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From: G.R. Denman DB, CMO

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QZ 094

*Sir Antony*

EUROPEAN COUNCIL ROME 1-2 DECEMBER

I have sent you separately for your personal information the first section of the Foreign and Commonwealth Secretary's record of the European Council meeting at Rome. I now enclose the second. In this letter I shall try and set out some reflections on the meeting as a whole. These are inevitably personal and I have not discussed them with anyone else. But it seemed to me useful to try and take a view on where we go from Rome. And so I should welcome any comments.

2. Looking back at the Council the main points which strike me are these:

- a) Although most of the headlines focussed on our bid for separate representation at the CIEC some quite substantial progress was made at the Council on other fronts. Thus we were able to strike a positive note on financial control; indeed, the Prime Minister's proposals substantially contributed to the basis on which further work will now be done in the Community. We got agreement to our proposal that Ministers of the Interior should meet early next year to discuss collaboration in the law and order field. And on direct elections and passport union we were able to sound reasonably forthcoming - in the sense that we saw difficulties not of principle or commitment but simply on practical grounds - without committing ourselves to dates which would have aroused domestic political difficulties here. And for one Council these results even on their own were far from negligible.
- b) On the subject which naturally attracted most of the publicity - and indeed took a solid 9 hours of continuous discussion on the second day - the CIEC, the predominant feeling, I think, at the end of the meeting was one of great relief that a compromise had been reached. And the compromise had some substantial advantages for us; we have obtained a separate voice both at the Ministerial Conference in December and on the particular Commissions and

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we have got the French into line with the rest of the Community on the principle of an MSP and on emergency oil sharing. (Indeed, Press criticism concentrated not so much on the results but on the tactics we have pursued to get them). And this agreement was all the more welcome because of the very serious crisis which would have arisen inside the Community if no agreement had been reached and if the CIEC had had therefore to be put off.

- e) Indeed, there were a number of tributes to the positive nature of the compromise. "Europe" hailed it as a "Community victory". In an editorial of 4 December, which the Prime Minister quoted in the House, Le Monde said that his tactics had led to more progress being made in Community energy policy in a few hours than since the birth of the Community. President Giscard said that the compromise had shown the value of the European Council and that the Community had come out of the crisis stronger than before. And Herr Schmidt expressed himself content on his return to Bonn.
- d) But the fact that the house is not ragingly on fire should not blind us to the fact that there is a good deal of glass on the floor. And among our partners I detect a mixture of three feelings:
- i) a difficulty to begin with in understanding what we were really fighting for. Everyone in the Community understands that when a vital national interest is at stake the bargaining has to be hard right up to the brink. But rightly or wrongly most of our partners regarded our bid for separate representation not only as flying in the face of the ground rules of the Community but as a reflection (to quote Die Welt) of "a long since out of date national pride of an England of yesterday"
  - ii) regret that 9 continuous hours of the time of Heads of Government had to be devoted in the full glare of crisis brinkmanship to settle this issue. Partly this reflects the sentiment best expressed by Gaston Thorn quoted in the NZZ as saying that at the United Nations the Common Market was now referred to as the Common Bazaar. Partly - and this seems to have been one of Schmidt's comments - it reflects the feeling that Heads of Government really had more serious matters to which to devote their attention - eg the CAP - than to spend all of one day chasing the bees out of the bonnet of one of their economically weaker members.
  - iii) and this has to be set against the wider context of our membership of the Community so far. In the days of 1971 and 72 there was a touching faith among the Six that our entry would be of great benefit to the development of Europe. These hopes were largely disappointed in 1973, partly by the often crude tactics we employed, partly by our disappointing economic performance. Then in February 1974 our partners realised - at first unwillingly, later with resignation - that they faced a renegotiation. Some of them began to wonder whether it was worth having us in at all. But the

view prevailed that it was worth while and they all went - by their standards - to some trouble to make the concessions which would keep us in. After the referendum they all heaved a great sigh of relief and hoped that then they could expect a united and positive contribution from us. But again they found that they were disappointed. One reaction to this was a leading article in Die Welt on the 4 December called "One too many on board?" (a title of such admirable brevity and significance that I do not need to spell out to you the nature of the article which followed). Pierre Drouin of Le Monde wondered simultaneously whether the British had really joined the Community in the realisation that their traditional policy of keeping the balance of power in Europe could only be pursued by divisive tactics inside rather than from outside the EEC. And Les Echos talked of our once again poisoning the atmosphere in the European Council and accused us of never having reconciled ourselves fully to membership of an institution which we had opposed before its birth.

- e) One further development is worthy of note. At one point in the discussion Herr Schmidt said in effect that if anyone in the Community had to go it alone it was Germany, by far the richest Member State, which could afford to. This struck the Foreign and Commonwealth Secretary (he told us afterwards) as uncomfortably reminiscent of some of the attitudes of pre war Germany. But it was in fact a graphic illustration of the point many of us have often made in discussing the value of the Community; that if the elemental force which drove Germany half across the world thirty years ago and has led them to win the peace since is not safely anchored in a peaceable democratic Community things could turn out badly for us all.

3. What conclusions can we draw from all this? It can of course be argued that there is no great need to draw any at all. Hard words have been exchanged but we have come to a satisfactory compromise and there is no need to be ashamed of having fought a good (and substantially successful) fight. I do not think this is quite the answer. Satisfactory compromise or not given the factors set out above our credit in the European bank is not only low but overdrawn. It would be wrong to be half hearted in defence of our interests. But it does seem to me to follow that we need to watch over the next few months in particular our tactics with special care. If we continue to give the impression of extreme opposition in meeting after meeting to positions held by the rest of our Community partners it will not just be a case of their finer feelings being assaulted but of limits, often severe, being imposed on the extent to which we can achieve our objectives within the Community in different fields. So we need to consider with added care over the next few months not so much the national interests we need to defend - because we shall need to defend these vigorously whatever the current mood but the presentation of our case, the tactics we follow given a realistic appreciation of what we think we shall be able to get at the end of the day, and the interaction between what we are pursuing in various different Community fields.

I am sending copies of this letter to our Unit colleagues and to Donald Maitland, to John Hunt, Ken Berrill and Michael Palliser and to Nicko Henderson and Oliver Wright.

*Yours ever*  
*Roy*  
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