

PRIME MINISTER

E.E.C. BUDGET CONTRIBUTION


1. As you know, the following Early Day Motion has now attracted 164 signatures:-

"That this House, recognising that Great Britain's contribution to the E.E.C. budget is unacceptably high, offers the Prime Minister every encouragement in her determination to secure an equitable and early reduction".

2. The principal signatories to that Motion, John Major, John Watson, Tony Marlow, Peter Lloyd, Albert Costain and Graham Page have sent a letter to The Times, reinforcing the terms of the Motion on the Order Paper.

3. I attach a copy of their letter, which I think is an excellent one.

8th November, 1979


Ian Gow

7th November, 1979

Sir,

We recently sponsored a motion offering the Prime Minister every encouragement in her determination to secure an early and equitable reduction in the unacceptably high U.K. contribution to the E.E.C. budget. It has so far been signed by 162 Conservative MP's - three quarters of those eligible to do so as members of the Government and their Parliamentary Private Secretaries are by tradition debarred from adding their signatures. It should leave our E.E.C. partners in absolutely no doubt that Mrs. Thatcher's stand is overwhelmingly supported by her Parliamentary Party, which has been, and still is, the mainstay of the European cause in Great Britain.

Nevertheless we believe that the E.E.C. cannot much longer retain the loyalty of a member country if it continues to demand a membership fee entirely out of line with the resources that country brings to the Community or the benefits it draws from it. The following table illustrates very starkly how heavily the U.K. is penalised in this respect.

1980 EEC Budget

	GDP per head Denmark = 100	Net receipts/ contributions per family of 4
Denmark	100	+ 196
Germany	92	- 46
Belgium	87	+ 158
Luxembourg	86	+2202
Netherlands	84	+ 82
France	83	- 1
U.K.	53	- 88
Italy	46	+ 35
Ireland	37	+ 430

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Neither the offer of short term budgetary adjustments nor the promise of long term increases in programmes which directly favour the U.K. will provide an acceptable remedy. Only with new and permanent financial arrangements, involving in particular the fundamental reform of the C.A.P., which will reduce the central budget as well as spread the visible net cost/benefit of membership far more equally than at present, can the E.E.C. remain united and flourish.

We believe our European partners accept the general truth of this proposition. We believe they want Britain to remain part of the Community. We trust they also recognise that unless we can jointly work out the radical changes needed and put them speedily into effect, the case for Britain staying inside becomes increasingly difficult to sustain.

Yours, and Etc.

The Editor,
The Times,
New Printing House Square,
Gray's Inn Road,
W. C. 1.