

PRIME MINISTER

CPS Report on the European Community

I have talked to the Chairman and
relayed your note to him. He takes the
view still that there is much more to
be lost by trying to stop publication,
now that the press have a copy of the
Report, than there is by allowing
publication to go ahead.

88

ms

STEPHEN SHERBOURNE

4.6.84

PRIME MINISTER

CPS REPORT ON THE EUROPEAN COMMUNITY

- It would be better if it were now published - and judged by the quality of the language!*
1. This Report is now being published, a week on Monday, 11 June.
 2. Two of the sensitive sentences on the use of the veto have been amended satisfactorily.
 3. But, there is one paragraph (which I attach separately) which is not satisfactory. *enhance the resolution - 7 C.P.S.*
 4. However, publication is going ahead because a copy of an early draft has for some time been in the hands of The Times. To stop publication now would only draw attention to our anxiety about the Report and lead to charges of "cover up". As a result, the Chairman and Geoffrey Howe have taken the view that it is better to allow the Report to be published.
 5. The situation is liveable with. But we must be prepared for the following reactions:-

- (a) It may be noticed that certain parts of the Report on the veto had been amended between early draft and final draft - prompting the charge of 'Government interference'.

The response must surely be: this is a CPS and not a Government Report.

- (b) The press may seize upon the potentially embarrassing paragraph on the veto (attached) and say that the CPS policy on the veto is the same as the Alliance's; and if the press don't make this point the Alliance almost certainly will.

/In

In this event, we simply have to dissociate ourselves from the CPS by saying that the CPS is independent and does not represent Government policy.

6. The Chairman is aware of all of this. The purpose of this note is simply: first, to alert you to the current position which has only come to light in full this afternoon. Secondly, for you to confirm that you accept the decision taken by the Chairman that to try to prevent publication would promote more embarrassment than publication.

S.S.

STEPHEN SHERBOURNE

31 May, 1984

Prime Minister

Para 16.27 has been amended to read as follows - which is a real improvement.

Para 16.28 and 16.29 are, in part, unhelpful, though not always clear.

State...

and is likely to continue to do so.

Yet clearly

16.27 A right of national veto in defence of very important interests reflects current political reality.

~~national veto in the short term. The key point is that the national blocking power should not be used lightly. The Community must not be stopped from responding rapidly to the challenges it faces.~~

16.28 Where the Treaties permit majority decisions by the Council, practical steps should be taken to help restrict the use of the veto to the defence of genuinely important interests. We recommend one or more of the following:

(a) A Member State that invokes its veto should be required to put its reasons in writing. This, it has been argued, might lead to greater rigidity. But the risk seems a small one by comparison with the possible advantages.

UNCLEAR →

(b) Agreements should be negotiated on groups of items that will be dealt with by majority vote.

POTENTIALLY EMBARRASSING →

(c) Where the veto has been invoked, the item should be postponed for six months. The case would then have to be supported by the Head of Government personally in the European Council if the veto is to be maintained.

(d) Abstention should be encouraged as an alternative to using the veto.

ALSO UNCLEAR →

16.29 Where the Treaties impose a rule of unanimity, we recommend that the Council proceed by way of broad enabling legislation, establishing a framework within which it is provided that more detailed measures may be adopted by a qualified majority.

Prime Minister

NSV *Sen*
✓

CPS REPORT ON THE EUROPEAN COMMUNITY

This Report is now being published.

Two of the sensitive sentences on the use of the veto have been amended satisfactorily to conform with Party policy. However, there is one paragraph which I attach separately which is not satisfactory and does not appear to have been amended.

Publication is going ahead because - it now appears that - a copy of an early draft had already been sent to The Times, even while discussions took place between the Chairman and Hugh Thomas about it. To stop publication would only have drawn attention to our anxiety about the Report and would have led to charges of "cover up". As a result, the Chairman and Geoffrey Howe have taken the view that it is better to allow the Report to be published.

Publication date appears to be Monday, 11th June; though it is possible that with drafts lying around something may leak earlier.

We must be prepared for any of the following reactions:-

- (a) It may be noticed that certain parts of the Report on the veto had been amended between early draft and final draft - prompting the charge of 'Government interference'.

The response must surely be: this is a CPS and not a Government Report.

- (b) The press may seize upon the potentially embarrassing paragraph on the veto (attached) and say that the CPS policy on the veto is the same as the Alliance's; and if the press don't make this point the Alliance almost certainly will.

In this event, we simply have to dissociate ourselves from the CPS by saying that the CPS is independent and does not represent Government policy.

In my view there are two explanations for how an unsatisfactory, though liveable with, situation has arisen. One is that the Party has been "bounced" into accepting publication by it ^(ie. The Report) being sent to different people at different times and in different forms; and only very late in the day (ie. last Tuesday, 29th May) being told that The Times actually had a copy. This view is borne out by a letter written by Hugh Thomas to the Chairman defending the independence of the CPS, although he did, to be fair, accept some amendments to the text.

The other explanation is that the CPS, not being at the sharp end, simply never appreciated the dangers and have been incompetent in not properly consulting the right people in the Party at the right time. I tend to subscribe to the latter view though I do agree that Hugh Thomas is very jealous of the Centre's independence.

The Chairman is aware of all of this. The purpose of this note is simply: first, to alert you to the current position which has only come to light in full this afternoon. Secondly, for you to confirm that you are happy with the decision taken by the Chairman that, in these circumstances to try to prevent publication would promote a far bigger row and embarrassment than publication (including the attached paragraph, from which we can dissociate ourselves).

Sherman

Stephen Sherbourne

31.5.84



10 DOWNING STREET

MAY 29 ↔

Stephen.

You have seen the first
draft.

Attached correspondence [+ changes
to draft] to John S. Gummer.

Have you any views on

① Publication?

② Date?

See you THURSDAY MAY 31

David Wefin



8 Wilfred Street · London SW1E 6PL · Telephone 01-828 1176

27 May 1984

BOARD OF DIRECTORS

Lord Thomas
Chairman
Lord Cayer
Hon Treasurer
Sir Alfred Sherman
Director of Studies
Lord Beloff
Peter Bowring
Baroness Cox
Professor Alan Dashwood
Jonathan Gestetner
Ronald Halstead
Sir Hector Laing
Shirley Letwin
Kenneth Minogue
Derek Palmer
Lord Vaizey
Simon Webley

DIRECTOR OF RESEARCH
Dr Elizabeth Cottrell

STUDY GROUPS

George Bunton
Health
William Cash
Rationalisation of Law
Bryan Cassidy
Communications
Michael Colvin
Shipping Policy
Baroness Cox
Education
Professor Alan Dashwood
European Community
Robert Flach
Crime & Juvenile Delinquency
Teresa Gorman
QUALGOs
Alex Henney
Housing & Local Government
J. N. C. James
Urban Land & Housing
Professor R. V. Jones
Defence
Richard King
Trade Policy
Russell Lewis
De-regulation
Sir Leonard Neal
Trade Union Reform
Lord Thomas
Soviet Relations
Lord Vaizey
'New Beveridge'
Nigel Vinson
Personal Capital Formation
Simon Webley
Nationalised Industries
Keith Williams
Transport

RESEARCH FELLOWS

Keith Boyfield
Dr Jill Edwards
Richard Harrison
Daniel Johnson

SECRETARY

Nathalie Brooke

FOUNDERS

Rt Hon. Mrs Margaret Thatcher
Rt Hon Sir Keith Joseph, Bt

*on sabbatical leave 1983-84

My dear John,

On the telephone on Friday you asked me to postpone, until after the European elections on June 14, the publication of our pamphlet MAKING IT WORK: THE FUTURE OF THE EUROPEAN COMMUNITY, which we have planned to produce on June 8. You believed that this document which we sent you in typescript offered a chance for the other parties to suggest that there were divisions within our party on one or two major issues.

I am very sorry to say that, for the reasons I go into below, it is most difficult for me to do all you want. But I think I can make some helpful changes in the proof which I believe really should meet your most acute anxiety, namely over the veto and sovereignty. These changes will I am certain enable the paper to appear as planned without inviting the criticisms which you anticipate.

Perhaps I should say that I was not myself an active member of the group which prepared this paper but I did inspire it and chose its dedicated Chairman. For my own part, although there are some passages in the paper which read to me overly communautaire, it does seem to me that taken as a whole it has sorted out some of these high complexities with admirable logic. I know that Professor Dashwood and his colleagues have devoted many hours to produce this appraisal specifically to give bottom to the discussions in the election. Thus to ask us to postpone publication till the dead time after June 14 would certainly constitute a slap in their faces.

Further in the long, even if not in the short, run, the fact that a postponement had been deliberately arranged might leak to the general public, and that might not only reflect on our Centre's reputation for independence, but also could excite the press to that special frenzy which characterises it when it scents a "cover-up". I would not want to over-stress this danger, but it must be possible since some in the press already know of this pamphlet. For example, both the editors of the Times and the Economist are interested and the former has a copy of the draft.

/ You may say that

You may say that we should have consulted you before. Yet at a meeting on, I think, April 9, at Central Office, which was addressed by Professor Dashwood, Keith Joseph, as Chairman of the Policy Committee (I hope this is the right description) said he did not think it necessary to know on what points this publication of the Centre seemed likely to differ from the Party on European issues, since, as he put it, the Centre for Policy Studies was an independent research body which did not speak for the Party. Further, Andrew Tyrie of the Research Department, who was I understand a most valuable member of the group, presumably kept Central Office informed of its intentions.

Nevertheless I naturally do want to help you as much as I possibly can. The main point to which you suggest that there might be attention adversely paid are the passages on the veto. Our recommendations appeared to you to be close to the views of the Social Democrats. You also mentioned as unhelpful the fact that Andrew Tyrie and Tim Renton, Geoffrey Howe's PPS, would be associated with the paper in the list of members of the group.

I have looked carefully at the passages concerned and believe that we can alter the text in a way that would at once please you and at the same time keep the essence of the original, which may indeed have left the wrong impression because it had been kept brief. We presumably want this text to show that while, on the one hand, we need the national veto to secure matters of life and death, we do require the Community to be able to take decisions on less important matters and thus not be ham-strung by the timidity or intransigence of uncooperative small states. I enclose a photo-copy of the proof concerned and from my amendments I think you will agree that this delicate matter has been correctly and creatively dealt with - both in the text and the conclusions. The paper now makes crystal clear that, unlike the Social Democrats, the Study Group did not support the abolition of the veto along the lines of the European Draft Treaty recently endorsed by the European Parliament.

I have not touched the passages on EMS or the Budget since the first looks to me to be both balanced and obscure, while the financial section of the paper was, I believe, partially drafted by Andrew Tyrie and surely it reads well.

I also suggest that the names of Andrew Tyrie and Tim Renton be removed from the list of participating members of the group, if they desire it.

On the paper as a whole: the Centre always issues a disclaimer in its publications saying it does not endorse the policy suggested; it merely publishes ideas which it considers worth discussing. That is more than a mere form of words. It is surely anyway desirable for a group of people associated with the Party, but not, of course, representative of it, to express an informed interest in the knotty problems which must be solved in the future in the Community. As to electoral consequences: looking at these sometimes dry paragraphs, and recalling the near coincidence of our proposed publication day with the world economic "Summit"

/(not to speak of

(not to speak of the aftermath of President Mitterrand's recent speech), I wonder how much the paper will be noticed? If it is, is it not possible that the consequences would be favourable since the paper shows, to potential Social Democrat defectors as to others, that some of us have been trying to think these complicated things through to their conclusion.

Yours ever

Hugh

The Lord Thomas

John Selwyn Gummer Esq MP

The Community's Institutions

Short-term

(1) The European Council should not normally be called upon to resolve complex disputes that are causing difficulties in the Council but should concentrate on the wider issues. The number of meetings in a year should be reduced to two.

(2) Brussels should be fixed as the permanent seat of the European Parliament and its secretariat.

(3) ~~Practical steps to restrict the use of the veto in the Council should~~ include one or more of the following:

- (a) a requirement that reasons be given in writing;
- (b) negotiation of agreements on groups of items that will be dealt with by majority vote;
- (c) a procedure under which, following a veto, the item in question would be postponed for six months; thereafter, in order to maintain the veto, the case would have to be supported by the Head of Government personally in the European Council;
- (d) encouragement of abstention as an alternative to using the veto.

(4) Before legislation is drafted, the Commission should submit a Green Paper on the subject to the relevant Committee of the European Parliament. If the Committee finds the proposal unacceptable, and it is not withdrawn, a debate should be held on the subject.

(5) The Court of Auditors should be invited, in conjunction with outside experts, and in cooperation with the Commission, to investigate levels of staffing in the Commission and report publicly.

(6) A portfolio should not be held by a Commissioner from the same country for more than eight years.

(7) The number of Commissioners should be reduced to one per Member State. The President of the Commission should be empowered to appoint up to one assistant Commissioner per country.

(8) A tribunal of first instance should be established for staff cases, with a right of appeal to the Court of Justice on points of law only.

A right of national veto on the Council in defence of very important interests is likely to remain necessary. Practical steps to ensure that the veto is not used lightly should

9-9

PRIME MINISTER

*This copy was
Sent. 6
Pm.*

CPS REPORT ON THE EUROPEAN COMMUNITY

1. This Report is now being published, a week on Monday, 11 June.
2. Two of the sensitive sentences on the use of the veto have been amended satisfactorily.
3. But, there is one paragraph (which I attach separately) which is not satisfactory.
4. However, publication is going ahead because a copy of an early draft has for some time been in the hands of The Times. To stop publication now would only draw attention to our anxiety about the Report and lead to charges of "cover up". As a result, the Chairman and Geoffrey Howe have taken the view that it is better to allow the Report to be published.
5. The situation is liveable with. But we must be prepared for the following reactions:-
 - (a) It may be noticed that certain parts of the Report on the veto had been amended between early draft and final draft - prompting the charge of 'Government interference'.

The response must surely be: this is a CPS and not a Government Report.

- (b) The press may seize upon the potentially embarrassing paragraph on the veto (attached) and say that the CPS policy on the veto is the same as the Alliance's; and if the press don't make this point the Alliance almost certainly will.

/In

In this event, we simply have to dissociate ourselves from the CPS by saying that the CPS is independent and does not represent Government policy.

6. The Chairman is aware of all of this. The purpose of this note is simply: first, to alert you to the current position which has only come to light in full this afternoon. Secondly, for you to confirm that you accept the decision taken by the Chairman that to try to prevent publication would promote more embarrassment than publication.

STEPHEN SHERBOURNE

31 May, 1984

and is likely to
continue to do so.

~~It is not clear from~~
Yet clearly

16.27 A right of national veto in defence of very important interests reflects current political reality.

~~It is not clear from the text whether the national blocking power should not be used lightly. The Community must not be stopped from responding rapidly to the challenges it faces.~~

16.28 Where the Treaties permit majority decisions by the Council, practical steps should be taken to help restrict the use of the veto to the defence of genuinely important interests. We recommend one or more of the following:

- (a) A Member State that invokes its veto should be required to put its reasons in writing. This, it has been argued, might lead to greater rigidity. But the risk seems a small one by comparison with the possible advantages.
- (b) Agreements should be negotiated on groups of items that will be dealt with by majority vote.
- (c) Where the veto has been invoked, the item should be postponed for six months. The case would then have to be supported by the Head of Government personally in the European Council if the veto is to be maintained.
- (d) Abstention should be encouraged as an alternative to using the veto.

16.29 Where the Treaties impose a rule of unanimity, we recommend that the Council proceed by way of broad enabling legislation, establishing a framework within which it is provided that more detailed measures may be adopted by a qualified majority.

CPS

Mr. ALISON

MA 4/9

Sir DAVID WOLFSON

CPS

As you know I was not present when Hugh Thomas saw the Prime Minister recently about the CPS.

I presume that the Prime Minister was told by Hugh that Elizabeth Cotterell was being given notice. I mention it because Alfred Sherman has just rung me about it and will no doubt do some stirring on the subject.

S.S.

STEPHEN SHERBOURNE

15.8.84