement**

18.30 Uhr Ende der wissenschaftlichen Tagung

19.00 Uhr Eintreffen der Regierungschefs,
Begrüßung und **Bericht** durch MB Clement
Dinner der Regierungschefs und MP Clements

abends

Vorbereitung des Hearings durch ein Kurzpapier der
Berichterstatter

2. Tag:

09.30 Uhr öffentliches Expertenhearing, Kurzbriefing durch Berichterstatter
öffentliche Diskussion der Regierungschefs mit Berichterstattern

11.00 Uhr Runde der Regierungschefs (bis ca. 12.30 Uhr),
anschließend Lunch

14.00 Uhr Statement und Resümée durch Herrn BK, evt. einen weiteren
Regierungschef (Wim Kok und/oder Massimo D'Alema)

Pressekonferenz, Antworten aller Teilnehmer auf Fragen,
keine schriftliche Punktation

Ankündigung des zu gründenden Instituts für „Modern
Governance“ durch Massimo D'Alema

5. Nachbereitung

Publikation im C.H.Beck-Verlag (Kooperationsvertrag mit BK Amt besteht –
Schriftenreihe des Bundeskanzleramtes).

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Mitzeichnung AL 2

PARLIAMENTARY GROUP OF THE PARTY OF EUROPEAN SOCIALISTS



The President

1. cc. Nick Perry, NIO
Sally Morgan
Faz Hakin
Jo P

No need to reply. PM can thank Crespo when he sees him on 23 Feb in Brussels.

2. file.

Brussels, 9 February 2000
EBC/EMK/sm

The Rt Hon Tony BLAIR MP
Prime Minister
10 Downing Street
GB-London SW1A 2AA

Dear Tony,

Having been involved, indeed instrumental, in numerous initiatives relating to Northern Ireland, the PES Group in the European Parliament warmly welcomed the devolution of power to the Northern Ireland Assembly and its Executive.

I am of course very conscious of your own crucial input into this process.

The current impasse of course raises serious concerns for everybody. I would like to underline the support of the PES Group for any attempts to resolve these difficulties.

I would urge, even at this late stage, that all steps be taken to ensure the success, through the full implementation of the Belfast Good Friday Agreement.

Yours sincerely,

Enrique BARON CRESPO