Thatcher hits at 'Identikit' Europe union

Delors' dream of a superstate scorned

- **The Prime Minister dismissed as folly yesterday the idea of political and economic union of European nations**
- **Her remarks were greeted with hostility in the European Commission as "unrelentingly negative"**
- **Addressing the College of Europe, Mrs Thatcher set out five guiding principles for the future (page 7)**
- **She declared that Europe would have to heed American warnings and play a full part in meeting the cost of defence**

From Nicholas Wood, Political Correspondent, Bruges

Mrs Thatcher risked a new crisis in Britain's relationship with the EEC yesterday by setting her face implacably against moves towards political and economic union.

Speaking here on the doorstep of the European Commission, the Prime Minister warned against the "folly" of trying to fit independent nations into "some sort of Identikit European personality".

Instead, she mapped out her own enterprise-led agenda for the Community centred on free trade, a bigger contribution to Western security, a minimum of red tape and further reform of the "unwieldy and grossly expensive" common agricultural policy.

Mrs Thatcher was addressing the College of Europe, the continent's only post-graduate academy for the study of European law and politics.

The initial reaction by the European Commission was overwhelmingly hostile. A senior EEC official said that her remarks were "outrageous and unrelentingly negative" and would do a lot of harm.

Some Conservative MEPs, however, were delighted. Mr Richard Cottrell, MEP for Bristol, said it proved that so long as Mrs Thatcher lived and breathed in Downing Street there would be no united states of Europe.

Madrid — The first official visit by a British Prime Minister to Spain is due to begin tonight when Mrs Thatcher arrives here amidst the tightest of security.

In an interview with *The Times* shortly before Mrs Thatcher's arrival, Señor Felipe González, the Spanish Prime Minister, makes clear that he does not intend to give any ground on what he considers to be matters of critical importance in his country's relations with Britain .. Page 7

Mrs Thatcher said: "To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and would jeopardize the objectives we seek to achieve. Europe would be stronger precisely because it has France as France, Spain as Spain, Britain as Britain, each with its own customs, traditions and identity.

"It would be folly to try to fit them into some sort of Identikit European personality."

The united states of Europe was out of the question because the people owed allegiance to their own nation states, not some wider entity.

Working more closely together did not require power to be centralized 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 disbursing power and decisions away from the centre, some in the Community seem to want to move in the opposite direction. We have not successfully rolled back the frontiers of the state in Britain only to see them reimposed at a European level with a European superstate 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, parliamentary powers and sense of national pride in one's own country."

Mrs Thatcher's chief target, though she mentioned no one by name, was M Jacques Delors, the President of the European Commission, who has predicted that power will gradually pass from national parliaments to European institutions and who is the driving force behind moves to harmonize fiscal and trade union legislation.

But her fierce insistence on a Thatcherite future for Europe will be regarded with varying degrees of dismay throughout continental capitals, particularly Athens, Madrid and Paris where socialist administrations are in power.

At one point, the Prime Minister jokingly acknowledged that judging from some of the things said about her, her speaking on Europe was like Genghis Khan dilating on peaceful coexistence.

On the economic front Mrs Thatcher said she wanted a Europe "open to enterprise", which she regarded as the thinking that lay behind 1992 and the advent of the single European market. "That means action to free markets, to widen choice, to reduce government intervention. Our aim should not be more and more detailed regulation from the centre. It should be to deregulate and to remove the constraints on trade."

She dismissed as an irrelevance moves towards the setting up of a European central bank and said that instead Europe should be following Britain's lead in allowing free movement of money across borders.

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Thatcher on 'Europe folly'

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In particular, she wanted the Community to implement free movement of capital, abolish exchange controls, establish a free market in financial services and to make greater use of the ecu, the European unit of currency. Once that had been done, Europe would be in a better position to judge the next moves.

In a direct riposte to M Delors, who was given a standing ovation by the TUC earlier this month for advocating a common approach to workers' rights, the Prime Minister said new regulations raising the cost of employment and making Europe's labour market less flexible and less competitive were not needed.

"We in Britain would certainly fight attempts to introduce collectivism and corporatism at the European level, although what people wish to do in their own countries is a matter for them."

Mrs Thatcher had an equally robust message on defence, saying that Europe had to shoulder a growing share of the burden of Western security. The Americans would look increasingly to Europe to play a part in defending Western interests across the globe and it was important to take up the challenge.

Mrs Thatcher moves on to Luxembourg today and then to Spain. The political repercussions of her provocative and uncompromising remarks are likely to dominate her tour.

Much

The challenge of Europe: Spain's Prime Minister talks to The Times

'For first time in decades, Spain sees a future'

From Philip Jacobson, Madrid

Ask Señor Felipe González how he would sum up the Spain that awaits Mrs Thatcher when she arrives in Madrid this evening, and he pauses thoughtfully before replying.

A dynamic society still in the process of dramatic change, he suggests, still in the process of responding to "an explosion of internal freedom" that has inevitably thrown up its fair share of social tensions. "Let me put it this way. For the first time in many decades, Spain feels it has a future."

That should be music to Mrs Thatcher's radical ear, and the Spanish Prime Minister's evident respect for the unstoppable *Dama de Hierro* (Iron Lady) will ensure a good start to their talks. But as Señor González made clear in an interview with *The Times* earlier this week, there are issues over which sparks could still fly.

In the course of an hour's relaxed conversation in the splendid Hall of Columns at the Moncloa Palace, Señor González indicated that Gibraltar would certainly continue to "perturb" relations with Britain.

"The UK exercises sovereignty, Spain claims sovereignty," he said, and it was pointless to ignore this fundamental disagreement.

Thanks to their good working relationship, he and Mrs Thatcher had earlier this year already initiated contacts which had led to their understanding that "everything is up for discussion".

In Señor González's view, the status of Gibraltar – "the pebble in every Spanish leader's shoe" – constitutes a permanent "structural problem" for Spain but surfaces only periodically on the British political scene.

Between these two positions, he noted, there is "a relatively recent British policy norm according to which the desires and wishes of the Gibraltar people must be respected in any solution." His Government, one gathered, does not regard this as politically or judicially sound. "Sovereignty is British, not Gibraltarian."

What about Spain's half-in, half-out posture on Nato, steering clear of the integrated military command but still accommodating United States combat troops on its soil? "Decaffeinated Nato" say the jokers, and to Mrs Thatcher it may well smack of a dismaying lack of belief in her cherished Atlantic Alliance, an unwelcome reminder of the sharp anti-Americanism that persists among the great Spaniards who do not wish to forget Uncle Sam's role in sustaining General Franco.

"I don't think that will cause any friction between us," Señor González asserts. "In fact, I think that Mrs Thatcher has a magnificent understanding of our position, even if she would have preferred a different kind of participation." Perhaps she recalls how, after executing a remarkable U-turn on this divisive issue, he had invested all his immense personal capital with the Spanish people to win the 1986 referendum on keeping the country in Nato.

"That referendum is vitally important, because it defines our position exactly," Señor González emphasizes, noting that Norway has also chosen to impose conditions on its participation. "I think the other members accept our position, perhaps because we are the first new one since 1956 and this was a free decision by the people. Since then, Spain has never presented any objections or obstacles to decisions adopted by Nato and we are in substantial agreement with Alliance strategy."

As for the Western European Union, Spain is "certainly interested" in the prospect of joining the only discussion forum for the defence of Europe. "The unanimous decision of our Parliament, backed by public opinion, is to integrate Spain into Western Europe, sharing fully its destiny," he says.

Despite Mrs Thatcher's apparent reservations on Spanish membership, Señor González points out that other WEU members "do not have nuclear weapons and have signed the non-proliferation treaty".

As some here see it, Mrs Thatcher and her opposite number could well find themselves disagreeing, however politely among friends, over the European Monetary System. For Señor González, whose enthusiasm for European unity comfortably exceeds Mrs Thatcher's, Spain could not get into the EMS quickly enough. "If we want a truly unified internal market, we have to confront the issue of how to arrive at a single monetary unit."

"Spain could not get into the EMS quickly enough ... If we want a truly unified internal market, we have to confront the issue of how to arrive at a single monetary unit."

So is the status of sterling in Europe likely to be an important issue in discussions with Mrs Thatcher, bearing in mind that next January Spain will assume, for the first time, the presidency of the EEC?

"Let's call it a conversation point," he says with a quick smile, before warming to a subject on which he clearly holds the firmest of views.

As Señor González reasons, having accepted the principle of the free movement of capital from 1990 – "an extremely important step towards constructing an unified market" – it was absolutely essential eventually to adopt the conformity of fiscal policy which would enable the system to function efficiently. "Otherwise capital is simply going to chase the most attractive home."

Look at the US, he continues, with a wave of the cigarette that is always close at hand. "An American can do business from one end of the country to the other, and his dollar never loses any of its exchange value."

The EEC functions, he contends, precisely because every member is free to maintain its own positions. "But this freedom to differ should not be in any way interpreted as the right to blockade its progress," he suggests.

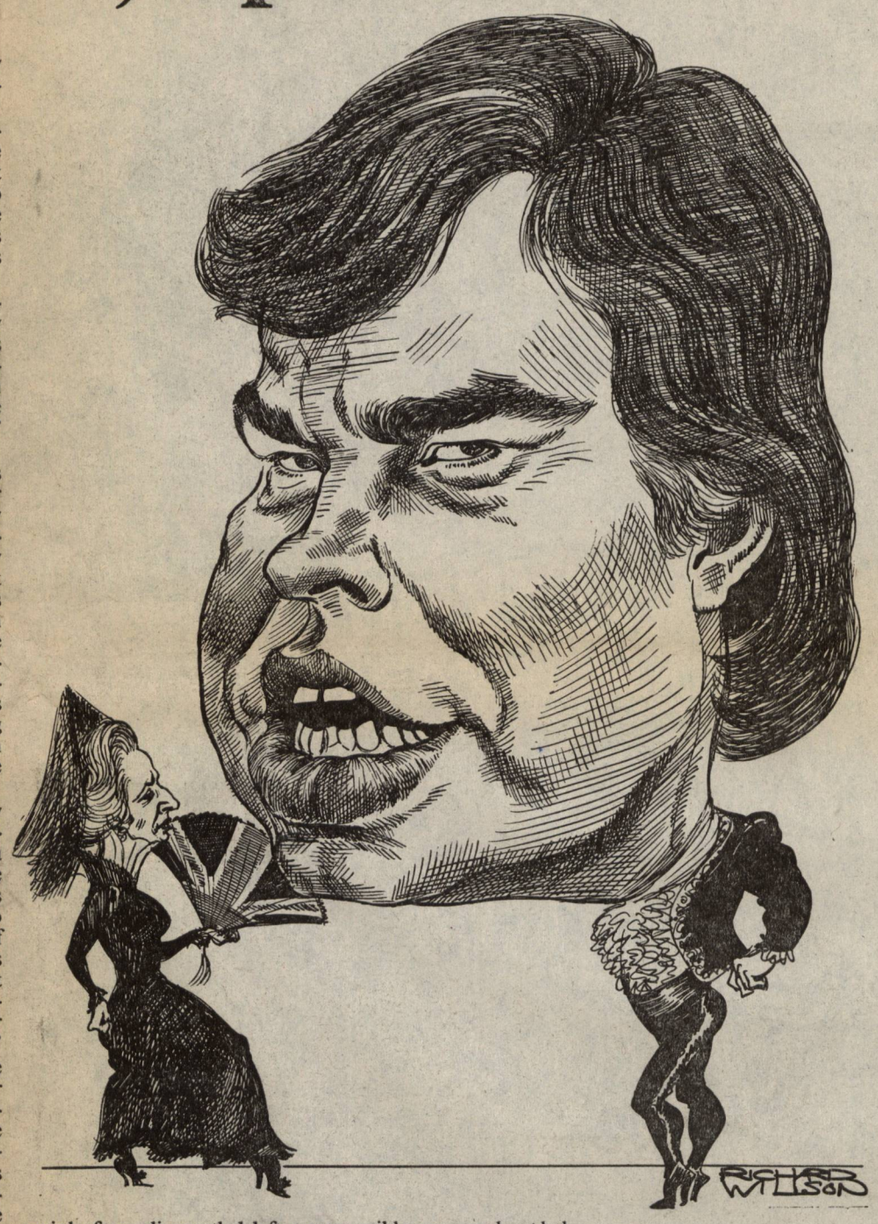
One EEC problem that is not lying in ambush for Señor González is the unseemly rumpus over agricultural subsidies, or so he fervently hopes. "I'm very thankful that we appear to have settled this for the next few years, though there could still be some discussions." Informed observers consider that Señor González shares Mrs Thatcher's profound aversion to directing large lumps of Comunity cash towards the farmers in France and West Germany.

With the Spanish economy currently the wonder of Western Europe, firing away on a growth rate well ahead of the pack, Señor González is becoming accustomed to being asked about the risks of eventual overheating. "It is always hard to be sure about future policies, but we certainly need the present 5 per cent growth rate to continue."

Spain managed to combine this remarkable progress for three years with falling inflation – 24 per cent a decade ago, 3.9 per cent last month – but Señor González admits that this year a certain "resistance" is developing in the same way as is happening in Britain today.

As numerous commentators have observed, much that has taken place within the Spanish economy under Señor González should meet with his opposite number's unstinting approval. He certainly has no time for complaints, mainly from disgruntled left-wingers and union leaders, that he has abandoned socialism for a brand of Thatcherism called *Felipismo.*

"Is fighting inflation a matter of left-wing or right-wing? No, it is just practical. So is avoiding a trade deficit that could drown the economy and responsible concern about balance of payments trends. That is nothing to do with politics, it is about being serious or not, and one of the themes I believe is gaining increasing acceptance among modern societies is the convergence of interest in economic policy-making."



For all that, Spain is now experiencing much the same sort of spending spree on foreign-made luxuries that Britain faces: shiny new BMWs feature in every jam in Madrid's traffic-clogged streets and French champagne importers can hardly keep up with soaring demands from what the Spanish press calls "Yuppielandia".

Another serious headache for Señor González is unemployment, recently estimated at close on 20 per cent – the highest in Europe. He points out that having inherited the cumulative ills of seven successive years of job destruction, government programmes are now creating over 300,000 new jobs a year. Even so, he concedes, the desperate lack of jobs among young Spaniards remains a serious problem "and the hardest for us to influence."

In the fight against terrorism, Señor González stands shoulder to shoulder with Mrs Thatcher.

Although cautiously optimistic about progress towards overcoming the threat from the Basque separatist group, Eta, he hesitates to endorse his new Justice Minister's claim that the "final phase" of the struggle has begun. "A couple of fanatical bombers can always give a society the impression that terrorism is thriving," he says.

As the Gibraltar inquest focuses Spanish attention on Britain's battle against IRA terrorism, Señor González is satisfied that his country's "impeccable" contribution to this operation is properly recognized by Mrs Thatcher.

"It was obviously in our own interests in this case to deploy all the means at our disposal. Just imagine what would have happened if a car full of explosives had come across the border from Málaga and killed 50 people, what tremendous frustration that would have produced in public opinion in Britain, Spain and Gibraltar."

At the end of the interview, Señor González suggested mildly that the media might be overplaying the significance of the fact that Mrs Thatcher would be the first British Prime Minister to visit Spain. "If she had already been here four or five times, like Helmut Kohl, for example, we could have got down to work right away and there would be nothing made of it."

Keynote speech on the Community and 1992

Thatcher sets out her five guiding principles

Extracts from the speech delivered by Mrs Thatcher to the College of Europe in Bruges yesterday:

The European Community is the practical means by which Europe can ensure the future prosperity and security of its people in a world in which there are many other powerful nations and groups of nations.

We Europeans cannot afford to waste our energies on internal disputes or arcane institutional debates. Europe has to be ready both to contribute in full measure to its own security and to compete commercially and industrially, 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.

My first guiding principle is this: willing and active co-operation between independent sovereign states is the best way to build a successful European Community. To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and would jeop

Identikit European personality a folly

ardize the objectives we seek to achieve. Europe will be stronger precisely because it has France as France, Spain as Spain, Britain as Britain, each with its own customs, traditions and identity. It would be folly to try to fit them into some sort of Identikit European personality.

Some of the founding fathers of the Community thought that the United States of America might be its 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 Europe.

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 want to see us work more closely on the things we can do better together than alone. Europe is stronger when we do so, whether it be in trade, in defence, or in our relations with the rest of the world.

But working more closely together does not require power to be centralized 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.

We have not successfully rolled back the frontiers of the state in Britain only to see them reimposed at a European level with a European superstate 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, parliamentary powers and sense of national pride in one's own country, for these have been the source of Europe's vitality through the centuries.

My second guiding principle is this. Community policies must tackle present problems in a practical way, however difficult that may be. If we cannot reform those Community policies which are patently wrong or ineffective, which are rightly causing public disquiet, then we shall not get the public's support for the Community's future development.

You cannot build on unsound foundations, financial or otherwise; 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 to date.

For example, the task of reforming the common agricultural policy is far from complete.

Of course, we must protect the villages and rural areas which are such an important part of our national life – but not by the instrument of agricultural prices. Tackling these problems requires political courage.

My third guiding principle is the need for Community policies which encourage enterprise. If Europe is to flourish and create the jobs of the future, enterprise is the key.

The lesson of the economic history of Europe in the 1970s and 1980s is that central planning and detailed control don't work, and that personal endeavour and initiative do; that a state-controlled economy is a recipe for low growth; and that free enterprise within a framework of law brings better results.

The aim of a Europe open to 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.

And that means action to free markets, action to widen choice, action to reduce government intervention. Our aim should not be more and more detailed regulation from the centre: it should be to deregulate and to remove the constraints on trade.

Mrs Thatcher setting out her views on Europe yesterday.

Britain has been in the lead in opening its markets to others. The City of London has long welcomed financial institutions from 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 – steps others in Europe are only now beginning to face.

In air transport, we have taken the lead in liberalization and seen the benefits in cheaper fares and wider choice. Our coastal shipping trade is open to the merchant navies of Europe. I wish I could say the same of many other Community members.

Regarding monetary matters, let me say this. The key issue is not whether there should be a European central bank. The immediate and practical requirements are to implement the Community's commitment to free movement of capital – in Britain we have it; and to the abolition throughout the Community of the exchange controls – in Britain we abolished them in 1979; to establish 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.

It is to such basic, practical steps that the Community's attention should be devoted. When those have been achieved, and sustained over a period, we shall be in a better position to judge the next moves.

It is the same with the frontiers between our countries. 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 common sense 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, and 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 certainly do not need new regulations which raise the cost of employment and make Europe's labour market less flexible and less competitive with overseas supplies. If we are to have a European company statute, it should contain the minimum regulations.

And certainly we in Britain would fight attempts to introduce collectivism and corporatism at the European level – although what people wish to do in their own countries is a matter for them.

My fourth guiding principle is that Europe should not be protectionist. 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 within Europe, the Community were to erect greater external protection.

My last guiding principle concerns the most fundamental issue – the European countries' role in defence. Europe must continue to maintain a sure defence through Nato. There can be no question of relaxing our efforts even though it means taking difficult decisions and meeting heavy costs.

It is to Nato that we owe the peace that has been maintained over 40 years. 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 lifetime.

We must strive to maintain the United States' commitment to Eu

Allies' full part in defence of freedom

rope's defence. That means recognizing the burden on their resources of the world role they undertake, and their point that their Allies should play a full part in the defence of freedom, particularly as Europe grows wealthier.

Nato and the WEU have long recognized 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 with better value for money.

It's not an institutional problem. It's not a problem of drafting. It's something at once simpler and more profound: it is a question of political will and political courage, of convincing people in all our countries that we cannot rely forever on others for our defence.

We should develop the WEU, not as an alternative to Nato, but as a means of strengthening Europe's contribution to the common defence of the West.