



10 DOWNING STREET

Private and Confidential.

16th January, 1981

When you came to see the Prime Minister last evening, I think that we all agreed that it was likely to be unhelpful to our Party if differences of view within the Party about our Policy towards the Community were to be ventilated in public, particularly so far as the two particular groupings are concerned.

Just after our meeting, I was handed a copy of your letter dated December 1980, and I must say that I do think that that letter is likely to stir rather than to diminish controversy.

Perhaps we could have a word about this.

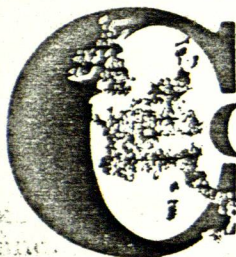
Ian Gow

Hugh Dykes, Esq., M.P.

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December, 1980

Dear Member,

You may have seen in the press that a number of Conservative MPs have recently formed an "EEC Reform" group with the following aims:

- ABOLITION OF THE CAP (Note: This would, of course, involve the British taxpayers finding about £1,500 million per year to restore the deficiency payments system to our farmers.)
- REFORMING THE EEC BUDGET SO THAT CONTRIBUTIONS MATCH PAYMENTS BACK
- RESTORING CERTAIN TRADE POWERS AND ANTI-DUMPING MEASURES TO THE NATION STATE
- RESTORING TO NATIONAL PARLIAMENTS POWER OVER THE INSTITUTIONS OF THE COMMUNITY

The founders of the group insist that they are not in favour of UK withdrawal from the Community, although there are a good number of enthusiastic "withdrawers" among the 40-odd Members.

However, the objectives above are definitely and completely incompatible with membership and with adherence to the Treaties, as the Government has already made clear. The CGE believes that the Community needs a good number of reforms and improvements, but the above demands would, of course, wreck the Community.

Please peruse the attached list of Members of the Group, as you may reside in the constituency of one of them. We would be glad if you felt inclined to contact the Member concerned to express your misgivings, for this Group can only cause disunity within our Party, at the very moment when the Prime Minister has established a new and strong position for the United Kingdom in the Community.

More and more we see that the "anti's" (of whichever party) are wrongly blaming the EEC for our own grave economic problems, on which they should urgently be concentrating rather than using the 'Common Market' as the scapegoat for all that is wrong.

Yours sincerely,

HUGH DYKES
Chairman

Member of Parliament

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 *Jack Aspinwall
 *Anthony Beaumont-Dark
 Sir Ronald Bell
 *David Bevan
 *John Blackburn
 Richard Body
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 *Michael Brown
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 *John Butcher
 *John Carlisle
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 *Albert McQuarrie
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 Beaconsfield
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 Nantwich
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 Luton West
 Plymouth, Sutton
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 Chorley
 Dartford
 Harborough
 Wellingborough
 Portsmouth North
 The Wrekin
 Cheltenham
 Twickenham
 Edgbaston (Birmingham)
 Melton
 Fareham
 Aberdeenshire East
 Northampton North
 Faversham
 Welwyn & Hatfield
 Cornwall North
 Derbyshire West
 Rugby
 Bebington & Ellesmere Port
 Basildon
 Aldridge Brownhills
 Devon North
 Sudbury & Woodbridge
 Croydon North-West
 Southend East
 Ilford South
 Bridlington
 Perth & Perthshire East
 Brighouse & Spenborough
 Macclesfield

* New Members elected May 1979

Letters should be addressed to Members of Parliament at
HOUSE OF COMMONS, LONDON, SW1A 0AA

PLEASE READ OVERLEAF.../

Conservative European Reform Group

Mr. Teddy Taylor asked the Lord Privy Seal if he will make a statement, pursuant to his reply to the hon. Member for Flint, West (Sir A. Meyer) on 3 December, *Official Report*, 3 December, c. 395, explaining how the aims of the Conservative European Reform Group are incompatible with continued membership of the European Economic Community.

Sir Ian Gilmour [pursuant to the Minister of State's reply, 9 December 1980, c. 543]: The first announced aim of the European Reform Group is the ending of the common agricultural policy. This aim is incompatible with our membership of the European Community. The Treaty of Rome in articles 38 to 46 explicitly requires that there should be a common agricultural policy. Article 39, in particular, states what the objectives of the CAP shall be,

"to increase agricultural productivity . . . to ensure a fair standard of living for the Agricultural Community . . . to stabilise markets . . . to assure the availability of supplies . . . to ensure that the supplies reach consumers at reasonable prices".

The Government, like all British Governments since our membership, support the objectives of the CAP as set out in this Article. They are similar to the objectives of British agricultural policy before our membership of the Community. The Government are not, however, satisfied with the present workings of the policy. Our view of the need for far-reaching reforms in its operation is shared increasingly by other member States, some of which have already put forward ideas of their own. This is quite possible within the framework of the Treaty. Rather than abolition of the CAP, it is effective reform of the policy which is needed. The commitment to restructuring of the Community budget achieved in the 30 May agreement provides a unique opportunity to bring this about.

On the group's second aim, reform of the system of financing the budget, the Government agree that we must work for a better balance in European

Community net budget contributions. We have already achieved a great deal in this area. We shall be seeking further progress during the process of examination of the Community budget which will take place, in accordance with the agreement of 30 May, during 1981. In the agreement, our partners have accepted the need to prevent the recurrence of unacceptable situations for any individual member State and to review the whole structure of Community expenditure policies.

As regards the third aim, independent action by member States on dumping or other unfair trade practices by third countries would be incompatible with chapter 3 of the Treaty of Rome and in particular with article 113 which explicitly states that

" . . . the common commercial policy shall be based on uniform principles, particularly in regard to . . . measures to protect trade such as those to be taken in case of dumping . . . "

Since the European Community is a full customs union within which goods circulate freely, anti-dumping action has to be on a Community basis if it is to be effective. So the restoration to member States of the right to take unilateral action on unfair trading practices including dumping is inconsistent with our obligations under the common commercial policy and would weaken the effectiveness of the Community's action as a whole.

The group's fourth aim is the reassertion of the power of national parliaments over the European Community institutions. The powers of the European Community institutions are set out in the treaties to which the United Kingdom acceded under the Treaty of Accession. The reassertion of the power of national Parliaments over the institutions of the Community in such a way as to interfere with the powers conferred by the treaties on those institutions would be incompatible with the obligations we accepted when we ratified the Treaty of Accession. In practice, however, the vast majority of important decisions in the European Community are taken by the Council on the basis of consensus. Ministers are as accountable to Parliament for their Community activities as they are for any other activities. The scrutiny procedures of this House provide for examination of draft Community legislation before it is approved

by the Council of Ministers. The Government have undertaken to the House not to give approval in the Council of Ministers to a proposal which has been recommended for a debate by the House before that debate has taken place, save in exceptional circumstances or where the Scrutiny Committee agrees that United Kingdom consent in Council need not be withheld.



Caroline COPY GROUP
FOR EUROPE.

10 DOWNING STREET

6th January, 1981

Many thanks for your letter of
2nd January.

The Prime Minister would, of course,
be very pleased to see you and David Hunt.

Either Caroline or I will be in
touch with you shortly about a date.

IAN GOW

Hugh Dykes, Esq. M.P.
House of Commons

B.F.

Arranged for Thursday 15 January
at 1900 in H.C. No
further briefing required.
C.I.

From: Hugh Dykes, MP



2.1.81

My dear Sir

I was wondering if it would be possible for David Hunt and me, representing the Cons. Group for Europe, to come and see the PM briefly in the next few weeks.

I thought it better for just the two parliamentary officers to come rather than include all, so as to facilitate a brief talk more oriented to Commons aspects of the EEC, etc..

I am only too aware of the demands on time, so if this were possible I would be enormously grateful. You did stress that the PM was anxious to 'receive all' recently, and there are one or two EEC points that David and I would like to broach.

Yours faithfully
H. Dykes

Best wishes (oo for 8)