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From the Private Secretary

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HMT*

19 September 1988

PRIME MINISTER'S SPEECH ON EUROPE

I enclose what I hope is the final version of the Prime Minister's speech on Europe, to be delivered in Bruges on 20 September.

We have begun to type it up for the autocue. I suggest that you get it translated for distribution in Bruges and at the same time provides copies for the Belgian and Luxembourg Governments on the morning of 20 September. The Prime Minister is not disposed to accept any further amendment but if you spot any point of inaccuracy I should be grateful if you could let me know.

C. D. POWELL

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As at 16.9.88

SP3ABM

PRIME MINISTER'S SPEECH

ON

EUROPE

IN

BRUGES

ON

20 SEPTEMBER 1988

First, may I thank you for giving me the opportunity to return to Bruges - and in very different circumstances from my last visit shortly after the Zeebrugge ferry disaster, when Belgian courage and the devotion of your doctors and nurses saved so many British lives.

Second, may I say what a pleasure it is to

speaking at the College of Europe under the distinguished leadership of its Rector, *Lukajevska* Professor Lukaszewski.

The college plays a vital and increasingly important part in the life of the European Community.

Third, may I also thank you for inviting me to deliver my address in this magnificent hall.

What better place to speak of Europe's future than in a building which so gloriously recalls the greatness that Europe had already achieved over 600 years ago?

Your city of Bruges has many other historical associations for us in Britain.

Geoffrey Chaucer was a frequent visitor here.

And the first book to be printed in the English language was produced here in Bruges by William Caxton.

Britain and Europe

Mr Chairman, you have invited me to speak on the subject of Britain and Europe.

Perhaps I should congratulate you on your courage.

If you believe some of the things said and written about my views on Europe, it must seem rather like inviting Genghis Khan to speak on the virtues of peaceful co-existence!

I want to start by disposing of some myths about my country, Britain, and its relationship with Europe.

And to do that I must say something about

the identity of Europe itself.

Europe is not the creation of the Treaty of Rome.

Nor is the European idea the property of any group or institution.

We British are as ^{much} ~~full~~ heirs to the legacy of European culture as any other nation.

Our links to the rest of Europe, the continent of Europe, have been the

dominant factor in our history.

For three hundred years we were part of the Roman Empire and our maps still trace the straight lines of the roads the Romans built.

Our ancestors - Celts, Saxons and Danes - came from the continent.

Our nation was - in that favourite Community word - "restructured" under Norman and

Angevin rule in the eleventh and twelfth centuries.

This year in particular we celebrate the three hundredth anniversary of the Glorious Revolution in which the British crown passed to Prince William of Orange and Queen Mary.

Visit the great Churches and Cathedrals of

Britain, read our literature and listen to our language: all bear witness to the cultural riches which we have drawn from Europe - and other Europeans from us.

We in Britain are rightly proud of the way in which, since Magna Carta in 1215, we have pioneered and developed representative institutions to stand as ~~bulwarks~~ against ~~tyranny and~~ bastions of freedom.

And proud too of the way in which for centuries Britain was a home for people from the rest of Europe who sought sanctuary from tyranny.

But we know that without the European legacy of political ideas we could not have achieved as much as we did.

From classical and medieval thought we have borrowed that concept of the rule of

law which marks out a civilised society
from barbarism.

And on that ^{idea} ~~concept~~ of Christendom - for
long synonymous with Europe - with its
recognition of the unique and spiritual
nature of the individual, we still base
belief in ^{personal} ~~individual~~ liberty and other
human rights.

Too often the history of Europe is described as

a series of interminable wars and
quarrels.

Yet from our perspective today surely what
strikes us most is our common ~~political~~
experience. *for violence*

The story of how Europeans explored and
colonised and - yes, without apology -
civilised much of the world | is an
extraordinary tale of ~~talent and~~ valour.
and achievement

We British have in a special way contributed to Europe.

For over the centuries we have fought and died for her freedom, fought to prevent Europe from falling under the dominance of a single power.

Only miles from here lie the bodies of 60,000 British soldiers who died in the First World War.

Had it not been for that willingness to

fight and die, Europe would have been united long before now - but not in liberty and not in justice.

It was British ^{help}~~assistance~~ to resistance movements throughout the last War that kept alive the flame of liberty in so many countries until the day of liberation came.

And it was from our island fortress that the liberation of Europe itself was

mounted.

Tomorrow, King Baudouin will attend a service in Brussels to commemorate the many brave Belgians who ~~then~~ gave their lives in service with the Royal Air Force.

And
~~The way in which in this century we have fought~~
~~tyranny in Europe, and still today,~~ ^u station
70,000 British servicemen on the mainland

Europe. All these things ~~are~~ done are
is indeed proof ~~enough~~ of our commitment
to Europe's future.

The European Community is one manifestation of
that European identity.

But it is not the only one.

We must never forget that East of the Iron
Curtain peoples who once enjoyed a full
share of European culture, freedom and
identity have been cut off from their

roots.

We shall always look on Warsaw, Prague and
Budapest as great European cities.

Nor should we forget that European values
have helped to make the United States of
America into the dynamic defender of
freedom which she has become.

Europe's Future

This is no arid chronicle of obscure historical facts.

It is the record of nearly two thousand years of British involvement in Europe and contribution to Europe, a contribution which is today as strong as ever.

Yes, we have looked also to wider horizons
and so have others
- and thank goodness we did, because

Europe would never have prospered and never will prosper as a narrow, *ruined* inward-looking club.

But that does not diminish the fact that Britain is as full, as rightful, as wholeheartedly a part of Europe as any other member state of the European Community.

The European Community belongs to all its

members, and must reflect the traditions
and aspirations of all ~~of them~~ in full
measure.

And let me be quite clear.

Britain does not dream of an alternative
to the European Community ~~or~~ ^{some} of a cosy,
isolated existence on its fringes.

Our destiny is in Europe, as part of the
Community - although that is not to say

that it lies only in Europe, ^{Now does that,} ~~any more than~~
~~that~~ ^{does} of France or Spain or indeed ^{of any} ~~the~~
^{other members.}
~~Community itself does.~~

The Community is not an end in itself.

It is not an institutional device to be
 constantly modified ^{according to} ~~because of~~ the
 dictates of some abstract theory.

Nor must it be ossified by endless
 regulation.

It is the practical means by which Europe can

^{the}
ensure ~~its~~ future prosperity and security
^{of its people} ^{of}
in a world ~~in which~~ many other powerful
^{nations or groups.}
~~groupings are emerging.~~

We Europeans cannot afford to waste our

energies on internal disputes or arcane
institutional debates.

They are no substitute for effective

action.

Europe has to be ready both to contribute in full measure to its own security and to compete - compete in a world in which success goes to the countries which encourage individual initiative and enterprise, rather than to those which attempt to diminish them.

- ① Soc. Skills
- ② Trade change between skills
- ③. Knowledge change
- ④. Outward looking
- ⑤. Secure defense

I want this evening to set out some ^{guiding principles} ~~guidelines~~
 for the future which I believe will ensure
 that Europe does compete and will
 succeed, not just in economic and defence
 terms but in the quality of life ^{and well-being} of its
 peoples.

^{Frank} ~~Willing co-operation between sovereign states~~

~~Strength through Diversity and Individual~~

Freedom

guideline
 My first ~~guideline~~ is this: willing and active
 cooperation between independent sovereign
 states is the best way to build a
 successful European Community.

To try to suppress nationalities or to concentrate power
 at the centre of a European confederation would be dangerous *and without*
 would jeopardise the objectives of such a scheme
 Europe will be stronger precisely because it

has France as France, Spain as Spain,
~~and so on~~
 Britain as Britain, each with its own
 customs and traditions.

It would be folly artificially to *try to*

~~standardise them~~ to fit ^{them into} some sort of
~~neutral~~, identikit European personality.

Some of the founding fathers of the Community
thought that the model might be the United
States of America ^{is} ~~the~~ model.

But the whole history of America is quite
different from Europe.

People went there to get away from the

intolerance and constraints of life in European countries.

They sought liberty and opportunity; and their strong sense of purpose has, over two centuries, helped create a new unity and pride in being American - just as our pride lies in being British or Belgian or Dutch or German.

I am the first to say that on many great issues

the countries of Europe should try to speak with a single voice.

I want to see them work more closely on the things we can do better together ^{closer} than ~~singly~~.

Europe is stronger when we do so, whether it be in trade, or in our relations with the rest of the world.

But working more closely together does not require power to be centralised in

Brussels or decisions to be taken by an appointed bureaucracy.

Indeed, it is ironic that just when those countries such as the Soviet Union, which have tried to run everything from the centre, are learning that success depends on dispersing power and decisions away from the centre, some in the Community seem to want to move in the opposite

direction.

Fortunately, they are not succeeding.

In the Single Market programme the Community is adopting measures designed to free markets, to widen choice, and to produce greater economic convergence through reduced government intervention. And quite right too.

~~Let me say bluntly on behalf of Britain:~~ we

have not successfully rolled back the
frontiers of the state ^{in Britain} ~~at home~~, only to
see them reimposed at a European level,
with a European super-state exercising a
new dominance from Brussels.

Certainly we want to see Europe more

united and with a greater sense of common
purpose.

But it must be in a way which preserves
the different traditions, ^{Parkinson's prose} customs and the
sense of ^{nation} pride, ~~in one's own country~~, for
these have been the source of Europe's
vitality and ~~inventiveness~~ through the
centuries.

~~A commitment to diversity is as important
as one to harmonisation.~~

Encouraging Change

My second guideline ^{is purpose} is this.

Community policies must tackle present

problems ^{however difficult} (in a practical way ~~and the~~ ^{however difficult that} ~~may be~~ ^{may be}.)

~~solutions must be relevant to the world in~~

~~which we live.~~

If we cannot reform those Community

policies which are patently wrong or

ineffective and which are rightly causing

public disquiet, then we shall not get the public's support for the Community's future development.

That is why the achievements of the European Council in Brussels last February are so important.

It wasn't right that half the total Community Budget was being spent on storing and

disposing of surplus food.

Now those stocks are being sharply reduced.

It was absolutely right to decide that

agriculture's share of the budget should be cut in order to free resources for

other policies, such as helping the less well off regions and ~~to~~ training for jobs.

It was right too to introduce tighter

budgetary discipline to enforce these decisions and to bring total EC spending under better control.

Those who complained that the Community

was spending so much time on

financial detail missed the point.

You cannot build on unsound foundations;

and it was the fundamental reforms agreed

last winter which paved the way for the

remarkable progress which we have since
made on the Single Market.

But we cannot rest on what we have achieved so
far.

~~We still need further improvements in
financial management and control.~~

For example
~~And~~ the task of reforming the Common

Agricultural Policy is far from complete.

I accept that the Common Agricultural Policy
has played an essential role in the
construction of Europe.

Celant Europe needs a stable and efficient
farming industry.

But the CAP has ~~become~~ unwieldy and

inefficient and grossly expensive.

~~It has placed a high cost especially on
our taxpayers, but also on consumers.~~

And production of unwanted surpluses
neither safeguards the income nor the
future of farmers themselves.

In the last few years we have achieved
some important reforms.

The decisions we took this February mark a
major advance in controlling our spending
on agriculture.

We must continue to pursue policies which
 relate supply more closely to market
 requirements, and which will reduce
 overproduction and limit costs.



Of course, we must protect the villages and

rural areas which are such an important

part of our national life ^{the} but not by ~~perhaps~~ ~~perhaps~~
~~up~~ ~~Support~~ ~~as~~ ~~do~~ ~~not~~ ~~water~~ ~~wisdom~~ ~~of~~ ~~agricultural~~ ~~prices~~

~~But we should do so by exploiting new~~

technologies and better communications to

create jobs in rural areas so that people will have the opportunity to stay in their communities, where they will have a better quality of life and conserve the landscape.

This will be far less of a burden on the consumer and the taxpayer than simply piling up ever larger surpluses.

Tackling these problems requires political

courage.

The Community will only damage itself in the eyes of its own people and the outside world, if that courage is lacking.

Europe open to enterprise

guiding principle

My third guideline is the need for ~~the~~

political will

Community ~~to~~ encourage ~~individual~~

Europe

enterprise if ~~it~~ *(is to)* flourish and

~~succeed.~~ *credit the jobs of the future.*

The basic framework is there: the Treaty

itself was intended as
of Rome ~~is in~~ fact a Charter for Economic
Liberty.

But that is not how it has always been
read, still less applied.

Our own experience in Britain has pointed
the ~~same~~ way.

We have rediscovered the spirit of enterprise by realising that public resources are in fact private resources taken by the state, and that the individual is far better equipped to take many decisions than the state is.

The lesson of the economic history of

Europe in the 70s and 80s is that
~~a state can manage~~
~~central planning & direct control~~
"dirigisme" doesn't work, and that

personal endeavour and initiative does.

a state - controlled

That central planning is a recipe for low growth; and that free enterprise within a framework of law brings better results.

The aim of a Europe open for enterprise is

the moving force behind the creation of the Single European Market by 1992.

By getting rid of barriers, by making it

possible for companies to operate on a Europe-wide scale, we can best compete with the United States, Japan and the other new economic powers emerging in Asia and elsewhere.

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But completion of the Single Market must not mean tying ourselves up in ever more regulations.

Our aim should be not to regulate more or
to issue ever more directions from the
centre: it should be to deregulate, to
liberalise and to open up.

Britain has been in the lead ~~here~~ *in opening its markets*
to other

The City of London has ~~long been open to~~ *other large island*
financial institutions *for* all over the world,
which is why it is the biggest and most
successful financial centre in Europe.

We have opened our market for
telecommunications equipment, introduced
competition into the market for services
and even into the network itself - steps
which others in Europe are only now
beginning to face.

In air transport, we have taken the lead in
liberalisation and seen the benefits in

cheaper fares and wider choice.

Our coastal shipping trade is open to the
merchant navies of Europe, which is more
(I wish I could say
the same of ~~than can be said of most other~~ *many* Community
members.

~~We hope others will follow our lead.~~

And consider

Take monetary matters.

The key issue is not whether ^{there should be} a European Central Bank ~~is necessary~~.

The immediate and practical requirements are:

- ^{to implement} ~~full implementation~~ of the Community's ~~recent~~ commitment to free movement of capital ~~round Europe~~, and to the abolition throughout the Community of the exchange controls which were abolished in Britain in 1979, so that people can invest

wherever they wish.

- ^{to} ~~the establishment of~~ a genuinely free market in financial services, in banking, insurance, investment.

- ^{to make} greater use of the ecu.

Britain is this autumn issuing ecu-denominated Treasury bills, and hopes to see other Community governments

increasingly do the same.

These are the real requirements because

they are what Community business and industry need, if they are to compete effectively in the wider world.

And they are what the European consumer wants, for they will widen his choice and lower his costs.

It is to such basic practical steps that the

Community's attention should be devoted,

~~not to a European Central Bank which is a~~

~~distraction from them.~~

~~We must stick to reality not rhetoric.~~

It is the same with frontiers.

Of course we must make it easier for goods
to pass through frontiers.

Of course we must make it easier for our

people to travel throughout the
Community.

But it is a matter of plain commonsense
that we cannot totally abolish frontier
controls if we are also to protect our
citizens ^{from crime} and stop the movement of drugs,
of terrorists, of illegal immigrants.

That was underlined graphically only three
weeks ago, when one brave German customs

officer, doing his duty on the frontier between Holland and Germany struck a major blow against the terrorists of the IRA.

And before I leave the subject of the single market, may I say that we emphatically do not need new regulations which raise the cost of employment and make Europe's

labour market less flexible, *and less competitive with various systems.*

Certainly we in Britain want no part in

attempts to introduce corporatism at the European level.

Europe open to the world

Guiding principle

My fourth guideline concerns the

Community's role in the world.

We cannot properly safeguard the prosperity of Europe unless the world prospers: so we must ensure that our

approach to world trade is consistent with
the liberalisation we preach at home.

Economic success in each of our countries has
come from restructuring, from getting rid
of restrictive practices, from reducing
subsidies, and from privatising state-run
industries.

The expansion of the world economy requires us

to continue the process of removing
barriers to trade, and to do so in the
multilateral negotiations in the GATT.

It would be a betrayal if, while breaking
down constraints on trade in order to
create the Single Market, the Community
were to erect greater external
protection.

Understanding that
~~Such a course would damage the~~

multilateral trading system: it would also damage the Community itself.

Instead we should be seeking to persuade others in GATT to open their markets too.

One of the key issues in the current GATT negotiations is agriculture.

But we shall not succeed in persuading others to reform their agriculture - and discussion at the Toronto Economic Summit

revealed that there is still considerable resistance - unless we in Europe are also prepared to go further down that road.

We have a responsibility to give a lead here, a responsibility which is particularly directed towards the less developed countries.

More than anything they need improved trade opportunities, not to be regarded as

perennial pensioners forced to rely on
Europe's agricultural surpluses in the
guise of food aid.

Europe and Defence

Lastly, and perhaps the most fundamental issue,

the European countries' role in defence.

And here my guideline is that we must

fully live up to that responsibility,

even if it means taking difficult
decisions and meeting heavy costs.

We are thankful for the peace that

~~Thankfully we can be satisfied with what NATO~~

maintained
has achieved over 40 years.

The fact is things are going our way: the
democratic model of a free enterprise
society has proved itself superior;
freedom is on the offensive, a peaceful
offensive, the world over for the first

time in my life-time.

But there can be no question of relaxing
our efforts.

Ne~~s~~ We must strive to maintain the United
States' commitment to Europe's defence,
And then
while recognising the burden on their
resources of their ~~world~~ ^{*very important*} world role and their
point
~~desire~~ that their allies should play a
full part in the defence of freedom -

particularly as Europe grows wealthier.

Increasingly they will look to Europe to play a part in out-of-area defence, as we have recently done in the Gulf.

We must keep public confidence in the

continuing need for nuclear deterrence, remembering that obsolete weapons do not deter, hence the need for modernisation.

We must meet the requirements for effective conventional defence in Europe against Soviet forces which are constantly being modernised.

This is a responsibility none of us can evade.

Above all at a time of change and uncertainty, in the Soviet Union and Eastern Europe, we must preserve Europe's unity and resolve,

so that whatever may happen our defence is
sure.

At the same time, we must keep open the
door to cooperation on arms control and
all the issues covered by the ^{Helsinki} CSCE.

NATO and the WEU have long recognised

where the problems with Europe's defences
lie and have pointed out the solutions.

The time has come when we must give

substance to our declarations about a
strong defence effort and better value for
money.

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It's not an institutional problem.

It's not a problem of drafting.

It's something much more simple and more
profound: it is a question of political
will and political courage, of convincing
people in all our countries that we cannot

rely for ever on others for our defence
but that each member of the Alliance must
shoulder a fair share of the burden.

The future must lie:

- in strengthening NATO, not in seeking
alternatives to it;
- in increasing military co-operation
between all NATO's members, including
those who cannot bring themselves to

integrate their forces fully with NATO;

- and in developing the WEU, not as an alternative to NATO, but as a means of strengthening Europe's contribution to the common defence of the West.

It is to this task, to enhancing our

security, that the weight of European

governments' intellectual and political

effort will need to be devoted over the

next few years.

Only then will this generation of European leaders be able to claim with confidence that we have matched the vision and the fearless courage of the post war generation: that the Europe we hand on to our successors is more prosperous, more enterprising, and more secure.

The British approach

I have set out five ways in which we in

Britain want to see Europe develop.

It is a pragmatic, rather than visionary approach, and none the worse for that.

It does not require new documents: they

are all there, in the North Atlantic

Treaty, the Revised Brussels Treaty, and

the Treaty of Rome, texts written by far-sighted men, a remarkable Belgian - Paul Henri Spaak - among them.

What we need now is to get on with the job of implementing those texts, rather than letting ourselves be distracted by utopian goals.

~~Utopia never arrives and we should not like it if it did.~~

However far we may all want to go, the

truth is that you can only get there one

step at a time.

Let us concentrate on making sure that we

get those steps right.

Let Europe be a family of nations,

understanding each other better,

appreciating each other more, having

better acquaintance of each other's

language and customs, but relishing our individual identity no less than our common culture.

Let us see the barriers against individual enterprise and initiative brought down, to create a real common market in the common interest.

Let us have a Europe which looks outward not inward, and which preserves that Atlantic Community - that Europe on both

sides of the Atlantic - which is our
greatest inheritance ~~from the post war~~
~~period~~ and our greatest strength.