

Centre for Policy Studies

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In confidence

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I enjoyed our talk last Friday at Brighton. I have given more thought to this group. I must say that I would appreciate a further chat with you at some time - less about the personnel who might help us than about the substance of the question of our future relationship with the Community.

Of course, I take your point that matters of presentation are as important as those of substance. But presentation depends on agreement as to what the substance is.

It is here, it seems to me, that serious thought is needed which must be done before writing the first few paragraphs of our report.

For example, not long ago, I heard Douglas Hurd talking lucidly about the growth of political co-operation with the European Community. One of those present asked him what was the point of it all: what was the "over-arching" principle? Douglas replied that it was not in the tradition of British foreign policy to speculate much on long-term aims. Such an approach may very well justify tactical questions as, for example, air-line deregulation or car prices, and of course in policy one should not be so tied by policy as to be unable to take advantage of chance opportunities, but surely our report should state what our attitude is towards federalism, the very idea of European foreign policy, and the risks (if any) of decouplement from the United States which might occur in defence, and perhaps other zones.

Thus I would like the early paragraphs to state plainly what we think that the European Community is: essentially a market and being a complicated and international market, very complicated rules have to be devised for it. These rules are not those which we would have proposed had we been in at the beginning and we have hoped from the beginning to alter them in some ways. Insofar as marketing and economics naturally

/have an international

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To secure fuller understanding of the methods available to improve the standard of living, the quality of life and the freedom of choice of the British people, with particular attention to social market policies.

have an international political dimension, some degree of political co-operation has become essential. The EEC thus is rather like Lloyd's whose rulers define themselves primarily as "running the coffee house" - however complicatedly.

But we do not see this political collaboration as a pre-figuration of real union or federalism, with which the Conservative Party should have no truck; partly because such arrangements would ruin our national identity, and partly because the result would plainly be the establishment of a top-heavy bureaucracy operating outside this country and probably largely operating in the interests of France.

Thus we are interested in enlargement of the Community as such, not only because enlargement would increase the area of European free trade - a very important issue indeed - but because it will make more difficult the establishment of a European political unity which we might not be able to control.

In addition, one political reason why we should wish to remain inside the Community (and take part in its political collaboration) is that withdrawal would be likely to hasten the achievement of a European unity achieved without us and possibly against us.

These seem some of the things which ought to be discussed candidly in the early part of our report. I hope they do not seem too cynical.

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
