

PO-CH/NL/0542

PART A

Part A.

CONFIDENTIAL

(Circulate under cover and notify REGISTRY of movement)

10/10/88

~~11/1/89~~

Begins: ~~10/2/89~~ 2/2/88

Ends: 16/2/89

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PT.A.

Chancellor's (Lawson) Papers:
The Conservatives European Elections Manifesto.

DD's: 25 Year

Phillips

12/4/96

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CH

PO

CONFIDENTIAL

CHANCELLOR

MS @ G

FROM: A G TYRIE
DATE: 10 October 1988
cc: Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr Cropper
Mr Call

EURO MANIFESTO: POSSIBLE COMMITMENTS

The Foreign Secretary wrote to you in July asking for possible Conservative pledges for the European manifesto. A couple of ideas:

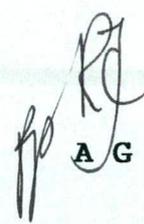
i. Is there any scope for an 'anti-fortress' Europe commitment? For example, could we pledge ourselves to push for a target for further reductions in the common external tariff? More boldly (and very much in the French style of pledging the impossible) could we commit ourselves to fight for the removal of all trade barriers between the Community and the rest of the world, and getting this established as our desired outcome for the EEC in the GATT round, as an ultimate goal? This would fit with one of the Bruges' speech principles: 'Europe open to the world'. Of course it might stir up the domestic protectionist lobby.

Incidentally, a gesture along one of the above lines could make a good peg on which to hang a free trade speech. One possibility might be your speech to the Bowen Wells Conference on 6th December. This could contain a large free trade chunk in addition to debt. Such a pledge would make it newsworthy. Of course anything we did in this area would have to be cleared with the DTI.

ii. What about pledging to raise (or at least throw into the negotiating pot in Brussels) the tax free allowances from their present levels of c£30 extra-EEC and £250 intra-EEC to, say, £250 and £1000 respectively?

TYRIE
→
CHEX
10/10

I am sure Customs would have strong views on this. It would be a very visible move in the direction of the market-based approach to tax approximation and would demonstrate that your paper was not just a negotiating ploy.


A G TYRIE

Thanks.
Reduction in the cost,
This is a matter, as
possibly a matter for
negotiation with the
Council (EAST). But
great deal there is
attractive — an end a job-built
pledge which is no development
concerns. I also appoint — subject to
C&S advice ~~subject to~~ as to the
present job — of (ii).

EURO MANIFESTO
POSSIBLE COMMITMENTS

chex.111/10/10

CONFIDENTIAL



FROM: J M G TAYLOR
DATE: 11 October 1988

MR TYRIE

Phyf

cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr Cropper
Mr Call

EURO MANIFESTO: POSSIBLE COMMITMENTS

The Chancellor was grateful for your note of 10 October.

2. He has commented that reductions in the Common External Tariff, though desirable, are presumably a matter for negotiation within the current GATT round. But something along these lines is attractive - as would be a zero-tariff pledge vis-à-vis the developing countries.

3. He also approves - subject to Customs' advice as to the precise figures - of the idea of pledging to raise the tax free allowances from their present levels.

JMG

J M G TAYLOR

TAYLOR
→
TYRIE
11/10

From: The Rt. Hon. Sir Geoffrey Howe, QC MP



py

HOUSE OF COMMONS
LONDON SW1A 0AA

Personal & Confidential

15 November, 1988

*Mr Tyrie will
lead to a letter
for Mr Callaghan*

Dear Nigel

CH/EXCHEQUER	
REC.	15 NOV 1988
ACTION	Mr Tyrie
COPIES TO	CST, FST, PMG, EST, Mrs Chaplin, Mr Call.

✓ 15/11

EUROPEAN ELECTIONS MANIFESTO

Thank you for communicating to me, on the basis of correspondence between your Special Adviser and my own, the main EC policy achievements of your Department since 1984, and your broad objectives over the next five years in the area of the EC budget and economic and financial affairs. Andrew Tyrie wrote to Anthony Teasdale to this effect on 3rd October, in reply to my own letter to you of 29 July.

The Manifesto Committee has since met to discuss the whole range of departmental submissions, and found the HM Treasury contribution particularly useful.

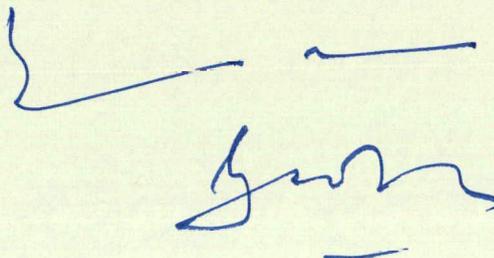
In the course of our discussion, I undertook to write to Departments about those policy areas where we believed it would be helpful to have a further input on policy objectives and achievements.

The Rt Hon Nigel Lawson MP

X

In HM Treasury's field, we felt that it would be valuable to have additional information on our achievements in the field of economic and monetary cooperation (including borrowing and lending activities), and detailed statements of our current position on tax harmonisation and the European Monetary System. I would be very grateful if you could arrange for such material to be provided as soon as convenient.

I understand from Andrew Tyrie that work is well in hand on developing some detailed ideas for future policy commitments. I look forward to receiving these as and when they are ready.



GEOFFREY HOWE

Ch

OK in this style & on this paper?
(I can't see why not)

OK-

~~AA~~

PERSONAL AND CONFIDENTIAL

CHANCELLOR

Thanks
OK: out

FROM: A G TYRIE
DATE: 2 December 1988
cc: Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr Lankester
Mrs Chaplin
Mr Call

EURO MANIFESTO COMMITMENTS

I attach a draft letter for you to send to the Foreign Secretary. This has been seen and approved by the Economic Secretary.

2. I think that there is some merit either the Economic Secretary or yourself speaking to the Foreign Secretary to explain our preference for getting a joint position agreed on the free trade pledges before consulting the DTI.

AG
A G TYRIE

Please type
in signature

DRAFT LETTER TO FOREIGN SECRETARY

You asked for suggestions for possible Euro Manifesto pledges. I attach these, which fall in to two categories: tax paid allowances and free trade.

2. The suggested pledges on tax paid allowances would boost the credibility of the market-based approach to tax approximation which I launched earlier in the Autumn. The Government's support for lifting tax paid allowances would also, I think, have considerable popular appeal, once explained.

3. The pledges on free trade build on the approach adopted in the 1984 Manifesto, taking our commitment to free trade a step further. The pledge to press for tariff free trade with developing countries would be well received among those concerned about development issues.

4. I would welcome your views on these pledges before consultation with the DTI.

5. I think that the section of the Manifesto which deals with 1992 could usefully also give a firm commitment to a reduction in technical barriers to trade. The extent of these, and, incidentally, their abuse by the French, is well documented in the "Cost of Non-Europe" report.

Tax paid allowances

As a step forward in the "market-based approach" to the reduction of frontiers:

- Conservatives will work for an increase in the amount of tax paid goods which travellers are allowed to bring into a Community country.
- For EC tax paid allowances the Conservatives will press for an immediate fourfold increase in the limit to £1,000.
- Conservatives will press the Community for an increase in the allowance for goods bought in non-Community countries to £250 [from £32]. Failing general agreement Conservatives would seek to obtain a derogation from the Commission to allow Britain to raise our limit unilaterally.
- Conservatives pledge to press for the complete removal of limits on tax paid allowances as a long term aim.

Free trade

- Conservatives are pledged to press the European Community to remove all tariffs on trade with developing countries.
- Conservatives pledge to press for the ^{progressive} reduction in "Voluntary Restraint Arrangements" to limit exports to

Community countries. Britain has already reduced the number of its VRAs by two-thirds since 1985.

- Conservatives pledge to bring pressure for the complete removal of Voluntary Restraint Arrangements at a European level as a long term aim.

- Conservatives believe that Community policy should be to roll back protectionism, in agriculture as well as industry.



py

A G TYRIE

Treasury Chambers, Parliament Street, SW1P 3AG

01-270 3000

FOREIGN SECRETARY

Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr Lankester
Mrs Chaplin
Mr Call

5/12/88

You asked for suggestions for possible Euro Manifesto pledges. I attach these, which fall in to two categories: tax paid allowances and free trade.

The suggested pledges on tax paid allowances would boost the credibility of the market-based approach to tax approximation which I launched earlier in the Autumn. The Government's support for lifting tax paid allowances would also, I think, have considerable popular appeal, once explained.

The pledges on free trade build on the approach adopted in the 1984 Manifesto, taking our commitment to free trade a step further. The pledge to press for tariff free trade with developing countries would be well received among those concerned about development issues.

I would welcome your views on these pledges before consultation with the DTI.

I think that the section of the Manifesto which deals with 1992 could usefully also give a firm commitment to a reduction in technical barriers to trade. The extent of these, and, incidentally, their abuse by the French, is well documented in the "Cost of Non-Europe" report.

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- Conservatives pledge to bring pressure for the complete removal of Voluntary Restraint Arrangements at a European level as a long term aim.
- Conservatives believe that Community policy should be to roll back protectionism, in agriculture as well as industry.

A handwritten signature in black ink, appearing to be 'Nigel Lawson'.

NIGEL LAWSON

5 December 1988



FCS/88/214

CHANCELLOR OF THE EXCHEQUER

CH/EXCHEQUER	
REC.	7 DEC 1988
ACTION	Mr TYRRE
COPIES TO	CST, FST, PMG, EST
	Mr LANKESTER
	Mr CHAPLIN
	Mr CALL

SKM
7/12

pmg

Euro Manifesto

1. Thank you for your minute of 5 December about which we spoke today. I enclose a note with a few suggested changes on the lines we discussed.

(GEOFFREY HOWE)

FOREIGN AND COMMONWEALTH OFFICE
6 December 1988

Tax Paid Allowances

As a step forward in the "market-based approach" to the reduction of frontiers:

- Conservatives will work for an increase in the amount of tax paid goods which travellers are allowed to bring into a Community country.
- Conservatives will press for an immediate fourfold increase to £1,000 in the limit on tax paid allowances for goods bought in another Community country.
- Conservatives will press the Community for an increase in the allowance for goods bought in non-Community countries to £250 [from £32]. Failing general agreement Conservatives would seek to obtain a derogation from the Commission to allow Britain to raise our limit unilaterally.
- Conservatives pledge to press for the complete removal of limits on tax paid allowances as a long term aim.

Free Trade

- Conservatives are pledged to press the European Community to remove all tariffs on trade with less developed countries.
- Conservatives pledge to press for the progressive reduction in "Voluntary Restraint Arrangements" limiting imports from non-Community countries. Britain has already reduced the number of its VRAs by two-thirds since 1985.

- Conservatives pledge to bring pressure for the complete removal of Voluntary Restraint Arrangements at a European level as a long term aim.

- Conservatives believe that Community policy should be to roll back protectionism, in agriculture as well as industry.

PERSONAL AND CONFIDENTIAL

CHANCELLOR



FROM: A G TYRIE
DATE: 8 December 1988
cc: Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr Lankester
Mrs Chaplin
Mr Call

EURO MANIFESTO: SIR GEOFFREY HOWE'S RESPONSE

Sir Geoffrey's proposed changes look fine.

2. I think the most important thing now will be to prevent Alan Clark and co from including a protectionist rider. The last Euro Manifesto talked about the need to work for:

"measures ... to provide breathing space for community industries in difficulties. Conservatives in the European Parliament have taken a leading role in making Community action against unfairly subsidised imports more effective".

AG

A G TYRIE



FROM: J M G TAYLOR

DATE: 13 December 1988

A handwritten signature in blue ink, appearing to be 'JMG'.

MR A G TYRIE

cc PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
Mr Lankester
Mrs Chaplin
Mr Call

EURO MANIFESTO: SIR GEOFFREY HOWE'S RESPONSE

The Chancellor has seen your note of 8 December, and agrees with your comments.

A handwritten signature in blue ink, appearing to be 'JMG'.

J M G TAYLOR

CONFIDENTIAL

py

ECONOMIC SECRETARY

*AMH/AA
There is much in
para 4. And if there
is for a speech,
I shall include it.
You need this
Budget,
give me
no leak
Bob I will
have to write
this in
2.1 also
with
para 2.*

FROM: A G TYRIE
DATE: 4 January 1989
cc: Chancellor
Paymaster General
Chief Secretary
Mr Lankester (for info)
Mrs Chaplin
Mr Call

EUROPEAN ELECTIONS MANIFESTO

I attach a letter from the adviser at the DTI to Geoffrey Howe's adviser agreeing to our tax paid allowances and free trade initiatives.

2. Their amendment, which adds a couple of lines to the pledge to remove tariffs with less developed countries, is alright as it stands. But, at some later stage, I think that pressure will come from Alan Clark and possibly from No 10 suggesting that we 'offer' the removal of tariffs with less developed countries on condition that there is reciprocal liberalisation on their part. These calls for reciprocity have served as a cloak for protectionism for a long time and I think we should resist further changes in that direction.

3. There remains the question of presentation. I think that, if well presented, the package could be made to look very attractive and could pick up quite a lot of coverage.

4. Do we want to try and keep all or part of this back for the publication of the Euro-manifesto? My own inclination is that, as more departments and certainly the EDG get to hear about the tax paid allowances proposals, it will leak. So my inclination would be to get at least the tax paid allowances proposals into the public domain before the publication of the manifesto, possibly in a speech after the budget.

5. The advice of the Party Chairman would be very helpful on all this.

AGT
M A G TYRIE



the department for Enterprise

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

Anthony Teasdale Esq
Special Adviser to the Foreign Secretary
Room WH227
Foreign & Commonwealth Office
King Charles Street
LONDON
SW1

**Department of
Trade and Industry**

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5379
Our ref PS8ACZ
Your ref
Date 22 December 1988

Dear Anthony,

EUROPEAN ELECTIONS MANIFESTO

Before Lord Young left for the Christmas holiday he asked me to respond on his behalf to Sir Geoffrey's letter to him of 14 December.

We have no argument at all with the Treasury's approach to tax paid allowances and are more than content with the Manifesto commitments they suggest.

Similarly, we have no argument with the principles outlined in the free trade commitments but would suggest some modest editing changes. Most importantly, we would re-order the pledges so that the last pledge, involving agriculture, is moved to the top of the list. The order of the other three would remain unchanged.

We would also recommend amending what is currently the first free trade pledge but would now become the second, to the following:-



the department for Enterprise

"Conservatives are pledged to press the European Community to remove all tariffs on trade with less developed countries and to secure the liberalisation of third country markets to Community exports."

I hope these comments are helpful.

Yours ever,

A handwritten signature in black ink that reads 'Peter' in a cursive style, enclosed within a large, sweeping loop that extends downwards and to the right.

PETER LUFF
Special Adviser

PERSONAL & CONFIDENTIAL



E.G.

A G. TYRIE

Treasury Chambers, Parliament Street, SW1P 3AG

01-270 3000

FOREIGN SECRETARY

Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr Lankester
Mrs Chaplin
Mr Call

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Tax paid allowances

As a step forward in the "market-based approach" to the reduction of frontiers:

759



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- Conservatives believe that Community policy should be to roll back protectionism, in agriculture as well as industry.

A handwritten signature in dark ink, appearing to be 'Nigel Lawson'.

NIGEL LAWSON

5 December 1988



Foreign and Commonwealth Office

London SW1A 2AH

From the Secretary of State

10 February, 1989

Margaret Thatcher

I am sending to you today a first draft of the Conservative Manifesto for the European Elections.

This document has been written by Chris Patten, on the basis of detailed material commissioned from all Cabinet colleagues and from Christopher Prout. The work, which has been coordinated and approved by the Manifesto Committee under my Chairmanship, obviously cannot go much further until you have had a chance to give your overall view about the themes, content and length of the draft we have prepared.

Not least because of our success in broadening the 1992 agenda, there is a surprising amount of meat in the draft, so that it is longer than before. But it may be no bad thing for candidates and media alike to have a clearly sign-posted quarry from which to work.

Although the text reflects what has been given to the Committee by colleagues, it has yet to be checked formally within departments. (The Scottish and Welsh dimensions, for example, will obviously need further consideration by Peter Walker and Malcolm Rifkind, with whom I have been in contact.)

Although we have fourteen weeks to go before publication, we shall need to get ahead as soon as possible, so that it would be useful if we could have an early word together about your reaction to this draft.

GEOFFREY HOWE

The Rt Hon Margaret Thatcher MP

Howe
To
P.M.
10/2

Geoffrey Howe

CHAPTER ONE

COPY NO: 6.

10:2:89

THE REVIVAL OF BRITAIN

The revival of Britain has made us stronger and more united at home, and more influential and respected abroad. Our success has inspired others to follow our policies. A strong Britain has helped invigorate the European Community.

Behind us now are the Socialist years of decline. The years of excuses and failure. The years when our economy faltered, our democracy was threatened and our international prestige was dragged through the dust. We have long since turned the corner.

Success at Home

Our public finances are under strict control. We are re-paying billions of pounds of debt. Income tax has been cut so that people have the incentive to work, earn and create wealth for themselves and the nation. Britain is a place in which people from all over the world want to invest because once again they are confident about this country's future.

Since 1981 our economy has grown faster than that of any other major country, except Japan. The productivity of our factories has improved more rapidly than that of all other major industrialised countries. Over the last six years we have created more new jobs than any of our European partners. Unemployment has fallen fast, and is now well below the European average. Output, investment and living standards are all at record levels.

Following Britain's Example

The policies we have pursued in Britain have helped establish a new international consensus. We have led the way in privatising State-owned industries, deregulating business and sweeping away controls. Many of our European partners have done the same.

In economics there are no final victories. There are always problems to overcome. Today we are fighting to curb inflation once again. But we tackle this year's challenges from a far stronger and healthier position than we have known for decades - as a thriving economy, with unprecedented levels of output, productivity and growth. In all these areas we have put Britain where we belong, at the top of the league.

Our European Partnership

For over 15 years now we have been members of the European Community - working in partnership with other independent, sovereign countries to enhance the security and prosperity of our peoples. Retaining all that is most precious and unique in our national character and institutions, we have sought and found practical ways of co-operating with our neighbours to our mutual benefit. Our practical approach is to work closely with our partners on the things which we can all do better together than if we were to stand alone.

The Community that we have formed together - the treaties and laws which give it shape - is not the first or the only expression of our involvement in the destiny of the rest of our continent. Our place in Europe has been the dominant factor in our own history; our cultural, economic and political contribution to the rest of Europe has been one of the dominant factors in theirs. And outside the Community, through the Atlantic Alliance, we play a central rôle in guaranteeing the security of the whole continent and the peace of the world.

The right approach - at home and in Europe

An active and whole-hearted approach to the Community has breathed new life into our partnership with our neighbours. Our present and our future lie with them.

That does not mean turning our back on the rest of the world. Europe never would have prospered and never will prosper as a narrow-minded, inward-looking club. Nor does it mean ignoring the way we do things successfully at home, and subscribing to a wholly different philosophy when it comes to collaborating in the Community.

Our new economic strength makes sure that we are listened to more closely by our partners. Our success in the Community is based as well on the fact that we have applied to the problems faced by all twelve member states, the same approach that we have followed at home. That is what has made us one of the ~~pace-makers~~^{setters} in Europe.

Problems of the past

We have put Britain's finances in order. We promised to do the same for Europe's. After a long and hard fight we have made great progress - though the battle goes on. We won a substantial cut in Britain's net contribution to the Community and have put our financial support on a more equitable, long-term basis. We have secured tighter budget discipline to bring spending under control. We have led the way to the cutting of agriculture's share of the budget so that more money is available for other policies like job training and assisting Europe's poorer regions. We have pressed for policies which are helping to cut down the food mountains.

[EMS and fixed harmonization made me think this was a reference to heart disease!]
I agree: I have
(rather technically, I'd say)
a pack-maker in a
house or a number
of who makes a
case (part a
with follow a
some another
to work)

The agenda for the future

Having started - for the first time - to deal seriously with the problems of the past, we have moved on to a new agenda for the future. Just as we have practised enterprise in Britain, we have pressed for an enterprise economy in Europe. For too long, although we called our Community a common market, there were innumerable barriers to real freedom of trade between the twelve member states. Tariffs had admittedly been dismantled, but there were still restrictions and controls which prevented our peoples benefitting from the dynamism of a single market of over 320 million producers and consumers.

In 1984 we promised to set a deadline to deal with these problems too. We stand now on the brink of the single market that will be created in 1992. No one has worked harder for this than we have - a Conservative government, Conservative Commissioners, and Conservative Members of the European Parliament. We have put the torch to a bonfire of controls. The result will be one of the most historic changes in international economic affairs this century.

Benefits of the single market

We believe that creating a single Community market will be good for Britain, good for Europe and good for the world. It will provide more opportunities for industry. More profits for the competitive. More investment and more jobs. More growth to improve services and cut taxes. Lower prices, better quality and more choice for consumers. Wider horizons for those with skills to market. Greater chances for those with good products to sell, from inside and outside the Community, from poor countries and rich alike.

are you content?!
Perhaps it is a reference to Stanley Clinton D. (M10)
much better
promise as indicated
Committee (M10)
have my Paul
(Lard)

To take maximum advantage of 1992, it is crucial to remain firmly committed to the principles which underlie the single market - enterprise, freedom and choice. Those are the keys if Europe is to flourish and create the jobs of the future; they can and must be used to unlock the doors to the rest of the world's prosperity too.

✓
Less Socialism, not more

Suggest add something like: 'We will fight against the threat of creeping protectionism; Europe must not close its doors to third countries!'

We should have learned from Europe's history over the last two decades that central planning and detailed control do not work and that personal endeavour and initiative do; that a State-controlled economy is a recipe for low growth and that the best results - economic and social - come from free enterprise operating within a framework of law. Remember those lessons and we will be able to compete on a European scale with the United States, Japan and the new economic powers of Asia. Forget them and we will fall behind.

Ⓐ There are those who believe that as we dismantle one set of regulations to create the single market so we should replace it with another batch to control the way the market operates. They want more bureaucratic power to interfere and intervene. We reject that approach. We will fight against it in meetings of the Council of Ministers and we will fight against it in the European Parliament. Europe needs less socialism, not more.

That is not the position of our opponents in these elections for the European Parliament. All of them favour more interference, more regulation and more control. For Labour, in particular, it seems as though it is only the possibility of exercising in Europe powers which they sought and failed to achieve at home, that has temporarily and superficially reconciled them to Britain's membership of the Community.

Every Labour Member elected to the European Parliament will be another advocate of bureaucracy and restrictions; another opponent of choice and enterprise. We are confident that the British people will not be prepared to see Labour's brand of Socialism imposed from Brussels any more than they have been prepared to have it enforced from Westminster.

The Conservative Team in Europe

The European Parliament is in the front line of our defences against bureaucratic encroachment. One of the Parliament's most important rôles is to help keep the Commission in check, and ensure that Community decision-making is subject to the most rigorous scrutiny.

Since the Parliament's decisions on Commission proposals can affect the character of Community legislation, it is in the Parliament, as well as in the Council of Ministers, that we must win the arguments in favour of an open and competitive Community, which is the best guarantee of our prosperity.

Those arguments are being won. During the last five years, Conservative MEPs have been in the forefront of efforts to reform existing Community policies and to set the Community on a new path to a better and more prosperous future. They have been fighting to ensure value for the European taxpayers' money. Campaigning for budget and agricultural reform. Pressing more vigorously than any others for the removal of barriers to trade and for the completion of the "internal market". Arguing for lower fares and free movement of people and goods. Urging stronger measures to protect Europe's environment. Giving the lead to efforts to strengthen Europe's technological base. Backing better training for Europe's unemployed and a more flexible labour market for all workers. Championing a Europe open to the world, not a "Fortress Europe". And, above all, working to make a success of British membership of the Community.

These are the issues which are central to this campaign and to this country's future. And that is why we need Conservative MEPs, working constructively and effectively with a Conservative Government here at home, and with like-minded colleagues from other countries in Europe, for the principles and policies we all share.

In this election, our Conservative candidates stand on a record of proud achievement, and on policies for the future that are good for Britain and good for Europe. As MEPs, they will fight for Britain's interests and for Conservative principles. And in that endeavour they will be contributing to a stronger Europe and making sure that Europe itself contributes to a more stable and secure world.

CHAPTER TWO

COPY NO: 6.
10:2:89

SOUND MONEY - THE BUDGET AND REFORM OF THE
COMMON AGRICULTURAL POLICY

First things first: you cannot build on unsound foundations. Before moving forward to the creation of the single market, we knew that it was crucial to reform Europe's chaotic budget. And to bring the budget under control, we had to set in hand the reform of the Common Agricultural Policy (CAP) which stands at the heart of the Community's finances. With half the total Community budget being spent on the storing and disposing of surplus food, fundamental reform was inescapable.

Conservative Aims

Our aims have been clear:

- * To put an end to Britain's grossly unfair payments to the Community budget;
- * To bring the same sort of financial discipline to Brussels that we exercise at home;
- * To cut back wasteful surpluses of food - reforming the CAP while protecting farmers' long terms interests.

A little optimistic
(B)
We have gone far towards achieving all these ~~aims~~ aims. The Community's finances have been reformed, with Britain's interests properly protected. Farm spending is now more tightly controlled. Lower prices benefit consumers, and greater certainty about future market conditions helps our farmers.

We intend to build on these achievements, *but there is much more to do.*

Britain's Community Payments

We inherited from the last Labour Government an unfair and increasingly burdensome arrangement for contributing to the European budget. Labour had promised to obtain a fair deal for Britain. They banged the table, but did not succeed in reducing our contributions by a single penny. Labour saddled this country and the taxpayer with spiralling and unjustifiable costs. We succeeded where they failed. It was far from easy.

Through long and difficult negotiations we insisted, both in the Council of Ministers and in the European Parliament, that the question of Britain's inequitable payments had to be resolved. In 1984 our persistent and determined diplomacy paid off. The European Council at Fontainebleau agreed a new, lasting and fair system for calculating Britain's contributions. This abatement mechanism was retained intact by the Brussels European Council in February last year. Under this scheme, we have already received rebates totalling £4.6 billion since 1985. Last year we secured a record £1.6 billion. But we still remain the second largest net contributor to the Community budget, so we have a pressing interest in getting value for money for Europe's taxpayers.

Controlling Spending

As part of the negotiations on our own contribution, we pressed for better housekeeping for the Community as a whole. We made it clear that we would not accept any increase in the funds available to the Community without effective and legally-binding controls on spending.

As a result of our efforts, legally-binding limits have been imposed for the first time on agricultural spending. In the past, it has been growing at 10 per cent a year. This should fall back to barely a fifth of that figure, with farm spending as a whole declining as a proportion of the total Community budget. We have also blocked a loophole which enabled expenditure to soar beyond the agreed limits whenever increasingly frequent "exceptional circumstances" allowed. And when production thresholds are exceeded, there will now be automatic price cuts for most farm products. This will reduce spending on agriculture and help tackle surpluses.

Cutting Surpluses

Europe's food mountains have been for years an expensive scandal. In subsidising and protecting its agriculture, Europe has not been alone. But the size of the resulting surpluses has shocked those who contrast super-abundance in the rich north of the globe with poverty and starvation in the south. They have cost a fortune. They have needlessly wasted money which could be better used elsewhere. We have put in hand effective measures to deal with this expensive problem, and in the process we have set a valuable example to the world.

Through British pressure, milk quotas were imposed in 1984 to deal with that year's surplus of 2½ million tonnes of milk. Those quotas were tightened under our Presidency of the Council in 1986. Dairy surpluses have now been virtually eliminated; the milk powder mountain has fallen by 99% in the last year. Surplus butter stocks have been reduced by over 80% during the last two years. We have also made good use of the so-called stabilisers - price cuts when production thresholds are exceeded - and the wheat mountain, for example, has fallen by 75 per cent since 1986. But there is no room for complacency: the fight to contain surpluses is a continuing one. The welcome reduction in the grain mountain was in part the result of the 1988 US drought, which led to a shortage of wheat, higher prices and a better market for the Community's production. Unpredictable weather cannot be a substitute for the right policies!

Protecting Farmers' Interests

Putting the CAP on a sounder basis makes sense for everyone - for farmers as well as taxpayers and consumers. In recent years, exchange rate movements have produced price distortions which penalised our farmers. We have therefore secured regular devaluations of the "Green Pound". This improves the competitive position of British farmers. We have also consistently fought any proposals which would have discriminated unfairly against them. For example, we successfully led the opposition to the oils and fats tax proposed by the Commission in 1987. It would have hit both farmers and consumers.

HMG Policy is to abolish Green Rates!

HMG: & is not the whole EC Community 1992?

Future Spending

We intend to see that the Community sticks to the agreements reached already on the control of spending, and that further progress is made to reform the CAP and secure better value for the money. ✓

This will ensure that more funds are available for other Community programmes like employment training schemes, business projects and infrastructure improvement. We have received over £1 billion from the Social Fund over the last five years - £400 million in 1988 alone. This is a larger share than any other country.

We have protected Britain's interests during the reform of the Community's Structural Funds, ensuring that our receipts will ~~increase over the next four years to about £1 billion a year by 1990.~~ We will continue to see that Scotland and Wales get the maximum assistance from the funds. Scotland has received £670 million in grants from the Community's Regional Development Fund since 1979 and £250 million from the European Social Fund in the last seven years. We have worked hard to protect rural Wales and secured special help for Northern Ireland. Their needs will remain priorities for us.

✓ be at least maintained at their current level of £750-800 million a year.

Progress on Agriculture

Without sustained budget discipline and continuing agricultural reform, other important Community programmes will be held back. Much has been achieved, but there is more to do.

We shall therefore be continuing the drive to reduce surpluses and make sure they do not build up again.

We favour:

- * better value for money from the CAP.
- * a greater role for market forces in determining farm prices.
- * further progress in cutting waste and inefficiency, and cracking down on fraud.
- 8 * a simplification of agricultural support régimes, reducing the burden on the taxpayer, and ensuring that stabilisers are strictly applied.
- * the phasing out by 1992 of Monetary Compensatory Amounts, as agreed in principle in the Council of Ministers at British insistence, so ending an unfair exchange-rate arrangement that has inhibited our farmers' possibilities of trade.
- (c) * giving high priority to the interests of the consumer, and restoring intervention to its intended role as a safety net, not an alternative market.
- * encouraging farmers to become less reliant on State support, so that they match their output more closely to consumer demands and are able to develop alternative sources of income.

For specific products, our priorities are to:

- * Maintain downward pressure on the cost of support for dairy farmers, while making every effort to ease the transfer of milk quotas between them.
- * Continue to reduce the cost of support for beef and sheepmeat producers, whilst making certain they receive fair market access for their products.
- * Ensure a greater rôle for the price mechanism in holding down support costs for cereal producers, helping in the process to keep down the feed costs of livestock producers too.

To reduce fraud, we want:

- * A tougher approach by member states to the policing of CAP frauds, with more physical checks on the quantity and quality of stocks, and their movement and sale.
- * The adoption of more clearly-defined and practicable Community controls to prevent fraud in member states.
- * The disallowing by the Commission of CAP spending in member states which are insufficiently active against fraud.

In addition, in the field of standards, we will work to ensure that:

- * For farmers and consumers alike, any new rules governing animal and plant health maintain the very high standards that we already have in the United Kingdom.

Given a fair chance, British agriculture can take these reforms in its stride. We have one of the most efficient agricultural industries in the world. It is well-managed, has a first-class and well-trained work force, and is highly competitive. Britain's farmers have nothing to fear - as they know - from sensible reforms, fairly applied.

Reforming the CAP is the best way to ensure the success of British agriculture in what is bound to become an ever more competitive market-place. Only on that basis can we build a secure foundation for our farmers' future prosperity.

Fishing

Fishing is part of our heritage. But it also plays a vital rôle in the economy of many communities around our coast. We have ensured that our fishermen get a fair share of the resources available to the Community. The industry's production is now at a record level.

Any fisheries policy must be based on sensible conservation of stocks. Overfishing is in no one's interests. After long negotiations, we achieved a Community Fisheries Policy on favourable terms in 1983. Since then we have worked to strengthen it - especially in controlling illegal fishing.

We have taken the lead in obtaining an increase in Community inspectors to make sure that all countries keep to the rules. There is still work to be done to ensure that the rules are scrupulously enforced. At home, our Government has introduced legislation to deal with "flag of convenience" fishing - the transfer of foreign boats to our register so as to gain access to our waters and stocks.

In the longer-term interests of the industry, the Community agreed in December 1988 to the introduction of reduced catch limits for certain fish. We made certain that our own fishermen obtained the greatest share of the new limits.

We will:

- * press for improved enforcement of Community rules on illegal fishing.
- * closely monitor the effects of catch limits on the conservation of stocks and on the financial position of fishermen.
- * promote stability of the kind the industry needs for long-term investment.
- * increase spending on coastal protection work to ensure the safety of people and property in areas of high risk.

CHAPTER THREE

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ENTERPRISE AND THE SINGLE MARKET

For years, we have called our European partnership a "common market". But reality has fallen well short of this rhetoric. The Treaty of Rome spoke of "the progressive abolition of restrictions on international trade" and of scrapping the "obstacles to freedom of movement for persons, services and capital". It embodied the economic structures of a free society, and envisaged a Community formed to expand trade not protect home markets.

A Free Society - in Britain and Europe

We have tried for the last decade with growing success to create in Britain a free society - open to enterprise, stimulating initiative, encouraging choice. We now turn with enthusiasm to the same task in Europe.

The questions before us are important ones:

- Why can't we fly as cheaply inside Europe as we can to other continents?
- Why can't German businessmen take out life insurance with British firms as easily as British motorists can buy German cars?
- Why can't a skilled British worker, with qualifications to prove his worth, practice his trade as easily in Bologna as Birmingham?
- Why should a bank have to get twelve separate authorisations to do business in a single market?

Finding the answers to these questions will be good for Europe. It will give our Community a stronger chance of surviving and succeeding against American and Asian competition. And it will give our citizens the opportunity of more jobs, better jobs, higher paid jobs, more challenges, a higher standard of living and a better quality of life. An enterprising, barrier-free Europe will be good for each one of us and good for us all.

Towards a Single Market

British Conservatives took the lead in defining this goal and charted the route towards it in the Single European Act. In the past, we had done the easy ground work in the Community - abolishing tariff barriers to trade. The next stage has proved far more challenging. We have had to break down the non-tariff barriers. These barriers take many forms. They include technical standards for industrial products which mean that in practice only the domestic product can be sold in its own market. They include barriers to services and to the exercise of the professions. They include the obstacles to free transport of goods as well as people. If Europe is to continue to prosper, the economic barricades must come down.

This is the real significance of the Single European Act. Decisions can now be taken more swiftly on all those matters necessary to rid Europe of bureaucratic obstacles to trade. At the same time unanimous agreement is still required on fundamental issues like taxation, the free movement of people and employees' rights.

Three Hundred Snags

The European Commission has identified about three hundred restrictions on the free movement of goods, services, capital and people inside the Community. In the Council of Ministers and the European Parliament, Conservatives have led the fight to tear down these barriers to trade, to jobs and to greater prosperity. Almost half the Commission's programme has already been adopted. 48 measures were passed during our Presidency alone in 1986. Over four parts of the job done - less than six parts still to go - and three years to our deadline! It is a job that we tackle with relish.

Important items outstanding: - Banking
- Mergers

First Steps

Again and again we have pressed for cutting this, freeing that - and again and again, we have succeeded.

- * Restrictions on the free movement of capital inside the Community will be abolished by 1992.
- * Quotas on road haulage will be removed completely by the end of 1992.
- * People will soon be free to buy non-life insurance across national boundaries.
- * Partial liberalisation of air transport is already under way, with agreements to open up more routes to more competition at cheaper fares.
- * Mutual recognition of educational qualifications by 1992 has been secured, so that professional men and women will be able to practise in one another's countries.
- * Frontier delays on lorries will be removed by the adoption of a single administrative document for all export, import and transit of goods.

We promised to do all these things five years ago. True to our word we have done them.

More controls must go

✓ There is ^{much} more work to do; more controls have to go. Building on our success, we intend to secure:

- * The complete liberalisation of banking, life insurance, mortgages and other financial services within the Community.
- * The elimination of the remaining delays and bureaucracy at frontiers - they still inhibit trade.
- * The total opening up of State purchasing to free competition within the Community, and continued deregulation of telecommunications markets.
- * Further liberalisation of air transport, with the following long-term goals: withdrawal by national governments from regulating fares; the opening up of routes between all airports in the Community; removal of restrictions on the number of airlines allowed to operate on any route; abolition of the limits on national capacity shares; liberalisation of the charter and cargo markets; ensuring that airlines from any member state have an equal right to provide services anywhere in the Community.
- * Further liberalisation of all other transport markets, notably bus and coach services between Community countries, and ending the restrictions on cabotage, so that ships and lorries of any one Community country will be able to ply for business between and within all other countries.
- * The adoption of common or mutually-recognised technical standards in all areas where different national laws act, deliberately or inadvertently, to protect individual markets from open competition.

- * The creation of a common system for the regulation and protection of patents and trademarks and other intellectual property, so as to avoid costly duplication.

Preparing British Industry

Competition is tough. We are determined that British industry should be the best prepared in Europe to meet and beat the new challenges that the single market will bring. The Government launched the "Europe - Open for Business" campaign which raised business awareness of the issues substantially in a few months. Conservative MEPs have been establishing local "1992 Clubs" of businessmen to prepare for the next decade.

Our approach to the single market - at Westminster and in the European Parliament - is rooted in common sense. We are always concerned to see that new Community legislation lessens the burdens on industry rather than adds to them. We look at each proposal strictly on its merits. Each scheme relating to the single market is subjected to the same simple test - will this make Europe more efficient, more prosperous and more free?

Spreading the Gains

The single market should bring major economic gains for each member of the Community. That will enable us to cut taxes and spend more on community services. If you help individuals and the firms they work for to prosper, there are more resources to look after those who cannot work and those who cannot prosper. If you encourage the individual, you strengthen and enrich the community. That is why the completion of the single market, by setting enterprise free, is the most important step towards creating wealth and real, lasting jobs for all. That is the "social dimension" of a market economy.

We can see that "social dimension" in the Community as a whole, as well as in the individual member states. The Community's Regional and Social Funds are planned to double in size by 1993. By the time we create the single market, three years worth of the money spent through these programmes will total in real terms half as much again as the Marshall Aid programme which helped put Europe back on its feet in the 1940s. We are a major contributor to these funds which should go precisely to those parts of the Community and to those citizens who will face the toughest transitional problems as the single market spreads and deepens. The money is aimed at improving infrastructure and workers' skills - and we will be gaining from programmes that we have helped design to promote training to meet the needs of the long-term unemployed, youngsters without jobs and the disabled.

Going with the Tide

Change will be difficult and hard for some. We should help to tackle it more effectively, not try desperately to postpone it by introducing new brakes on enterprise. That is our opponents' way, it is not ours.

(see above) We can work together in Europe ~~to improve standards of health and safety at work.~~ We can work for increased flexibility in the labour market. We took the lead in that direction with our Council initiative on employment growth during the British Presidency in 1986. We can work for more effective vocational education and training, and greater help for small and medium-sized enterprises. There may, too, be a case in time for a European Company Statute designed to help companies establish themselves throughout the Community with the minimum of national obstruction.

Do we want to highlight this?

Beyond that, each country should be left to frame its own laws on social and industrial relations according to national experience and requirements. These are not matters which cut across European competition, European free trade or the interests of European consumers. Accordingly:

- * we oppose any legislation which might inhibit the free flow of labour or investment in the Community by establishing extra burdens on business.
- * we favour measures to increase the responsiveness of the labour market to industrial change.

Unlike our opponents, we do not believe in the rigid imposition on every European company of mandatory worker participation. Of course employees should be encouraged to have a stake in the firm for which they work: but obligatory participation is as nonsensical as compulsory volunteering. The idea of mandatory participation is rooted in a class-conscious idea of industry which has less and less meaning in the modern world.

In Britain we have led the way in widening worker share ownership, not least through our dramatically successful privatisation programme: we believe that the best way for workers to participate in the running of a firm is to own it. When British Gas was privatised, for example, 99 per cent of its 130,000 employees bought shares in the company.

Competition

Greater competition and less bureaucratic interference in the economy are crucial stimulants to growth. That is why we pressed for the abolition of the quota system on steel products - to the benefit of the painful but essential reorganisation of Europe's steel industry.

We will exercise continued pressure to ensure that public purchasing is fully opened up to competition from all member states. We support the European Commission in its drive to eradicate anti-competitive subsidies to industry.

Individual mergers and acquisitions can either promote competition or inhibit it depending on the particular circumstances of each case. We believe in a strong and effective competition policy to ensure that the consumer interest is properly defended in any merger.

Small Business

Small businesses are at the cutting-edge of innovation and enterprise, crucial to the creation of wealth and jobs. In Britain ~~a thousand~~ ^{the number of} new firms ~~spring up~~ ^{increases by a thousand} each week. So we have campaigned consistently for the interests of small business in the Community. We pressed successfully for the creation of a Small Business Task Force in the European Commission to help improve the legal and administrative environment for these firms. The Commission now has to calculate the likely effect of every one of its proposals on business efficiency and jobs. We will hold it to this task.

This is a net figure
Suggest get delete. ~~[We also believe that the European Investment Bank should lend more of its funds to small business.]~~ A venture-capital loan facility of £1.1 billion was agreed during our Presidency for small and medium-sized businesses.

We know that smaller enterprises are a vital ingredient in our economy, and we will keep their interests high on Europe's agenda. We will closely scrutinise every Community proposal for its impact on businesses and jobs.

Research and Development

Research and development is the proving ground of industrial success. Too much Community research used to have too little to do with real needs. Thanks to our pressure, 70% of European research and development expenditure is now geared to industry and the market-place. The guideline is not joint research for its own sake, but cooperation where it is necessary for international success.

Britain has played its full part in the Community's efforts to close the technological gap between Europe on the one hand and Japan and the United States on the other. We have been heavily involved in initiatives in information technology, advanced communications and industrial technology. We have also played our full part in collaborative aerospace ventures like the European Space Agency, Airbus and the European Fighter Aircraft. We will continue to support such programmes wherever they are sensible and offer value for taxpayers' money.

Tax Harmonisation

✓ We do not believe that the rigid harmonisation or approximation of indirect tax rates within the Community is necessary to the successful operation of the single market. As the United States proves, even within one country, it is possible to retain control of such taxes at the State level without artificially distorting internal trade. To the extent that significant divergences exist, market forces will help iron them out so long as firms and individuals can import and export freely.

✓ Conservatives believe that tax harmonisation should be a market-led process. We have put forward proposals to this effect for the Council of Ministers to consider. ^{We will also retain} ~~Central to them is~~ the freedom to ^{keep} retain zero-rating for Value Added Tax on a range of necessities. Conservative Ministers and MEPs stand firm on this issue, which can only be decided by unanimity in the Council.

We have repeatedly made clear our intention to retain zero-rating on food, domestic fuel and power, and children's shoes and clothing. We stand by that pledge; we will honour it.

In order to allow the market-based approach to work, business must be free of unnecessary border checks for VAT collection, and the individual must be free to import substantial quantities of tax-paid goods. For this reason, we will work:

- * to simplify VAT collection so that it no longer delays lorries at the border; *Suggest add: 'We aim to remove all fixed frontiers for freight by 1992.'*
- * to secure an immediate four-fold increase to £1000 in the limit on tax paid allowances for personal travellers.

✓ (E)

Economic and Monetary Cooperation

A barrier-free single market will inevitably, in time, move Europe towards a more integrated economy. Greater cross-border trade should promote the gradual convergence of economic policies along the lines of the sound finance, anti-inflationary strategies adopted by virtually all governments in the Community over the last decade.

Conservatives believe that prudent monetary and financial policies are the key to exchange-rate and interest-rate stability. We welcome a cooperative international approach to securing these goals inside and outside the Community, and remain committed to Sterling participation in the exchange rate mechanism of the European Monetary System as and when the conditions are right. Equally we strongly support the increased public and private use of the ECU - indeed we encourage use of the ECU to a greater extent than many other member states. The Government has already issued ECU bonds.

We took the lead in abolishing exchange controls ten years ago. We see the abolition of all exchange controls by member states by 1992 as a vital next step on the road to strengthening economic and monetary cooperation. Together we are taking the practical steps necessary for closer economic partnership - creating a genuinely free market in capital, in financial services, in banking, in insurance and in investment. We look forward to others following our lead.

See the and Central Banks.

I think that's right

We are convinced that it makes better sense to concentrate on practical steps of this sort rather than theorise about new institutions, such as a European central bank, administering a common European currency. There is a risk that the discussion of notions like this may divert attention from the practical steps needed in the coming months and years to make a reality of our common and attainable goals for 1992.

I think this is ok. ✓
Can we do without any
reference to this at all? NO

CHAPTER FOUR

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FREEDOM AND CHOICE FOR THE CITIZEN

The regeneration of Britain in the 1980s has been founded on extending personal freedom and broadening consumer choice. A reduction in the rôle of the State and greater individual prosperity have allowed people to regain control over their own lives.

Conservatives want to see these ideals pursued within the European Community. We are committed to a Community in which the freedoms set out in the Treaty of Rome are attained by every individual citizen. We want a Community of wider horizons and greater opportunities.

A Better Deal for Consumers

For consumers, 1992 will extend the range of available goods and services. It will open up competition, and reward the producers of goods or services of the right quality at the right price. Every enterprise seeking to gain or maintain a share in the new "common market" of 320 million people, the biggest and most prosperous in the world, will face vigorous cross-frontier competition. Far from being a feather-bedded paradise for large corporations, it will be a market in which success only comes through satisfying the customer. It will be a market in which innovation, good design, efficient distribution, and rapid response to consumers' changing demands will all be at a premium.

Consumer Protection

The larger, more competitive market must be achieved in a way which guarantees the highest standards of consumer protection. Conservatives have worked and will work for consumers, so that they:

- * enjoy more extensive rights of consultation at every stage in Community decision-making on consumer protection.
- * have better access to information and rights of redress through the courts in respect of defective or dangerous products.

To extend consumer choice, we support the adoption of common, or mutually-recognised, product standards for the whole Community wherever they are necessary to allow goods and services to be traded freely across national frontiers. Too many nationally-imposed product standards are protectionist in effect, and even in intent.

More specifically we favour mutual recognition of existing standards, rather than their replacement by new harmonised standards, so long as these will provide adequate safeguards for the consumer. ~~Equally~~ ^{We} welcome the implementation of the Commission's "new approach" to harmonisation, first proposed by the Conservatives. Under this, only broad standards are set (consistent with the needs of health, safety, and the protection of the environment), leaving the detailed elaboration to the appropriate standards institutes.

Suggest add: 'Old style harmonisation was a bureaucratic nightmare.'

Travelling in Europe

Within the Community, more and more people are travelling, for business or pleasure, outside their home country. Conservatives have been pressing successfully for the liberalisation of transport. The benefits of falling air fares are already apparent, but much more remains to be done. One only has to compare prices in Europe and the United States to see that. Hence the commitments listed in Chapter Three for further action on both air transport and road transport. These will encourage the efficient, low-cost system for the carriage of people and goods that Europe needs.

Conservatives have been active in promoting quicker and easier travel across the Community, and there is much to be achieved by countries working together in transport policy for their common gain. But we believe that the funding of major transport projects should so far as possible be generated by the private sector responding to real market needs. The successful private financing of the Channel Tunnel represents an impressive example of this process in action.

The Tunnel, due to open in 1993, represents the most important step ever taken towards the integration of Britain's roads and railways with those of our principal trading partners. We must make the most of the opportunities - social and economic - which this great project will offer. The Conservatives are determined that we should do so.

Job Mobility

Not only are the numbers of travellers and the volume of goods likely to increase as we approach the year 2000, there will also be more people - especially the young - settling for professional or personal reasons in a Community country other than their own. To make freer movement of people a reality, Conservatives have pressed for more rapid progress towards the mutual recognition of educational and professional qualifications. This is one of the keys to greater job mobility. Over the next generation, it should become possible for a trade or a profession to be exercised anywhere in the Community.

Conservatives would also like to help students and scholars to move from one country to another. We aim to remove the financial and administrative restrictions which at present inhibit this.

In pursuit of this goal, we have worked hard to promote and will further develop a number of programmes:

- * ERASMUS - the European Community Action Scheme for the Mobility of University Students launched in May 1987 - which allows 20,000 students in higher education will be spending a period abroad as a fully-credited part of their course of study. We want to see ERASMUS in the longer term extended to cover 10 per cent of all higher education students.
- COMETT - the Community Action Programme for Education and Training for Technology - which encourages closer links between higher education and industry.
- IRIS - which makes vocational training available to girls and women throughout their working lives.

All these schemes will serve to create a more open, more flexible labour market, better equipped to meet the needs of the 1990s.

*Suggest
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Will they
cry
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polls
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No
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color*

An important step forward for British students and businessmen will be a better command of other European languages. We are committed to encourage language teaching in schools and universities, helping us to take full advantage of the opportunities of 1992. The new £160 million LINGUA programme will promote foreign language training among students and teachers and help improve the language skills of the workforce as a whole.

The more flexible labour market which accompanies greater job mobility provides new opportunities for women to pursue their careers, in part-time as well as full-time work. We are committed to ensure in Britain and throughout the Community, that women continue to enjoy equal opportunity, free from unfair discrimination.

Promoting Better Health

We have been playing our full part in European cooperation for promoting the health of our citizens. Practical examples are to be seen in our solid support for joint European action against the scourge of AIDS and for the recently launched "Europe against Cancer" campaign. In the European Parliament, Conservatives have been first in the fight against drug abuse, one of the biggest threats facing our young people today.

Choice and Standards in Broadcasting

The growth of cross-frontier broadcasting makes it necessary to draw up a system of common rules on advertising and programme quality. We support the proposals from the Commission and the Council of Europe to do this, although we do not accept that broadcasters should be obliged to include a quota of Community-made programmes in their schedules. We also believe that the Community's competition rules should be enforced vigorously against the emergence of broadcasting monopolies.

Our aim is to create the right framework for broadcasting, in Britain and throughout the Community, so that wider choice can be reconciled with a sensible and sensitive concern for quality and standards.

Frontiers and the Single Market

The Conservative vision of an open Community is tempered by a concern to create a safer, more responsible society. We believe in simplifying and streamlining frontier checks. Legitimate travellers and traders should not face unnecessary, time-consuming delays at national boundaries. That is an important part of making 1992 a reality for our citizens.

But the systematic removal of barriers to trade does not entail giving up all checks on people crossing our borders. As part of the necessary fight against terrorism, drug-trafficking and illegal immigration, we, like other member states, will retain the right to check people as they enter and leave the country. If you live on an island, it makes sense to conduct such checks at ports and airports, where it is naturally easiest to detect offenders. For reasons of geography, inland measures may take priority in some other countries. But in the United Kingdom, some eighty per cent of drug seizures are at ports, and that is where the checks need to be if we are going to stop drug-running.

The aim is to keep up our guard against law-breakers, while ensuring the freest possible movement of people acting within the law. The streamlined checks will be consistent with that. All Community citizens will be treated in precisely the same way, as our recent decision to merge UK and EC channels at ports and airports shows.

Combatting International Crime

In order to make it easier to reduce and simplify frontier checks, we are committed to more effective European action against international crime. Improved intelligence work and closer collaboration between member states' police and judicial authorities are crucial.

Conservatives have taken the lead in developing closer Community cooperation in tackling the menace of drugs. We have encouraged our partners to establish national drug-intelligence units on the British model. We will:

- * strengthen the contacts between law enforcement agencies and increase the flow of intelligence between them on the production and sale of drugs.
- * seek further bilateral agreements with Community countries on the confiscation of assets for convicted drug traffickers.
- * bring forward legislation to ratify the European Convention on Mutual Assistance in criminal matters to cooperate still more closely with our partners in the fight against drug-trafficking and other crimes.

We have already secured better coordination of the Community's efforts to fight international terrorism, a serious threat to all of us. Now we will:

- * continue to work through the TREVI group of European Interior and Justice Ministers to stamp out terrorism.
- * ratify the European Convention on Extradition which will be brought into force this year.

- * continue to press ahead with the search for better and quicker extradition arrangements with other countries.

We are also determined to find common solutions to problems on visas and asylum so that illegal immigration from non-EC nationals can be better controlled.

A Citizens' Europe

By measures of the kind outlined - in the fields of consumer choice and consumer protection, travel, job mobility, educational exchange, health care, broadcasting, frontiers and the fight against crime - Conservatives are helping to mould the European Community in ways that serve the needs of its citizens.

In the past, the Community has shown too little regard for the individual and for measures which can benefit every citizen. It has thought too much about interest groups. Its philosophy has often been corporatist; priority has been given to the big financial, commercial or industrial concerns. The single market is a large step away from this approach. But we must go further.

An important task for the European Parliament is to redress the balance and to put the concerns of the individual at the heart of the Community's decision-making. Through the Parliament, the citizen should have a greater say in the development of the policies that affect each one of us. And those policies should take greater account of the human scale of affairs. We want a Europe which, above all, serves its citizens.

CHAPTER FIVE

COPY NO: 6.

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EUROPE'S QUALITY OF LIFE

It should come as no surprise that Conservatives are by nature conservationists. We know that we do not have a freehold on Britain, on Europe or on our planet. We are trustees of our environmental inheritance, charged with handing on this legacy in sound repair to our children and theirs.

Today, the air we breathe, the water we drink, the climate we live in, our very planet itself, are under threat from careless economic and social development. Science and economic growth are not the inevitable and implacable enemies of our environment; properly harnessed they can help to save it.

~~Our new economic strength enables us to afford the measures necessary to protect Britain's environment. And our enhanced influence and reputation abroad allow us to promote the international action that is essential.~~ The European Community has a vital rôle to play in this. Within Europe itself we have to work closely together, for pollution ignores national boundaries. Cleaning up the North Sea or reducing the threat from acid rain are problems that we can only tackle effectively together.

To save our environment. dangerously close to a pledge of extra spending.

But environmental threats cross oceans and continental boundaries as well as national ones. So Europe has to collaborate to get the progress we need globally to protect the ozone layer and prevent damaging and fundamental changes in the world's climate.

Conserving the countryside

Europe's countryside is one of the richest parts of our heritage. We have been at the forefront of Community initiatives to assist farmers while improving the countryside.

We took the lead within Europe in developing the policy of Environmentally Sensitive Areas: there are already 19 in the United Kingdom. In these, farmers receive payments for following more traditional farming practices which benefit the countryside. We were also one of the first countries to press for the Set-Aside Scheme agreed last February. This takes surplus arable land out of production. Farmers are paid for managing the land, keeping it environmentally attractive and in good condition. Our aim is to maintain the British countryside, allowing it to be enjoyed by all - but not as a museum, rather as a living community. Naturally, farmers have the crucial part in this and they need help and encouragement.

We will therefore:

- * press for continued Community use of Environmentally Sensitive Areas and Set-Aside;
- * ensure that Commission proposals on pesticides and nitrates are relevant and sensible, and that the rules governing their use are fair to all member states;
- * seek further changes in the Common Agricultural Policy to achieve a better balance between agriculture and conservation.

High Standards for Food

The opening up of the single market will create new opportunities for our food and farming industry. We want to ensure that, in addition to greater consumer choice, this leads to higher standards too.

We will:

- * press for legislation on food standards which ensures the highest degree of sensible protection for the consumer;
- * promote better labelling to allow the consumer to make an informed choice;
- * ensure that the hygiene rules on livestock products maximise the protection afforded to the consumer without, at the same time, inhibiting trade.

Animal Welfare

We have pressed for European Community action to safeguard animal welfare - in particular to improve the conditions in which battery hens are kept, animals are transported, and experiments are conducted on live animals. Conservative MEPs pushed through legislation which has outlawed the import of products made from baby seals.

We will:

- * press for the permanent extension of the seal ban when it comes up for renewal later this year.
- * work for further measures to safeguard the welfare of animals - both on the farm and during transit.
- * encourage the development of alternatives to experimentation on live animals.

*I think
whales are
popular
& perhaps
deserve
a mention!
OK: drink
smoothie*

Cleaning up the sea and rivers

An island race, we are naturally concerned about the quality of the waters around our shores. The North Sea is far from a dead sea. But there are serious pollution problems in some of the coastal regions of continental Europe, caused mainly by pollution from the Rhine, the Elbe and the Meuse. Protecting the North Sea will help preserve our fish stocks and ensure that wildlife, such as seals, has a healthy environment.

Following a conference we hosted in 1987, we have gained agreement to ending the dumping of harmful industrial waste into the North Sea by the end of next year. Only 20 per cent of North Sea pollution from rivers and estuaries comes from Britain, where nine out of ten of our rivers are of good or fair quality - a much higher figure than for the rest of Europe.

But we want to do still better. We will:

- * apply tough new controls over the quality of water: these have been incorporated in the Water Bill currently being considered at Westminster.
- * spend £1 billion over the next four years to improve sewage treatment and disposal, and impose more stringent controls on industrial discharges.
- * keep our bathing waters clean so that their amenity value is preserved and the tourist industry in seaside areas safeguarded.
- * ensure that all our bathing waters meet European Community standards by 1995 - already three-fifths do.

Reducing acid rain

Acid rain can damage trees and lakes and scar the countryside. We have taken tough action to cut down emissions of the sulphur dioxide and nitrous oxide which create it. We are now engaged in the second largest programme in Europe designed to reduce these emissions. We will:

- * *work
wr?* increase Britain's £1 billion plus programme to fit emission controls in existing power stations, *[Not yet checked with spending division]*
- * secure tighter emission controls in all new oil and coal fired power stations.

We have also acted to strengthen our car emission standards and to encourage the development of the new lean-burn technology which is a cleaner method of combustion.

Lead in petrol

Lead in large doses is a poison. Even the effect of smaller doses can be harmful, for example it can damage the intelligence of children. Much of the lead in the atmosphere is produced by petrol. The Government, backed by Conservative MEPs, initiated European Community regulations which have halved the level of lead over Britain since 1985. The Government itself has increased the duty differential on unleaded petrol to promote its use.

To protect our children's health and well-being, we will:

- * work for further reductions in the level of lead in the atmosphere.
- * ensure that unleaded petrol is widely available in Britain by the end of this year. From the autumn of next year all new cars will be able to run on lead-free petrol.

The ozone layer and "greenhouse effect"

The ozone layer is like a global skin: it protects the earth from harmful ultraviolet radiation from the sun. Recent evidence suggests beyond reasonable doubt that chlorofluorocarbons (used, for example, in aerosols and refrigerants) have damaged the ozone layer and added to the greenhouse gases which trap heat in the earth's atmosphere. Reducing these gases is a vital first step in order to avoid disastrous changes in the earth's climate and the consequent flooding of low-lying areas. The control of emissions from fossil-burning power stations and improved energy efficiency are both indispensable to dealing with the greenhouse effect.

We have urged our Community partners to accept, as soon as possible, the agreement reached at Montreal in 1987 that consumption of chlorofluorocarbons (CFCs) should be halved by the end of the century. But we believe that it is necessary to go well beyond this. At an international conference on this issue, which we hosted in March, we urged adoption by Europe and the rest of the world of a much higher target. **We are working to secure:**

- * international agreement on an 85 per cent cut in CFCs at the earliest possible date.

- * European action to give a lead to other countries, by setting even more stringent targets as we move to a CFC-free world.

Energy

A sound policy for energy is vital both to Europe's prosperity and its environment. For strategic and commercial reasons we need a diversity of energy sources: fossil fuels, nuclear power, new and renewable sources of energy - all have a part to play. Above all, excessive reliance on fossil fuels is incompatible with any serious concern for the environment: for it is the gases emitted by coal-fired power stations which are a major cause of acid rain and the 'greenhouse' effect. At the present time, only the safe and careful use of nuclear energy offers an alternative energy source which is clean and relatively cheap.

We will, therefore:

- * ensure that the Community remains committed to the development of nuclear power;
- * maintain the highest standards of safety in handling nuclear energy;
- * continue to cooperate with our partners in improving arrangements for dealing with any kind of radiological emergency;
- * further encourage joint research into the use of new and renewable energy sources;
- * promote the opening of the Community's energy to more competition in the interests of the consumer - on the lines of the radical measures adopted in the privatisation of the electricity supply industry in Britain.

Shipping hazardous waste

If we are to protect the environment from serious damage, there has to be a safer method of dealing with hazardous waste. Mistakes can have permanent and disastrous consequences. Our Ministers and MEPs promised action to control cross-frontier movements of hazardous waste, and Britain was one of the first countries to implement the Community directive which imposed tough and sensible restrictions. We will press for:

- * even tighter Community controls on the transport and disposal of hazardous waste.
- * measures to prevent this waste being shipped to countries unequipped to deal properly with it.

Sustainable development

We are demonstrating in Britain and in Europe our emphatic commitment to preserving and improving the environment. Our approach takes account of two clear principles. First, decisions must always be based on sound science. And second, our aim should be sustainable development. We do not have a choice between economic development and a clean environment - we must have both, in Europe and in the rest of the world.

CHAPTER SIX

COPY NO: 6.
10:2:89

BRITAIN, EUROPE AND THE WORLD

Britain's place in Europe - the contribution we make to the security and well-being of our continent - is partly but not exclusively fulfilled through our membership of the European Community.

We came to the Community later than many would have wished. And we came after a fierce argument about the best way of securing Britain's interests in the world. That was both understandable and right: in the oldest parliamentary democracy in the world, great decisions require great arguments.

Yet as members of the Community we have given whole-hearted support to improving it and strengthening it, step by practical step, for the benefit of all our citizens from Aberdeen to Athens. To that work we have brought the understanding and the convictions acquired in our other great European enterprise - NATO.

A Confident Voice

Today a strong and confident Britain is well placed to play a leading rôle in the affairs of Europe and the world. Under this Government, the British disease has been transformed into the British cure, with the economic policies we pioneered - from tax cuts to privatisation - becoming the conventional recipe for economic recovery around the world. Britain has accumulated substantial overseas assets, the City of London has strengthened its position as Europe's leading financial centre, and our rôle in international financial institutions has been enhanced.

We are able once more to influence international affairs in positive and important ways. Britain has:

- * revived the practice of holding meetings of the five permanent members of the UN Security Council - in the process the UN has become again a mediator in key regional conflicts.
- * played a central part in consolidating the Atlantic Alliance by clear-headed thinking on defence and strategic issues.
- * helped to shape and define common European positions on the central foreign policy questions of the day.

Speaking as One

Europe should speak and act as one on the great international issues of the day. We first proposed, and played a key part in drafting, the treaty on European Political Cooperation. Under this treaty, Member States have agreed to consult each other and adopt common positions on foreign policy matters wherever possible. This does not stand in the way of national policies. It helps European nations to work with a common purpose. With Britain's full backing, the Community has, for example, taken joint action against Libya and Syria in 1986, pressed for peaceful change and the abolition of apartheid in South Africa, and called for an international peace conference to solve the Palestinian problem. When the twelve speak as one, we often count for more than when we speak on our own.

A Divided Continent

Europe stretches beyond the boundaries prescribed in the Treaty of Rome. It encompasses the countries which lie behind the Iron Curtain that came down over 40 years ago: countries with which we share much history and shared for a century the values of freedom, too. No European can be content while the Berlin Wall divides our nations. It is a symbol of oppression in a continent which pioneered liberty.

East of the Wall, we have seen in the last few months and years the first stirrings of change. After a long, hard winter in the East, in Moscow and the capitals of its military alliance, we all now hope for spring.

Mr Gorbachev's reforms, the change of mood in the Soviet Union, the welcome promise of a scaling down of the military superiority of the Warsaw Pact, the treaty on intermediate nuclear weapons - all these developments have been assisted, and perhaps directly brought about, by the sturdy determination of Western Europe and the United States to stand firm against threats, bullying and tyranny for four uneasy decades. Today, we can once more dare to hope, not because we have been weak but because we knew we had to be strong.

"The strength of our defences"

What has been true in the past remains true today. We offer the hand of friendship. Our sense of common humanity was shown most notably in the outpouring of sympathy and help (nowhere more so than from Britain) after the Armenian earthquake.

We want to negotiate constructively and successfully on arms control. We hold the door wide open to cooperation on all the other issues covered by the Helsinki accords - trade, economic cooperation, human rights, the exchange of information and ideas, free movement of people, the environment, security.

But we must never forget, as Margaret Thatcher has said, "that our way of life, our vision and all we hope to achieve, is secured not by the rightness of our cause but by the strength of our defences."

We have carried our full share of the burden of Europe's and the West's defence in the Atlantic Alliance. We will continue to do so. We urge all others in Europe to do the same. We have depended in Europe on the massive and generous commitment of the United States to our defence. That, more than anything else, has kept the peace.

We must never give our loyal American allies the impression that we want to enjoy the benefits of peace on the cheap - without sharing with them the costs and risks which make our security possible. As Europe grows wealthier, it must do more for its own defence.

The men and women who serve in the armed forces far beyond our borders, more than from any other European country, are the best evidence of our commitment to Europe's defence and Europe's future. Nearly 70,000 of them are stationed on the mainland of Europe. We play a full part in the Alliance in Europe itself and elsewhere in the world, for example most recently in our work in the Gulf. Here common action with our partners in the Western European Union helped keep the shipping lanes open, so promoting the cause of peace.

A War-Free Europe

We will:

- * maintain our defences in good repair.
- * complete the modernisation of our nuclear deterrent, which has helped guarantee a war-free Europe.
- * keep NATO's nuclear forces in Europe up to date, a process which is essential for our security given the Warsaw Pact's substantial superiority in short-range weapons and conventional arms.
- * work to develop the Western European Union as an important pillar of the Alliance - not as an alternative to NATO but as a means of strengthening Europe's contribution to the defence of the West.
- * work for greater European cooperation in defence procurement through NATO's Independent European Programme Group.

Like the WEU, the IEPG is currently chaired by Britain. We are using the IEPG to make the European defence industries more competitive, and to open up Europe's internal armaments market to a much greater degree of competition.

No Fortress Europe - More Liberal Trade

Europe needs to defend itself militarily. But it must not become a trade fortress, shutting out competition and goods from the rest of the world. If we built a fortress Europe, we should all be its first prisoners.

The creation of the single market should be seen as a step along the road to greater trade liberalisation throughout the world. It would be wholly wrong to take down barriers within Europe but to raise them around our own larger market. A growing, dynamic European market provides greater trade opportunities for competitive exporters from abroad, and as a result of the single market our own firms will become more competitive themselves and provide better quality and better value in the countries to which they sell.

Europe must work hard to prevent the world falling back into protectionism. For our part, we will go on pressing for greater trade liberalisation. The world needs multilateral disarmament in trade, especially in agricultural support. It needs the extension of free trade into services. We believe it is imperative to make a success of the current GATT Round as the lynchpin of a more liberal world trading system.

We will press for:

- * the progressive reduction in "voluntary restraint agreements" that limit some non-EC imports; *Britain has already reduced here by two-thirds.*
- * *Add pledge X from original sheet (agreed by Young + Howe) here.*
- * the removal of all tariffs on imports from less developed countries;
- * further liberalisation of third country markets to Community exports.

Trade and Aid

Breaking down barriers to trade is particularly important for the poorer countries of the world. They need not only aid; above all, they need improved trading opportunities in order to gain the dignity of growing economic strength and independence.

In the renegotiation of the Lomé Convention, the unique trade and aid agreement between the European Community and Africa, Caribbean and Pacific countries, we shall:

- * argue for further improvements in the access arrangements to our own market for the products of developing countries.
- * press for an increase in the sugar quota, for the scrapping of restrictions on the import of rum, and for continued guaranteed access to the Community's market for bananas from our traditional suppliers.
- * ensure that the Community gives more help to ACP countries to develop their own processing and manufacturing capacity.
- * *see that the Community's aid programme, like our own, gives proper attention to the rôle of women in the economy as creators of wealth.*

The European Community has a large aid programme itself. Britain contributes almost a fifth of its cost. And individual Member States have their own separate programmes too. Taken together, the Member States of the Community are the major donors of aid to developing countries.

*Does
ESPA
assist
lower
rate
or
this?*

*Do we
really have
a human
rights?*

The quality of aid and private investment

We will work:

- * to get better coordination between national and European Community programmes in order to make them more effective where it matters on the ground.
- * to improve the quality of the Community's own aid and to ensure in particular that it takes greater account of environmental problems in poorer countries.

Much of the Community's help to developing countries is in the form of food aid. When we held the Presidency of the Council in 1986, we got agreement to the reform of food aid, so that it now plays a more constructive rôle in helping developing countries to become self-sufficient in food, rather than remaining permanently dependent on outside help. We also improved the emergency arrangements for food aid in countries like Ethiopia and Bangladesh.

As developing countries increasingly follow more sensible economic policies, they become better placed to attract private investment from outside. The abolition of exchange controls throughout the Community in 1992 - the result of a Conservative initiative - should boost direct investment in poorer countries. Britain provides almost as much direct private investment in developing countries as the rest of the European Community combined. Successful enterprise in Britain helps promote its counterpart in the poorer countries of the world.

CHAPTER SEVEN

COPY NO: 6.

10:2:89

THE RIGHT TEAM FOR EUROPE

[The dash invites disbelief!]

The elections to the European Parliament matter. They matter a great deal. They will make a difference - to the way we can stand up for Britain's interests and to the way ~~we~~ we can protect and enhance Europe's.

There are many things that we once did on our own that we now willingly do with our European partners. We cooperate with them because that is the way we can do things better - for example, protect our environment and increase our trade.

With the creation of the single market, European cooperation takes a significant step forward. We will be making something new. Opening up fresh opportunities. Setting ourselves and our partners unfamiliar challenges.

To make the best of these opportunities, to rise to these challenges, we need a like-minded team at Westminster and at Strasbourg - inspired by the same convictions, committed to the same principles of enterprise, freedom and choice.

The only alternative in Britain is Labour. Their team in Europe to date has comprised a rag-bag of extremists and has-beens. More left-wing even than their comrades in Westminster, many of them remain unbendingly and irrationally opposed to Britain's membership of the Community. The principles they espouse are dragged, discredited, from the junk-room of history. More State control. More regulation. Higher taxes. More interference. Stronger trade unions. Socialism is not the tidal wave of the future; it is the back-wash of the past.

For Britain to make the most of our chances in Europe, for Britain to contribute the most to the strengthening of Europe, we need a Conservative team. The approach that has made Britain stronger can make Europe stronger too.

Conservatives at home and Conservatives in the European Parliament will work together for the same goals. The goals set out in this manifesto.

That is the right team for Britain. And Europe.

Tax paid allowances

As a step forward in the "market-based approach" to the reduction of frontiers:

- Conservatives will work for an increase in the amount of tax paid goods which travellers are allowed to bring into a Community country.
- For EC tax paid allowances the Conservatives will press for an immediate fourfold increase in the limit to £1,000.
- Y - Conservatives will press the Community for an increase in the allowance for goods bought in non-Community countries to £250 [from £32]. Failing general agreement Conservatives would seek to obtain a derogation from the Commission to allow Britain to raise our limit unilaterally.
- Z - Conservatives pledge to press for the complete removal of limits on tax paid allowances as a long term aim.

Free trade

- Conservatives are pledged to press the European Community to remove all tariffs on trade with developing countries.
- Conservatives pledge to press for the reduction in "Voluntary Restraint Arrangements" to limit exports to

PERSONAL AND CONFIDENTIAL

CHANCELLOR

EUROPEAN MANIFESTO

FROM: A G TYRIE
DATE: 10 February 1989
cc: Paymaster General
Economic Secretary
Mrs Chaplin
Mr Call

Man Mark. 99%
agree with 99%
your comments.
have marked
this person, some
a yr wife & no draft
PSG draft a letter
from Gt. for
me, have all

I attach a copy of the draft which has gone into the Prime Minister tonight.

2. This was largely written by Christopher Patten. Tony Teasdale, Tim Bainbridge, myself and others drafted odds and ends. I think it's pretty good, certainly good enough to escape the Prime Ministerial shredder. It is a tribute to Geoffrey Howe's diplomatic skills that the EDG like this draft, even if it is at the price of some ribald tributes to them, for example, chapter 1, page 6.

3. You may want to send your comments to Geoffrey Howe. Alternatively, the next few days will be a good time to discuss it with the Prime Minister.

4. I have annotated the text with a few drafting suggestions. In addition, I think there are a few general points to consider:

- (i) At the moment there is no explicit reference to the veto. In 1984 a key electoral question on the Today Programme etc was: "Does the Government still have a veto?" I think we have got to be able to say "yes".

Of course, the Single European Act provides for unanimity on large swathes of Euro legislation. In addition I think we can still claim that the Luxembourg Compromise exists. You may remember that I did a lot of devilling on this with the Treasury Solicitors and decided that it did still exist! A good place to mention this would be at (A) (chapter 1, page 5).

Agreed, the
word was used
Compromise

TYRIE
to
CK
10/2

signed
by
Sam
What
is spread
help
the is
x when
is
mean
to be
has
done.

(ii) Perhaps the tone is a little self-satisfied. I think we need to get the message across that there is an enormous amount of work still to do. For instance, I think something could be added at (B) (chapter 2, page 1) and at (D) (chapter 3, page 3). On the latter, although nearly half the Commissioner's programme has already been adopted I think we should say that this still leaves some very tough nuts to crack, including banking and mergers. (Mergers policy doesn't seem to be mentioned at all.)

agreed

(iii) I find it astonishing that the consumer interest in agriculture gets the briefest mention as the sixth of seven starred points at (C) (chapter 2, page 6).

I raised this at the last Howe group meeting. Both the Party Chairman and the Foreign Secretary pointed out that the farm vote is very important and that mentioning consumers would only inflame them! All the same, I think that we should point out more clearly that food is produced for the benefit of those who eat it, not as some State subsidised rural pastime. So I would rather begin this section: "We favour giving higher priority to the interests of the consumer, restoring intervention to its intended role as a safety net, not as an alternative market" and then follow on with the six asterisked points.

(iv) At (E) (chapter 3, page 10) we can weave in the rest of the points on tax paid allowances which you originally sent to Geoffrey Howe, marked Y and Z on copy attached.

I agree, up to 1974 Salmonella & all that

Agreed

AG
A G TYRRE



FROM: J M G TAYLOR

DATE: 13 February 1989

MR TYRIE

cc Paymaster General
Economic Secretary
Mrs Chaplin
Mr CallJMGT
To
TYRIE
13/2

EUROPEAN MANIFESTO

The Chancellor was most grateful for your note of 10 February, enclosing the draft Manifesto.

2. He agrees with 99 per cent of your suggestions. He has marked comments passim both on your covering note and on the draft itself. (You have a copy of these).

3. He would be grateful if you could draft a letter from him to the Foreign Secretary, making these points. This should begin by saying what a splendid draft this is, and what a great job he has done.

A handwritten signature consisting of the initials 'JMGT' in a stylized, cursive script.

J M G TAYLOR

PERSONAL AND CONFIDENTIAL

CHANCELLOR

FROM: A G TYRIE
DATE: 13 February 1989
cc: Paymaster General
Economic Secretary
Mrs Chaplin
Mr Call

*Thanks.
OK subject to
a few changes,
wants passage
+ para 5 on
the page.*

TYRIE
To
CX
13/2

EUROPEAN MANIFESTO

I attach a draft letter for you to send to Sir Geoffrey Howe.

2. This records your comments on the draft you saw over the weekend. You might want to look at the oblique reference to the veto I have suggested in (iv). As you said, this is tricky to draft. I have also left it to the Euro experts to think of a recent Euro initiative which is benign to whales, (xviii). You might prefer to delete that one!

3. On a re-read I have one further point: I notice that reciprocity has surfaced on trade. The text (Chapter 6, page 5) reads: "The world needs multi-lateral disarmament in trade, especially in agricultural support."

4. That's a bit better than talk of "strict reciprocity" but it carries the clear implication that any unilateral step to reduce protectionism would not be government policy. That's clearly wrong. Why not stick to the line Messrs Howe and Young had already agreed, which, incidentally, is almost identical to the line used in the 1984 Manifesto: "Conservatives believe that Community policy should be to roll back protectionism, in agriculture as well as industry."

5. Would you like that added to the list of suggestions?

lyh

[Signature]
PP A G TYRIE

PERSONAL AND CONFIDENTIAL

Over the weekend I read the first draft of the European Manifesto. I thought it was excellent.

The "Howe Group" have done a splendid job in drawing together the various strands of domestic and European policy which are needed for this document and it sets the right tone.

I have a few general remarks. Perhaps the text is just a touch too self-satisfied in places, for example at the top of Chapter 3, page 3.

Secondly, the text could do with an ^a oblique reference to the veto, which is bound to be raised in the campaign.

question of the
(a) No longer of issues for which unanimity is still required (b) No
fact that no Luxembourg compromise remains there for last when

Thirdly, there is not enough on consumer interests in agriculture. Salmonella and cheese have made this a very lively issue. I have made drafting suggestions to accommodate these and other points below:

appropriate to when
unanimous is not justified
required.

(i) (Chapter 1, page 3.) "Pace-setters" - not "pace-makers". Pacemakers make the early pace to enable someone else to win! Pacemakers also remind one of heart disease!

(ii) (Chapter 1, page 4.) Delete "Conservative Commissioners". I think this is better pruned - it is also constitutionally incorrect: Commissioners have no party label.

- (iii) (Chapter 1, page 5.) At the end of the first paragraph of that page add: "We will fight against the threat of creeping protectionism; Europe must not close its doors to third countries".
- (iv) (Chapter 1, page 5.) The third paragraph might serve as the peg for ~~an oblique~~^{a)} reference to the veto. Instead of "We reject that approach.", something along the lines: "We will not permit that to happen, which would be against Britain's (and the Community's) interests".
- (v) (Chapter 2, page 1.) Extend the last sentence: "We intend to build on these achievements, but there is much more to do".
- (vi) (Chapter 2, page 4.) After the reference to the Green Pound add: "The Government supports the Community in its commitment to abolish MCAs by 1992".
- (vii) (Chapter 2, page 6.) The consumer interest in agriculture is almost squeezed out here, getting the briefest mention as the sixth of seven starred points. Particularly in the light of current concern over salmonella etc I think that consumer concerns should be given more prominence. The section could begin: "We favour giving higher priority to the interests and concerns of the consumer. In particular we favour:
- * restoring intervention to its intended role as a safety net, not as an alternative market;

* ensuring that the quality of food is maintained;

* better value for money from the CAP; and so on.

(viii) (Chapter 3, page 3.) The first paragraph reads a little too optimistically. It is important to get the message across that there is still an enormous amount of work to do. After the sentence ending "... alone in 1986"., add: "Over four parts of the job have been done. But his still leaves six parts to go with some important items outstanding, including important areas for Britain such as banking and mergers. There are three years to go to our deadline. It is a job that we will tackle with relish".

(ix) (Chapter 3, page 4.) In the first sentence add: "There is much more work to do".

(x) (Chapter 3, page 6.) From the third paragraph delete from "to improve ..." to "work". The combined sentence would then read: "We can work together in Europe for increased flexibility in the labour market. We took the lead".

(xi) (Chapter 3, page 8.) A thousand new firms springing up each week is a net figure. Either say: "In Britain a thousand net new firms spring up each week," or: ^{(better):} "In Britain the number of ~~new~~ firms ~~increases~~ ^{has been increasing at the rate of} by a thousand ^a each week".

(xii) (Chapter 3, page 9.) In the first line of the second paragraph delete "rigid".

(xiii) (Chapter 3, page 9.) In the third paragraph delete "central to them is" and replace with: "We will also retain the freedom to keep zero rating for value added tax ...".

(xiv) (Chapter 3, page 10.) At the end of the first asterisk add: "We aim to remove all fiscal frontiers for freight by 1992".

(xv) (Chapter 3, page 10.) This is a convenient place to add the remaining pledges agreed between ourselves and ~~Lord~~ ^{John} Young on tax paid allowances. These were:

* We will work for an increase in the allowance for goods bought in non-Community countries to £250. Failing general agreement Conservatives will seek to obtain a derogation from the Commission to allow Britain to raise our limit unilaterally.

* We will work for the complete removal of limits on tax paid allowances as a long-term aim.

The "extra Community" tax paid allowances may need an introductory sentence, since the rest of the section is concerned with intra-Community trade.

(xvi) (Chapter 4, page 2.) In the final paragraph, after "safeguards for the consumer". Add: "Old-style harmonisation was a bureaucratic nightmare. We welcome the implementation of ...".

(xvii) (Chapter 5, page 1.) Delete the first sentence of the third paragraph, which reads like a pledge to increase public spending. This paragraph can begin with the second sentence: "Our enhanced influence and reputation abroad allow us to promote the international action that is essential to save our environment".

(xviii) (Chapter 5, page 3.) Whales attract votes. Has the Parliament or the Commission done anything for whales to which we can refer here?

(xix) Add B.

(~~xix~~) (Chapter 6, page 5.) ~~///~~ Add B. Near the bottom of the page delete "progressive". Add at the end of the first asterisked item: "Britain has already reduced her voluntary restraint agreements by two-thirds". Add as an asterisked item the form of words earlier agreed between ourselves and David Young: "We will press for the complete removal of voluntary restraint agreements at the European level as a long term aim."

(xx) (Chapter 6, page 6.) I think that the last asterisked item on that page, about aid and women, can be dropped.

Ch. Retyped letter behind (whole letter
redone, ∴ ppr. is different colour!).

2f

Ch. Letter behind (Would you
prefer this or, say, "Drawing of paper.")

Yes p86 2f

1/2

PERSONAL AND CONFIDENTIAL

FROM: A G TYRIE
DATE: 16 February 1989
cc: Paymaster General
Economic Secretary
Mrs Chaplin
Mr Call

TYRIE
To
CX
16/2

CHANCELLOR



EURO MANIFESTO

I attach a letter for you to send to Geoffrey Howe.

2. Now that you have set out the kind of reference you would like on the veto at the beginning of the letter I have deleted my much more modest drafting suggestion at (iv). Peter Lilley and I can give the next Howe Group a form of words.
3. The point on reciprocity and trade has been incorporated at (xx) in the letter.
4. PE1 have now responded on the sentence I didn't like on acid rain (chapter 5, page 5). I have agreed a form of words with them. This, together with an explanatory paragraph, is incorporated at (xix).

AGT.

A G TYRIE

EUROPEAN
MANIFESTO

PERSONAL AND CONFIDENTIAL

CX
TO
HOWE
16/2

11 DOWNING STREET
WHITEHALL SW1A 2AB

Rt Hon Sir Geoffrey Howe QC MP
Secretary of State
Foreign and Commonwealth Office
King Charles Street
London SW1

16 February 1989

cc PMG
EST
ms Chaplin
Mr Tynce
Mr Call.

Over the weekend I read the first draft of the European Manifesto. I thought it was excellent.

The "Howe Group" have done a splendid job in drawing together the various strands of domestic and European policy which are needed for this document and it sets the right tone.

I have a few general remarks. Perhaps the text is just a touch too self-satisfied in places, for example at the top of Chapter 3, page 3.

Secondly, the text could do with a reference to the veto, which is bound to be raised in the campaign. This might mention the question of (a) the range of issues for which unanimity is still required and (b) the fact that the Luxembourg compromise remains there for use when appropriate even where unanimity is not judicially required.

Thirdly, there is not enough on consumer interests in agriculture. Salmonella and cheese have made this a very lively issue. I have made drafting suggestions to accommodate these and other points below:

- (i) (Chapter 1, page 3.) "Pace-setters" - not "pacemakers". Pacemakers make the early pace to enable someone else to win! Pacemakers also remind one of heart disease!
- (ii) (Chapter 1, page 4.) Delete "Conservative Commissioners". I think this is better pruned - it is also constitutionally incorrect: Commissioners have no party label.

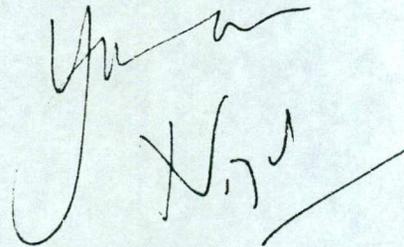
- (iii) (Chapter 1, page 5.) At the end of the first paragraph of that page add: "We will fight against the threat of creeping protectionism; Europe must not close its doors to third countries".
- (iv) (Chapter 1, page 5.) The third paragraph might serve as the peg for a reference to the veto.
- (v) (Chapter 2, page 1.) Extend the last sentence: "We intend to build on these achievements, but there is much more to do".
- (vi) (Chapter 2, page 4.) After the reference to the Green Pound add: "The Government supports the Community in its commitment to abolish MCAs by 1992".
- (vii) (Chapter 2, page 6.) The consumer interest in agriculture is almost squeezed out here, getting the briefest mention as the sixth of seven starred points. Particularly in the light of current concern over salmonella etc I think that consumer concerns should be given more prominence. The section could begin: "We favour giving higher priority to the interests and concerns of the consumer. In particular we favour:
- * restoring intervention to its intended role as a safety net, not as an alternative market;
 - * ensuring that the quality of food is maintained;
 - * better value for money from the CAP; and so on.
- (viii) (Chapter 3, page 3.) The first paragraph reads a little too optimistically. It is important to get the message across that there is still an enormous amount of work to do. After the sentence ending "... alone in 1986"., add: "Over four parts of the job have been done. But this still leaves six parts to go with some important items outstanding, including important areas for Britain such as banking and mergers. There are three years to go to our deadline. It is a job that we will tackle with relish".
- (ix) (Chapter 3, page 4.) In the first sentence add: "There is much more work to do".
- (x) (Chapter 3, page 6.) From the third paragraph delete from "to improve ..." to "work". The combined sentence would then read: "We can work together in Europe for increased flexibility in the labour market. We took the lead".
- (xi) (Chapter 3, page 8.) A thousand new firms springing up each week is a net figure. Either say: "In Britain a thousand net new firms spring up each week," or (better): "In Britain the number of firms has been increasing at the rate of a thousand a week".

- (xii) (Chapter 3, page 9.) In the first line of the second paragraph delete "rigid".
- (xiii) (Chapter 3, page 9.) In the third paragraph delete "central to them is" and replace with: "We will also retain the freedom to keep zero rating for value added tax ...".
- (xiv) (Chapter 3, page 10.) At the end of the first asterisk add: "We aim to remove all fiscal frontiers for freight by 1992".
- (xv) (Chapter 3, page 10.) This is a convenient place to add the remaining pledges agreed between ourselves and David Young on tax paid allowances. These were:
- * We will work for an increase in the allowance for goods bought in non-Community countries to £250. Failing general agreement Conservatives will seek to obtain a derogation from the Commission to allow Britain to raise our limit unilaterally.
 - * We will work for the complete removal of limits on tax paid allowances as a long-term aim.
- The "extra Community" tax paid allowances may need an introductory sentence, since the rest of the section is concerned with intra-Community trade.
- (xvi) (Chapter 4, page 2.) In the final paragraph, after "safeguards for the consumer". Add: "Old-style harmonisation was a bureaucratic nightmare. We welcome the implementation of ...".
- (xvii) (Chapter 5, page 1.) Delete the first sentence of the third paragraph, which reads like a pledge to increase public spending. This paragraph can begin with the second sentence: "Our enhanced influence and reputation abroad allow us to promote the international action that is essential to save our environment".
- (xviii) (Chapter 5, page 3.) Whales attract votes. Has the Parliament or the Commission done anything for whales to which we can refer here?
- (xix) (Chapter 5, page 5.) The first asterisked item could be misinterpreted as an increase beyond existing commitments. It also reads like a pledge to increase Government spending. The privatised industries, not the Government, will be undertaking this programme. A satisfactory alternative form of words would be: "We will ensure a substantial reduction in noxious emissions from power stations between now and the end of the century; a £1 billion plus programme to fit emission controls in existing power stations will be undertaken".

- (xx) (Chapter 6, page 5.) Replace "the world needs multilateral disarmament in trade, especially in agricultural support. It needs the extension of free trade into services" with: "We believe that Community policy should be to roll back protectionism, in agriculture as well as industry. Free trade should be extended into services".

Near the bottom of the page delete "progressive". Add at the end of the first asterisked item: "Britain has already reduced her voluntary restraint agreements by two-thirds". Add as an asterisked item the form of words earlier agreed between ourselves and David Young: "We will press for the complete removal of voluntary restraint agreements at the European level as a long term aim."

- (xxi) (Chapter 6, page 6.) I think that the last asterisked item on that page, about aid and women, can be dropped.

A handwritten signature in black ink, appearing to read 'Nigel Lawson', with a long horizontal stroke extending to the right.

NIGEL LAWSON